Commercial Insurance Update

Topics Affecting Buyers of Commercial Insurance

MSP C 10/2007 – "Commercial Insurance Marketplace—What to Expect in 2008" October, 2007

State of the Commercial Insurance Marketplace:

What to Expect in 2008

By Jeffrey W. Cavignac, CPCU, ARM, RPLU, CRIS

Where Does Insurance Fit in Your Total Cost of Risk?

A lot is currently being written about the "Total Cost of Risk." The total cost of risk is what an organization pays to identify risk, figure out ways to manage that risk, and the cost to transfer the risk (usually to an insurance company). In addition to insurance premiums, the cost of risk includes things such as (1) the administrative overhead costs to manage the processes mentioned above, (2) the cost to fund retentions or deductibles, and (3) the cost to pay for self-insured or uninsured losses.

What Makes Up Your Total Cost of Risk?

Insurance Premiums

+ **Administration and Overhead**
+ **Cost to Fund Self-Insured Retentions or Deductibles**
+ **Cost to Fund Self-Insured Losses or Uninsured Losses**

Total Cost of Risk

In the long run, the only way to lower your total cost of risk is to lower the underlying losses that drive those costs, but that's not what this article is about. (For more on managing your total cost of risk, see *"Cost of Risk: Who's Managing Yours?"* in the February 2007 issue of our ***Commercial Insurance Update*** newsletter.) This article discusses the current state of the insurance marketplace. Although insurance is only one element of the total cost of risk, it usually accounts for a substantial portion of the cost.

Depending on the size of a company and how much risk it elects to retain, insurance can make up anywhere from 40% to 80% of the total cost of risk. The purpose of this article is to give you an idea of where the insurance industry currently is, and what you might expect to see, rate-wise, in 2008.

Commercial Insurance *(continued on page 2)*

In this issue...

Published by

Cavignac & Associates
INSURANCE BROKERS

License No. OA99520

450 B Street, Suite 1800
San Diego, CA 92101-8005

✧ **Phone 619-234-6848** ✧ **Fax 619-234-8601**
✧ **Web Site www.cavignac.com**

Commercial Insurance *(continued from page 1)*

Insurance Cycles – Where Are We Now?

Like many industries, the insurance industry is cyclical. However, the insurance cycle runs independently of other business cycles. In order to understand where we are now, you need to know something about the economics of the insurance business. If you've read newsletters from previous years, some of this may be redundant, but it's helpful to review here. I'll be referring to Table 1 to give you an idea of where the insurance industry is in the underwriting cycle.

Insurance companies make money in one of two ways:

- Underwriting profits
- Investment income

An underwriting profit is achieved when losses plus all expenses are less than premiums. When you divide the former by the latter, you come up with what is called the "combined ratio." A combined ratio of less than 100% means there is an underwriting profit, and a combined ratio of more than 100% means there is an underwriting loss. In the last six years, the industry has generated an underwriting profit twice. The combined ratio in 2006 was 92.4%, the best the industry has posted since the 1940's.

Insurance companies collect premiums and set aside reserves to pay future claims. This money, along with what is also known as "surplus" (money the insurance company must set aside to pay future claims) generates investment income. During periods of substantial investment returns, insurance companies are willing to underwrite to a loss because they make it up on the investment side.

Another important factor in the economics of the insurance industry is "surplus." As mentioned earlier, surplus is set aside to pay future claims as well as any additional capital held by the insurance company. Specific ratios determine how much premium can be safely written given a certain amount of surplus. If the ratio of premium to surplus gets too high, the insurance company's' credit rating (as quantified by the A. M. Best Company and other rating agencies) could ultimately impair the insurance company's ability to operate.

It is important to understand that the insurance industry is "supply driven." Demand for insurance stays relatively constant. If surplus or supply go down, rates tend to go up. Similarly, if surplus goes up, rates tend to go down. The industry's surplus has increased nearly 70% in the last five years. This has caused insurance pricing to go down, and in some cases, to go down dramatically.

Finally, it's important to realize that the insurance industry competes with every other industry for capital. In order to attract investment dollars, the insurance industry has to demonstrate an acceptable return on equity. Most investors seek approximately 15%. Historically, the insurance industry has underperformed this objective. As recently as 2001, the industry actually lost money. However, in the last six years, it has rebounded significantly. 2006 was one of the industry's best years ever. Despite a combined ratio of 92.4%, however, the return on equity was only 14.2% (see Table 1)

The good news is that the insurance industry is healthy. 2006 was very profitable, and 2007 looks as if it will be profitable as well. (2005 would have been a good year except for the wind-driven losses caused by Hurricane Katrina, the largest insured catastrophe in recorded history.) Despite these positive signs, many think the industry is at a cyclical operating peak.

Commercial Insurance *(continued on page 3)*

Table 1. Investment Gains Help Returns

U.S. Property/Casualty Insurance Industry Year-End Statutory Results ($Billions)

Description	2006	2005	2004	2003	2002	2001
Net Written Premium	$448.8	$431.3	$427.4	$409.3	$375.0	$327.8
Combined Ratio	92.4%	101.4%	98.5%	100.2%	107.0%	115.6%
Investment Income	$53.3	$50.8	$40.4	$39.8	$39.8	$38.7
Net Income	$66.7	$46.3	$38.4	$30.4	$9.7	<$5.8>
Return on Surplus	14.2%	10.9%	10.1%	9.3%	3.3%	<1.9%>
Policyholders Surplus	$500.6	$443.9	$403.9	$359.5	$292.3	$295.3

Source: Highline Data LLC

(continued from page 2)

Have Rates Really Come Down?

