



Los Angeles Chapter of RIMS Quarterly Newsletter

Spring 2012

In This Issue

- President's Message
- RIMS Student Membership Growth Award
- Upcoming Events
- New Members
- RIMS on the Mall
- Broker's Corner

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President's Message

Your Los Angeles Chapter of RIMS is off to a great start in 2012. As this is my first message of the year, I would like to thank Kurt Leisure for his dedicated service and terrific leadership in 2010-2011 as president of the LA RIMS chapter. Kurt will now serve as immediate past-president and will assist me as I learn my new role this year. This is going to be a fantastic year of growth,

development and refinement with regard to all aspects of the chapter and the services that it provides to its members. Before we discuss these objectives, I would like to draw your attention to the new Mission Statement that our chapter has developed that will guide the strategic and tactical objectives of the chapter in the coming year. It reads as follows:

"Los Angeles RIMS is dedicated to be the preeminent association in risk management focused on attracting the leaders in the industry while fulfilling the needs of its members and affiliates. Through education and development, networking, and community outreach, we aim to promote the principles, and highlight the value of risk management to drive the success of our member organizations."

This is going to be a year of growth for the chapter, not only in membership but also in active chapter participation. Our current membership numbers almost 300, including deputies, associates, affiliates, retired and student members. Our goal is to increase the membership by ten percent this year, and we hope to finish the year with 330 members. To achieve this objective, we have carefully developed a great education program for the year. In January, our luncheon attendance was 75 when Chris Hunter of Marsh presented his topic on *Dodd-Frank-Impact on Captive Insurance*. In February, Tim East of Disney gave an absolutely outstanding presentation on *International Insurance-Disney in China* which 98 people attended. On March 21st, we hosted a panel of risk managers for *"Ask a Risk Manager."* The panel consisted of Todd Marumoto of Mattel, Scott Ritto of Westfield, Jeff Stolle of Dole and Rumana Yasmin of Playboy Enterprises. A total of 150 people were in attendance for this event.

Development is another objective for the chapter this year. As our Mission Statement states, "Through education and development, networking, and community outreach, we aim to promote the principles, and highlight the value of risk management to drive the success of our member organizations." To begin, you had the opportunity to attend the luncheon on March 21st and ask the panel your risk management questions. Todd, Scott, Jeff and Rumana are outstanding, seasoned risk management professionals with a wealth of experience so I encourage you to interact with your peers in your pursuit of

professional development. You will also have the opportunity to attend some great luncheons throughout the year with great speakers. Finally, we will host our annual Education Day in October. Dr. Liu from the California State University at Fullerton is currently developing the curriculum. As a bonus, the chapter will try to file for Department of Insurance CE credit for this event!

With regard to refinement, have you seen our new website at www.larims.org? Dennis Healy has done a fantastic job in revamping our website chapter communications. Referring back to our Mission Statement, it reads, "Your Los Angeles RIMS is dedicated...while fulfilling the needs of its members and affiliates." Some of our colleagues have been laid off of work during this Great Recession while at the same time some organizations struggle to find experienced candidates. At www.larims.org, our chapter strives to bring these two together. If you are seeking employment, please peruse the Career Center. If you are looking for qualified and experienced risk management professionals, I urge you to contact Dennis Healy to post open positions with your company on our website. And as for refining and honing one's skills and knowledge, please take a look at our Chapter Services section. There is useful information on disaster preparedness and links to many useful sites that can be utilized in risk management. We continue to update our website to serve our members, so if you have any suggestions for improvement, please contact either Dennis or me. We would like to hear from you.

