



Los Angeles Chapter of RIMS Quarterly Newsletter

Summer 2011

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Contact Us

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President's Message

The past 3 months were a huge success for the Los Angeles Chapter and our membership base. Our monthly luncheon educational topics included earthquake preparedness and disaster recovery, "Liars Exposed!" and the complexities of managing risk at Disney. Attendance at these educational luncheons continues to increase with well over 120 attendees at our June meeting. We are continually seeking topics and speakers that will build on our

promise to deliver outstanding educational material and networking opportunities to our members and associates.

In May, RIMS National held the annual conference in Vancouver, Canada and attendance was comparable to the last conference in Boston. Many of the sponsors supporting this event have indicated that it was one of the most productive conferences in years. The RIMS National Conference for 2012 will take place in Philadelphia on April 15-19, so please schedule this into your calendar.

Closer to home, our Los Angeles Chapter held our annual golf tournament at Brookside Country Club on June 1st. This was, by far, the most successful tournament in our chapter history thanks to the dedication, organization, and phenomenal direction of board member Chad Smith. Although all of our board members contributed to the success of this tournament, Chad was the driving force and set this program up for success. Special recognition also goes out to the major sponsors of this golf tournament who "owned" their holes and held entertainment events at their sponsored holes. We have reset the bar for next year and will continue to encourage our hole sponsors to out do one another; all for the benefit of this outstanding fund raiser.

As we look ahead, I encourage you to participate in a number of upcoming educational and networking events:

- On August 17th, we will have Dr. Grossman from the Grossman Burn Center speak at our educational luncheon relative to the advancements that have been made in burn care.
- The Western Regional RIMS Conference will be held in Las Vegas from October 3-6. Please visit the website dedicated to this conference for further information <http://2011rimswrc.webs.com>
- Also in October is the Los Angeles Chapter's annual Day at the Races event to raise funds for the Spencer Educational Foundation. Please mark your calendars for Sunday, October 2nd and plan to bring your family, friends and co-workers to this

spectacular event which will be held at the Santa Anita Racetrack.

- Finally, our chapter will be holding our Education Day on October 19th. Our guest speakers will focus on recovering from some of the disasters that have occurred over the past several years so that you can prepare for the unexpected.

The Los Angeles Chapter continues to seek ways to build value for our members. Please reach out to any of the board members if you feel that there are other ways that we can provide benefits to you as a member. You can find board member contact information and upcoming information about our events by visiting our website at www.larims.org.

Kurt Leisure
President, LA RIMS

Upcoming Events

Chapter luncheon - August 17th – Beverly Garland Holiday Inn

Chapter luncheon - September 21st - Beverly Garland Holiday Inn

Day at the Races – October 2nd. – Santa Anita Race Track

Education Day – October 19th - Beverly Garland Holiday Inn

Chapter luncheon - November 16th - Beverly Garland Holiday Inn

Holiday Party – December 8th - Woodland Hills Country Club

LA Chapter Golf Tournament June 1, 2011



Another LA RIMS golf tournament has come & gone with many successes to celebrate. We had an unprecedented **sell out** for both players and hole sponsorships, many of whom donated a prize for the contest (closest to pin or long drive) on their respective hole-presenting some great opportunities for networking and renewing old friendships. In addition, we were fortunate to have other sponsors for food, beverages, a \$25,000 hole-in-one prize and many other donations.