Rates have decreased significantly on almost all lines with the exception of coverage for coastal properties on the East Coast as well as other catastrophic-type lines of coverage, such as earthquake.

MarketScout.com is an electronic insurance exchange that measures the average change in rates for the property and casualty insurance industry in the United States. Although this is merely an average across the entire country for all lines of coverage, it is still a good barometer of the insurance market. Table 2 shows average rates in July for each of the last five years.

Table 2.

Month / Year	Amount of Change
July 2003	+18%
July 2004	+ 5%
July 2005	+ 5%
July 2006	- 7%
July 2007	-14%

Source: Market Scout

Average Commercial Rate Changes

It is important to note that the 2006 and 2007 years are driven heavily by workers compensation rates, which have come down farther than most other lines of coverage.

Industry Outlook for 2008

The industry is expected to earn a significant profit in 2007. This assumes, of course, that there are no above-average catastrophe-related losses in the next several months. Although net earnings will decline somewhat from 2006 levels, it will still be a solid year.

Note that rates for preferred property are subject to a great extent on major hurricanes or other catastrophic type claims. The consensus in the market is that a disaster of significant proportions could adversely affect pricing on accounts with catastrophe exposures. On the other hand, if there are no major catastrophic losses, greater commercial property premium reductions may be seen.

Barring catastrophic losses, it is likely that prices will decline further in 2008, creating greater uncertainty for industry profitability. No one can forecast when the market will actually turn (price increases as opposed to price decreases). However, the industry looks solid through at least 2008 and probably 2009 as well.

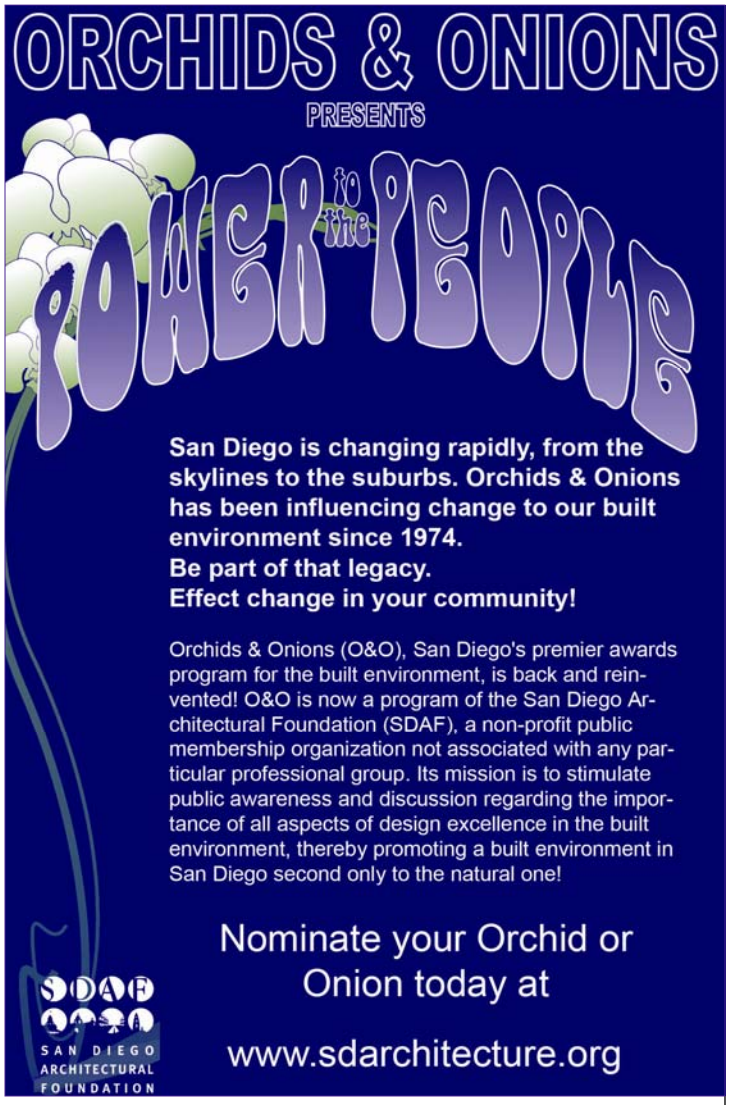
We'll go through coverage by coverage what you might expect to see in 2008.

The "Standard" Insurance Market

Insurance is generally written by one of two types of insurance companies – admitted or non-admitted. An admitted carrier must comply with strict financial requirements, and is also subject to participation in the state's Insolvency Guarantee Fund and residual market mechanisms. It must also follow the state's form and rate filing requirements.

Non-admitted, or "Excess and Surplus Lines" (E&S) carriers, have elected to operate on a non-admitted basis to avoid some of those requirements. Note that just because they are non-admitted does not mean that they are non-regulated. In California, for example, to operate on a non-admitted basis, a carrier must be on the List of Eligible Surplus Lines Insurers (the LESLI List). Insurance companies choose to operate on a non-admitted basis for several reasons,

Commercial Insurance *(continued on page 4)*



Commercial Insurance *(continued from page 3)*

one of which is the ability to use the rates and forms they feel they need without obtaining prior state approval. Historically, the non-admitted marketplace has taken on tougher risks that the admitted marketplace has not been willing to entertain.

