



Los Angeles Chapter of RIMS Quarterly Newsletter

Winter 2011

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Contact Us

<http://www.larims.org>

(818) 843-2245



President's Message

2010 is behind us and the Los Angeles Chapter of RIMS is celebrating a very successful year that included:

- Educational luncheons held at the Beverly Garland Hotel in North Hollywood; most events were sold out due to exceptional speakers addressing topics most concerning to our membership
- A fund raising Day At The Races event at the Santa Anita race track to raise money for the Spencer Educational Foundation; this event drew over 400 risk professionals and their families
- A fund raising golf tournament held at Brookside Country Club that sold out and resulted in fantastic creativity and support from our hole sponsors
- A membership mixer held in Century City that allowed our membership to network with their peers
- An Education Day Event in October that was very informative and well attended
- And, in December, a holiday party and board installation event held at the Woodland Hills Country Club that our attendees simply did not want to end

Overall, I am proud of the accomplishments of the board over the past year in executing a lot of changes that have benefited both our membership and risk industry supporters. I am very excited to execute the initiatives that the board has contemplated for 2011 including upgrades to our website, a spectacular line up of speakers for our educational luncheons, and raising the bar on all of the events that were so well received in 2010.

I want to encourage you, our risk management membership, to use the educational luncheons as a means for expanding your knowledge based value to your company while, at the same time, building strong networking relationships with our business partners and fellow risk managers. The risk management world remains tied to relationships and it is critically important that you, as a risk manager, network with those that support your business.

Happy New Year, and I look forward to seeing you at our next event.

Kurt Leisure

February 16th Luncheon

Speaker: Mark Courtney - Clayton Consultants

Kidnap and Ransom Negotiator and Responder Head of Africa Team

While rarely publicized, kidnap, ransom and extortion are ever-increasing threats to multi-national companies, organizations and individuals traveling around the world. From the known and unknown "hot spots" to some of the globe's major city centers, the risk of kidnap, ransom and extortion is prevalent-but avoidable!

Join us in February to learn about the risks involved in traveling and working abroad.

After the session you will:

- Understand the scope and extent of the worldwide kidnapping and extortion risk
- Learn about different kidnapping-related risk management techniques and insurance
- Identify likely individual and corporate candidates for Kidnap Ransom risk management and insurance
- Go through a kidnap and ransom scenario with a real life, in-person kidnap and ransom negotiator

[Register here](#)

RIMS National Conference Vancouver BC May 1-5

The Los Angeles chapter of RIMS is pleased to announce that we have reserved two (2) tables for the chapter membership for both the General Session Breakfast from 7:30 a.m. – 8:30 a.m. and the RIMS Award Luncheon from 12:15 p.m. – 1:30 p.m. Both events will be held on Monday May 2, 2011 at the Vancouver Convention Centre West, Ballroom, Level 1. Please join your fellow risk managers from the RIMS LA chapter for these events. We look forward to seeing you there!

LA Chapter Golf Tournament June 1, 2011



LA RIMS ANNUAL GOLF TOURNAMENT

Wednesday June 01, 2011

Brookside Golf Course

SAVE THE DATE

With the RIMS national conference in Vancouver being held during the first few days of May this year, the Los Angeles chapter has decided to push the annual golf tournament

back to the month of June. That being said, we are pleased to confirm we have entered into agreement with Brookside Golf Club in Pasadena to again serve as our host course on Wednesday, June 01, 2011.



Keeping with recent tradition, the tournament will be a noon shotgun start and we are planning to keep registration & sponsor pricing the same as in 2010. The deadline to register is Monday, May 30th – no exceptions! However, we are certainly expecting another sell out this year and encourage you to register your foursome early. Please look for email blasts containing the registration link beginning in February. If you're interested in volunteering &/or have any questions, please direct your correspondence to larimschapter@larims.org or call (818-843-2245). **To register click here**



Diane Wren & Gordon Seaberg, City of L.A.

Holiday Party & Installation of Officers

***2010 LA RIMS Chapter
Annual Installation of Officers Dinner
And Holiday Party
December 10, 2010***

The LA RIMS chapter held its annual Installation of Officers Dinner and Holiday Party at the Woodland Hills Country Club from 6:00-10:00 p.m. Friday December 10, 2010. This event was well attended and everyone had a great time. As in years past, we had a Casino Night by LA Poker, which was a hit with the crowd. Given the comments that we have received, we will continue with a Casino Night at this year's dinner as well.