LUNCH SPONSOR

Marsh

BEVERAGE SPONSORS

Lockton

Fresh & Easy Neighborhood Market

HOLE IN ONE SPONSOR

Newegg

GOLF BALL SPONSOR

Travelers

PHOTOGRAPHY

Global Options

RAFFLE DONATIONS

Brookside Golf Course

The Cheesecake Factory

The Walt Disney Company

Hole Sponsors

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Chubb Group

Corvel

DeWitt Stern of California

Floyd Skeren & Kelly

FM Global

Gallagher Bassett

Liberty Mutual

Mullin & Filippi

Sedgwick CMS

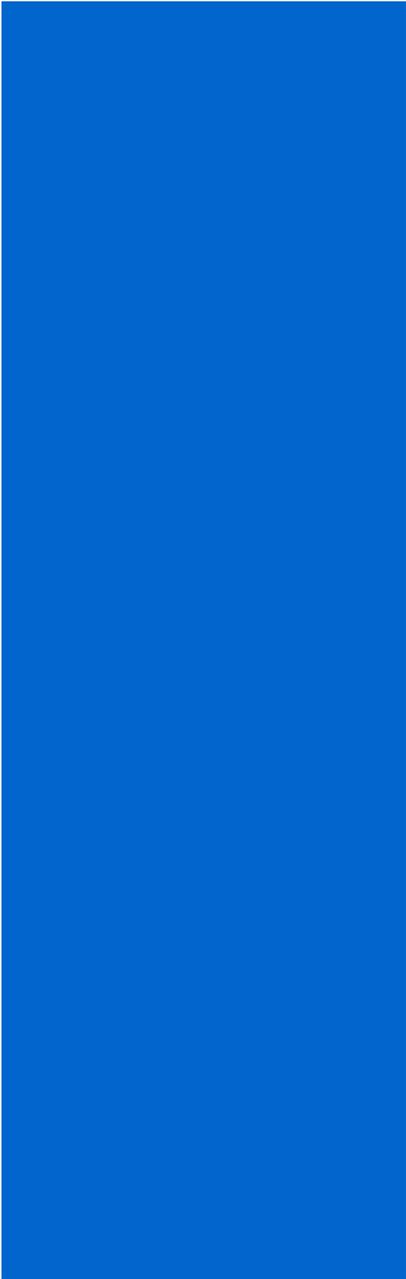
Swett & Crawford

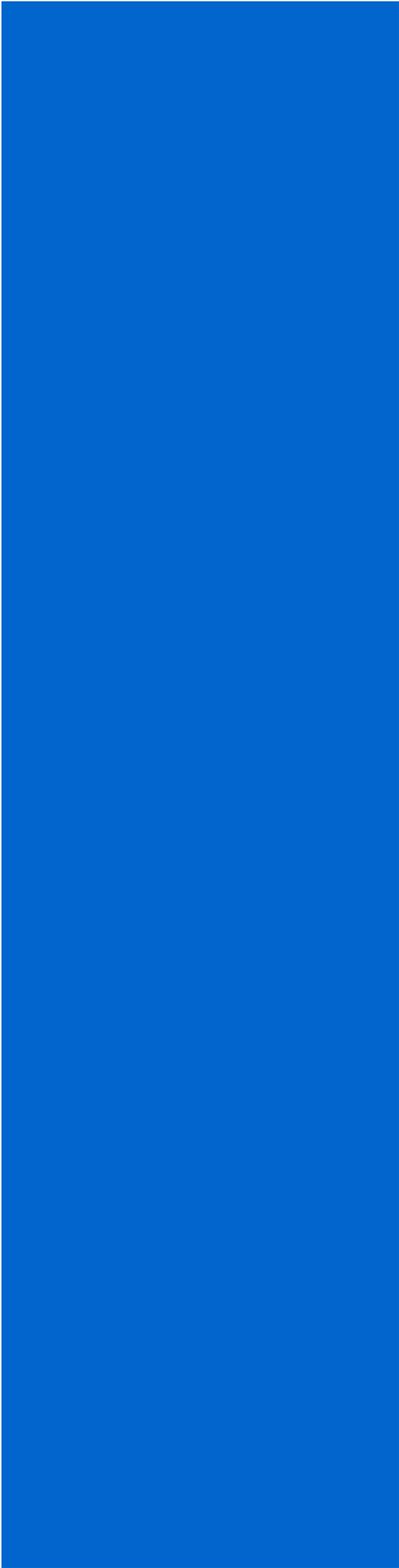
The Hartford

Wilson Elser

Zurich

The chapter would like to thank everyone involved, as your generous contributions and support helped make this a great success! We look forward to seeing you all again next year. In fact, we have already contracted with Brookside for next year's tournament. Please SAVE THE DATE...the tournament will be held on Wednesday, May 23, 2012! If you're interested in participating as a sponsor or player, volunteering, or would like additional information, please direct all correspondence to larimschapter@larims.org or call (818) 843-2245.





