



Los Angeles Chapter of RIMS Quarterly Newsletter

Fall 2011

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President's Message

As I write this, I am finalizing my property renewal and trying to come up the words to explain to my senior management team how easy it was for me to commit to double digit decreases last year at this time, but Mother Nature decided to deliver a major earthquake, tsunami, hurricane and some devastating tornados following my final property budgeting. Thankfully, I am not alone, as my fellow risk managers tell me they are in the same situation, and the property market is likely to harden even more.

If you attended our Education Day, held on October 19th, you learned about planning for the unexpected property loss, how to navigate through a major fire loss with your carrier, positioning to respond to the inevitable "reservation of rights" letter from your carrier, and marketing your program with a major claim on your loss runs. This meeting was attended by close to 100 risk professionals and was one of our best educational sessions of the year (and we have had great presentations this year).

On October 2nd, we held our Day at the Races event at the Santa Anita Race Track with the goal of raising funds for the Spencer Foundation and other educational programs. We had tremendous support from our risk management community and sold well over 400 tickets. Our final tally on this event indicates that over \$20,000 will be donated by the LA RIMS chapter, all benefiting our future risk management professionals. This was a tremendous event for our chapter and we are so thankful to all that supported this huge project.

On September 17th, our board met for our annual strategic planning session with the goal of taking the Los Angeles chapter to "the next level". Our major goals for 2012 continue to revolve around the planning of exceptional educational events, like our monthly luncheons, and in conjunction with this, getting our risk managers involved and out to these events. All of our board members, like most of our other risk management members, are challenged with balancing our complex professional careers with our personal lives. As such, we all understand how difficult it is to carve out time for educational development and networking when we have little extra time on our hands. The LA RIMS board is committed to bringing our membership the best speakers possible on topics that just do not translate well in a webinar format. The networking benefits alone are worth the time away from the office, if only to learn that you are not alone in this challenging environment.

As I finish up my final months as President of this outstanding RIMS Chapter, I want to thank the amazing board that has supported some of the major changes you have undoubtedly noticed by our chapter over the past few years. Although I am admittedly biased, our chapter clearly has the best educational programs, golf tournament and day-at-the-races event in the nation. The dedication and drive of the board, the volunteers who supported our sub-committees, and the generosity of the risk community that has supported our programs have made this all possible. We are all committed to driving a continuous program improvement under Ross Pebley's Presidential leadership in 2012-2013. Please help us wrap up the year and allow us to introduce you to our newly aligned board during our annual Holiday Party which will occur on December 8th at the Woodland Hills Country Club; the casino tables will once again be ready for action as well as the addition of a lively band, The Sugar Daddies Blues Band.

Kurt Leisure
President, LA RIMS

Upcoming Events

Luncheon – November 16, 2011 – Speaker: David Bertsch, National Enterprise Risk Manager, Toyota Beverly Garland Holiday Inn

Annual Officer Installation Dinner and Holiday Party - December 8, 2011 – Woodland Hills Country Club

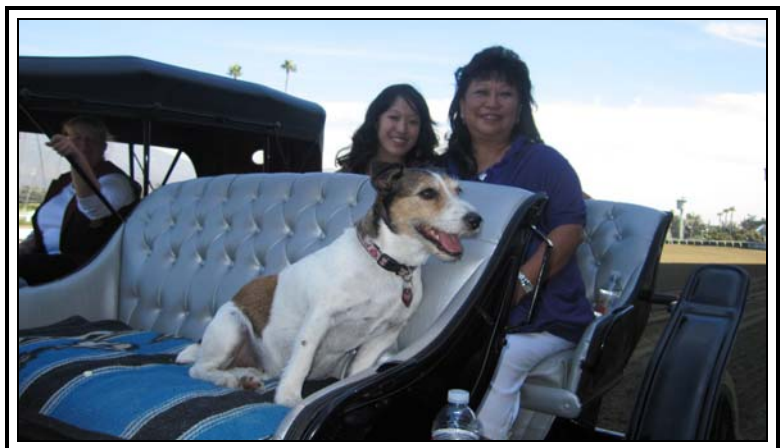
Day at the Races

October 2nd, Santa Anita Park

Dear Day at the Races Committee Members,

Sorry that it has taken so long (we had to wait until the end of the month to make sure all the costs had come in), but as promised, I am THRILLED to inform you that thanks to your efforts we have a net profit of \$28,427.48 from the event! I can't thank you all enough, we could never have been this successful if not for the tremendous efforts of each and every one of you! Thanks again for answering my call for help!

Tanya Karn
Vice President, Risk Management
Fox Entertainment Group, Inc.



