



MONDAY April 20, 2009

RIMS 2009 ORLANDO SHOW DAILY

Official conference coverage published by Business Insurance

NEWS IN BRIEF

[AT PRESS TIME]

Marsh develops excess program

Hamilton, Bermuda-based Bowring Marsh, the international specialist brokerage unit of Marsh Inc., has launched an excess property facility to provide all-risk capacity that includes coverage of named windstorms and earthquakes. Lancashire Insurance Co. Ltd. is leading coverage provided by the facility, BowringX, that "is designed to offer large limits to national brokerage domestic business," Marsh said in a statement. Limits between \$25 million and \$50 million for catastrophic exposure and up to \$100 million for noncatastrophe perils are available. The facility also offers an 18-month extended period of indemnity and optional "green" wording, based on an environmental rating system.

AIG continues asset sale

Analysts say American International Group Inc. has a long road to travel to repay billions to

See **NEWS IN BRIEF** page 22

RIMS Thought Leaders



RIMS president Joseph A. Restoule discusses how the

society is working to help risk managers do their jobs more effectively as they deal with issues resulting from the worldwide economic crisis. **Page 10**



More than 100 RIMS attendees help spruce up Give Kids the World Village, a resort that fulfills the wishes of children with serious illnesses.

Volunteers turn out in service of others

By **SALLY ROBERTS**

After helping restore a hurricane-ravaged park in 2007 and a gang-vandalized school in 2008, volunteers participating in the Risk & Insurance Management Society Inc.'s 2009 Community Service Day turned their efforts to helping children afflicted by terminal illness.

More than 100 RIMS attendees pitched in Sunday to Give Kids the World Village, a 70-acre resort in Kissimmee, Fla., that fulfills the wishes of children with life-threatening illnesses and their families at central Florida's attractions. Each year, the village provides cost-free vacations for more than 6,000 families from all over the

world.

Volunteers scrubbed tables and pavers, hauled trash, planted flowers, painted fences, served food and put the final touches on a new gazebo at the resort, among other things.

This is the third year RIMS has organized the volunteer event, which is sponsored by Chicago-based Aon Corp.

Last year, about 180 members transformed an alley behind King-Chavez Academy of Excellence charter school in San Diego. A slightly larger group in 2007 cleaned up City Park in New Orleans that was devastated by Hurricane Katrina.

See **COMMUNITY** page 21

Sports events raise money for education

By **RODD ZOLKOS**

The economy might have reduced their numbers but not their enthusiasm, as golfers and hockey players took part Sunday in two annual events benefiting the Spencer Educational Foundation Inc.

Orange County National Golf Center and Lodge in Winter Garden, Fla., hosted the 18th Annual Spencer/Gallagher Golf Tournament sponsored by brokerage Arthur J. Gallagher & Co.

"We're down in players this year, but we've filled out the course, which we're excited about," said J. Patrick Gallagher Jr., Itasca, Ill.-based Arthur J. Gallagher's president, chief executive officer and chairman. "Even in tough economic times people come out and support the scholarships."

"It's really well-supported despite the economy and we really do

See **SPENCER** page 22



Golfers raised funds for the Spencer Educational Foundation.

INSIDE

FRED O. PACHÓN NAMED BI'S RISK MANAGER OF THE YEAR / PAGE 3

P/C MARKET REMAINS SOFT FOR MOST LINES OF COVERAGE / PAGE 6

ATTENDEES SHARE THEIR PLANS FOR RIMS '09 / PAGE 8

LIBERTY MUTUAL MIDDLE MARKET OFFERS COMMERCIAL PROPERTY AND CASUALTY COVERAGE EXCLUSIVELY THROUGH BROKERS AND AGENTS.



Introducing **Liberty Mutual Middle Market**. Now mid-sized businesses can access all of the Liberty Mutual products they need, the way they prefer, through their trusted broker or agent. For more information, contact your broker or agent or visit libertymutualgroup.com/middlemarket.

Responsibility. What's your policy?



**Liberty
Mutual**



Aon's Global Risk Insight Platform offers real-time risk information.

Aon makes promises on service

By REGIS COCCIA

Aon Corp. will unveil two projects Monday at the RIMS 2009 Annual Conference & Exhibition that it says will improve service to its retail brokerage clients.

The Aon Client Promise is a 10-point program built around delivering Aon's global capabilities according to clients' specific needs, said Steve McGill, chairman and chief executive officer of Aon Risk Services, the retail unit of Chicago-based Aon Corp.

Aon surveyed clients worldwide about what is important to them and what they most value in their brokerage relationships, Mr. McGill said. The Aon Client Promise—and internal processes to ensure that it fulfills the promise—was developed from these discussions, he said.