The Admitted Market

The admitted or standard market is generally comprised of those companies that are writing mainstream or preferred business. The standard market remains competitive, and in general (with the exception of workers compensation, which will be addressed in a separate article) preferred risks are seeing premium decreases of 5% to 10% and in some cases more.

Property underwriters were hit hard in 2005, and some property risks (predominantly those in the areas subject to wind damage) are still being affected by these losses. If you have a large property schedule, especially if it is in a geographical area subject to wind-driven losses, you should get early estimates and quotations on your property insurance program.

Developers and Contractors General Liability Insurance

The construction industry is basically split into residential construction and everything else. Residential construction remains a challenge, especially if it involves multi-family housing. However, this market has loosened up as well. We have seen underwriters who are willing to waive audits in lieu of decreasing rates, but we have also seen underwriters dropping rates when it makes sense.

Most construction policies still have significant exclusions in addition to the standard exclusions found in the general liability form. Almost every policy excludes multi-family housing.

In addition to this exclusion, it is not uncommon to see exclusions for prior work or damage, subsidence, mold, silica, modified contractual liability (eliminating sole negligence assumptions in business contracts), liability from electromagnetic fields, a variety of restrictions on coverage of construction defects, Exterior Insulation and Finish Systems (EIFS) – and the list goes on. In some cases, coverage for third party over actions is being curtailed as well. It is critical to evaluate any prospective program with an eye toward the exclusions in the policy form as well as endorsements to the policy.

It is also difficult to obtain the preferred additional insured endorsement that many clients ask for (form CG 20 10, 11/85 Edition). Before you agree to provide a specific additional insured form, make certain that your insurance company will provide it. If you are the entity requesting the additional insured form, you should make certain that what you are requesting is reasonable.

In the "all other" class, preferred contractors (those that are not doing residential) are following the market in general. It is not uncommon to see preferred risks negotiate premium decreases of 10% or more.

Owner-Controlled Insurance Programs (OCIPs) aka "Wrap-Ups"

As mentioned above, every general liability policy I've reviewed in the last several years for contractors exclude condominium type projects and, in some cases, residential work in its totality.

Because contractors don't have coverage under their "practice" policies, multi-family housing projects are being built under what are known as "Owner Controlled Insurance Programs (OCIPs) or "Wrap-Ups." Typically these policies cover the developer, the general contractor, and all the subcontractors on a project. On occasion they can be extended to protect design

Commercial Insurance *(continued on page 5)*

Commercial Insurance *(continued from page 4)*

professionals as well. Recognize that OCIPs are general liability policies, and they are not substitutes for professional liability policies.

The purpose of this article is not to explain wrap-up programs in detail, but to let you know that wrap-ups, like other lines of coverage, are seeing premium decreases and, in some cases, significant premium decreases.

Rates for these types of programs seem to range from 1% to 1.5% of sales cost for the first $2 million of coverage subject to substantial minimum premiums. The minimum premiums, however, also have dropped significantly in price. Depending on the type of project, it is safe to say that the minimum premiums being offered today are less than half of what they were several years ago.

Professional Liability Insurance

Rates are trending down for architects, engineers, attorneys, accountants, and other professionals who purchase coverage for their errors or omissions.

Competition remains robust in the architect and engineering markets. Several new players that entered the game, joining companies that have remained in the market for years. On average, preferred risks can expect premium decreases of 5% to 10%.

You should be aware that architects and engineers, like contractors, are underwritten very carefully when it comes to multi-family or residential projects. A firm that does too much work in the residential area could be faced with significant premium increases, or lack of coverage. Note as well that new technologies such as building information modeling and project Web sites are also creating additional exposures for architects and engineers.

Law firms are also experiencing 5% to 10% premium decreases on their per attorney costs. Note that those firms specializing in or doing a substantial portion of their work in securities, intellectual property, personal injury, and insurance company defense might see rate increases.

Most insurers are holding rates steady for accounting risks, although a handful of companies have dropped rates slightly.

Surety Market

See the upcoming November 2008 edition of our ***Construction Industry Update*** newsletter for the "State of the Surety Industry in 2008" projection.

Workers Compensation Market

The workers compensation marketplace, specifically in California, seems to run on its own track. We have addressed workers compensation in a subsequent article included in this newsletter.

Summary

We are currently in the third year of soft market pricing. For the most part, however, underwriters have "toed the line," providing their largest discounts to those firms that are practicing effective risk management. While there is a strong possibility that your insurance costs as a percentage of your exposures (payrolls, revenues, property values, etc.) will decrease

Commercial Insurance *(continued on page 6)*

Commercial Insurance *(continued from page 5)*
in 2008, the conservative approach would be to budget for flat pricing.

At a time when rates are decreasing, it is easy to lose focus on your risk management efforts. However, this is not the time to stop investing in risk control programs. Whether the market is hard or soft, those accounts with the best risk management focus, as proven by favorable loss experience, can expect the most competitive rates and best coverage terms.

The worst thing that can happen is to relax risk management efforts, which would result in increased losses at a time when the market turns. Results are already starting to deteriorate slightly. Now is the time to invest premium savings into your risk control programs to position your company for the inevitable market cycle change, which will result in tighter underwriting and increased pricing.