Risk Management Hall of Fame

The Los Angeles chapter of RIMS is pleased to inform you that, John Pinner, a former member of the chapter has been inducted into the Risk Management Hall of Fame. John Pinner is one of the first class of inductees to be honored in 2011. The induction took place in conjunction with RIMS Annual Conference & Exhibition in Vancouver, BC Canada. The Risk Management Hall of Fame was established by RIMS and Chartis to maintain the history and tradition of the field of risk management, and will serve as a means to recognize and honor those professionals who have made significant contributions to advancing the discipline.

New Members

[The Los Angeles RIMS Chapter Welcomes New Members](#)

Patrick Murray - Roll Global LLC

Mark Mason - International Rectifier Corp.

Michael Kranther - Los Angeles County Fire Department

Carol Novoa - Health Net Inc.

Hsin-Yi Lin - The Walt Disney Company

Michael Bradbury - Securitas Security Service

Wei Chi - Los Angeles World Airports

Marc Shrake - Squire Sanders & Dempsey

Christopher Hong - Oakwood Worldwide

Ninos Saroukhaniouff - Maranga Morgenstern

Christine Naylor - World Vision International

Adrienne Hahn - Voss Silverman & Braybrooke

Broker's Corner

WHAT IS YOUR STRATEGIC PLAN?

As a Risk Manager what is your expectation from brokers with respect to the insurance marketplace? One important function is to keep you abreast of the insurance marketplace—and to demonstrate how you are faring in comparison to the general market. Brokers should anticipate where the market is going—and how to best prepare for any anticipated changes. Recent renewals have been a bit more challenging than earlier in the year, but there is no clear consensus on the timing or extent of a market change—although property catastrophe rates are already increasing.

What we do know is eventually the soft market will firm up. The first half of 2011 has delivered more than \$ 75 billion in worldwide insured property losses. The cushion of redundant loss reserves is dwindling; and eventually capital in the market will find more attractive returns in other industries.

Change is definitely in the wind (no pun intended with hurricane season upon us). **Having a clear marketing strategy will be very important going forward.**

Anticipating change, brokers are asking clients for more information to provide to underwriters. This is particularly true in the property area with RMS 11 becoming the

standard modeling tool for underwriters. Impetus for this comes from rating agencies (S&P, et al) who incorporate this tool in assessing the financial viability of underwriters. Accumulating secondary risk characteristics for modeling purposes will be time consuming for risk management departments and their operating entities. Having these secondary risk characteristics will give a more accurate loss picture—rather than allowing the model to default to a more conservative scenario for the underwriter.

Brokers are broadening their marketing efforts making submissions to a wide range of markets. This will result in underwriters being inundated with submissions without the capacity to get to all of them. They will be in a position of having to pick and choose which risks they will underwrite. They will look for risks

- offering them the “best” opportunity for participation
- offering complete underwriting information
- that can be assimilated quickly
- that are well differentiated from industry competitors
- offering adequate pricing in their industry

One of the challenges for clients, brokers, and underwriters will be to address all of the above with staffing levels that have been slimmed down through the decade long soft marketplace.

So how do you prepare for this changing environment? The simple answer is by making the underwriter’s life as easy as possible. Here are some thoughts to consider.