See **AON** page 21

Risk management plays key role in expansion of staffing business

By ROBERTO CENICEROS

Putting your employees in the hands of another company makes the temporary employee staffing business inherently hazardous.

But Fred O. Pachón introduced programs to Select Staffing Inc. that made risk management second only to the company's mission of placing temp workers at job sites nationwide.

Because of his efforts, independent judges have selected Mr. Pachón as *Business Insurance's* 2009 Risk Manager of the Year.

The demands he places on providers, his innovative loss control programs and his numbers-driven management style help his risk management program stand out.

Select Staffing is a family-owned company with \$1.7 billion in annual revenues that operates as Select Family of Staffing Cos.

Last year, Select issued more than 400,000 W-2 tax forms. On any given day, it has 170,000 employees on assignment at thousands of client locations across the United States.

Select assumes the workers compensation, employment practices liability, general liability, crime, errors and omissions, and other exposures.

Select Staffing customers range from small companies to Fortune 100 corporations needing a wide



Fred O. Pachón of Select Staffing Inc. was selected as *Business Insurance's* Risk Manager of the Year by a panel of independent judges.

variety of temporary employees, including accountants, clerical workers, hospital employees, truck drivers, information technology professionals and unskilled laborers. About 70% of Select Staffing's employees are

"light industrial" workers. To assure Select Staffing produces a profit, Mr. Pachón's risk management department acts much like an insurer. Potential

See **PACHÓN** page 17

Zurich expands D&O policy to cover developing risks

By SALLY ROBERTS

Zurich North America Commercial will unveil a directors and officers liability policy with more than 75 enhancements and features today at the Risk & Insurance Management Society Inc.'s annual conference.

The D&O Select policy form offers levels of protection that respond to today's risk environment and focuses on the needs of directors and officers in publicly traded companies, Zurich officials say.

The coverage was developed to

respond to risks arising out of the challenging economy, as well as emerging risks such as climate change and global warming, said Ty Sagalow, chief innovation officer for Zurich in New York.

New policy features include an environmental mismanagement claims coverage extension for securities claims, coverage for disclosure claims arising from climate change or global warming, coverage for retaliation or whistle-blower claims and all Side A coverage claims of any nature.

Zurich expanded its definition of an environmental event to include "pollutants" or "greenhouse gases."

The coverage also provides separate Side A coverage limits after all other insurance protection is exhausted for retired independent directors. The policy contains separate limits of \$500,000 per director, subject to an overall cap, Mr. Sagalow said.

Another enhancement includes the ability for insured individuals to buy their own extended reporting-period coverage at customized

rates, if the policyholder declines to purchase it itself, Mr. Sagalow said.

"Imagine a situation where a company goes bankrupt and can't afford D&O insurance anymore," Mr. Sagalow said. While the company has the right to buy extended reporting-period coverage to extend its coverage, if it doesn't have the money to buy it and a claim comes in against an individual alleging wrongful conduct that occurred during the policy period "individuals are stuck," he said.

P/C rates mainly flat to lower: Survey

By MARK A. HOFMANN

Most U.S. commercial property/casualty insurance rates are showing no sign of abrupt hardening during the first quarter of 2009, according to the RIMS Benchmark Survey.

The survey, which is being released today at the Risk & Insurance Management Society Inc.'s annual conference, concludes that while financial institutions experienced an increase in directors and officers liability insurance costs, the rest of the commercial insurance marketplace continued to see little change in rates.

Advisen Ltd. conducted the survey for New York-based RIMS.

"Most risk managers continue to see flat or slightly lower premiums at renewal," Daniel H. Kugler, a RIMS director and assistant treasurer-risk management at Kenosha, Wis.-based Snap-on Inc., said in a statement accompanying the survey results. "The insurance market is still very competitive and, while some insurers are predicting an im-

minent hard market, there are few signs that rates will rise sharply anytime in the near future."

General liability premiums fell 3.8% for policies renewing during the first quarter of 2009 compared with a 5.9% decline during the same period a year earlier. Average workers compensation premiums fell 2.5%, which the survey noted is similar to price decreases during the past several quarters.

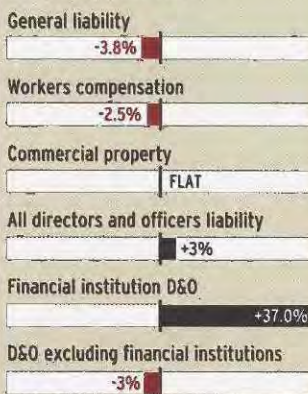
Rates for commercial property were flat during the first quarter compared with a drop of 3.8% during the year-earlier period. The survey noted, though, that renewal conditions on property programs varied widely, with some first-quarter renewals ranging from an 11% decrease to a 14% increase.