Recognize that this article speaks in generalities, and projections are based on assumptions that could change. In order to more accurately estimate your insurance costs in 2008, we recommend that you discuss your specific situation with your insurance broker.

Disclaimer: *This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.*

2008 Employee Benefits Outlook

By Liz Frey, Senior Account Manager – Employee Benefits

The rising cost of health care has been a leading cause of concern for employers for nearly 20 years. Over the course of the past 17 years health insurance premiums have increased on average by 9.7%; with the past four years bringing double digit increases to most employers.

Proposed legislation at the state and federal level has brought this highly debated topic to the forefront of discussion, and has employers wondering why the cost of health care continues to rise at such alarming rates. We do not expect this trend to end anytime soon; in fact we expect to see annual increases of 10% to 15% to continue for several reasons:

The Aging of America

As the American population ages, there is a subsequent rise in the occurrence of chronic diseases like asthma, heart disease and cancer, and a resulting need for more resources to fight these conditions. This leads to elevated utilization of prescription drugs and other medical services and an overall rise in healthcare spending.

The U.S. Census Bureau projects that the growth rate of elderly persons is expected to ascend dramatically from 2010 to 2030 as the Baby Boom generation enters the 65 and older category.

Dramatic Rise of Prescription Drug Costs

Pharmaceutical research is continually providing treatment breakthroughs that should not be impeded. Nevertheless, the costs associated with this progress have impacted insurance companies and employers who sponsor health plans.

Prescription drug costs are a major component of HMO plans, which are hit especially hard due to the generous drug plans they tend to offer. There are many reasons for the increase in spending on prescription drugs, which include the following:

- Introduction of new name brand drugs to the marketplace
- A general increase in the number of prescription drugs being used
- Those with insurance are more likely to use prescription drugs than those without
- As previously mentioned, with the general aging of the population, there is a higher incidence of chronic disease and the need for pharmaceuticals to treat those conditions
- Direct-to-consumer advertising (banned by the FDA until 1985) has grown dramatically over the past ten years

Employee Benefits *(continued from pg 4)*

Employee Benefits *(continued from page 6)*

Consolidation of Insurance Companies

Competition among insurance carriers was fierce during the 1990s. In order to gain market share, larger companies acquired smaller firms and kept their rates low to stay competitive. This practice caused financial issues for insurance companies, resulting in lower profitability and stock prices. As a result, the few companies who have survived are committed to returning to profitability, ultimately leading to increased rates for employers.

Political Environment and Government Regulation

Health insurance, in particular managed care (HMOs), is one of the most regulated insurance sectors on both the state and federal level, and has become one of the most highly debated topics in the political arena. State and federal mandated benefits have increased 25-fold over the last thirty years. Often these mandates duplicate or conflict with one another as well as increase costs for the health care system.

As an example, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) was intended to ensure the privacy of health information of members. Unfortunately it has also been responsible for adding estimated *billions* of dollars of compliance costs to the health care system.

New Medical Technology and Increased Utilization

Life expectancy and mortality rates in the U.S. are steadily improving. Developments in medical technology, such as methods for early detection of disease and the introduction of new treatments and medications for acute illness, have played a role in improving these statistics.

Old techniques are being replaced with new, including expensive diagnostics such as CT scans and MRIs. Other services, such as breast cancer and colon cancer screenings, immunizations for children, and continuing research on innovative treatments for chronic illness, all come with hefty price tags, and are instrumental in driving up the overall costs of healthcare.

Managing the Cost

Employers are forced to make tough choices when deciding on employee benefits. With costs continuing to rise, employers are handling the increases in four ways:

- Increasing costs to employees
- Decreasing benefits to employees
- Combination of increasing costs to employees and decreasing benefits
- Absorbing cost increases

In summary, it is certain that health care insurance rates will go up – the question is how much. We recommend that you speak directly to your Employee Benefits broker to determine what may happen to your rates in 2008.

Disclaimer: *This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.*

State of the Insurance Market Report:

Workers Compensation Outlook for 2008

By Jeffrey W. Cavignac, CPCU, ARM, RPLU, CRIS

Workers compensation rates in the state of California continue to decrease dramatically. In January 2007, the Department of Insurance approved a 9.5% rate decrease, and in July of 2007, an additional 14.2% decrease. These two decreases were on top of six consecutive previous decreases. When multiplied together, the Department of Insurance has actually recommended decreases of 65.4% since January 1, 2004 (see Table 1).

Table 1. Rate Decreases Since 01/01/2004

Date of Rate Change	Workers Compensation Insurance Rating Bureau	Department of Insurance
01/01/04	- 2.9% to + 5.3%	- 14.9%
07/01/04	- 13.0% to + 15%	- 7.9%
01/01/05	+ 3.5%	- 2.2%
07/01/05	- 13.8%	- 18.0%
01/01/06	- 15.9%	- 15.3%
07/01/06	- 16.4%	- 16.4%
01/01/07	- 6.3%	- 9.5%
07/01/07	- 11.3%	- 14.2%
Cumulative through 07/01/07	- 63.3%	- 65.4%

In order to understand these numbers and what they mean to you, you should understand a little bit about how rates are set in the State of California.