Maling and Jaling Huang won the raffle prize, a carriage ride around Santa Anita Park with Lassie riding shotgun.



And they're off !!!



Raffle Tickets !!! Get your Raffle Tickets !!!

The LA Chapter of RIMS would like to thank the following sponsors

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Additionally, we'd like to thank the following friends of RIMS for their donations:

Allison Pebley

Amber Ardizone

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Tanya Karn
Tara Mitchell
The Cheesecake Factory, Inc.
The Walt Disney Company
Vince Takas
Wendy Diaz

Education Day October 2, 2011



John Pinner, retired risk manager, Mattel and past president of Los Angeles RIMS Chapter and recently inducted as the first RIMS Risk Management Hall of Fame says a few words at Education Day.



Attendees listen to a presentation at Education Day

November 16th Luncheon

“Navigating through Turbulent Times”

Speaker: **David Bertsch, National Enterprise Risk Manager, Toyota**

- I. Toyota in North America & Risk Management
- II. Crisis Management - What's next?
- III. Managing the "Marketplace" and company expectations
- IV. The Rise of Enterprise Risk Management in Toyota

[Click here to register](#)

RIMS Build a Stronger Chapter Workshop

Los Angeles RIMS participated in the “Build a Stronger Chapter” workshop administered by National RIMS. LA RIMS was represented by Kurt Leisure, Ross Pebley, Maling Huang, and Vincent Monastersky. Also in attendance were representatives from the following chapters: San Diego, Sacramento Valley, Santa Clara Valley, Orange County, Houston, Utah, and Central Florida.

While many topics were discussed, the workshop focused on key issues such as membership development, chapter website & web services, financial reporting & programming, and RIMS on the Hill. This new education, along with the exchange of fresh ideas and tips, will prove to be an important resource intended to grow and strengthen our chapter to achieve its full potential.



(Left to right) Vincent Monastersky, Fox Entertainment, Ross Pebley, Dreamworks Animation, Kurt Leisure, The Cheesecake Factory and Maling Huang, Newegg.

Broker's Corner

Management Liability : Coverage Synergy

By: Lilia Rocha

Senior Vice President

Momentous Insurance Brokerage

Insurance is a valuable risk transfer tool used by risk managers daily. Once exposures to loss are identified and insurance is determined to be an appropriate mechanism for managing those exposures, the work of crafting the most comprehensive and cost-effective insurance portfolio begins.

Determining the types of insurance coverages needed; adequate limits of liability and deductibles (or self-insured retentions); and negotiating coverage provisions is key. Another important consideration is how to structure the various coverages. Property and Casualty markets traditionally offer package policies that address multiple coverages within a single policy. Management Liability carriers are increasingly offering products that permit insureds to bundle multiple coverages in a similar fashion. These management liability package policies can offer a number of benefits:

1. Synergy of limits. Deciding how much insurance to purchase is part art part science. Risk managers may find that bundling multiple coverages on a single policy can be an effective way of balancing maximum probable loss considerations with cost constraints. For example, an organization may determine that purchasing a \$2,000,000 per loss/\$2,000,000 aggregate limit policy covering Employment Practices Liability, Directors & Officers Liability and Fiduciary Liability may be more advantageous than purchasing three separate \$1,000,000 limit policies.
2. More competitive rating. In some cases, the bundled product may offer a more competitive rating structure. For example, an employer may find that purchasing a standalone Employment Practices Liability policy from a particular insurer may be less cost-effective than purchasing the bundled Directors & Officers Liability and Employment Practices Liability policy as the carrier may have more favorable loss history with the bundled product and consequently their Employment Practices Liability rates for the package policy are lower.
3. Cost Savings. Particularly when it comes to professional, media and technology exposures, it is frequently more cost effective to insure these exposures on a single policy and share a single limit than it is to purchase a separate policy for each of these exposures. Care should be taken to ensure the limit purchased is adequate.
4. Improved Negotiating Power. Underwriters are more likely to be flexible on terms of coverage when the premium for a given risk warrants it. For example, a carrier is more apt to manuscript endorsements; provide coverage enhancements; and even offer higher limits if the premium paid makes it worthwhile or is enough to meet underwriting guidelines as respects minimum premiums. Rather than paying smaller premiums to multiple carriers, it may benefit the insured and insurer to pool the premium dollars and leverage them to ensure the best possible coverage provisions.
5. Bridging coverage gaps. Having multiple exposures insured under a single policy can be helpful in the event a claim straddles multiple coverages. When a single insurer is involved, the question of which carrier is responsible for what portion of the claim can be avoided.