The survey found two marketplaces for D&O renewals—one for financial institutions and the other for all other commercial risks.

For example, the average D&O premium increased 3% during the first three months of this year. But when financial institutions were

BY THE NUMBERS

Changes in premiums during first-quarter 2009 renewals compared with first-quarter 2008



Source: RIMS Benchmark Survey, Advisen Ltd.

excluded from the total, the average renewal actually fell 3%.

Dave Bradford, Advisen's executive vp and editor in chief of the RIMS survey, said in an interview that financial institution D&O pre-

miums jumped about 37%.

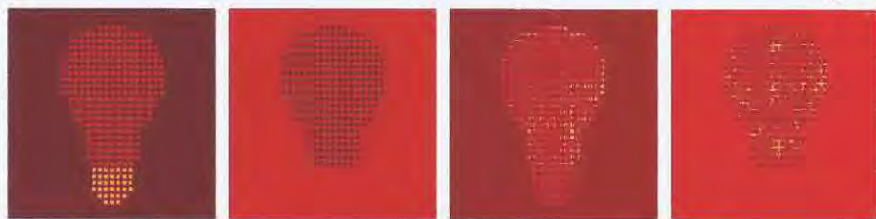
"That's a segment that has gotten absolutely battered, and there are just a handful of players in that marketplace," Mr. Bradford said.

"Even though the credit crisis and the global recession have had a negative impact on insurers' top and bottom lines, so far financial institution D&O is the only segment tracked by RIMS Benchmark Survey to respond with higher premiums," Mr. Bradford said in the statement accompanying the survey. "Insurers struggle against falling rates, increased losses in some lines and sharply lower investment income due to the credit crisis, but the commercial insurance industry is still overcapitalized. We expect to see a favorable pricing environment for risk managers through 2009."

The RIMS Benchmark Survey is based on risk managers' premium renewal rates, which are submitted to RIMS. New York-based Advisen then compares renewal premiums with the previous year and reports the differences. About 1,200 risk managers report their renewal information each year.

Intellectual Property

PROTECTED



At Kiln we understand Intellectual Property, delivering insurance solutions for modern risks where traditional products fall short. If IP is critical to your business survival, talk to us. Together we'll find a strategy to manage your most important intangible assets.

Kiln. Leading providers of insurance and reinsurance in the Lloyd's market for over 45 years.

Contact: Dan Trueman: dan.trueman@kilngroup.com

R J Kiln & Co Limited 106 Fenchurch Street London EC3M 5NR, T+44(0)20 7886 9000 F+44(0)20 7488 1848

www.kilngroup.com





IN RISKY TIMES, YOU NEED A RELIABLE PARTNER. TOWERS PERRIN

You want superior risk transfer solutions, individual attention and the assurance that you'll get the best possible terms. You value the experience that comes from longevity and the advice that comes from a consultant and independent broker.

You want Towers Perrin. Because you can't leave the choice of a risk partner to chance.

www.towersperrin.com



75 YEARS OF INNOVATION



TOWERS
PERRIN

HEARD on the STREET

Q: What do you hope to get out of this year's conference?



Rob Groves

DIRECTOR OF FINANCE AND BUSINESS SERVICES
CALGARY ROMAN CATHOLIC SCHOOL DISTRICT
CALGARY, ALBERTA

"We hope to gain a few insights into a few different areas that we hope to be able to implement when we get home, and just generally get some good risk management tips. We're always looking at enterprise risk management, and we're also looking at things like updating our Web site—these are the kinds of things we're looking for."



Steve Heckle

DIRECTOR OF RISK MANAGEMENT
LKQ CORP.
NASHVILLE, TENN.

"For me the main thing this year is to look at the casualty markets, coming up on our Dec. 31 renewal, and meeting with underwriters to understand what's going on in the marketplace and to make sure we're prepared going into 2010."



Parker Chambers

VP
JI COS.
AUSTIN, TEXAS

"To meet new and connect with other risk managers. Also, meeting with some insurance markets here because, as you know, the market is changing on us, and we've got some tough renewals out there for a lot of people. I've already gotten great knowledge from the officer workshop about a lot of new IT things that national RIMS is doing that are going to really help our chapters and our membership."



Robert Velasco

RISK MANAGER
ABEL SCREENING INC.
ATLANTA

"I'm hoping to learn a little bit about new techniques that are out there to help us all in the risk management world. And, as an exhibitor, I'm hoping that what I show to people may be something that they can use as well."

toDO

[CONFERENCE HIGHLIGHTS]

Monday

RIMS General Session
8 a.m.-10 a.m.
Speaker: Dennis N.T. Perkins
author, change consultant

Exclusive Exhibit Hall Hours
10 a.m.-Noon

RIMS First Timers Orientation
10:15 a.m.-11 a.m.

