

CUT MY RATE
(A New Musical)

David Skurnick

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CUT MY RATE
A
New Musical

BY
DAVID SKURNICK



Monday-May 14, 1990
7:00 P.M.

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BROADMOOR HOTEL
Colorado Springs
Colorado

CUT MY RATE

Written & Directed by.....David Skurnick
Music by.....Cole Porter and Irving Berlin
Assistant Director.....Erich Parker
Musical Director.....Robert Gardner

CAST

Roxanne Roxannadanna,
California Insurance
Commissioner.....Jane C. Taylor
Ralph Apex, Famous Consumerist.....Thomas G. Myers
Sarah Carp, Consulting Actuary.....Sherry Gardner
Wilson Hardy, Consumerist Actuary.....Erich Parker
James Hallquist MacFaber,
Consulting ActuaryDavid Skurnick
Jennifer Fever, a young
Company Actuary.....Marilee Hall
Katherine McIntosh, a Reporter.....Diana M. Childs
Donald Deposition, an Attorney.....Lee Van Slyke
Mike, a young
Consulting Actuary.....Charles A. Hachemeister
Eric, a young Consulting Actuary.....James A. Hall, III
Citizens, members of the
Revolting Auto Consumers.....Joan H. Skurnick
.....Susan M. Miller
.....Charles F. Cook
.....Barbara Cook
.....Emanuel Pinto
.....James R. Nikstad
Stage Manager.....Lee Van Slyke
Crew.....Debbie Schwab

MUSICAL NUMBERS

- "Another Hearing, Another Show".....Ralph, Sarah, Bill,
Jim and Company
- "Cut My Rate".....Bill, Ralph, and
Citizens
- "It's All Right With Us".....Ralph and Bill
- "Part Nine".....Sarah and Bill
- "You Can Consult".....Jim, Sarah and
Company
- "Why Can't You Behave?".....Ralph and Bill
- "I Follow That Code of Ethics".....Sarah, Jim and
Bill
- "Brush Up Your Syllabus".....Mike, Eric, Sarah
and Jennifer
- "So In Love".....Bill and Sarah
- "They're Great Hearings,.....Jim, Sarah, Ralph,
Those Rate Hearings" Bill and Company

The action of the play takes place in a hearing room of the California Insurance Department.

This show does not represent the position of the CAS, or anyone else. It's all just for fun and enjoyment.

Acknowledgments

This show reflects the creative ideas of every member of the Company. They all deserve credit for their contributions.

Special thanks to Assistant Director Erich Parker and Musical Director Robert Gardner for their effort and professionalism.

Matthew Rodermund provided encouragement and valuable advice on the script and lyrics.

The songs are based on songs from KISS ME KATE and CAN-CAN, by Cole Porter, except the finale, which is based on THERE'S NO BUSINESS LIKE SHOW BUSINESS, by Irving Berlin.

The show was inspired by a "Cole Porter Special" on WNYC Radio, produced by Allison Chernow.

Others who helped with the script were Jennifer F. Skurnick, Sarah M. Skurnick, Margaret Wilkinson Tiller, Bruce F. Friedberg, and Pierre Leonard.

This production has received cooperation and help from:

F&G Re, Inc.
The Casualty Actuarial Society
The CAS Program Planning Committee
Kathleen Spicer, CAS meeting Planner
The CAS Staff
The Broadmoor Hotel
Glendon D. Hardy

CUT MY RATE
by
David Skurnick

Cast of Characters

Roxanne Roxannadanna	the California Insurance Commissioner
James Hallquist MacFaber	a high powered consulting actuary who represents insurance companies
Sarah Carp	a high powered consulting actuary who represents insurance companies.
Wilson Hardy	a consulting actuary who opposes insurance companies
Ralph Apex	a world-famous consumerist
Jennifer Fever	a young company actuary
Katherine McIntosh	a reporter
Mike	a young consulting actuary
Eric	a young consulting actuary
Donald Deposition	an attorney
Citizens 1,2,...,n	members of the Revolting Auto Consumers

The play is in one act. All scenes take place in a hearing room at the California Insurance Department. The Commissioner's raised chair is in the center; the witness lectern is next to it. Both face the audience. The remaining chairs are divided between the two sides of the stage, facing center.

MODERATOR: Tonight we have a musical comedy show called CUT MY RATE. It will be performed by members of the CAS family. The show lasts about an hour and will run without intermission. Written copies of the script will be available tomorrow at the registration desk.

So, move your chairs to get a view,
As our players bring to you,
A musical show, based in California.
It's comic -- though I have to warn ya:

The lyrics and the script poke fun,
By gently slandering everyone.
So, if you hear your own name used,
We hope you'll merely be amused.
Or, if you think you're represented,
By a fink, who sounds demented;
At least you do get one reward:
You know that you were not ignored.

This show's for you; that's why we did it,
Here's the cue; musicians, hit it!

OVERTURE

SCENE 1

[The curtain rises with the spectators and Commissioner sitting in her seat. KATHERINE is standing in the press section in the first row of the audience. SARAH and JIM are at one front microphone. BILL and RALPH are at the other front microphone. Others are standing near some microphone.]

ROXANNE [spoken, over the music]: Ladies and gentlemen! This hearing of the California Insurance Department is now in session. I am Insurance Commissioner Roxanne Roxannadanna.

Scheduled to appear are fascinating witnesses from all over the country. We have lawyers, consultants, actuaries, lawyers, union leaders, economists, consumerists, lobbyists, and lawyers! Come one, come all! The hearings are about to begin!