In addition to the Casino Night and prize raffle, we hosted an award ceremony. The following awards were presented to the following individuals:

The Service Appreciation Award was presented to Diane Wren, Risk Manager of the Community Redevelopment Agency with the City of Los Angeles, for her many years of dedication and service to the LA RIMS Chapter. Diane will not continue on the board for 2011.

The LA RIMS Chapter Board of Directors wishes her the best in her future endeavors.

The Rising Star Award was presented to both Chad Smith, Risk Manager of Fresh and Easy Neighborhood Markets, and Ross Pebley, Risk Manager of DreamWorks Animation SKG, Inc. for their phenomenal service with the RIMS Los Angeles Chapter.

The next annual Installation of Officers Dinner and Holiday Party will be held on December 8th. LA RIMS will communicate more information later this year. We hope to see you there.

**2011 Directors and Officers
Los Angeles Chapter of RIMS**

President

Kurt Leisure
The Cheesecake Factory

Vice-President/President-Elect

Ross Pebley
DreamWorks Animation SKG, Inc.

Secretary

Becky Smith, ARM
Castle & Cooke

Treasurer

Dennis Healy
Los Angeles Newspaper Group

Past President

Tanya Karn, ARM
Fox Entertainment Group

Membership Chair

Kirsten Dial
Fox Entertainment Group

Golf Chair

Chad Smith, ARM
Fresh and Easy Neighborhood Markets

Education

Scott Ritto, ARM
Westfield, LLC

Website/Communications

Noriel Sandoval, ARM
DaVita, Inc.

External Affairs

Wendy Macy
LAUSD



Ross Pebley-Dreamworks Animation &
Kathleen Bragg-Pebley-Wilson Elser



Carolyn Napp-Dreamworks Studios &
Diane Valencia-Marsh



Vincent Monastersky-Fox & Corissa Stuckey-Arthur J. Gallagher

New Members

The Los Angeles RIMS Chapter Welcomes New Members

Robert Bryant – Roll International
Bill Inman – Emergent
Archie Meairs – Roll International
Steven Meisberger – American Youth Soccer Org.
Wendy Michaels – Liberty Mutual
Owen Mieke – Euler Hermes
Sandi Mollman – Meggitt USA
Linda Olic – Northrop Grumman Corp.
Robert Patterson – Omega Health Systems
Yolanda Pena – Retirement Housing Foundation
Mark Smith – Farmers Group, Inc.
Francisco Valdivia – Herbalife International

Lawyer's Corner

E-Discovery Readiness

Is your company ready for an E-Discovery event? The proliferation of electronic storage devices has increased our communication capabilities exponentially. Now, in addition to e-mail, we have texting, Tweeting, Facebooking to name just a few. Each of these devices contains electronic storage capabilities. The use of cloud services, SASI or ghost hosting devices for computing have also created additional sources for electronic storage. While these new platforms have developed, the cost of electronic storage has also decreased,

making it much easier and cost effective to add a gigabyte of memory rather than to engage in an electronic document retention and deletion policy for the average company. Companies faced with electronic storage shortages have therefore found it to be more cost effective to simply purchase more memory rather than to implement document destruction policies.

The advancements in electronic communication options have changed the course of litigation, complicating the discovery obligations in many cases. Responding to a document request used to involve asking the key players involved in the events giving rise to the litigation to produce their relevant files for counsel's review. In more complex litigation, this may result in hundreds of boxes being made available in a storage room for inspection. The universe of responsive documents was relatively easy to locate and produce, even if the potentially responsive documents were voluminous. Now, in order to respond to a request for production of all communications potentially relevant to the issues in the case requires an in depth understanding of your company's computer infrastructure to identify all of the available locations for the electronically stored information ("ESI") in addition to interviewing all of the key players in the case to identify their individual practices in sending and saving ESI. This may require the key players to search their iPhones, BlackBerrys, personal laptops, home email accounts, web pages, Facebook accounts and Twitter accounts to locate all potentially relevant ESI. This also includes backup tapes for each of these various sources. You can imagine if there are 10 key players consisting of current and former employees, responding to this document request could be overwhelming, draining company financial and human resources. Add to the task of searching each of these ESI storage devices the threat of sanctions if you fail to adequately and timely comply with the document request to the tune of millions of dollars.