RIMS Awards Luncheon
12:15 p.m.-1:30 p.m.
Speaker: Elaine M. Lundberg
humor therapist, author

Sessions
1:45 p.m.-3:15 p.m.

Workshops
1:45 p.m.-4:15 p.m.

Sessions
3:30 p.m.-5 p.m.



Exhibit Hall Hours

Monday
10 a.m.-5 p.m.
10 a.m.-Noon*

Tuesday
9 a.m.-5 p.m.
3:45 p.m.-5 p.m.*

Wednesday
9 a.m.-3 p.m.
12:30 p.m.-2:30 p.m.*

*Exclusive exhibit hall hours



SENTRY[®]
INSURANCE

Risk Management

**Your job is to
manage risk.**

**Our job is to
help you
implement risk
management
solutions.**

*For more than 100
years, businesses
throughout the
United States have
depended on Sentry
to implement
risk management
programs to avoid
operational and
financial risks.*

*For more than 100
years, we've not only
paid claims, we've
helped businesses
find risk management
solutions.*

**Ask your broker or
independent agent
for more information
about Sentry
Insurance today.**

1-877-3SENTRY
sentry.com

**Visit us at
booth #1841**

Property and casualty coverages are underwritten by a member of the Sentry Insurance Group, Stevens Point, WI. For a complete listing of companies, visit sentry.com. Policies, coverages, benefits and discounts are not available in all states. See policy for complete coverage details. 4/07 (✓)



RIMS Thought Leaders

Joseph A. Restoule is president and director of the Risk & Insurance Management Society Inc. and leader of risk management for Calgary, Alberta-based NOVA Chemicals Corp. Mr. Restoule recently spoke with Business Insurance about how RIMS is helping risk managers address key challenges within their organizations and how the society is driving risk management education.

RIMS provides risk managers with tools to tackle tough jobs

Q: How have events of the past year—notably, the financial crisis and economic decline—shaped the society and your RIMS presidency?

It certainly has challenged both the society and myself in my role as president. It has challenged us to be current and timely in the delivery of knowledge to our members—getting them real-time information.

The relevancy of the subject matter has really been a challenge because the appetite for knowledge among our members and constituents has been great. We received a lot of good feedback on the delivery of our enterprise risk management white paper and our webinars.

Q: More and more companies have overseas exposures, and the financial crisis demonstrates just how global many risks have become. How do you see RIMS helping its members manage their risks more effectively on that global scale?

It really boils down to providing our constituents with tools and resources to help them do their job better and to address emerging risks. For example, our

conference program does have a significant international flavor. We've got (sessions) about placing global (general liability policy) programs and managing directors and officers exposures as you go internationally.

In addition to that, we have our Risk Management magazine, in which we feature international exposures; we have our ERM Center of Excellence; the "RIMS State of ERM" report; our Risk Maturity Model for Enterprise Risk Management; and our e-groups.

Q: What kind of job is RIMS doing in helping develop the next generation of risk management professionals, and how might differences in the expectations and experiences of that next generation drive changes in the way RIMS approaches its mission?

RIMS supports (education) a great deal, both the financial resources and provides support in other areas, including foundations such as the Spencer Educational Foundation and, in Canada, the William H. McGannon Foundation, where (RIMS) assists with programs that they're trying to deliver: the scholarship program, the Risk Manager in

Residence program, and student internship.

We do believe that we need to nurture the next generation and encourage students to look at risk management as a full-time career, by providing financial resources to assist them as they go through their studies. Not only do we need to assist them in financing their tuition, we also need to provide work experiences so that when they do graduate, they're coming out with some basic understanding of what the current issues are in risk management.

Q: What advice would you give a new risk manager attending his or her first RIMS conference?

Go to the sessions and soak up as much (of) the academic and professional education knowledge that is available to you. Be a sponge in terms of networking. Introduce yourself and talk to seasoned risk professionals about a variety of issues.

Broaden your network within the whole industry supply chain by visiting with exhibitors. Learn as much as you can and enjoy the ambience and be enthusiastic about getting to all the significant events.

HOMETeam

[LOCAL RIMS VIEWS]

While the headaches and sleepless nights posed by Florida's hurricane exposures once were largely reserved for risk managers in the state's coastal areas, the storms of recent years have expanded those concerns to risk managers elsewhere in the state.