ANOTHER HEARING, ANOTHER SHOW
To the tune of ANOTHER OP'NIN', ANOTHER SHOW
BILL, JIM, RALPH, SARAH & COMPANY

REFRAIN

RALPH: Another hearing, another show,
In San Francisco, not long ago,
The audience was an overflow,
Another hearing and another show.

SARAH: Another job that you hope, at last,
Will use the knowledge that you've amassed;
Another chance for your dough to grow,
Another hearing and another show.

BILL: Four weeks, you're beginning a chart;
Three weeks, and it's falling apart.
One week, and your speech isn't planned;
Then, out o' the hat, you're on the stand.

JIM: The swearing in is about to start,
You cross your fingers and hold your heart.
The questions fly and away we go,
Another hearing and another show.

COM- Another hearing, another show,
PANY: In San Francisco, not long ago,
The audience was an overflow,
Another hearing and another show.

Another job that you hope, at last,
Will use the knowledge that you've amassed;
Another chance for your dough to grow,
Another hearing and another show.

Four weeks, you're beginning a chart;
Three weeks, and it's falling apart.
One week, and your speech isn't planned;
Then, out o' the hat, you're on the stand.

The swearing in is about to start,
You cross your fingers and hold your heart.
The questions fly and away we go,
Another hearing, just another hearing, and another show.

JIM: Why, Sarah Carp. I haven't seen you since the Oklahoma Workers' Comp. rate hearings.

SARAH: Hello, Jim. Today's hearings are a lot more important. Jim, this is Jennifer Fever, from Cucamonga Mutual; we met at the Maryland auto hearings. Jennifer, meet Jim Hallquist MacFaber.

JENNIFER: Like, hi!

SARAH: Jim, are you still representing that big Greek company?

JIM: Sigma? Yes. And you?

SARAH: Fireman's Fondue.

JIM: Look, there's Bill Hardy, the consumerist actuary, and that's Ralph Apex with him.

SARAH: Of course, the Revolting Auto Consumers supported Prop. 103, but I hadn't expected Ralph to be here in person!

JIM: They say Ralph's work is his whole life. He's inspired Public Interest Research Groups all over America, who work like dogs to improve the environment, safety and the quality of life for all. Supposedly, he never spends a penny on himself.

SARAH: I can believe the last part, at least. Look at that beat-up, old briefcase and those worn-out shoes!

JENNIFER: Oo, grody to the max!

[BILL and RALPH join JIM, SARAH & JENNIFER.]

BILL: Hello, Jim. I haven't seen you since the liability hearings in Juneau, when the Commissioner wouldn't let your client charge excessive rates. Good morning, Sarah and Jennifer.

SARAH & JENNIFER [in unison]: Good morning, Bill.

BILL: I'd like you all to meet Ralph Apex.

RALPH: Every citizen in America is counting on me personally to protect him or her from everything. Today, it's insurance rates. I'll never let the little people down.

JIM: Well, I'll never let my clients down. We're giving this hearing everything we've got.

BILL: We'll win here, just like in Trenton.

JIM: Roxanne won't go for the rollback.

RALPH: That's why I'm here. I'm the big closer.

SARAH: You're the big phony. You won't get any rollback, though you might get some new members.

JENNIFER: Fer sure!

BILL: Let's ask a neutral party. There's Katherine McIntosh of Insurance News. (KATHERINE walks over to the group.) What do you think?

KATHERINE: This one is too close to call. It's a toss-up, a real dog fight.

RALPH: I'm sure we'll win the rate rollback. Twenty million Californians can surely defeat a group of greedy, stupid companies.

JIM: Oh, yeah? Well, I say we'll win, because we're right. We'll blow you away with our exhibits.

BILL: We don't need fancy exhibits. Wait until you see Ralph on the witness stand. Anyway, the whole state is behind us.

JIM: Honest and capable professionals are behind us.

RALPH: You wanna bet who wins this hearing?

JIM: I'll bet you \$10,000 that we keep our profit margin and rates don't get cut.

RALPH: You're on! I'll bet you Roxanne adopts an underwriting loss as the standard and cuts the rates. Katherine, you're our witness.

[ROXANNE strikes her gavel.]

ROXANNE: The hearing will come to order. Today, we are concerned with Proposition 103. Prop. 103 reduced insurance rates by 20%. However, the California Supreme Court ruled that the rollbacks could not take place unless they permit a fair and reasonable rate of return. Therefore, these hearings will have two purposes. First, we will adopt a formula for the proper rate of return. Second, we will decide whether to implement the 20% rate rollback.

The first witness is Ralph Apex.

[RALPH stands at the witness box.]

RALPH: A group of citizens have a petition to present to the Commissioner.

CUT MY RATE
To the tune of TOO DARN HOT
sung by RALPH, BILL, KATHERINE & CITIZENS

VERSE 1

ENSEMBLE: Cut my rate!
 Cut my rate!

CITIZEN 1: I bought a car; it's a new Chevrolet,
 I park that car on the streets of LA,

ENSEMBLE: I bought a car; it's a new Chevrolet,
 I park that car on the streets of LA,

CITIZEN 1: Now, I can't pay for insurance. No way! [shout]

ENSEMBLE: So, cut my rate.

Cut my rate!
Cut my rate!

CITIZEN 2: I love to drive in my Olds 98,
 I love the power, the style is great,

ENSEMBLE: I love to drive in my Olds 98,
 I love the power, the style is great,

CITIZEN 2: It's those damned actuaries I hate! [shouted]

ENSEMBLE: So, cut my rate.