The Workers Compensation Insurance Rating Bureau (Bureau or WCIRB) is a private, unincorporated, not-for-profit insurance industry trade organization. Its primary functions include:

- Publishing advisory and pure premium rates
- Calculating and issuing experience modification factors
- Enforcing California's classification procedures

Every six months the Bureau publishes and recommends loss costs for each classification. Loss costs do not include an insurance company's overhead. The Insurance Commissioner has an opportunity to review these "pure premium" rates and come up with his own rate recommendation.

Regardless of what the Bureau or the Commissioner decide, these rates are advisory. Insurance companies have the option of choosing whatever rate they want. Although most companies do not adopt the exact adjustments recommended, historically most of the market has tracked closely with the suggested changes.

The workers compensation market in California has changed radically. In 1999, for every dollar the industry took in, it paid out $1.82 (see Table 2 on page 9). Severe rate increases occurred, numerous insurance companies went out of business, and the industry was in turmoil.

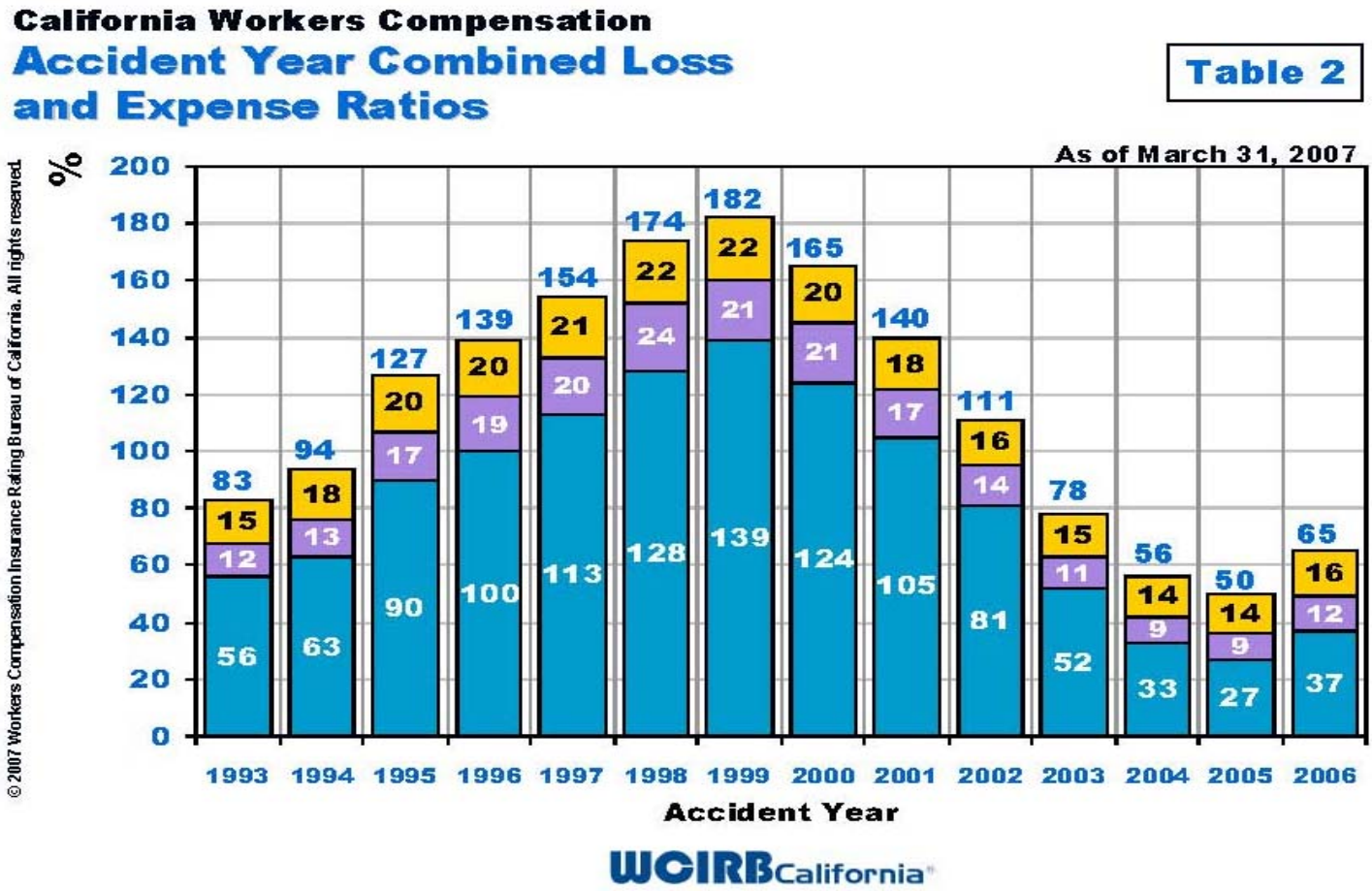
By 2003, average rates per $100 of payroll in the state of California had skyrocketed from 2.30 in 1999 to 6.47 in 2003. Simply obtaining workers compensation insurance was a challenge for many firms. The State Fund's market share jumped from approximately 20% to as high as 60% during the height of the crisis.

Significant legislation was passed to curb the underlying losses that were driving the rate increases.

Workers Compensation *(continued on page 9)*

To give you an idea of just how far California workers compensation rates have dropped, take a look at the rates Travelers charges for Class Code 8601 (Engineers and Architects). In September 2003, the base rate per $100 of payroll for this classification was $2.63. The rate has decreased every year since then, and the current rate is $0.80 – a decrease of nearly 70%. Recognize that these are base rates, and additional credits may be applied.