"Since the (recent) hurricane struck Florida, Florida's catastrophe ratings have changed. So instead of just the shoreline being in catastrophe zones, the whole state is now in the highest-rated zone," said Mitzi Dykes, risk manager at Gevity HR Inc., a professional



Mitzi Dykes

Risk manager
Gevity HR Inc.

employer organization and human resources services provider in DeLand, Fla. Ms. Dykes who is former president of the Central Florida Chapter of the Risk &

Insurance Management Society Inc., a chapter director and the group's delegate to the national RIMS organization, said insurer response to Florida's windstorm risk has added to the challenge.

"Insurers are pulling out," Ms. Dykes said. "It's challenging on the personal level and it's challenging on the commercial side as well."

But it's not just property risk that cause concern, she said.

"We are also one of the top three most litigious states, so liability claims are also a big deal for us."

Ms. Dykes said she and her local counterparts are looking forward to hosting this year's national RIMS conference.

"We're as thrilled as can be," she said. "We're taking a different approach. We're uniting all the chapters in Florida and the presidents of all the Florida chapters will be welcoming everyone to RIMS."

"It will be fun. I think people will have a good time. They just need to be aware of the sharks and the alligators," she said.

By Rodd Zolt

ESPECIALLY IN TIMES LIKE THESE, WORKING WITH A
MUTUAL COMPANY CAN MAKE YOUR LIFE A LITTLE MORE



THE CASE FOR A MUTUAL INSURANCE COMPANY.

About 175 years ago, our founders decided what kind of property insurance company they wanted to build. They wanted to create the kind of company that exists for the sole benefit of policyholders, not some outside interests.

They wanted to be a mutual company.

While the benefits of mutuality have been obvious ever since, they're even more evident in difficult times. Times like these.

As a mutual company, we don't have to worry about the inevitable conflicts that arise between shareholder interests and policyholder interests. We're able to take a long-term view because our policyholders are our stakeholders.

It's an approach that has benefited our clients from day one and continues to do so today. Simply because it allows us to focus on providing policyholders with what they need most. Stability. Capacity. Financial strength. And superior claims-paying ability.

Our original clients liked the idea of a mutual company 175 years ago, and our current clients like it even more today. While many other companies are seeing their financial ratings slip, ours remain strong. A+ (Superior) from A.M. Best and AA (Very Strong) from Fitch. That's because safeguarding policyholder interests is our number-one priority.

It's a good time to be a mutual company.

It's an even better time to do business with one.

Insurance Evolved

FM Global®



Questions & Answers

Earlier this month, Julie S. Boucher was named leader of Marsh Inc.'s U.S. Captive Solutions Practice. Ms. Boucher, a Marsh managing director based in Burlington, Vt., last week spoke with *Business Insurance* about the effect of the recession on captive insurers.

Captive owners adapt strategies as economic downturn persists

Q: Has the economic downturn affected captive formations?

The current economic situation is helping to slow down the formation of captives. Certainly, the traditional insurance market and the soft pricing that has gone on for a while has helped slow formations, but now parent companies who are affected by the economic conditions and are looking at forming captives are saying, "We have to look at our core business."

On the other side of the spectrum, we have captive owners who are looking at their captive and saying, "How can the captive help us?" and are looking at

adding lines of coverage.

Q: Are capital considerations leading many companies to put off forming captives?

We've seen a little bit of that—not as much as you might think, but there is certainly some.

Taking that one step further, we've seen some companies looking at that capital, thinking "What are our options? How can we invest that capital in a way that brings the best return?" We're seeing some captives investing in the securities of the parent company.

Q: Has the economy affected captive regulation, perhaps prompting greater levels of scrutiny?

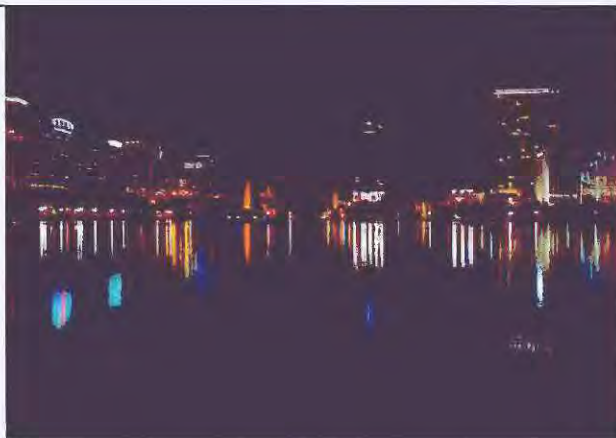
I would say the level of regulatory supervision we've seen in most domiciles has been adequate all along. We haven't seen a ratcheting up. We have seen regulators take an interest in our companies. But we've also seen them being even more supportive...even more supportive of good, strong regulation.

