



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

L.A. RIMS NEWS

Los Angeles Chapter

The Newsletter for Risk and Insurance Management Professionals March 2003

PRESIDENT'S MESSAGE

One of the benefits the RIMS L.A. Chapter provides is the monthly luncheon meeting. If you haven't attended one recently, this is something you need to take advantage of. Our monthly meetings not only provide you the opportunity to meet with your peers, but also to establish new relationships from which you and your company can prosper. At each meeting, I have discovered something new just by enjoying lunch with a group of people I may or may not know. Everyone has something to share and it's typically something that just occurred at the office, or someone is looking for information and a person across the table makes a suggestion. Immediate feedback, an opportunity to ask questions and get answers. How often do you get that by using the phone or email? Besides knowledge, there are opportunities to be discovered at the monthly luncheon meetings as well. Whether it is employment, the development of broker/client relationships, or discussion that sparks a new idea. The monthly luncheon meeting may be the place to discover these opportunities. When was the last time you attended?

All of our meetings are the third Wednesday of the month at the New Otani Hotel in Los Angeles. I look forward to seeing you there!

Kathy Merkovsky
President, RIMS L.A. Chapter

FRIENDS OF RIMS CORNER

WATCH OUT FOR NEW EMPLOYEES

*The following article was submitted
compliments of Willis The Risk Practice -
Safety Web*

The first week on the job is a difficult time for a new employee. Every effort should be made by the supervisor and crew to give the new employee a good first impression and to set the standard for safety. The new employee is eager to learn and it is up to each of us to make sure we set the safe example. Safety should be worked into each step of the operation as an integral part of the work procedure. Help new employees develop an attitude toward safety that will protect them for the rest of their lives. If we do the job safely long enough, the safe way becomes a habit, and we want all new employees to develop those safe habits.

Some of you will be working along side the new employee. Even though it may be very tempting, this is not time for horseplay and practical jokes. Keep an eye on him or her, offer advice to avoid mistakes, lend a helping hand here and there, help him or her recognize hazards and prevent accidents. Keep in mind that you may get hurt if the new person has an accident.

Remember that "new employee" doesn't just mean a 20 year old apprentice. Even a seasoned professional qualifies as a new employee when starting a new job, or working on a jobsite for the first time. Each job has a unique set of hazards, some of which may not be obvious to a newcomer. It's everyone's job to help new employees learn about those hazards and how to work safely.

What you do and how you do it will send silent signals to new employees. Because they will see you working, you will be training them whether you want to or not. Be sure that make a good impression and set the standard for safety.

WELCOME NEW MEMBERS

WELCOME NEW MEMBERS OF RIMS L.A. CHAPTER

Jeff Blake - **Riverside Transit Agency**
Rochelle Manipol - **Platinum Equity LLC**
Robert Merrill - **Unocal Corporation**
William Moore - **Platinum Equity LLC**
Bernadine Robinson - **Viacom Inc.**
David Samuels - **Michelman & Robinson LLP**
Steve Younglove - **Riverside Transit Agency**

LEGISLATIVE UPDATES

SEC CERTIFICATION REQUIREMENTS AND HOLISTIC RISK MANAGEMENT

Risk managers should take a role in managing D&O risks. One way to do this is to be aware of recent federal certification requirements regarding corporate financial statements. In late June 2002, the Securities and Exchange Commission (SEC) issued an order requiring chief executive officers and chief financial officers of about 950 public companies to sign statements certifying the accuracy and thoroughness of the company's financial statements. Risk managers in publicly held companies must satisfy this requirement. Noncompliance may spur D&O lawsuits and claims.

By contrast, legal compliance, however prudent, does not bulletproof a company from D&O claims. It is unlikely, for example, that risk managers can parlay this into meaningful discounts on D&O pricing.

John Rafferty of Hartford Financial Products states that "just because a company is certifying its financials certainly is not leading to any rate reduction." He adds that this is a "small sigh of relief, but not some huge watershed event that leads to better pricing or more available coverage." (Quoted in Business Insurance, 8/19/02 p.31, "D&O: More Litigation Possible").

Certifying financials may be a necessary but, by itself, not a sufficient condition for leveraging favorable D&O coverage terms. Certainly not certifying the financials is a negative, a possible red flag to underwriters. This may spur more risk managers into taking a more holistic approach to risk management. Certifying financials, combined with a strong record of SEC compliance, helps demonstrate to D&O underwriters that the company represents a good risk.