REFRAIN 1

ENSEMBLE: A survey of our favorite bar,
 Shows that everyone we know,
 Would prefer to drive their favorite car,
 When insurance rates are low.
 But, when the premium goes 'way up,
 And, the price becomes too great,

CITIZEN 3: Then, the ladies,
 In Mercedes,

WOMEN: Are irate! [shouted]

ENSEMBLE: So, please, cut, cut,
 Cut my rate,
 Cut my rate,
 Cut my rate.

VERSE 2

ENSEMBLE: Cut my rate!
 Cut my rate!

BILL: I take my girlfriends around in my car,
 Impress them all with my gold Jaguar,

ENSEMBLE: I take my girlfriends around in my car,
 Impress them all with my gold Jaguar,

BILL: Without insurance, I can't get too far,

ENSEMBLE: So, cut my rate.

Cut my rate!
Cut my rate!

RALPH: My compact car was bought second-hand,
 But, premiums expand and expand,

ENSEMBLE: My compact car was bought second-hand,
 But, premiums expand and expand,

RALPH: I'll get those private companies banned,
 Unless they cut my rate. [spoken]

REFRAIN 2

ENSEMBLE: A survey of our favorite bar,
 Shows that everyone we know,
 Would prefer to drive their favorite car,
 When insurance rates are low.
 But when the premium goes 'way up,
 And, the price becomes too great,

BILL: Then, a schemer,
 In a Beamer,

CITIZEN 3: Jane Fonda,
 In a Honda,

CITIZEN 2: A nymphet,
 In a red Corvette,

ENSEMBLE: are irate! [shouted]
 So, please, cut, cut, cut my rate,
 Cut my rate,
 Please cut, cut, cut,
 Cut my rate.

RALPH: I am Ralph Apex, public citizen. In order to effectively benefit the public, an organization needs knowledge, power and caring. Neither industry nor government has all three. Fortunately for the human race, the Revolting Auto Consumers does.

The issue of insurance rates is really the same thing as Congressional pay raises, automobile safety, food additives, or a thousand others. It follows from the indivisibility of evil.

ROXANNE: Did you say "invisibility of evil" or "indivisibility of evil"?

RALPH: It doesn't matter. Both are correct. And, I'm an expert at protecting the public from the invisible evils, wherever they appear.

For years, the companies have been pillaging the public, with exorbitant profits and wasteful expenses. It's time for the public to pillage the companies.

The Insurance Department must immediately implement a 20% across-the-board rate cut. The consumers voted for it, they're entitled to it and they're getting it.

[CONSUMER PEOPLE cheer and applaud.]

ROXANNE: Cross-examining will be Donald Deposition, of Beef, Lamb & Meathead.

DON: If rates were inadequate, wouldn't companies stop selling insurance?

RALPH: Pulling out of the state, or even reducing market share, would be racketeering activity, under RICO. If any company tries it, we'll get their management locked up in San Quentin, where all you insurance executives belong!

DON: Doesn't it seem unreasonable to reduce prices 20% just on a vote? After all, given the chance, the public would vote to cut the price of anything they buy.

RALPH: The insurance companies should stop whining and show some gratitude that Prop. 103 cut rates by only 20%. If it called for free insurance, it would have won by a landslide.

DON: Wouldn't you agree that the industry deserves some credit for reducing the average expense provision by 6 points, over the past decade.

RALPH: The companies' biggest expense is excavation, the cost of digging deeper cellars to store their obscene profits.

DON: Don't you know that the companies are already losing money in auto insurance?

RALPH: You couldn't get away with a distortion like that if companies were forced to open their books to the public. We've introduced a new ballot initiative to force companies to report publicly every year. Companies will be required to show income statements, expense breakdown, the actual development on their over-stated reserves, and an unabridged list of their secret investments.

DON: And, will this yearly report have a yellow cover? [He holds up an Annual Statement.]

[COMPANY PEOPLE laugh.]

DON: No further questions.

ROXANNE: This hearing is in recess. [She strikes her gavel.]

[KATHERINE, RALPH, and BILL to front of stage. (Draw the curtain or black out the back of the stage.)]

KATHERINE (with notebook): It's great to have you both here. Let's do an interview. Ralph, how are you able to be an expert in so many controversial areas?

RALPH: We can do research more efficiently, because we're the good guys. Since we represent the public, we're always right.

KATHERINE: What do you think of Prop. 103?

RALPH: It's a vital piece of consumer legislation, the cornerstone of freedom from the tyranny of the insurance cartel. It's one of the significant human achievements of the 20th century.

KATHERINE: Let's get real, gentlemen. Under this law, you and the other consumer advocates are cashing in. Now, the companies have to pay you to oppose their filings. What has it done for the public? Rates haven't been rolled back; companies aren't writing business; people can't buy the coverage they need. [She closes the notebook.] Off the record, what do you really think of Prop. 103?

RALPH: Off the record?

KATHERINE: Off the record.

IT'S ALL RIGHT WITH US
to the tune of IT'S ALL RIGHT WITH ME
RALPH and BILL

BOTH: It's the wrong law,
In the wrong state,
Tho' it promised rate cuts, it increased rates.
But, it's so great for the consumerists,
That it's all right with with us.

The Department,
Isn't coping,
Now their best employees are eloping.
But, it's so great for the consumerists,
That it's all right with us.

RALPH: We can't say how happy we are that it passed;
We worked for it all that we could,

BILL: We've got guaranteed full employment at last,
Don't you wish that you had it so good?