So to my mind, they've been an even better partner than they have been before, and that's what you want in a regulator.

aboutTOWN

[ORLANDO FACTS]

The city of Orlando, Fla., began as a town that was incorporated in 1875 and, at the time, covered a four-square-mile area. Orlando, which is county seat of Orange County, now spans more than 100 miles and is home to nearly 270,000 people.



One of Orlando's top eateries is run by a former "Iron Chef."

localFLAVOR

[BI RECOMMENDS]

Todd English's bluezoo

Walt Disney World
Dolphin Resort
1500 Epcot Resorts Blvd.
Lake Buena Vista
407-934-1111

One of Orlando's most celebrated restaurants, Todd English's bluezoo, will exceed your expectations for food, ambience and accommodating, polished service. Mr. English, a former Food Network Iron Chef, has earned two awards from the James Beard Foundation: National Rising Star in 1991 and Best Chef in the Northeast in 1994.

A highlight of the innovative menu, which the restaurant classifies as coastal cuisine, is the daily offering of "dancing fish," which turn on individual, upright skewers in a glass-enclosed teppanyaki grill that guests see en route to the dining room.

The dish is served with a choice of three sauces. On a recent evening, the triple-tail fish was mild and succulent, accompanied by a sauce of warm crab, Dijon mustard and chives (\$32). The menu also includes meat, poultry and pasta items.

In addition, Bluezoo's award-winning pastry chef's desserts are a magnificent culmination of a memorable meal.



Labeling your risks and managing them
are two different things.

In today's economy, risks are everywhere you look—from the factory floor, to the boardroom to balance sheets. At Travelers, we evaluate your exposures and claim trends. Then, we design a dynamic program tailored to your company's unique needs, which can mean lower loss costs. For flexible product and service solutions in-synch with your business, contact your agent or broker. Together, we can break your warning sign addiction.

Financial Strength Ratings: A+ by A.M. Best/AA- by Standard & Poor's.

Visit us at Booth #621 or online at travelers.com

TRAVELERS 
Insurance. In-synch.™

theSIGHTS

[ORLANDO ATTRACTIONS]



ORLANDO

Magic Kingdom

HOURS: 8:00 a.m. to 1:00 a.m.

INFORMATION: 407-939-6244

<http://disneyworld.disney.go.com/parks/magic-kingdom/>

If you have time to visit only one area in the huge Walt Disney World Resort, which would it be?

Judging by the long lines at many rides—and numerous strategies devised to ameliorate ride waiting time—it is likely the Magic Kingdom is the theme park of choice. Indeed, the Magic Kingdom's daily attendance tops any other U.S. theme park, according to Amusement Business magazine.

One can understand why throngs are attracted to this 107-acre park, which was the first Disney opened in Lake Buena Vista, Fla., in 1971. With its world-class roller coasters, classic fantasy attractions, numerous shows and parades, and its detailed re-creation of the American past, Magic Kingdom truly has something for everyone.

To get the most out of Magic Kingdom, though, planning ahead is essential

because it is impossible to see and do everything in one day.

Regardless of what you want to do at Magic Kingdom, the starting point is Main Street USA, a re-creation of a 19th century small town and one of seven lands that spread out like a wheel from a hub in front of Cinderella Castle.

Adjacent to Main Street is Adventureland, the home of several hugely popular attractions. One not to be missed is Pirates of the Caribbean, a seven-minute indoor boat ride that cruises through such sets as pirates raiding an island settlement.

Another not-to-be-missed ride is Big Thunder Mountain Railroad, a roller coaster that twists and turns its way past a mining town and falling rocks.

Nearby is perennial favorite the Haunted Mansion, where visitors riding Doom Buggies are transported through the

house loaded with ghosts and skeletons and then through a graveyard.

Next stop is Fantasyland, a hit with kids and for adults looking to rekindle childhood memories of songs and characters that were part of Disney's television show, initially called "Disneyland" and later the "Wonderful World of Disney," that began in 1954 and continued for decades.

It's a Small World is another trip down memory lane as visitors riding in huge teacups tour the world with dancing dolls that are dressed to represent various nations and singing the enchanting song, "It's a Small World."

Last but not least is Tomorrowland, with its star attraction: Space Mountain, an enclosed roller coaster ride that hurtles through "Outer Space" with sudden, unexpected drops.

—By Jerry Geis

WIN AT RIMS 2009!

This is your ticket to win a lease on a new hybrid car, a fabulous vacation or a BOSE home theater system.

Find your passport in your registration bag and get started!

Wink and Associates Insurance Management Society, Inc.

