



**Risk and  
Insurance  
Management  
Society, Inc.**

# L.A. RIMS NEWS

**Los Angeles Chapter**

The Newsletter for Risk and Insurance Management Professionals July 2002

## PRESIDENTS MESSAGE

Unbelievably summer has arrived. This is the time of year our board traditionally puts together our plans and goals for 2003.

We are always looking for members who are interested in joining the Board of Directors or joining one of our committees. We have plenty of opportunities. Do you enjoy planning fund raising events? Help us plan our annual golf tournament or other fund raisers for scholarships. Do you have topics or speakers that would make for an interesting luncheon meeting? Do you enjoy writing? Our newsletters need your input. Do you enjoy meeting new people? Perhaps you would enjoy handling new incoming members, working with students, or interacting with our current members. The list of opportunities is endless. Here's your opportunity to do what you do best for your chapter.

Those that are interested in joining our Board of Directors are invited to attend our Strategic Planning Meeting, which will be held on Wednesday, August 7, 2002, at the Port of Los Angeles. We'll enjoy lunch and a boat cruise of the harbor prior to our meeting.

If you are interested in joining the Board of Directors for 2003, please contact me for further details as soon as possible. Don't miss the boat! Take advantage of the opportunity to join our Board for 2003.

**Kathy Merkovsky  
President, RIMS L.A. Chapter**

## CHAPTER CLIPS

The annual LA RIMS golf tournament was held at Brookside Golf Course on June 3rd and once again we had a sell out crowd. The day included a skills and putting contest, a slightly slow round of golf and dinner and prize raffle. Each year, we so appreciate the level of financial support we receive both from our corporate hole sponsors and our tournament sponsor Zurich - for this we THANK YOU VERY MUCH. We also receive many raffle gifts from our local members and the tournament would not be able to function without the many volunteers that show up every year - again THANK YOU VERY MUCH.

In addition to our tournament sponsor Zurich, the following companies provided corporate sponsorship for the tournament:

ACE USA Special Risk Garrett Engineering  
(Putting Contest)

AIG  
Allianz  
Aon Risk Services  
Arthur J. Gallagher  
Becher and Carlson  
Chubb  
CNA  
Discover Re  
Dempsey Myers & Company, LLP  
FM Global  
Hartford  
Kemper  
Lockton  
Marsh & McLennan  
Royal & Sun Alliance  
USI  
Willis  
Zurich

The tournament Winners are as follows:  
1st Place - To the Team of Baker, Ballin, Barrett and Rutledge - \$100.00 each player  
2nd Place - To the Team of Brooks, Thalman, Wilder and Young - \$50.00 each player

## CHAPTER CLIPS CONTINUED

3rd Place - To the Team of Caldwell, Dixon, Huffune and Merkovsky - \$25.00 each player

John Hamby - Aon - Won the longest Drive Contest for the Men - \$50.00

Janis Pate - AIG - Won the longest Drive Contest for Women - \$50.00

Ruth Lindstrom - Jacobs Engineering - Women's Skill Contest - \$200.00

During the evening raffle, we had almost 75 winners with an average value of \$50.00. The list of winners is too long but here are a few note worthy winners:

John Lazar - Kemper Insurance - won the grand prize Hilton vacation package to Torrey Pines in La Jolla, California

Nurit Sheehan - Arthur J Gallagher - Golf Bag

Brent Willman - Game Show Network - Four Disneyland Tickets

Rae Knapp - Automobile of Southern California - Four Dodger Tickets

Michael Carlin - Jacobs Engineering - \$100.00 Guess? Gift Certificate

**And finally a very special thanks to all the volunteers of the tournament!** Margie Dixon,

Fay Feeney, Rochelle Maripol, Paul Pendolino,

Amy Stills, Christina Turman, Margaret Viss,

Natalie Wendt and Bill Witt.

The date has been set for next year so mark your calendar for June 2, 2003 - hope to see you all there.

Mike Carlin

## LEGISLATIVE UPDATES

### RIMS ON THE HILL

The Fourth Annual RIMS on the Hill event was held on June 5th and June 6th in Washington, D.C.

Ruth Lindstrom (Legislation & Compliance Board Member) attended the meetings representing the LA RIMS Board. The attendees met with industry experts to go over the legislative issues and provided information on lobbying basics. Then the attendees met with various Senators, Representatives and their staff on three issues supported by RIMS. The issues RIMS members lobbied for were:

- Terrorism Reinsurance – To help the insurance market recover from 9/11 and to finance future terrorism risks.