Preparation—Using Strategic Broking Tools

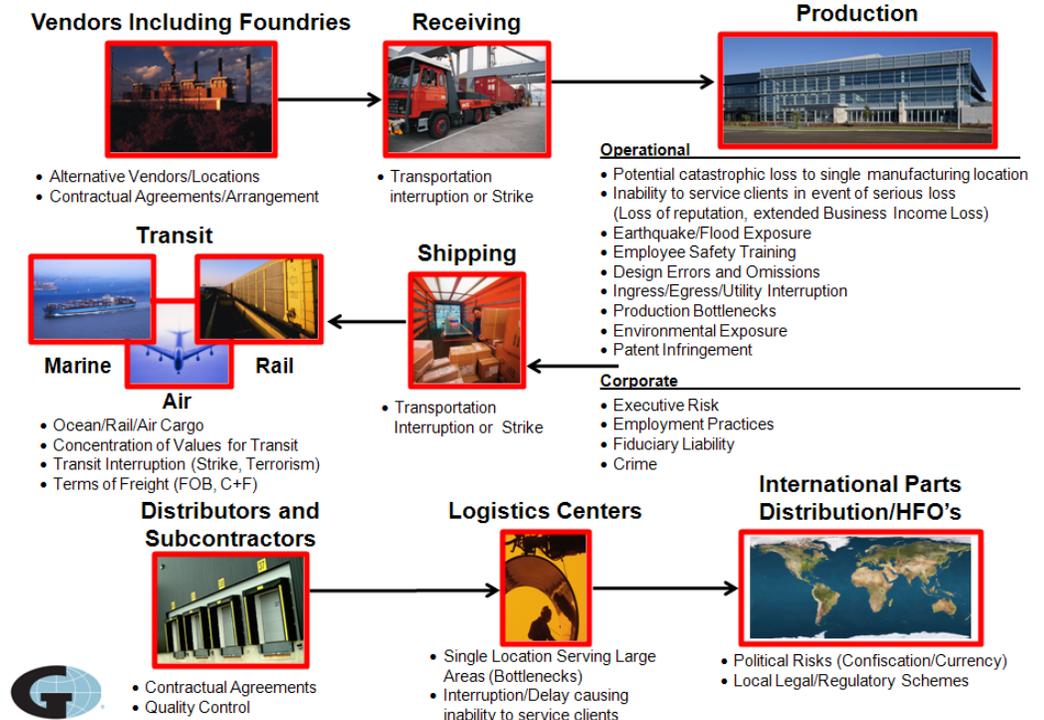
Profitability/Return on Capital (Surplus) Analysis

This is a critical tool to know how well your risk has performed in the marketplace. Have you been profitable over the last 5-10 years? This helps guide pricing discussions based on the performance of your risk for the underwriters v. the return on their overall book of business. While industry returns have been anemic recently, underwriters still have targets for return on their surplus (capital) and you should know how you’ve performed against these targets.

Flow Chart of Operations

Most underwriting submissions will contain a written description of operations. Remembering that underwriters will be overwhelmed with submissions it is a good idea to provide a graphic flow chart(s) of your operations to give them a visual depiction. This can give your submission some real “curb appeal” and encourage them to look further. You can choose to include or not include risk of loss commentary with the flow chart.

Operations Flowchart for ABC Manufacturing



Prospectus

Insurance is essentially contingent capital to cover an event. You are competing for this contingent capital and want to make your case as your organization does when it is going to the capital markets. Consider developing a customized booklet (Prospectus) focusing on differentiating your risk for underwriters to enhance pricing considerations. This material should capture the culture of your organization and the senior management team; the advantage of the technology or intellectual capital you employ; your risk management philosophy; and upcoming projects to improve the quality of your risk

Serious Claim Review

If you have a serious claim(s) in your loss history it is a good idea to share with underwriters your review of the claim and resulting actions taken to improve the overall risk profile of the company. This should be a detailed review including the loss causing characteristics; the remedial steps taken to minimize repeat claims in the future; the lessons learned to improve the risk profile. The intent is to build a solid story for risk improvement that can be share internally if the underwriter is ever questioned about pricing offered.

These strategic broking tools should be customized for each risk based upon findings developed with the risk management staff.

John Genovese

Chairman of Global Risk Management Services

Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.

LA RIMS Donates \$5,000 to Japan Relief

LA RIMS Chapter answered the call to help the victims of the Japan earthquake and tsunami. Scott Clark, the current president of RIMS, sent out a challenge to all RIMS chapters to assist the victims of the earthquake and tsunami in Japan that occurred in March. Scott, who is a member of the Miami chapter of RIMS, started off the call by donating \$1,000 toward this relief effort. This challenge created the opportunity for the LA chapter to assist in this humanitarian relief effort. We are delighted to report that the LA RIMS board of directors held a meeting and decided to donate \$5,000 on behalf of the LA RIMS chapter membership. This donation was made through the Red Cross and earmarked specifically for this effort. This was made possible through the efforts of our chapter members and associate members. The LA RIMS Chapter wishes to thank its membership and partners for their support of the chapter.

RIMS National 2011 Awards Luncheon

The Cristy Award acknowledges the individual who earned the HIGHEST grades on the three exams required to earn the ARM designation. The winner of the Cristy Award is Dylan P. Lauzon, from the RIMS Los Angeles Chapter. The LA chapter wishes to congratulate Dylan on his achievement.



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