BOTH: It's the wrong act,
And its impact,
Will be bad for your insurance contract.
But, it's so great for the consumerists,
That if this law should spread,
Well, it's all right, we'll come out ahead.

[RALPH and BILL return to their seats.]

END of SCENE 1

SCENE 2

[MIKE and ERIC are not on stage. JIM is in the witness box. Everyone else is back in their seats.]

JIM: I am James Hallquist McFaber, a Fellow of the Casualty Actuarial Society. Although I represent Sigma Insurance Group, my rate of return studies are appropriate to the entire insurance industry.

A 20% rollback is out of the question. To match the rate of return of comparable industries, insurance companies need a 20% rate increase.

KATHERINE (aside): He wants the rate of return of the Medellin Drug Cartel.

ROXANNE: Prop. 103 was designed to provide rate relief. The Department is certainly not going to increase rates at this time.

DON [shouting from the back of the room]: The law says rates must be adequate! Companies are entitled to an increase every hour on the hour! We'll sue!

ROXANNE: I will not stand for Californians to be charged unfair, arbitrary, or discriminatory rates. If I have to crawl into the litigation ring and slug out my decision with 700 insurers to prevent this, so be it. [ROXANNE strikes her gavel for emphasis.]

JIM: There are three reasons for the increase: salaries, the cost of public hearings, and risk loading.

First, the Overhead Expense provision needs a 5% increase. Companies can't pay their workers a living wage. Employees are impoverished. They eat crusts of bread, wear rags, live in hovels.

KATHERINE: The Broadmoor Hotel is some hovel!

JIM: Also, rate filing expenses will go up. Companies now have to attend hearings and pay consumer advocates to oppose them in those hearings. That's at least another 5%.

RALPH: Those costs are nothing, compared to your bloated profits.

JIM: Finally, we've done 132 separate studies, using the Capital Assets Pricing Model, the Kuhn-Tucker Theorem, the Axiom of Choice and Chaos Theory, to conclusively prove that the companies need to increase their risk loading by 10%.

My young assistants will now bring in the exhibits.
(pause) Mike ... , Eric

(MIKE and ERIC finally come on stage, each carrying a very large carton.)

JIM: Where were you guys?

MIKE: We were at the beach, checking out the babes.

ERIC: This is California, Jim. Lighten up.

[ROXANNE pounds her gavel for order, if the audience is unruly.]

JIM: We need another 10% because Prop. 103 requires rate approval. There will be times when a regulator will disapprove or delay a valid filing. Casualty Actuarial Principles state that rates must include a contingency provision. Under Prop. 103, there is a new contingency: [pause] A regulator might force companies to charge inadequate premium rates.

ROXANNE: Pardon me, I don't understand.

JIM: The contingency provision reflects the risk of adverse deviations. Now we have the risk that a deviant regulator will act adversely to our interests.

ROXANNE: Mr. Hardy will cross-examine.

BILL: Jim, you've ignored the risk to the insurance buyer in your calculations.

JIM: What are you talking about?

BILL: Is every rate calculation perfect, or are some rates too high or too low?

JIM: Our scientific ratemaking is as perfect as is statistically possible. Over a period of time, for each group of insureds, our rates will be correct, [pause] on average.

BILL: But, you can't say that your rate is correct every year for every single insured?

JIM: Of course not.

BILL: Then the insurance buyer bears the risk of paying the wrong premium. The customer deserves a 30% credit for his risk.

JIM: That's ridiculous! My testimony and exhibits have conclusively proved that expenses, filing review fees and risk add up to a 20% rate increase.

[COMPANY PEOPLE applaud and cheer.]

[ROXANNE strikes her gavel.]

ROXANNE: The hearing will take a 2 hour recess.

[As the curtain is closing, BILL and SARAH walk forward, lost in thought. They are in front of the curtain. They don't notice each other until they accidentally meet at a microphone.]

SARAH: Bill, I'm ashamed of you. How can you let Ralph make up stories about huge, hidden profits?

BILL: Yeah? And, I suppose you believe that rates really need to be 20% higher?

SARAH: And, you've been accusing the companies of keeping two sets of books (pause) GAAP and Statutory. What's become of you?

BILL: Oh, Sarah please let's not fight any more.

SARAH: It's strange being adversaries.

BILL: Remember the days we worked together at the Bureau?

SARAH: When we were reading for exams....

PART NINE
To the tune of WUNDERBAR
sung by SARAH and BILL

VERSE

BILL: As we studied together,
SARAH: In those carefree days of our youth,
BILL: As our knowledge base grew,
SARAH: Our affection did, too,
BOTH: We found love, as we searched for the truth.

REFRAIN 1

BOTH: Oh, Part 2, oh, Part 2,
BILL: That statistical review.
SARAH: And our love, it was true,
BOTH: When we studied for Part 2.
BOTH: And Part 3, oh Part 3,
BILL: Compound interest's mystery,
SARAH: It was sheer ecstasy,
BOTH: When we studied for Part 3.
SARAH: At Part 4, dear,
BILL: I adored you.
SARAH: And Part 5, dear,
BILL: Was amour.
SARAH: And Part 6, dear,
BILL: Was inviting,
SARAH: And Part 7,
BILL: Was exciting.
BOTH: And Part 8, oh Part 8,
BILL: How Departments regulate.
SARAH: Our affair still was great,
BOTH: When we studied for Part 8.

[WALTZ INTERLUDE]

REFRAIN 2

BOTH: Oh, Part 9, oh Part 9,
BILL: We were young and still in love,
SARAH: I was yours, you were mine,
BOTH: When we studied for Part 9.