## LEGISLATIVE UPDATES CONTINUED

- Class Action Lawsuit Reform – To reduce the abuse and costs of class action lawsuits with little or no merit.

- Optional Federal Chartering of Insurance – To increase the efficiencies and lower the cost of insurance purchasing transactions.

The lobbying efforts of the various RIMS members were timely and well received. Additionally, RIMS has been part of a broad business lobby for the terrorism reinsurance legislation.



*Ruth Lindstrom & Congressman Adam Schiff (D) - Pasadena*

### Terrorism Reinsurance Legislation

The Senate passed the Terrorism Risk Insurance Act of 2002 (S. 2600) on June 18. The vote was 84-14. The bill states that the federal government would cover 90% of terrorism related losses when the aggregate losses exceed \$10 billion. There is a provision for a lower trigger for individual insurers that sustain catastrophic losses. The Senate bill must now be reconciled with the House bill that was passed in November, 2001 through a House-Senate conference committee. The reconciliation of the two bills will be no easy task since the point of contention between the two bills will be the issue of punitive damages in terrorism related civil suits.

The Senate bill would consolidate terrorism related lawsuits in federal court and would exclude federal money from being used to pay for punitive damages. However, companies could still be liable for punitive damages. The house bill limits punitive damages and restrains non-economic damages to victims, and caps attorney's fees. The ability to craft a compromise bill will be difficult since the issue of punitive damages reflects a fundamental difference between the two political parties regarding the underlying tort reform fight.

## **LEGISLATIVE UPDATES CONTINUED**

### **Ergonomics Bill**

The Senate Health, Education, Labor and Pensions Committee is considering legislation that would direct OSHA to issue an ergonomics rule within two years of the bill's enactment. Such legislation would expand upon Labor Secretary Chao's call for employers to follow voluntary guidelines to reduce ergonomic related injuries.

### **FLASH REPORT: INSURANCE COMMISSIONER WARNS STATE FUND**

California's Insurance Commissioner Harry Low in a highly critical letter has come down hard on State Compensation Insurance Fund, urging the workers' comp carrier to increase its rates and reduce or eliminate commissions to brokers.

Low stated in his May 29 letter to State Fund President Kenneth Bollier that the Department is concerned that State Fund hasn't devised a strong plan to address the issues it faces. Particularly, Low pointed to the adequacy of its capital, its increased premium volume, its loss reserve leverage and the fact that it has fallen below certain state-mandated "Risk Based Capital" standards.

The letter is causing a political firestorm at the Capitol and there's word from sources that the issue has reached the governor's office. The letter and the admonitions it contains may force State Fund to boost its rates significantly, and it's likely many private carriers would follow suit if it did.

"SCIF's ongoing financial viability is of great concern and a number one priority to this Department," wrote Low. "You are advised that if you are unable or unwilling to develop an acceptable action plan to resolve the issues which we have identified and disclosed to you, the Department will have no choice but to pursue corrective actions."

State Fund executives are livid that the letter was made public by the DOI and they defend the company.

"I'm appalled that a private discussion with the commissioner on the condition of the California marketplace and State Fund's role was recapped in a letter that had such a threatening tone," Bollier told the Executive minutes ago. "It's despicable that the letter was made public. It's about time the Department realized that State Fund is the only thing that's worked in this system in the last seven years. If it weren't for State Fund, there would be an awful lot of employers that could not find insurance at any cost."

## **JOB OPPORTUNITIES**

### **RISK MANAGER FOR PACIFIC THEATRES**

Pacific Theatres owns and operates over 400 screens throughout California and Hawaii.

Position will assume responsibility for managing all insurance programs including General Liability, Worker's Compensation, Difference in Conditions (Earthquake), and Property. Individual will report to the Treasurer and be responsible for identifying and classifying risks as well as measuring financial impact on company.

To be successful in this position, you must have 3+ years experience managing complex insurance and risk management programs, strong analytical and interpersonal skills, and the ability to work effectively and efficiently within small and large group settings. Intermediate proficiency in MS Excel and word is required. For additional responsibilities and to apply, please send your resume via e-mail to: [recruiting@pacifictheatres.com](mailto:recruiting@pacifictheatres.com) or fax to 310.659.8176.

## **CALENDAR OF EVENTS**

**All monthly meetings are held at the  
New Otani Hotel, unless otherwise noted**

July 17, 2002

Monthly Luncheon

Topic: Hygiene Problems? Mold, Mildew and  
other Fungus Among Us

August 7, 2002

Port of Los Angeles Boat Tour & Lunch  
11:30 to 1:30p.m.

August 21, 2002

Monthly Luncheon

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