Our Golf Tournament, presented by Zurich, will be held on May 23, 2012 at the Brookside Golf Course in Pasadena. The LA chapter of RIMS wants to thank each and every sponsor of this tournament. We could not put this on without your generous support, and we are very grateful. The sponsors as of this writing are:

ACE
Adelson, Testan and Brundo
American Technologies, Inc.
AON
Belfor
Chartis
Chubb
CorVel
Floyd, Skeren and Kelly, LLP
FM Global
Gallagher Bassett
Liberty Mutual
MTI
Mullen & Filippi
Sedgwick

Food & Beverage Sponsor – Marsh
Hole in One Sponsors – Newegg, Swett & Crawford, Adelson, Testan & Brundo
Range Sponsor – Alston & Bird
Beverage/Canvas Bag Sponsor – Fresh and Easy Neighborhood Market

Chad Smith, amazing Golf Chair, has done an awesome job on this tournament again this year!

Finally, I would like to introduce to you our board members and their roles and responsibilities in 2012:

Chad Smith, CPCU, ARM – Fresh and Easy Neighborhood Market
Vice-President and President-Elect & Golf Chair

Dennis Healy – Poms & Associates
Treasurer

Rebecca Smith, ARM – American Realty Advisors
Secretary

Kurt Leisure – The Cheesecake Factory
Past-President

Scott Ritto, ARM – Westfield, LLC
Education

Maling Huang – Newegg, Inc.
Membership

Vincent Monastersky, CIC, CRM, ARM – Fox Entertainment Group, Inc.
Membership

Kirsten Dial – Fox Entertainment Group, Inc.
Special Events

Rumana Yasmin – Playboy Enterprises
Director

I am excited to serve alongside these outstanding individuals. Together, we will take this chapter to new heights in our quest to serve our membership and become the preeminent association in risk management in Los Angeles and Southern California. I look forward to seeing you at a luncheon soon!

Ross Pebley
President, LA RIMS

Holiday Party & Installation of Officers

Thanks to everyone who made it out to Woodland Hills to join us at our holiday party. We certainly enjoyed your company and hope you had a great time. The chapter was proud to present the Spencer Education Foundation with a check for \$20,000 and also presented a check for \$10,000 to Cal State Fullerton's Risk Management program.



LA RIMS 2012 Board
From left to right: Scott Ritto, Chad Smith,
Vincent Monastersky, Maling Huang, Dennis Healy,



Ross Pebley, Dennis Healy, Kurt Leisure



LA RIMS Treasurer Dennis Healy presents a scholarship check to Dr. Lu of Cal State Fullerton to be used to help fund the risk management undergraduate program.



LA RIMS Treasurer Dennis Healy presents a check to the Spencer Foundation in the amount of \$20,000. These funds are used to assist with tuition for students who are pursuing insurance-related studies at various universities throughout the U.S. For more information on the Spencer foundation, please go to www.spencer.org

RIMS Student Membership Growth Award



RIMS Los Angeles Chapter is the winner of a *2011 RIMS Student Membership Growth Award* with an increase of more than 9% in student membership between January 1 - December 31, 2011. This achievement will be acknowledged at RIMS 2012 Annual Conference, April 15-18 in Philadelphia, PA via a listing in the conference program and a listing on a presentation slide during the Awards Luncheon on

Monday, April 16.



Please welcome some of those students from CSUN (in no particular order):

Lora Walker, Vanessa Poma, Blake Burtchaell, Yanni Tang, Anna Treybick, Sergio Murillo, Carolyn Rossal

Upcoming Events

April 15th-18th – RIMS National Conference & Exhibition, Philadelphia, PA

May 23rd – Golf Tournament – Brookside Golf Tournament, Pasadena, CA

June 20th – Monthly Luncheon – Beverly Garland Hotel, Studio City, CA

August 15th – Monthly Luncheon – Beverly Garland Hotel, Studio City, CA

September 19th – Monthly Luncheon – Beverly Garland Hotel, Studio City, CA

October 17th – Education Day – Beverly Garland Hotel, Studio City, CA

November 14th – Monthly Luncheon – Beverly Garland Hotel, Studio City, CA

December 6th – Holiday Party – Woodland Hills Country Club, Woodland Hills, CA

RIMS National Conference Philadelphia, PA April 15-18

The Los Angeles Chapter is pleased to announce that we have reserved one (1) table for the chapter membership at the RIMS Awards Luncheon on Monday April 16th from 12:15pm – 1:30pm. Please join your fellow risk managers from the RIMS LA Chapter for this event. We look forward to seeing you there!