Meet us at the RIMS 2009 Conference & Exhibition

Stop by Booth #901 and enter to WIN!

iPod Touch

- 32 Gigabytes
- 7000 songs
- 40 hours of video
- includes earphones

Take advantage of our RIMS special subscription offer:
FREE 6 WEEK TRIAL SUBSCRIPTION to BI
plus a FREE Flash drive.
(while supplies last)

To enter, drop off your business card at Booth #901
No purchase necessary. The drawing will be held on 4/22/09 at 12 PM. The winners will be announced at this time.

Business Insurance
www.BusinessInsurance.com



Are YOU Ready?

Mandatory Medicare Reporting Compliance

Deadline 72 Days and Counting

PMSI Is.

- Best-in-class connectivity and government reporting
- PMSI's Medicare ConnectSM **Now** with instant capabilities for small- to mid-sized organizations
- Total compliance program including allocations, lien verification and negotiation and MIR reporting



Knowledgeable and experienced with market-tested technology and tools—PMSI is the compliance partner of choice for thousands of Required Reporting Entities.

877.MIR.7109 ▪ www.pmsisettlement.com
connectme@pmsisettlement.com

Stop by booth 963
for a chance to win a GPS!



MARKETPLACE

To place ad your contact Monique Murray at 212.210.0129 or email mmurray@businessinsurance.com

CLAIMS SERVICES



In this ever-changing environment, isn't it time you partner with a company that understands your business?

Since 1997, Engle Martin & Associates, Inc. People You Know. Service You Trust.™

- Claims Adjusting • TPA/Claims Administration • Consulting Services
- People. Service. Trust.

1-800-818-5619

www.englemartin.com

YOUR TARGET AUDIENCE IS HERE ...



Where is your ad?

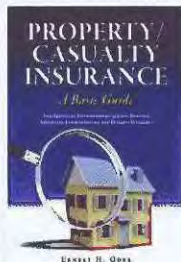
Call (212) 210-0129 to reserve your space.

Business Insurance www.BusinessInsurance.com

EDUCATION & TRAINING

NOW AVAILABLE

at the RIMS Bookstore in the Convention Lobby.



An insurance guide for business owners and managers

"PROPERTY/CASUALTY INSURANCE A Basic Guide"

Just \$19.95

For more details visit our website at www.ElizabethPublishingCompany.com

EDUCATION & TRAINING



Saint Peter's College

MBA Courses in Risk Management in Jersey City, Newport, Englewood Cliffs, Newark, or online from the comfort of your own home.

Classes starting soon.

Contact: Carmela Beutel at 201-761-6472 cbeutel@spc.edu or Filomena Durso at 201-761-6471 fdurso@spc.edu.

THE JESUIT COLLEGE OF NEW JERSEY

EDUCATION & TRAINING

CPCU®

AIC, ARM, IIA
CLU/ChFC, and
CIC candidates

You'll pass. You'll learn more faster. And, you'll love The Burnham System or your money back. Guaranteed!

Call 1-888-BURNHAM Now!

www.BurnhamSystem.com

19 Everett St., Southbridge, MA 01550

EDUCATION & TRAINING

Where Knowledge Bears Fruit

Taking Aim at Captive Excellence

860-276-9775



captivelearning.com

© Copyright 2009, Captive.com LLC

EDUCATION & TRAINING



FLORIDA STATE UNIVERSITY

Totally ONLINE master's degree in Risk Management and Insurance

Complete your degree from anywhere in the world
Classes taught by full-time faculty
Affordable and Flexible

Visit <http://riskmanagement.fsu.edu>

Searching for the missing link?



Post your company's listing at

BusinessInsurance.com/Links

Call 212-210-0129
for details.

Pachón: Key role in business

CONTINUED FROM PAGE 3

clients must pass an underwriting process that evaluates risk exposures at their facilities.

That helps Select Staffing set pricing because charges for its services include a component for insurance-related losses. Its underwriters even may decide a potential client's risk profile and attitude about safety are appropriate for Select Staffing.

Select Staffing's second mission after providing temporary employees is risk management, company officials say.

Its risk management department helped develop a job applicant screening protocol to ensure the workers it supplies are less likely to generate liability claims.

Mr. Pachón's department management also provides loss prevention and safety incentive programs for temporary workers at client sites.

Providing those programs, which help keep costs and pricing

for its services down, has become part of the company's sales pitch, differentiating it in the highly competitive temporary staffing world.

Risk management was not a well-known concept, though, when Mr. Pachón joined Select Staffing in 2001 and company managers fought his programs when he took over risk management, company officials said.

But Mr. Pachón has stood his ground, by proving with numbers that his programs keep the company profitable.

His strategies help hold Select Staffing's annual cost of risk to \$35 million.