In 1951, Industrial Indemnity Company's minimum rate for Class Code 8601 was $0.70. Today's rates are a mere 12.5% above the level they were over 50 years ago.



Workers Compensation *(continued from page 8)*

These changes have been effective, and in 2003, the industry's combined ratio was under 100%. (The combined ratio is losses plus expenses divided by premiums. A ratio under 100% means the insurance industry is earning an underwriting profit.)

Since then, rates have continued to fall. This is a factor of not only decreased underlying costs, but also increased competition. Today (1Q07) the average rate paid by employers in California per $100 of payroll is 2.93. This is a decrease of approximately 55% from the high of $6.47 in 2003.

However, rates may have bottomed out. After eight consecutive rate decreases, the Bureau has recommended a 4.2% overall average rate increase effective January 1, 2008. Note that this increase does not include the impact of potential legislation, now pending, which could push rates even higher. At the same time, as written premium decline significantly as a reflection of decreased rates, assuming that underlying losses remain the same or increase, insurance company margins will be squeezed, and the combined ratio will increase. This would result in higher pricing.

Workers Compensation *(continued on page 10)*

San Diego Humane Society and SPCA

The San Diego Humane Society is well known for rescuing and taking in unwanted animals and finding adoptive homes for them. But did you know that the Society offers the following classes for pets — ***and*** their humans?

- How to Live Happily Ever After with Your Dog
- Multi-Dog Household Management
- How to Live Happily Ever After with Your Cat
- Pet Loss Support Group
- Puppy Support Group
- Urban Pupdogs
- Puppy Fun Class
- Home Alone
- Doggie Café
- Dog Safety
- Pet First Aid Class
- Foundation for Dog Sports
- Flyball
- Boy Scout Dog Care Badge Program
- Pet PALS Kids Club
- Animal Tales (storytime for kids)
- Happy Hour Lecture Series (topics change monthly)
  - Canine Massage—November 2007
  - Pet Disaster Preparedness—December 2007

There's lots going on at the Society! For more information, visit www.sdhumane.org.

Workers Compensation *(continued from page 9)*

How about Workers Compensation Nationally?

Nationally, workers compensation also turned in an excellent performance in 2006. The combined ratio for the nation as a whole was 96.5%. This is the best underwriting result in at least 30 years. If you take California out of the equation, however, the combined ratio goes over 100%. California's combined ratio for 2006 is currently estimated at 65%.

What Can You Expect in 2008?

Recognize that every insurance company files its own rates. For the sake of discussion we will assume that your insurance company will follow the recommendations from the California Department of Insurance. If you renew in the first six months of 2008, you would obtain the July 1, 2007 recommended rate decrease of 14.2%. You would also be subject to the recommended increase of 4.2% effective January 1, 2008. Collectively, this would mean a base rate decrease of 10.6%.

If you renew in the second six months of 2008, you would be charged the 4.2% increase effective January 1, 2008 as well as any additional increase or decrease effective July 1, 2008. Based on current trends, it appears unlikely that rates will go down. Therefore, it would be prudent to factor in a rate increase of somewhere in the 5% to 10% range.

Some Caveats

In addition to base rates, net rates are affected by your experience modification factor as well as other credits or debits an insurance company may apply. Recognize as well that the average rate decreases are not spread equally across all classifications. They vary depending on the experience of the classification. As a final note, experience modifications in general tend to be trending up because expected loss rates have come down so dramatically. For an explanation of why experience modifications are trending up, see our ***Commercial Insurance Update*** issue of April, 2005.