LA RIMS Golf Tournament



We still have foursomes available for our Golf Tournament May 23rd. First come, first serve!!!! Lots of fun, barbeque lunch, golfing, dinner and great raffle prizes. Come join us, if you don't golf you can come for the dinner and raffle. [Click here to register](#)

New Members

The Los Angeles Chapter would like to welcome our new members:

Andrew Gash - Roll Global LLC

Kate Spencer - Shell Risk & Insurance

Lulu Williams - Hot Topic, Inc.
Jenny Agnew - Hot Topic, Inc.

RIMS on the Mall

The California Legislative Delegation participated in the 4th Annual RIMS on the Mall, bringing lessons learned in Washington, DC to our state capitol in Sacramento. This year, Los Angeles RIMS was represented by Vincent Monastersky.

Below are just some of the pieces of legislation that are making their way through the State Legislature that all risk managers and insurance professionals should be aware of:

AB 1687 – Relates to workers' compensation. Requires that communications or responses regarding decisions to modify, delay, or deny medical treatment services requested by physicians include a clear and concise explanation of the available options for objecting to the modification, delay, or denial of those medical services, to appear on the first page of the communication in a specified manner. Authorizes the awarding of attorney's fees of the applicant in connection with the enforcement of a medical award.

AB 1454 – Amends existing law requiring the Administrative Director of the Division of Workers' Compensation to appoint qualified medical evaluators for the evaluation of medical-legal issues. Includes doctors of audiology who meet specified requirements among those medical professionals who may be appointed as a qualified medical evaluator. Includes an audiologist within the definition of physician under Workers' Compensation Law.

AB 1145 – Requires vouchers for supplemental job displacement benefits under the workers' compensation system to be provided to injured workers no later than 80 days after the first medical report indicates 1) that there will be some degree of permanent partial disability and 2) the injured worker is permanent and stationary.

AB 1449 – Requires the Superintendent of Public Instruction to develop and make available on the State Department of Education's Internet Web site a concussion and head injury information sheet that a school district may use, that is signed by the athlete and the athlete's parent or guardian, before the athlete's initiating practice or competition.

AB 2231 – This bill would require a city, county, or city and county to repair any sidewalk out of repair or pending reconstruction if that sidewalk is owned by the local entity, or if the repairs are required as a result of damage caused by plants or trees. The bill would provide that, if the local entity fails to carry out the repairs, the local entity shall be liable for any injury resulting from the failure to repair.

SB 1163 – Requires health care service plans and health insurers to file with the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) specified rate information for individual and small group at least 60 days prior to implementing any rate change.

SB 1301 – Authorizes a pharmacist to dispense up to a 90-day supply of a dangerous drug

other than a controlled substance pursuant to a valid prescription if the pharmacist is exercising professional judgment and dispenses no more than the total amount prescribed, including refills, and the prescriber has not specified on the prescription that dispensing the prescription in an initial amount followed by periodic refills is medically necessary.

SB 863 – Relates to authority to order medical liens without a request for the lien having been made. Prohibits a lien claim from being filed after 3 years or more than 18 months after the date the services were provided. Provides that for a claim allowable as a lien in favor of EDD, the claim is a lien against any amount thereafter payable as temporary or permanent disability compensation. Authorizes a workers compensation or health insurer to file a lien claim for medical expenses within 6 months.

SB 1216 – This bill requires that credit for reinsurance not be denied a foreign ceding insurer to the extent that credit is recognized by the ceding insurer's domestic state regulator, provided that the domestic state is accredited by the NAIC, or the domestic state regulator has financial solvency requirements similar to the requirements necessary for NAIC accreditation. It also authorizes the Insurance Commissioner to grant a certificate of authority to transact reinsurance to an insurer admitted and domiciled in the state, or an insurer applying to become admitted and domiciled in the state under certain conditions.

