

# LOS ANGELES RISK AND INSURANCE MANAGEMENT SOCIETY



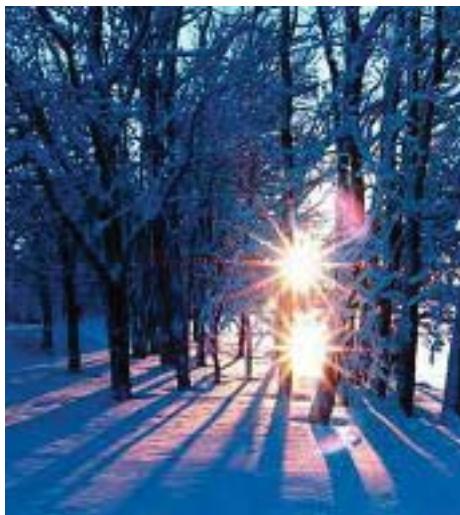
## Quarterly Newsletter

Winter 2013

### IN THIS ISSUE

President's Message.....	1
Upcoming Events.....	2
RIMS Holiday Party.....	3-4
Risk Manager Round Table.....	5
New Members.....	6
CSUN Insurance Program.....	7
Dodd-Frank.....	8-9

LA RIMS  
210 N. Glenoaks Blvd., Ste. C  
Burbank, CA 91502  
818.843.2245  
[www.larims.org](http://www.larims.org)



### PRESIDENT'S MESSAGE

On behalf of the Los Angeles Chapter of RIMS, I wish to thank each and every one of you for all of your efforts and contributions in making 2012 a tremendous year of growth for our chapter. I also wish to welcome all of the new members who joined the chapter last year. There are so many of you that I received communication from the Society in New York informing me that the LA Chapter of RIMS will receive a RIMS Membership SuperStar Award for growth in 2012. Our chapter membership grew by 9%. The board of directors wishes to extend a heartfelt thank you and welcome to all of our new members.

Our chapter has an exciting year planned for you. The national RIMS conference will be held April 21-24 at the Los Angeles Convention Center. A couple of our chapter board members will be speaking at various sessions. As usual, our LA chapter will hold the Entertainment Industry Session and all are welcome to attend. Our chapter will host a cocktail reception for the RIMS Society staff, RIMS board of directors and Conference Programming Committee on Friday April 19, 2013.

Our first luncheon was held on January 16, 2013 at the Beverly Garland Holiday Inn with a presentation entitled Senate Bill 863, a Legislative Compensation Revolution – What has Changed and What has Not. This will be presented by Kurt Leisure of The Cheesecake Factory and Nate Halprin, managing partner of the law firm Tobin Lucks, LLP. We have 140 registered and look forward to seeing you there.

The February luncheon will feature a presentation entitled Health Care Reform Compliance presented by Sherri Zenter and Jill Jacoby of Momentous Insurance Brokerage. The session will discuss the risk organizations face if they do not take sufficient steps to ensure that they are in compliance with the new federal regulations.

Our March speaker will be Manny Chavez of Princess Cruises. Manny will discuss the risk management challenges and opportunities that he encounters in handling risk management for a major cruise line. This should be a very interesting and unique topic, and we are honored to have Manny speak at our luncheon.

Not long after the RIMS conference will have left town, we will hold our annual LA RIMS Golf Tournament at Brookside Golf Course in Pasadena. We are opening up registration for our sponsors. If you are interested in either assisting in or sponsoring a part of this event, please contact Kurt Leisure at [kleisure@thecheesecakefactory.com](mailto:kleisure@thecheesecakefactory.com) or (818) 871-3097. We had a fantastic turn out at this event last year and look forward to an even better event in June.