Since the case of *Zubulake v. UBS Warberg* was initially decided in 2001 and its several subsequent rulings, the case law has been steadily developing to define the obligations of responding to discovery requests involving ESI. The current industry standard requires the issuance of a Legal Hold Notice as soon as the party reasonably believes that litigation is likely. The Legal Hold Notice requires the party to identify and notify the key players, i.e., the employees most likely involved in the issues giving rise to the potential litigation, and advising them in writing not to delete any materials potentially relevant to the litigation. The party then has a further obligation to monitor its employees to ensure compliance with the Legal Hold Notice. The courts have determined that the failure to properly engage in either of these steps, even before litigation has commenced, could result in a finding of gross negligence subjecting the party to steep sanctions.

If you are in charge of E-Discovery compliance for a company of 100 employees, all of whom have company email accounts, company laptops and BlackBerrys, you can easily see how trying to respond to an E-Discovery event at the time it arises or once litigation commences will be an overwhelming task that will likely result in sanctions against your employer. The solution to this problem rests in addressing E-Discovery in advance of any potential litigation. Engaging counsel specializing in E-Discovery can assist you in developing a document retention protocol and ensuring that your company employees comply with that protocol. One of the key benefits to retaining separate E-Discovery counsel is that any communications with counsel during this process fall within the attorney-client privilege and therefore are not discoverable later if and when litigation arises. Maintaining a relationship with E-Discovery counsel will simplify each E-Discovery event that arises thereafter because the mapping of the various computing applications and sources of ESI will have already been established. E-Discovery counsel can work alongside your litigation counsel to handle only the E-Discovery aspects of the litigation to prevent duplication of effort and reduce the billable hours incurred in having to rediscover the ESI sources.

As demonstrated above, the potential consequences of responding to E-Discovery unprepared can be devastating to a company of any size. Developing a proactive plan in anticipation of an E-Discovery event long before a claim arises will allow you to manage the risk of an E-Discovery event. The time is now to develop your E-Discovery response plan.

Kathleen Bragg-Pebley
Attorney at Law
Wilson Elser
555 S. Flower Street, Suite 2900
Los Angeles, CA 90071-2407
(213) 330-8908 (Direct)
(213) 443-5100 (Main)
(213) 443-5101 (Fax)
Kathleen.bragg-pebley@wilsonelser.com

Adjuster's Corner

CATASTROPHIC LOSS

You only have one opportunity to handle a major loss correctly. To be effective in accomplishing what needs to be done requires teamwork. It is important that you have in place a list of qualified experts a/o trades that can mobilize the necessary professionals, crew and equipment on a moment's notice. It is paramount that you choose your experts carefully whether it is the adjuster, engineer, contractor or attorney.

Pre-loss Preparation:

Pre select your experts and if possible, pre-set fees. This will prevent disagreement or argument during or at the conclusion of the adjustment. Know the strengths and capabilities of the Experts that you may wish to engage in the course of the adjustment.

Experts could include:

Engineer:-	- Origin & Cause	Legal:	- Coverage
	- Structural		- Subrogation
	- Mechanical		- Litigation
	- Metallurgical		- Lease
	- Electrical	Project Management:	
	- Environmental		Off Site Storage
Contractor:	- Building/Contents	Security:	- Preserve Evidence
	- IT Equip/Services		- Protect Property
	- Process Equip	Forensic Accountant	
	- Moisture/Mold Control	Hydrologist	- Protect Property
Salvor			

Actions after a Loss:

Whether it is a loss due to a terrorist attack; negligent act by an individual or group of individuals; or one of an accidental nature - the initial response and investigation is basic

in nature and then evolves as information is developed. The adjustment process will include:

- Investigation/Determine Cause
- Review & Assess Coverage
- Prepare Scope & Quantify Loss
- Determine Business Income & Extra Expense Exposures
- Salvage
- Subrogation
- Critical Path Management

Investigation/Determine Cause:

It is important to determine who the key contacts are and how they can be reached, whether they are the Insured, Police Investigator(s), Fire Department and Broker. Identify the known witnesses and arrange to interview them as quickly as possible. If there is an indication of possible negligence on the part of the Insured or potential for subrogation, involve the appropriate experts and/or legal counsel early in the adjustment to assist in the investigation and preservation of evidence.

When is it necessary or prudent to have the Insured sign a Non-Waiver Agreement? Will it be necessary to maintain Solicitor/Client privilege with respect to information developed by the Origin & Cause expert?