Summary

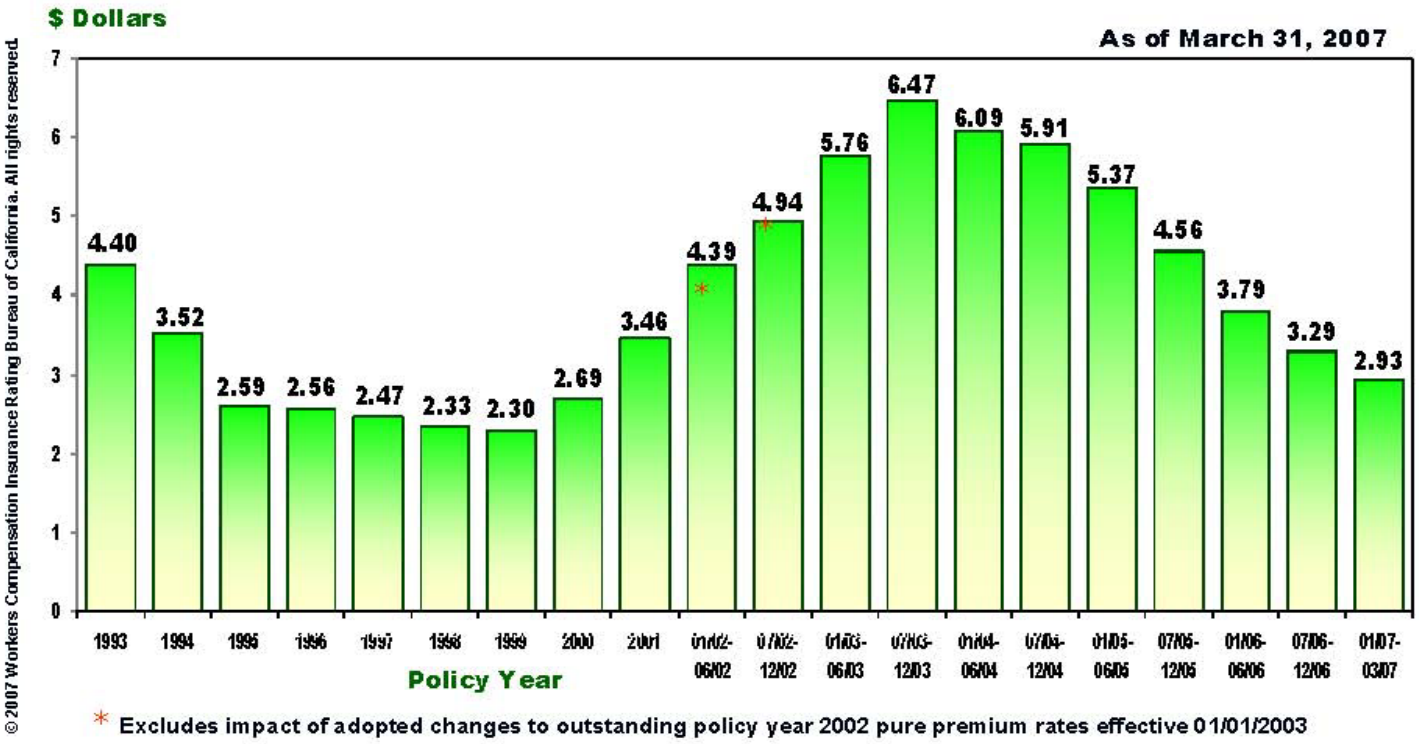
The only way to accurately forecast your 2008 workers compensation insurance cost is to meet with your insurance broker and work through a 2008 experience modification and premium projection. Recognize, though, that this will only be an estimate.

Workers Compensation *(continued on page 11)*

California Workers Compensation

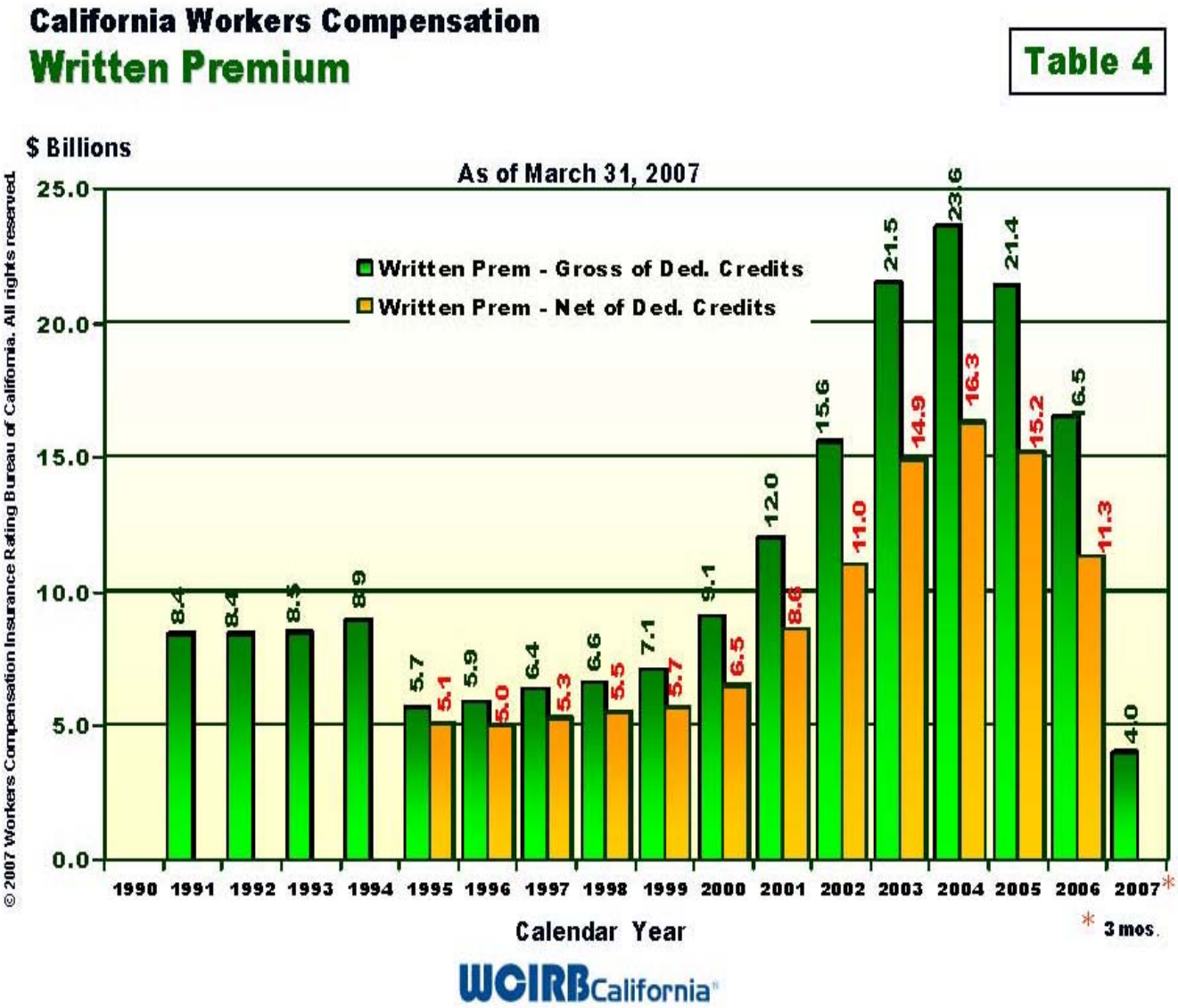
Average Insurer Rate Per $100 of Payroll