While it is not always possible or even practical to bundle multiple Management Liability coverages on a single policy, packaged policies should be one of the many options considered by a risk manager in structuring their company's insurance program.

About the Author: Lilia has been in the insurance industry since 1989 and is responsible for all management liability risks at Momentous Insurance Brokerage. Ms Rocha's team of specialists average 15 years of experience in professional liability, employment practices liability, directors and officers, fiduciary liability, crime risk and cyber liability. Lilia is a recognized expert in her field and has been quoted in *Independent Agent Magazine*, American Express online, and FoxBusiness.com. In addition, she was featured as a Leading Wealth & Insurance Advisor in Worth Magazine on the subject of domestic employment practices issues. She is a licensed Property & Casualty agent, she holds the professional designation of Chartered Property & Casualty Underwriter (CPCU) and a Bachelor of Arts degree in History from UCLA.

Underwriter's Corner

Underwriting of a Feature Motion Picture

**By: Wendy Diaz, Underwriting Director
Entertainment Division
Fireman's Fund Insurance Company**

When underwriting a feature motion picture many unique factors must be considered. The actual factors that need to be considered can vary widely depending on the type of motion picture involved. Some of the more common factors used to assess underwriting issues and develop terms and conditions to be offered include:

- Filming Location/ Country
- How often will the film be processed and where will it be processed and how will it travel
- Previous experience with the artists
- The experience of the director, producer and line producer
- Number of weeks of principal photography or length of the production
- Any special processes or filming techniques, cameras or props
- Unique locations or sets being built
- Any artists being used that are essential to the production
- The type of production filmed. Action related productions represent more exposure than a walk/talk type film or computer generated production.
- The type of film used. Video tapes are very low hazard under faulty stock; 16 or 35 mm film represents a regular exposure and IMAX, Digital, Digital 3D and other forms of film may represent an additional exposure
- The location used by the filmmaker. In-studio filming represents a better than average exposure and location filming in foreign countries could represent a higher hazard
- Specialty type of filming, stunts, action sequence such as chase scenes, regular use of aircraft, boats or other vehicles are an increased hazard
- Average daily costs
- Number of cast members to be covered. Age and health conditions of the artist
- Time of year production will be filmed, i.e. hurricane season, flu season

Insurance underwriters generally use the following tools to help assess the risks associated with a motion picture:

- Application
- Script
- Budget
- One Line Schedule
- Day Out of Days
- Risk services/safety representatives when necessary

Because of the unique risks and exposures associated with making a motion picture, insurance coverage provided to address these exposures is also unique and typically include the following coverage which protect against the types of loss noted:

Cast

This coverage insures losses sustained as a result of the death, injury or sickness of a covered cast member which prevents the cast member from completing his or her duties or performance(s) in the motion picture.

Losses typically include extra expenditure that is incurred completing principal photography of the motion picture over and above the expenditure that would have been incurred in the absence of the death, injury or illness of the covered cast member.

Example of a loss that could occur:

A cast member breaks their leg while riding a horse through a forest, hitting a tree. The cast member cannot resume filming until his leg heals, production cannot film until he resumes.

Negative Film

This coverage insures losses the production company sustains as a result of loss of, damage to or destruction of the media caused by an insured peril while the media is used or to be used in connection with the motion picture.

Example of a loss that could occur:

A fire at a production studio damages or destroys the media and scenes then need to be reshot or recreated.

Faulty Stock

This coverage protects against loss sustained due to faulty materials or equipment, as well as faulty editing, developing or processing of media used or to be used in connection with a motion picture.

Example of a loss that could occur:

During the editing process, the lab accidentally damages footage requiring additional expense to do a reshoot or correct the damage.

Props, Sets, Wardrobe

This coverage insures against physical loss or damage to Wardrobe, Costumes, Sets, Scenery, Antiques, Fine Arts, Jewelry; Theatrical Props, and related equipment;

Example of a loss that could occur:

The Production Company has built a special set, such as a western town, that is destroyed by fire.

Miscellaneous Equipment

This coverage protects against loss to personal property used or to be used in connection with the motion picture that is owned by the Production Company, as well as property of

others for which the production company is legally liable. Coverage also insures against loss of use of the lost or damaged property to third parties.

Example of a loss that could occur:

The Production Company is filming on the water, and a camera is dropped overboard.

Third Party Property Damage

This coverage insures against loss to property of others that the production company becomes legally obligated to pay for due to physical injury to, destruction of, or loss of use that property, while it is in the production company's care, custody or control and used or to be used in connection with the motion picture.