Broker's Corner

International Regulation and Tax – Unplanned and Unbudgeted Costs

- Christian Hunter, Manager – Americas, Marsh International Regulatory & Tax Insurance Consulting Practice

John F Kennedy once remarked that: "There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction."

Multinational enterprises have come to realize that global insurance and risk management programs cannot be structured in the same way as they might have been in the past. Increased regulatory and tax scrutiny will greatly impact the future structure and design of global programs.

The global economic climate has pressured insurance and tax authorities around the world to vigorously pursue tax revenues. The easiest of such targets for global tax authorities are unpaid premium taxes on global insurance programs, income tax assessed on claim proceeds received from overseas insurers as well as the scrutiny, and often denial, of deductions for premiums paid to such insurers. Very often risk manager's first awareness of the tax implications of their global program arises when there is a knock on the door from a government investigator or a catastrophic loss is reported from a remote operation.

An increasing number of tax audits have been observed with a view toward identifying

unpaid premium related taxes. For example, in Canada, a large American multinational corporation was audited by the Canadian Revenue Agency and assessed approximately USD 1,000,000 for unpaid excise taxes dating back a few years plus interest thereon. A number of European affiliates of multinational corporations, located in Belgium, France, Germany, Austria, etc., have similarly suffered the wrath of local tax authority scrutiny and have been assessed for significant unpaid taxes. There is no sign of this impetus abating – if anything this is likely to spread over the next few years.

Multinational risk managers tend to focus on premium related tax costs. Unfortunately, often the biggest unforeseen tax cost arises at a much later date – the event of a loss and the subsequent claim payment by the overseas insurer in a country other than where the loss occurred. Such a scenario will subject the claim proceeds to income tax, at least once, whereas the payment of a loss “in country” would have led to a tax neutral event.

A multinational entity will often rely upon a local policy to be “compliant” and address local regulation. However, a common approach to the insurance program design is for the placement of low limit, minimum premium local policies or no local coverage in place at all, in jurisdictions where non-admitted insurance is not permitted. Excess coverage for these Controlled Master Programs is then placed with an insurer in the home country of the insured, often in the USA, on a Difference In Conditions/Difference in Limits (DIC/DIL) basis. This strategy does not necessarily reflect the insured’s expected maximum loss in each country. The result is that the insured may have exposure in excess of local limits being insured offshore with a non-admitted carrier. The DIC/DIL insurer will be reluctant to pay a claim in the country where the loss was suffered as this would run afoul of local insurance law. Rather, the loss is paid in the home country and triggers a taxable event there with no corresponding loss to be deducted. To make matters worse, should the parent company seek to transfer the remaining funds to its offshore subsidiary to recoup the loss, it is possible that the tax authorities in that country will re-characterize such capital injection as a gift, and subject the funds to income tax a second time. These real life claim scenarios have played out frequently in recent years and could have been avoided by having a local policy in place with adequate limits.

These tax audits and loss events invariably lead to unplanned and unbudgeted tax costs for the Multinational enterprise and are an unwelcome surprise for their risk management, finance and tax departments. Whilst every global program is uniquely structured and therefore will give rise to its own unique regulatory and tax challenges, in most instances they are insurmountable. Companies are now keen to conduct a careful evaluation of how best to reduce these unnecessary costs associated with non-compliant global insurance program. Whilst they have come to recognise that 100% compliance is “Nirvana”, the eventual program structure should be realistic, practical and pragmatic in light of commercial needs without compromising the quality of cover required.

Risk managers are urged to open a dialog with their insurance brokers and insurers to understand the potential regulatory and tax implications of the current program design and to adopt a “clean sheet” approach to each program renewal. The insurance program structure should consider the Multinational enterprise’s acceptable risk tolerance for regulatory and tax issues. In doing so the risk manager can rest assured that they are aware of the possible implications of the program and that the needs of the enterprise have been met, even in light of competing considerations such as program cost and ease of program administration.

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.

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