LEGISLATIVE UPDATES

FEBRUARY 2003 IS ... WINTER WEATHER AWARENESS MONTH

This year has been predicted to be an El Niño year, which could mean more rain during February and March. El Niño is a weather condition that occurs when the Pacific Ocean produces warm water around Peru and Ecuador. This triggers more rain for the west coast. The last big El Niño storm cost \$34 billion worldwide. No matter the cause, we must be prepared for storms and the rain.

What You Can Do In Heavy Rain or a Flood

Before the Storm

- Check your homeowner's or renter's insurance for flood coverage.
- Store emergency supplies at home, work and in your car.
- Keep sandbags, plywood, plastic sheeting and other emergency building materials handy for waterproofing.
- Have portable radios and flashlights within easy access.
- Know safe routes from home or work in case you have to evacuate to higher ground.
- Make a photo or video inventory of your home and car.
- Consider buying a generator.

During the Storm

- Avoid areas subject to sudden flooding. Monitor news stations for information.
- Stay away from flood waters. Six inches of moving water can knock you off your feet.
- Keep important phone numbers handy, such as banks, police, utilities, doctors, insurance agents, out of state contacts, etc.
- Use the telephone only for emergencies.

Flash Floods

- When a flash flood watch is issued, be ready to evacuate at a moments notice.
- When a flash flood warning is issued, if you believe flooding has begun, evacuate immediately.
- If your car stalls in water, abandon it immediately and climb to higher ground.

LEGISLATIVE UPDATES CONTINUED

After the Storm

- ❑ If your gas service is shut off, rely on utility crews to turn it back on.
- ❑ Be alert for downed power lines and report them to the utility companies.
- ❑ Stay away from standing flood water as it may be contaminated by chemicals or raw sewage.
- ❑ Continue to monitor the news stations for information about shelters, clothing or food.
- ❑ Wash your hands with soap and water if you come in contact with flood waters.
- ❑ Take photos or videotape of any damage.
- ❑ Keep detailed records of clean up costs

WHAT IS HOMELAND SECURITY TERRORISM THREAT CONDITIONS?

The Homeland Security Advisory System, Presidential Directive #3, is a federal alert notification system, which provides warnings in the form of a set of graduated "Threat Conditions". Each condition increases as the risk of the threat increases. The City of Los Angeles has procedures in place to constantly analyze terrorism-related threats facing Southern California and has adapted the federal model as follows:

LEVEL 5 - RED; CONDITION, SEVERE.....
Severe Risk of Terrorist Attack

LEVEL 4 - ORANGE; CONDITION, HIGH.....
High Risk of Terrorist Attack

LEVEL 3 - YELLOW; CONDITION,
ELEVATED.....Significant Risk of Terrorist Attack

LEVEL 2 - BLUE; CONDITION, GUARDED
.....General Risk of Terrorist Attack

LEVEL 1 - GREEN; CONDITION LOW.....Low
Risk of Terrorist Attack

for additional information on the City of L.A. call
the Emergency Preparedness Department

Emergency Preparedness Department
200 North Spring St., Room 1533
Los Angeles, CA 90012
www.lacity.org/epd
213.978.2222

*To receive a copy of President Bush's Homeland
Security Report call the L.A. RIMS office*

JOB OPPORTUNITIES

RISK ANALYST

Minimum 3-5 years experience in Corporate Risk Management, Broker or Insurance Carrier; 2 years RMIS experience; 2 years experience analyzing self-insured or large retention programs; ability to prioritize dynamic workload and effectively meet deadlines in a fast paced environment. Salary range \$45,000-\$50,000 per year.

SENIOR RISK MANAGEMENT SPECIALIST

Minimum of 7 to 10 years of progressively responsible experience with risk management, insurance brokerage or insurance related field, preferable with a Fortune 500 or 1000 level company. An undergraduate degree in Finance, or ARM,CPCU Designation is preferred. Benefits include 401(k), dental, disability, health and life insurance; paid vacation and sick leave. For additional information on the above positions, please contact John McBride, Florham Park, New Jersey, 973.765.9000, ext. 208 or e-mail: Jmcbride@rmainc.com

CALENDAR OF EVENTS

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

March 19, 2003
Monthly Luncheon

May 21, 2003
Monthly Luncheon

June 2, 2003
RIMS L.A. Annual Golf Tournament
Brookside Golf Course, Pasadena, CA

L.A. RIMS NEWS



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