Example of a loss that could occur:

The Production Company is filming in a home, and scratches all the homeowner's expensive hard wood floors

Extra Expense

This coverage insures against losses sustained by reason of extra expense incurred in the event of the interruption, postponement or cancellation of the motion picture as a result of loss or damage to covered property used or to be used in the motion picture.

Example of a loss that could occur:

A special effect that is being shot in a warehouse goes awry, causing damage to the facility. The facility is now unusable, so the Production Company must move to a new location, causing extra expenses to be incurred.

About the Author: Wendy Diaz is the Underwriting Director in the Entertainment Division of Fireman's Fund Insurance Company. Wendy has specialized in underwriting the unique risks associated with the motion picture industry for more than twenty five years.

The Value of RIMS Membership

RIMS membership costs your company less than \$1.35 per day for full membership for up to two of your corporate risk professionals and provides benefits and services valued at more than \$3,000 per year. Please see below for an outline of these benefits and services.

- **RIMS Career Center** offers free searches and substantial discounts on postings for the industry's most targeted, cost-effective recruiting website.
- Our **Risk Management Benchmarking Survey** is the single source of comprehensive insurance premiums and ERM data generated from over 1300 independent policies from the small business to the Fortune 500 Company. The intelligence saves both contributors and buyers a huge amount of money each year. If you aren't a contributor, you can still save 33% over the non-member book

price and 20% on the online version.

- Our **2008 Compensation Survey** allows your company to assess its risk management compensation program by comparing itself to companies in the same industry, geographic area and of comparable size. Over 2,000 RIMS members provided input to formulate and validate the RIMS 2008 Compensation Survey. Data contributors receive the publication for free while non-contributor members save 60%.
 - **RiskWire** delivers an executive summary of the most important risk management stories to your computer's inbox each morning. Over 8,000 members have consistently registered to receive daily industry news updated from our RiskWire service which saves them a tremendous amount of research time.
 - **\$315 discount** on full-conference registration to the world's largest and best attended risk management conference—RIMS 2010 Annual Conference & Exhibition in Boston, MA.
 - More than **60 professional development workshops annually** that provide in-depth instruction on how to apply new skills back on the job. RIMS facilitates 90 minute "coursecasts" to provide requested training on relevant topics our members need to be proficient in a particular discipline.
 - Subscriptions to **Risk Management magazine** included with membership. On average, Risk Management Magazine reaches 87% of risk management executives in Fortune 500 companies.
 - **Financial Services** – RIMS members now have their own credit union. RIMS has partnered with OASFCU to provide RIMS members with financial services ranging from employee and executive benefits to individual retirement and investing services.
 - **Completely Revamped RIMS Buyer's Guide** – We have revamped and upgraded our Risk Management Buyer's Guide, a unique online resource that enables users to search for the products they need from suppliers like you – which is why your basic information will automatically be included in the directory database **at no cost as a benefit of your RIMS membership.**
 - **Selecting and Working with a Broker** – a completely updated edition for 2009 with forms in downloadable, revisable formats.
 - **RIMS ERM Center of Excellence** – your constantly updated source for state-of-the-industry news, tools and networking on all topics related to enterprise risk management!
 - **Risk Insights** – RIMS and Ernst & Young present a series of white papers titled Risk Insights. Risk Insights deals with current issues that impact the risk management profession and are available exclusively to RIMS members at no cost through 2011.
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Top 10 Reasons to Join RIMS

Career Services

- For job seekers, employers and recruiters
- Newly-introduced Student Resource Center

Professional Development Courses

- These "hands-on" workshops and courses will benefit those who want to update their knowledge on current thinking in risk management.

Local Chapter Meetings

- Chapters offer educational and informational opportunities, special events, community involvement projects and local networking with fellow risk manager and service providers.

RiskWire

- An exclusive news service for RIMS members, provides an executive summary of the most important risk management stories of the day.

E-Groups

- An online networking forum, a great way to share solutions and network with the experts; over 10,000 of your peers are accessible.

Risk Professionals Directory

- Provides members with great networking opportunities, blogging capabilities, etc.

Risk Management Magazine

- Membership includes a free subscription to Risk Management Magazine

RIMS Annual Conference & Exhibition

- From presentations by top industry leaders to community service events, lively entertainment to face-to-face networking opportunities, RIMS Annual Conference will inspire you to energize your RM Strategy.

Discounts on RIMS Products & Services

- Receive discounts on all items in the RIMStore, PD courses, and registration fees to Annual/Regional Conference

Professional Certifications

- Includes RIMS Fellow (RF) designation, ARM, and CRM