BOTH: Oh, Part 9, oh Part 9,
BILL: When we fit like hand in glove,
SARAH: It was passion divine,
BOTH: When we studied for Part Nine.
BILL: Say you cared dear,
SARAH: For you madly.
BILL: For your kiss, dear,
SARAH: For your kiss.
BILL: But, alas, dear,
SARAH: Love was sunk, dear,
BILL: When you passed, dear,
SARAH: And, you flunked, dear. [MUCH SLOWER]
BOTH: Oh, Part Nine,
Oh, Part Nine.
BILL: And our love affair was gone,
SARAH: 'Twas the end of the line,
BOTH: When results came on Part Nine.

[BILL and SARAH return to their seats.]

END OF SCENE 2.

SCENE 3

[JENNIFER and JIM come forward.]

JIM: Jennifer, can we talk for a few minutes?

JENNIFER: Oh, fer sher. What's on your mind?

JIM: I'm recruiting actuaries for TPC&L. We have openings right now in our offices in Chicago, Seattle, and New York City. We're always on the lookout for a new Associate who might be ready to join our ranks. Would you consider discussing the possibility of a job change?

JENNIFER: Oh, fer sher!

JIM: Consulting is the most exciting, fulfilling work an actuary can do. You get to handle your own clients and lots of travel to romantic places. You'll do a fascinating variety of actuarial work with a diverse group of people. And, we'll offer you a starting salary of \$80,000 a year. What do you say?

JENNIFER: Oh, migod! That's like more than twice what I make at the Cucamonga. When can I start?

[SARAH comes forward.]

SARAH: Jennifer, as your friend, I must warn you that consulting is all wrong for you at this stage of life. At TPC&L, the firm would own every minute of your time. You'd work evenings, weekends, Christmas, Thanksgiving, whenever help is needed. You'd have to cancel any social plans if a partner wanted you.

Oh, I know \$80,000 a year sounds like a lot of money for a young single woman. But, they'd be exploiting you. They'd bill you out at three times what they'd pay you. The partners would keep most of the money that your work actually earned.

No. Consulting would be absolutely wrong for your quality of life. [pause]

That's why I'll offer you \$90,000 to join Billison & Robberman.

JENNIFER: Like, wow!

JIM: Jennifer, I'll have to check with our Board of Directors, but I'm confident that we can raise that offer to \$100,000.

SARAH: That's another problem at TPC&L; No authority. I don't need any Board approval. I'll offer you \$100,000 right now to join my firm.

JENNIFER: Totally awesome! Like, I'd love to take both offers!

But, I don't know if I could really do consulting, you know. I mean, it sounds so tricky -- getting clients and dealing with lots of different people and stuff. Do you think I could do it?

YOU CAN CONSULT
To the tune of CAN-CAN
JIM, SARAH & COMPANY

VERSE

JIM: Everybody, chic or shoddy,
 Everybody needs to work.
 Since consulting so revolting,
 Now is done by every other jerk.
 Why is it filling the air?
 Why is it done everywhere?

REFRAIN 1

SARAH: There is no trick to consulting,
 It is so simple to do.
 When you once click at consulting,
 'Twill be so easy for you.
 Like a claimsman, who's retired,
 An accountant, who's been fired,
 A professor of law, who's expired,
 Baby, you can consult too.
 Loss controllers to a man can,
 Ayatollahs in Iran can,
 Kevin Ryan and Jim Brannigan can,
 Baby, you can consult too.

REFRAIN 2

JIM: Takes no art to do consulting,
ENSEMBLE: It is so simple to do.
JIM: When you start to do consulting,
ENSEMBLE: 'Twill be so easy for you.
JIM: If the Miccolises all can,
 Susan Witcraft, in St. Paul can,
 Even Walters and Fallquist and Hall can,
ENSEMBLE: Baby, you can consult too.
JIM: Harry Richards, with a grin can,
 Richard Sherman in Marin can,
 An ingenious sardine in a tin can,
ENSEMBLE: Baby, you can consult, too.

REFRAIN 3

DON: If a broker in Sudan can,
ENSEMBLE: It is so simple to do.
CITIZEN 3: If a joker in Milan can,
ENSEMBLE: 'Twill be so easy for you.
RALPH: A Nebraskan charlatan can;
CITIZEN 1: If you ask him, Meenaghan can,
BILL: Irene Bass up in Saskatchewan can,
ENSEMBLE: Baby, you can consult too.
CITIZEN 2: If a playwright without shows can,
MIKE: If a nudist, without clothes can,
CITIZEN 5: Noriega, although he's deposed can,
ENSEMBLE: Baby, you can consult too.

[DANCE INTERLUDE]

REFRAIN 4

ERIC: If it's done by Michael Miller,
ENSEMBLE: It is so simple to do;
CITIZEN 2: If it's fun for Margaret Tiller,
ENSEMBLE: 'Twill be so easy for you.
MIKE: Greg Louganis, with a splash, can,
CITIZEN 4: Joe Montana, with a crash, can,
RALPH: And if Dashoff and Nash can, and Asch can,
ENSEMBLE: Baby, you can consult, too.
JIM: Jimmy Carter, with elan can,
SARAH: Ronald Reagan, in Japan can, [strike gavel]
BILL: And, when she's out of office, Roxanne can,
ENSEMBLE: Baby, you can consult too.

[ALL return to their seats.]

END OF SCENE 3

SCENE 4

ROXANNE: The next witness is Mr. Hardy.

[BILL goes to the witness box.]