I would also like to draw your attention to the newly established Risk Manager's Round Table quarterly meetings now held by the chapter. This event is open to risk managers and their staff only. Guess?, Inc. sponsored and hosted the first event at their corporate headquarters in Los Angeles. California Pizza Kitchen hosted the first quarter 2013 meeting in Playa Vista, which was very well attended. The next quarterly meeting will be held in May, with the location TBD at this time. If you are a risk manager interested in attending, please contact the LA RIMS office at (818) 843-2245. This is an excellent way to share ideas and ask questions of your peers. If you have a concern, the chances are good that some of your peers either have the same questions or have encountered the same situations and have found solutions that they are willing to share when asked. Please plan on joining us at the next event in May.

The LA Chapter of RIMS wishes you a happy, healthy and prosperous new year. We look forward to serving you and seeing you at our upcoming events.

Ross Pebley  
LA RIMS Chapter President 2012-2013

# UPCOMING EVENTS

Monthly Luncheon - **February 20, 2013**

Health Care Reform: Your future our commitment  
Jill Jacoby & Sherry Zenter - Momentous Insurance Brokerage  
Beverly Garland Holiday Inn, Studio City, CA

Monthly Luncheon - **March 20, 2013**

Manny Chavez - Princess Cruises  
Risk Management Challenges & Opportunities  
Beverly Garland Holiday Inn, Studio City, CA

Monthly Luncheon - **May 15, 2013**

Beverly Garland Holiday Inn, Studio City, CA

**May 2013 RIMS Roundtable Discussion**  
Location TBD

LA RIMS Annual Golf Tournament - **June 5, 2013**  
Brookside Golf Course, Pasadena, CA

Monthly Luncheon - **August 21, 2013**

Beverly Garland Holiday Inn, Studio City, CA

Monthly Luncheon - **September 18, 2013**

Beverly Garland Holiday Inn, Studio City, CA

Monthly Luncheon - **October 16, 2013**

Beverly Garland Holiday Inn, Studio City, CA

Monthly Luncheon - **November 20, 2013**

Beverly Garland Holiday Inn, Studio City, CA

**December 2013 - Holiday Party**

# **December 6, 2012 Holiday Party**

On December 6th, 2012 LA RIMS once again held its Annual Installation of Directors and Officers Dinner/Holiday Party at the beautiful Woodland Hills Country Club. Live rock and roll was graciously donated by the Sugar Daddies Blues Band, fronted by RIMS member Robb Greenspan. The Sugar Daddies really got the party moving while attendees danced and gambled the night away. An incredible assortment of luxury raffle prizes were given away, including a top shelf liquor basket, Coach handbag, gift cards, electronics and fine wines. Generous sponsors included AON, Arthur J. Gallagher & Co, Belfor, Chartis, Corvel, Digistream, Fleet Response, FM Global, Liberty Mutual, Marsh, Poms & Associates, The Hartford and Zurich. Without our sponsors the party would not have been possible! Chapter President Ross Pebley introduced the 2013 LA RIMS board to the record crowd of attendees.

## **LA RIMS is proud to announce the 2013 Board of Directors:**

*Ross Pebley - President*

*Chad Smith - Vice President*

*Kurt Leisure - Treasurer/Past President*

*Becky Smith - Secretary*

*Maling Huang - Membership*

*Rumana Yasmin - Co-Director of Membership*

*Dennis Healy - Special Events*

*Kirsten Dial - Co-Director of Special Events*

*Scott Ritto - Education/External Affairs*

*Vincent Monastersky - Communications*

# L A RIMS HOLIDAY PARTY WOODLAND HILLS COUNTRY CLUB 12/6/12



To see more photos go to [www.larims.org](http://www.larims.org)

# LA RIMS Roundtable at California Pizza Kitchen January 9, 2013



The second Risk Management round table was hosted by the gracious risk managers at California Pizza Kitchen in Playa Vista. Attendees included top risk managers from the County of Los Angeles, Trader Joe's, The Getty Trust, Big 5, Guess?, Dreamworks Animation and Fox Entertainment Group, Inc., to name a few. Participants were able to freely discuss topics that universally affect all risk managers. Some of the subjects discussed in depth have recently been in the news, such as workplace safety and security as it pertains to employees carrying guns, worker's comp, and total cost of risk reports. New ideas and best practices were freely exchanged. CPK provided a delicious lunch of their most popular salads and sandwiches. Thank you CPK for the lovely parting gift of a meal of your choice at one of their many restaurants! Our next round table will be held May 2, 2013, location TBD. If any risk manager would like to host at their workplace please contact Ross Pebley.