Table 3



* Excludes impact of adopted changes to outstanding policy year 2002 pure premium rates effective 01/01/2003

WCIRB California



WCIRB California

Workers Compensation *(continued from page 10)*

The critical thing to remember is that workers compensation insurance is more of a finance tool than an insurance product. Ultimately, through the application of your experience modification factor, you will pay for your own workers compensation losses. Because of this, the only way to lower your costs in the long run is to lower the underlying losses that drive those costs.

At a time when rates have come down so drastically, it is easy to overlook the importance of proactive risk control. However, this is when you should be beefing up your risk control efforts, particularly in the areas of injury prevention and injury management.

Disclaimer: *This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.*

sdmc
SAN DIEGO MASTER CHORALE


Sue Marberry

Sue Marberry, Cavignac & Associates' Office Manager, recently auditioned for and was accepted as a member of the prestigious San Diego Master Chorale, comprising 120 of San Diego's finest singers. Congratulations, Sue!

A Tradition of Excellence

Founded as the San Diego Symphonic Chorale, the SDMC was originally the choral arm of the San Diego Symphony. In 1979, the Chorale became an independent arts organization,

Master Chorale *(continued on page 12)*

Master Chorale *(continued from page 11)*

changed its name to the San Diego Master Chorale, and took on the mission of preserving and promoting the art of choral music through performances and education to diverse community audiences. Its repertoire ranges from choral/orchestral masterworks to contemporary songs and musical theatre.

The Voice of San Diego

In 1986, the Chorale was designated the "Voice of San Diego" by Mayoral proclamation, and reaffirmed in 2002. The Chorale also represents San Diego abroad, touring Europe in venues such as St. Paul's Cathedral in London, Great Dom Cathedral in Salsburg, and other venues in Vienna, Scotland, Switzerland and Germany.

The Chorale's free outreach programs bring choral music to a broader audience through school-based educational programs as well as programs for under-served communities. "The History of Choral Music" for third and fourth graders is presented by volunteer singers and docents in elementary schools throughout San Diego County. The Chorale's "Sentimental Journey" and Holiday sing-along programs are presented in retirement homes and health centers.

The Chorale is a non-profit corporation, and donations are tax deductible. For more information, visit the Chorale's Web site at **www.sdmasterchorale.org**.

Coming Events

sdmc SAN DIEGO MASTER CHORALE

Date	Chorale Event
Late 2007	
Nov 2-4	SD Symphony Orchestra Mahler Symphony No. 3
Where	Copley Symphony Hall
Nov 16	North Coast Singers Joint Concert
Where	San Diego Neurosciences Institute
Dec 7-9	SD Symphony Orchestra Beethoven Symphony No. 9 ("Ode to Joy")
Where	Copley Symphony Hall
Dec 20-23	SD Symphony Orchestra Holiday Pops
Where	Copley Symphony Hall

Senior Community Centers

The shortage of affordable rooms downtown means that being even a day late in paying rent can result in seniors losing their homes. Due to the high cost of living in San Diego, virtually every senior is in danger of becoming homeless. With the high cost of food, medication, and transportation, many seniors run out of money long before the end of the month.

The Senior Community Centers' Transitional Housing Program provides a helping hand for seniors who have become homeless by stabilizing their situations and moving them toward permanent housing.

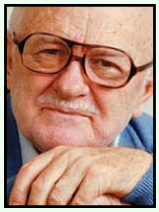
"These seniors have lost their homes due to economic circumstances, not because of lifestyle choices," says Paul Downey, Senior Community Centers' President/CEO. *"A common misconception is that seniors living in poverty have always lived that way. Nothing could be further from the truth.*

"Virtually all of our seniors worked very hard throughout their lives... all it took was illness, the loss of a job, or some other unforeseen life event to send them spiraling into poverty and, in some cases, homelessness.

"Most of them are too proud to ask for help," Downey explains. *"They come from a generation of Americans who personify self-reliance and a 'pull up your bootstraps' work ethic. But the sad reality is that they desperately need help."*

Homeless seniors who enter the program are placed in transitional housing downtown. Financial counseling is an integral part of the Program. More than 90% of seniors who enter the Program are helped to resolve issues that resulted in their homelessness, and are eventually placed in permanent housing.

Senior Community Centers' Transitional Housing Program has been recognized by **The Corporation for Supportive Housing** as a national model for the future of senior housing.



The goal of the Senior Community Centers is to provide quality and compassionate services for the survival, health and independence of seniors living in poverty. The Transitional Housing Program is only one of many ways in which the agency saves and changes lives in our community.

Your help can make a difference in a senior's life. Gifts to the Senior Community Centers provide basic human needs — food, shelter and healthcare. To find out more, to make a gift, or to volunteer, call visit **www.servingseniors.org**.