BILL: I am Wilson Hardy, a Fellow of the Casualty Actuarial Society. I will present a calculation of the fair and reasonable rate of return for insurance companies in California.

A fair rate of return for public utilities is 12% of surplus. At a 3 to 1 ratio, 12% of surplus equals 4% of premiums. Therefore, the standard operating profit should be 4%.

In 1988, insurance companies had an investment yield of 30% of premium. So, the companies will need a 26% underwriting loss to produce a 4% operating profit.

Therefore, my expert opinion is that companies will earn a fair and reasonable return at a 26% underwriting loss.

ROXANNE: Mr. Deposition will cross examine.

DON: By assuming a 3 to 1 ratio, aren't you penalizing the strong companies, which operate at lower ratios.

BILL: If a company uses capital inefficiently, why should the policyholders suffer?

DON: That 30% investment income figure includes capital gains, doesn't it?

BILL: Sure. Both realized and unrealized.

DON: Nobody includes capital gains in the income formula, especially unrealized. Now, that's not really appropriate, is it?

BILL: No, it's not appropriate to include capital gains, if you want to hide excess profits.

DON: But, you're subjecting the policyholder to investment risk. For example, 1988 was an outstanding year for the stock market. But, look at the crash of 1987. You wouldn't want policyholders to bear that burden, would you?

BILL: If a company loses money due to foolish or imprudent investments, that's their misfortune. Only capital gains should be included in the rates, not capital losses.

DON: Now, Mr. Hardy, you've included investment income on surplus. Surplus represents investor-supplied funds. Doesn't that income properly belong to the company?

BILL: No. The surplus came from overcharging prior customers. The surplus must go back to the customers.

DON: Let me try a hypothetical. Suppose a poor service station attendant only earns minimum wage. What if he also has a large portfolio of bonds, which produce an income of \$50,000 per year. Following your theory, could the employer pay him less than minimum wage by including his investment income in the formula?

BILL: You've got it backwards. In your example, the rich oil company is looking for a far-fetched excuse to exploit a worker by paying him even less than minimum wage. I'm helping the poor automobile owner to avoid exploitation by a rich insurance company.

You insurance companies are always looking for ways to take advantage of those who are least able to defend themselves.

Anyway, how could the attendant be poor if he owned all those bonds? And, why would he be working in a gas station?

ROXANNE: Are you quite finished?

DON: Annihilated!

ROXANNE: These hearings stand in recess until 10:00 tomorrow. [She strikes her gavel.]

[EVERYONE leaves the stage, except RALPH and BILL.]

RALPH: Bill, you were marvelous on the stand. And, you looked marvelous, too. New suit?

BILL: Yes, I'm glad you like it. Hickey-Freeman.

RALPH: And, are those new shoes?

BILL: Bostonians.

RALPH [more angry, but holding it in]: And, what's this I hear about a gold Jaguar?

BILL: The girls love it.

RALPH: Bill, you could be a much better champion for the poor, downtrodden little people, if you weren't so materialistic.

WHY CAN'T YOU BEHAVE?
To the tune of WHY CAN'T YOU BEHAVE
RALPH and BILL

RALPH: Why can't you behave,
And, start trying to save?
After all the things you told me,
And the promises that you gave,
Oh, why can't you behave?

Why can't you be hip,
And show citizenship?
Are you helping the consumers,
Or, just off on an ego trip?
Oh, why can't you be hip?

BILL: Volunteers who head your public interest groups,
Are sincere and dedicated nincompoops.

RALPH: If you changed that yuppie lifestyle,
You could be my insurance slave.
Oh, why can't you behave?

BILL: I'm committed, sir,

RALPH: I always knew you were,
But, why can't you behave?

[RALPH and BILL exit.]

END OF SCENE 4

SCENE 5

[JENNIFER, SARAH, and JIM come on stage. BILL is in back, but he comes forward when it's time to sing his portion.]

JENNIFER [to SARAH]: Like, I've been thinking about your job offer. I have a question. Like, in consulting, like, what about the code of ethics?

SARAH: Which code of ethics?

JENNIFER: You know, like the, um, Guides to Professional Conduct. [She holds up a copy of the Guides.]

SARAH: Well, naturally....

I FOLLOW THAT CODE OF ETHICS
To the tune of ALWAYS TRUE TO YOU IN MY FASHION
SARAH, JIM and BILL

REFRAIN 1

SARAH:

An accounting firm named Brooks is inclined to cook the books,
And I give that bunch of crooks an "A-OK."
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

There's a greedy comp'ny man, wants to loot his pension plan.
If he cuts me in, I'll help him to betray.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

And, a swindler named Louise pays me such enormous fees,
That her fees, I fear, mean that sleaze is here to stay.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

JENNIFER: Gag me with a spoon! How about you? [to JIM]

REFRAIN 2

JIM:

There's an underwriting chief, who is something of a thief;
I'll finagle, so he won't have to repay.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

And if Ivan Boesky tries using bribery and lies,
To get inside information, I may stray.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

Michael Milken, junk bond king, wants to buy up everything.
If he buys up me, I will help him seek his prey.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

JENNIFER: Hey, fersure you consumer dudes are the MOST ethical, riight?

REFRAIN 3

BILL:

There's a lawyer in the courts, always uses my reports.
My reports support the torts, his client's way.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

I've got worksheets 10 feet long, on which every number's wrong,
'Cause a virus has infected the array.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

Many regulators find, when election's on their mind,
I'll reject the rate hikes for them, I'll say nay.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

END

ENCORE

JIM:

An executive named Joe, sets his loss reserves too low,
If he pays my rate, he can understate all day.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

BILL:

There's a witness, I've been warned, who wants perjury suborned.
If she tells me what to say, I will obey.
But, I follow that code of ethics in my fashion,
Yes, I follow that code of ethics in my way.