## NOW AVAILABLE !

*RIMS Polo Shirts  
\$45 (includes shipping and handling)  
to order on our site go to  
<http://www.larims.org/store.php>*

# New Members!

*Chris Burgee - DIRECTV, Inc.*

*Tess Foley - Lien on Me*

*Megan Gallagher - Health Net, Inc.*

*Margy Gunnar - USC*

*Corrin Hu - Viacom, Inc.*

*Karen Kridel-Schwabe - The Walt Disney Company*

*Drue Rutledge - Roll Global LLC*

*Nicole Sarkis - Dole Food Co., Inc.*

*Judith Stalk - The Capital Group Companies*

*Max Torres - American Apparel*

*Hannes Ueberbacher - Red Bull*

# CSUN INSURANCE PROGRAM



For over 40 years, California State University, Northridge, has been providing Risk Management and Insurance education to undergraduates. CSUN's history and reach extend deep into the Risk Management and Insurance (RMI) communities in the Southland. In fact, quite a few Los Angeles RIMS Chapter members are CSUN graduates. Dr. Joseph Launie was among the first faculty to teach RMI west of the Mississippi.

CSUN's current RMI program is led by Dr. David Russell, who has taught Risk Management and Insurance for nearly 20 years, the last 10 of which he has spent at CSUN. Prior to arriving in Southern California, Dr. Russell taught RMI at the Katie Insurance School, Illinois State University. He holds a doctorate from the University of Pennsylvania's Wharton School. Russell currently serves as Director of CSUN's Center for Risk and Insurance. Dr. Russell was named the 2012 recipient of the CPCU's Rie Sharp Insurance Person of the Year award for Greater Los Angeles.

According to Russell, "CSUN hopes not simply to provide students with facts and formulas. Rather, we hope to develop students' critical thinking in today's complex environment of risk."

The program's newest addition is Dr. Mu-Sheng Chang. Dr. Chang received his Ph.D. in Risk, Insurance, and Healthcare Management from Temple University. He also holds an MBA in International Business from the University of Southern California and a B.S. in Business Administration from Tunghai University (Taiwan). Dr. Chang's research interests are in risk management and insurance, with an emphasis on how alternative risk transfer via self-insurance is employed to help corporations cope with workers' compensation loss exposures. His research has appeared in the Journal of Insurance Regulation. Prior to joining the Department in 2011, Dr. Chang taught at Shippensburg University of Pennsylvania and served as Director of the Personal Financial Planning program. His teaching interests are in the areas of retirement planning and employee benefits.

CSUN courses include Principles of Insurance, Risk Management, Employee Benefits as well as an innovative advanced topics course taught exclusively by industry professionals from carriers and brokers.

CSUN also sponsors students who pursue industry designations such as the Associate in Risk Management (ARM) to help prepare students for industry and the job market.

Professors Russell and Chang look forward to deepening CSUN's relationship with RIMS well into the future.



# DODD-FRANK

## Dealing with Dodd-Frank

### ***How financial institutions and others can comply with a more stringent regulatory environment***

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act is one of the largest pieces of legislation in history, and it has complicated the regulatory environment by increasing the government's oversight, supervision and resolution authority over financial institutions.

"As a result of Dodd-Frank, there are more agencies with oversight over more and different types of institutions, so compliance can be difficult," says Michael K. O'Connell, managing director and Financial Institutions Practice leader of Aon Risk Solutions. "There are a lot of new agencies and those with redefined roles. There is new regulation of over-the-counter derivatives, a new agency for enforcing compliance with consumer finance rules, reformed credit rating agency regulation, changes to corporate governance and executive compensation, the Volcker Rule, new registration requirements for advisers to certain private funds and significant changes in the securitization market."