To prevent misinformation or misunderstanding with the Insured or the designated experts, I find it best to immediately agree on a chain of command and identify their respective responsibilities. Identify and make clear the relevance of the information required and agree on a protocol for developing and accumulating such information. It is important to set a timetable as to when each participant is expected to complete his or her respective task followed by a Critical Path letter.

A catastrophic event as depicted by the moderator could create unique investigation difficulties such as:

- Access to site is restricted due to roadblocks and could be restricted for a considerable period of time;
- Police are reluctant or refuse to share information. The site has been declared a crime scene and neither you as the adjuster nor your experts are allowed to enter;
- Fire Department can't access the site to put out fires with threat of further damage or evidence being destroyed;
- Threat of spoliation of evidence during the fire suppression or police investigation – involve legal counsel early to assist in the release of information and preservation of evidence;

Review & Assess Coverage

If a copy of the applicable policy wording is not readily available from the Underwriter or the Insured either because the Insured Premises have been destroyed or access has been denied, arrange for the Broker to provide a copy for early review to identify potential exclusions or limitations of indemnity. Following such preliminary review, immediately inform both the Insured and Broker of potential coverage issues that could include:

Period of Indemnity

- 12 months vs. 2-3 year reconstruction
- Excluded Property
 - Money & Securities
- Excluded Perils
 - Terrorism exclusion that could extend to include fire following Spoilage of goods due to lack of off premises power
- Insufficient Policy Limits
 - Coinsurance compliance issues
- Policy Sub-limits
 - Pollution cover
 - Demolition & Debris Removal
 - Valuable Papers
 - Media/Data
 - Professional Fees
- By-Laws
 - lack of or limited coverage to comply with required minimum code upgrades on reconstruction
- Business Income/Extra Expense
 - lack of or limited coverage
 - Ordinary Payroll – no coverage
- Ingress/Egress
 - lack of or limited coverage for interruption of operations or spoilage of goods due to prevention of access by order of Civil Authority
- Contingent Bus Income
 - lack of or limited coverage for interruption of operations due to unavailability of Port Facilities

The costs that an Insured might incur for:

- Demolition and debris removal
- Data recovery
- Handling and storage of damaged property
- Specialized remediation due to contamination
- Professional fees
- Security

Have the potential to quickly exhaust the policy limits before the Named Insured has been fully indemnified for the loss suffered. This could result in the injured Insured looking for other deep pockets such as their Broker or Insurance Professional if adequate coverage or policy limits have not been provided for. Has the Broker or Insurance Professional maintained the necessary notes, letters, emails or faxes on file supporting the advice given? Was a proper Statement of Values obtained or prepared?

Prepare Scope & Quantify Loss:

The elements involved in preparation of a scope or quantifying a recoverable loss could include:

- Real & Personal Property -
 - Building
 - Stock
 - Furniture, Fixtures & Equipment
 - Leaseholds/Improvements & Betterments
 - Demolition & Debris Removal
- Property of Vendors - Leased Equipment

Property of Others - Employees
Customer Goods

EDP - Computer Hardware
Computer Software
Computer Data
Communication Equipment a/o Services
Back-up Data/Systems

Valuable Papers & Records

Extra Expense - Relocation
- Cost to Equip & Operate
- Lease of Temp Premises – Short Term/Long Term
- Rental Equipment/Furniture
- Connectivity – Back-Up Sites

Business Income - preparing a post loss 'Financial Plan' to integrate advance funds into the mitigation of the Business Income claim

Salvage

Subrogation

Potential Problems/Issues:

Types of problems one might encounter in the adjustment of a loss following a catastrophic event could include:

- Destroyed or missing documentation or data.
- No Control of: Landlord
Vendors
Shippers
Leading to delays in repair or restoration
- Are the repair costs incurred excessive or reasonable?
- Were the repairs effected, required?

- By-Laws - Did the structure comply with minimum code requirements as at the time of original construction?
 - Were improvements made since original construction and did these improvements comply with the code of the time?
- Extra Expense - Are the costs incurred to set up temporary operations excessive or realistic?
 - Was it reasonable for the Insured to incur the costs claimed?
 - Was the expense necessary a/o required?
 - Were there any savings realized, i.e.
 - o Rent abatement?
 - o Utility costs?
 - o Maintenance?

Crawford & Company (Canada), Inc
Bohdan (Bob) Krywiak, CIP, FCIAA, CCFI-c
Executive General Adjuster
Crawford Global Technical Services
Bob.Krywiak@crawco.ca

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 2010.

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