SARAH:

Proposition 103 makes insurance fun for me,
And, it pays for me to go to Paree m'amuser. Oo, la la!
Mais, j'observe ce code d'ethique, baby, in my fashion,
Mais, j'observe ce code d'ethique,

UNISON: Baby, in my way.

JENNIFER: Forget it! I'm going back to Cucamonga!

[EVERYBODY leaves the stage.]

END OF SCENE 5

SCENE 6

[ROXANNE comes to the front, alone.]

ROXANNE:

To cut or not to cut -- that is the question,
Whether 'tis nobler in the mind to suffer the slings and arrows
 of outrageous fortune,
Or to take arms against a sea of rate cuts,
And by opposing, lose the election.
To leave -- to be commissioner no more --
And by leaving to say we end the heartache and the thousand
 natural shocks that regulation is heir to.
To leave -- to be commissioner no more --
Perchance to be unemployed.
Aye, there's the rub.
For in that unemployment, what jobs may come,
When we have shuffled out of the Department,
Must give us pause.

[ROXANNE leaves the stage.]

END OF SCENE 6

Scene 7

[MIKE and ERIC come on stage.]

MIKE: Did you follow any of that actuarial testimony?

ERIC: Nope.

MIKE: Me, neither. It sounded stupid.

ERIC: Haven't you gotten anything out of studying for exams?

MIKE: I've learned that a lot of the people studying with me are good-looking chicks!

BRUSH UP YOUR SYLLABUS
To the tune of BRUSH UP YOUR SHAKESPEARE
performed by MIKE, ERIC, SARAH, and JENNIFER

VERSE 1

MEN: The girls in our Society,
Go for classical poetry.
So, to win their hearts one must quote with ease,
Aeschylus and Euripides.

MIKE: You must know Shelley and Keats and Pope,
Or, brainy ladies will call you a dope.

ERIC: You should know Homer and not have shunned,
Shakespeare and Matt Rodermund.

MIKE: But the finest of them all,
To inspire those midnight meetings,

ERIC: Is the poetry they call,

MEN: The C. A. S. Proceedings.

REFRAIN 1

MEN: Brush up your Syllabus,
Start quoting it now;
Brush up your Syllabus,
And the women you will wow.

MIKE: Just recite a few lines from Fratello,
And she'll think you're a hell of a fellow,

ERIC: If you want to enchant and beguile her,
Use equations straight out of Dorweiler.

MIKE: If you burn to impassion and thrill 'er,

MEN: Tell her you've won a Woodward-Fondiller.
Brush up your Syllabus,
And they'll all kowtow.

ERIC: To be expert at sex and seductions,
Follow C. A. S. Textbook instructions,

MIKE: Learn from Rodermund how you can be sure,
That your C. A. S. cutie won't stay pure,

ERIC: If she says she's preserving her purity,
Promise love and fidelity,

BOTH: and surety.
Brush up your Syllabus,
And they'll all kowtow.

REFRAIN 2

MEN: Brush up your Syllabus,
Start quoting it now;
Brush up your Syllabus,
And the women you will wow.

MIKE: If your blonde won't respond to flirtation,
Say a workman deserves compensation.

ERIC: A brunette will abet making merry, when,
You entice her with spice out of Perryman.

MIKE: If your pitch to your redhead is credible,

MEN: You will see that's when she will be beddable.
Brush up your Syllabus,
And they'll all kowtow.

ERIC: You'll be dashing and suave as Clark Gable, when,
You breathe passionate portions of Table M.

MIKE: To encourage affectionate dating
Offer her an experience rating.

ERIC: If she frets at your pet aberration,

MEN: Tell her it's an approved deviation.
Brush up your Syllabus,
And they'll all kowtow.

[END]

[During the applause, SARAH and JENNIFER move quietly to the other front microphone. They glare at the MEN, with hands on hips, etc.]

ENCORE 1

VERSE

WOMEN: The PIGS in our Society,
 The biggest sexists you'll ever see;
 To beat the men in those corp'rate fights,
 You must know all about women's rights.

SARAH: You'd better be willing to take some flak,
 Or you'll get stuck on the Mommy Track;

JENNIFER: Read WORKING WOMAN and MS Magazine,
 So, you'll know how to be lean and mean,

WOMEN: But, the leading source of all,
 To achieve complete equality,
 Are Proceedings that they call,
 Actuari-ality.

REFRAIN

WOMEN: Brush up your Syllabus,
 Start quoting it now;
 Brush up your Syllabus,
 And the fellows you will wow.

JENNIFER: Just recite a few lines from Fratello,
 And they'll think you're a hell of a Fellow.

SARAH: Don't be wasting your time at the malls, when,
 It is time to be studying Salzman.

JENNIFER: And, the gals will excel as big bosses,

WOMEN: After guys have developed big losses.
 Brush up your Syllabus,
 And they'll all kowtow.

[END]

ERIC: There is one thing we can all agree on...

ENCORE 2

VERSE

ENSEMBLE: The people in our society,
Admire professional quality,
To impress the public, you need degrees,
B.A.'s, M.A.'s and Ph.D.'s.

MEN: If you have gotten an MBA,
Then your employer will pay and pay.

WOMEN: And, once your CPCU is done,
You're on your way to be number one.