O'Connell spoke with a national publication about safely navigating this new, stricter regulatory environment.

### ***What are some of the risks for noncompliance that businesses face with Dodd-Frank?***

You might immediately think of the obvious financial risks — fines, penalties and injunctions — of not complying with any regulation, including Dodd-Frank. But before you get to that point, your business can incur significant costs responding to a regulatory investigation. On the back end, there also can be reputational harm, which is hard to pre-quantify but can be quite impactful.

These risks are interconnected, increasing the need for financial institutions to maximize the value of their risk transfer spend. Expert help can aid with this process by using robust data and analytic tools that help financial institutions understand their exposure, develop their modeling capabilities and ultimately derive the most value from their investment in insurance and risk mitigation.

### ***How has executive liability changed with Dodd-Frank, and how can companies protect themselves?***

There definitely is increased pressure on corporate boards of directors. The provisions of Dodd-Frank create new obligations that will drive shareholder expectations and potentially lead to heightened executive liability exposure. Directors and officers (D&O) liability insurance is designed to protect individual directors and officers, as well as the corporate entity from governmental or shareholder investigations and/or legal proceedings.

It is important to understand the Dodd-Frank provisions of clawback compensation, where boards can force executives to pay back some of their compensation for wrongdoing, corporate governance and whistleblower activity within the context of your company's D&O liability program. Pay close attention to policies' definitions and exclusions to understand the extent of coverage available.



# DODD-FRANK

In these areas, it's critical to discuss what you really want to cover and how to achieve that within the context of the policy in the current insurance market. Understanding the scope of coverage is especially important in Side A D&O policies, which can provide dedicated personal asset protection to individual directors and officers when the company is either prohibited from indemnifying or not able to indemnify.

## ***What are the best ways for financial institutions to cover privacy and security liability?***

Privacy and security continues to be an area of focus for financial institutions. At the same time that the volume of personally identifiable information is increasing, so is regulatory focus on and awareness of privacy and security risk. With this, it is important for financial institutions and others to really understand and tailor their privacy and security coverage to their exposure.

Base policy forms vary greatly and must be customized to ensure maximum possible coverage. Take a diagnostic approach to privacy and security liability. Review the scope of coverage for first- and third-party exposures in conjunction with your existing insurance program and discuss coverage priorities with experts to fully define what you're seeking.

The breadth of coverage available has evolved, as have the service offerings that can be bundled with a risk transfer program. An example is with breach management, where insurers offer turnkey solutions that can help financial institutions quickly and effectively recover from a breach. This approach is popular among mid-tier financial institutions that may not have pre-established relationships and resources to quickly handle a breach.

## ***What are some other risks financial institutions are facing with operations and compensation?***

Some financial institutions continue to struggle to meet regulatory requirements while maintaining sound compensation strategies. As regulation shifts from being guidance-based to rules-based, for smaller banks the question is when they will have to comply. Regardless of size, all financial institutions are being tasked with balancing risks and results, creating controls to reinforce that balance and ensuring effective management of incentive compensation. The first step in managing compensation compliance is identifying covered employees. The process, and ultimately the covered population, may vary by firm and is primarily determined by business mix. Often the most effective and well-received approach is to include risk adjustments at the time of award or deferral, with potential future forfeiture, for incentive compensation plans.

With the evolving issues related to compensation, executive liability, privacy and security, and other risks, it's important for institutions to take an enterprise-wide approach to risk identification, quantification and mitigation. Using experts, many financial institutions accomplish this with the goal of keeping their risk perspectives current in the changing regulatory environment. Risk management professionals can help implement risk frameworks, analyze key risk scenarios and model risk, and then align an institution's insurance and risk transfer program to their underlying risk profile. <<

**Michael K. O'Connell is a managing director and Financial Institutions Practice leader of Aon Risk Solutions. Reach him at (212) 441-2311 or [michael.oconnell@aon.com](mailto:michael.oconnell@aon.com).**