MEN: But, the ratings now are clear,
From a jobs evaluation,

WOMEN: That the very best career,

ENSEMBLE: Needs a CAS designation.

REFRAIN

ENSEMBLE: Brush up your Syllabus,
Start quoting it now;
Brush up your Syllabus,
And the public you will wow.

WOMEN: To remain as the leading profession,
We must always beware of regression.

MEN: Our vocation can gain more respect if we,
Show our rating's correct retrospectively.

WOMEN: By advancing research and creating,

ENSEMBLE: We will never give up our Best rating.
Brush up your Syllabus,
And they'll all kowtow.

ERIC: [spoken] Tell me how?

ENSEMBLE: And they'll all kowtow

SARAH: [spoken] Interest rates!

ENSEMBLE: And they'll all kowtow.

END OF SCENE 7

SCENE 8

[EVERYONE returns. BILL and SARAH stand together at a microphone in front.]

BILL: Sarah, I can't get you out of my mind. It's such a shame that we broke up.

SARAH: Bill, don't you think we'll be spending a lot of time together at these hearings.

BILL: Can't we give our love another chance?

SARAH: That's what I've been waiting to hear you say.

SO IN LOVE
sung by BILL and SARAH

BILL: Strange, dear, but true, dear,
When I'm close to you, dear,
The stars fill the sky,
So in love with you am I.

SARAH: Even without you,
My arms fold about you,
You know darling why,
So in love with you am I.

BILL: In love with a night of mystery,
The night when I knew you cared.

SARAH: In love with our Bureau history,

BOTH: And the filings we prepared.

BOTH: So sue me,
And blame me,
Debate me,
Defame me.
I'm yours till I die.
So in love, so in love,
So in love with you, my love, am I.

[JIM and RALPH stand together at a microphone.]

RALPH: Jim, you'd better have your checkbook with you. RAC can use your ten thousand dollars for research on how cold fusion uses freon that's destroying the ozone layer.

JIM: Ralph, you've finally lost one. I'm gonna use your money to research condo's in Aspen.

ROXANNE: [Strikes her gavel] The hearing will come to order.

[JIM and SARAH stand together at one front mike; RALPH and BILL stand together at the other. ALL OTHERS stand.]

ROXANNE: Ladies and gentlemen, we all know just how important today's decision is to the people of the State of California, to your careers [aside] and to my career. We all know that the decision is crucial to all insurance companies in business here. It sets an example for the rest of our great nation, so today's decision even has national importance. And, most important, today's decision will determine which of two witnesses wins a heavy bet.

The rule of law is the backbone of civilization. These hearings have demonstrated the greatness of the American system of jurisprudence, operating at peak efficiency.

All participants are to be congratulated on their contributions to the dialogue. All the witnesses have been so persuasive, it would be wrong for any of you to lose.

So, I've reached a decision by which everyone wins! It also makes the bet a stand-off.

First, the underwriting profit will be reduced to a negative 20%. This zaps the companies, as the consumerists requested. But, as the companies requested, I'm not rolling back rates.

KATHERINE: But, Commissioner, if you don't roll back rates, why will the companies show a big underwriting loss?

ROXANNE: Because, I'm levying a big premium tax to support these hearings, throughout 1990, 1991, and into the 21st century. We can keep this show running forever!

THEY'RE GREAT HEARINGS, THOSE RATE HEARINGS
To the tune of THERE'S NO BUSINESS LIKE SHOW BUSINESS
JIM, SARAH, RALPH, BILL and COMPANY

REFRAIN 1

ENSEMBLE: They're great hearings,
Those rate hearings,
They're great hearings, we know.
Ev'rything about them brings elation;
Ev'rything the lawyers will allow.
When you face that cross-examination,
And aggravation,
And yet, somehow,
When you testify at hearings,
And show all that you know,

JIM and Even with a filing that is incorrect,
SARAH: You're demonstrating your intellect.
Win or lose, your bill ensues and you collect,

ENSEMBLE: Let's go on with the show.

VERSE 1

BILL: The broker, the rater, the claimsman, the clerk,
Are secretly dissatisfied, because,
The broker, the rater, the claimsman, the clerk --
Get paid for what they do, but no applause.
They'd gladly bid their dreary jobs good-bye,
To go to hearings and to testify.

REFRAIN 2

ENSEMBLE: They're great hearings, those rate hearings,
They're great hearings, we know.
Ev'rything about them is fulfilling,

RALPH & BILL: Ev'rything about them gives you power.

ENSEMBLE: Nothing else could ever be so thrilling,

JIM and SARAH: When you are billing that extra hour.

JIM and SARAH: There's no clients like our clients,
They don't run out of dough.

RALPH & BILL: Even when we truly haven't got a clue,
Of how you're doing your rate review,
We'll defeat you with a TV interview.

ENSEMBLE: Let's go on with the show.

VERSE 2

SARAH: The travel, the spreadsheets, the faxes, the phones,
The ev'nings when you miss the fam'ly meal;
The headaches, the backaches, the moans and
the groans,
Mistakes you'd be embarrassed to reveal.
The hearings, where your heart beats like a drum;
Decisions when approval will not come.

REFRAIN 3

ENSEMBLE: They're great hearings, those rate hearings,
They're great hearings, we know.
Ev'rything about them is freewheeling,
Ev'rything admissible in court.
No-where do you get that sinking feeling,
When you're appealing,
Without support.
There's no judges like our judges,
They won't ever let go.
Proposition 103 is now our friend,
Although the voters did not intend,
We can keep on meeting here without an end,
Let's go on with the show;
Let's go on with the show.

THE END