The company has quadrupled in size since June 2006 through an aggressive acquisition strategy that focuses on acquiring competitors whose workers' comp expenses are approximately twice that of Select Staffing.

Then Mr. Pachón's risk management practices bring an acquired



Fred O. Pachón and his risk management staff at Select Staffing Inc.

temporary company's losses into line with its own.

Underwriters and brokers have come to call the outcome the "Select effect."

Reducing an acquired company's workers comp expenses allows Select Staffing to earn millions of dollars from a transaction by convincing an acquired company's insurer to return workers comp

reserves and collateral posted by the acquired company.

The acquisitions require Mr. Pachón—a father of five and an amateur chess player—to collaborate regularly with top company officials to make sure his risk management programs will make the purchases profitable by reducing their outstanding claims and preventing future losses.

MARKETPLACE

To place ad your contact Monique Murray at 212.210.0129 or email mmurray@businessinsurance.com

HELP WANTED



RMA
RICHARD MEYERS & ASSOCIATES, INC

(908) 279-8000
RIMS BOOTH #933
INFO@RMAINC.COM
WWW.RMAINC.COM

Building on Our Trusted Reputation in Executive Recruitment

TALENT ACQUISITION

- Executive Search
- On-Boarding
- Contract Consultants
- Salary & Comp Surveys
- Resume Writing

AREAS OF SPECIALIZATION

- Risk
- Safety (EH&S)
- Brokerage
- RMIS
- Business Continuity Planning
- ERM
- Claims
- Underwriting
- Loss Control

Foremost National Executive Search Firm Providing Leadership to All Levels of Risk Management Recruitment

SPECIALITY RISK

Specialty Insurance Hard-to-Place Risks

Excess & Surplus Lines
Specialty, Liability and Professional
Solutions that fill in the gaps
of coverage.

www.primeis.com
Chicago
800-456-4576
Salt Lake City
800-257-5590



SOFTWARE/TECHNOLOGY

Martinis, Mimosas, ERM, & RMIS...

BULLSEYE!



Hit your target audience in *BI's*
BUSINESS RESOURCES

Call Monique at
212-210-0129
for more information.

RISK MANAGEMENT HONOR ROLL

Alletto: Rising to challenges of risk

Continued from page 4

"My whole mantra has been about hiring the right people and then building process and technology," said Mr. Alletto, who is based in Irving, Texas.

The "right people" for Mr. Alletto include Rita Castro, director of claims and litigation management, Heidi Rawe, director of environmental, health and safety, several underwriters and a trusted team of brokers from four different firms, all of whom he has worked with previously and whom he expects to work together on his behalf.

They say Mr. Alletto's leadership, intelligence, understanding of the marketplace and passion for United Rentals sets him apart.

"He has a way—and I've seen him do this with other brokers, I've seen him do this

with carriers and with me—of making sure that his issues have priority and in motivating people to work on his account and to want to work on his account," said Ken Gould, executive vp of Lockton Cos. L.L.C. in Dallas, Mr. Alletto's casualty broker.

"He's a very dynamic leader," United Rentals' Ms. Rawe said of her boss. "He knows how to put the right people in the right position and motivate and inspire them to do whatever it is he's charged you to do."

"He doesn't micromanage. He lets you do your job. He has trust in the people he works with and it makes you want to do a better job," Ms. Castro said.

"Of all the supervisors I've had in the past, I could ball them all up in one and say I've learned more from Ray Alletto

than all of them. He's a remarkable person," Ms. Castro said.

'He doesn't micromanage. He lets you do your job. He has trust in the people he works with and it makes you want to do a better job.'

Rita Castro,
United Rentals Inc.

Langsdale: Team schooled in ERM

Continued from page 4

service—which has a presence in each of Pennsylvania's 67 counties—and the University Park Airport.

Since coming to Penn State in 2003 after more than two decades in private-sector risk management, Mr. Langsdale has worked to upgrade the school's risk management process through enterprise risk management.

"What Gary's brought to the table is a very collaborative approach to the whole risk management process here at the university," said Joe Doncsecz, Penn State's corporate controller. "He's done a great job of proactively involving everyone. He's raised awareness of the risk considerations in everyday business processes."

"He's not the kind of guy that wants all the credit," said Frank Altieri, president of Blue Bell, Pa.-based PMA Management Corp., the third-party administrator for Penn State's workers compensation pro-

gram. "He's constantly always digging in and saying, 'Why don't we look at it a different way next time? How can we make it better?' He will go to football games on Saturday, but not to watch the game—he'll join the security guards and walk behind the scenes. He wants improvement. He wants to hear what the risk management team has to say. He's open to ideas."

Overall, his "biggest accomplishment is the way that people at Penn State manage risks without being asked at all. It's a team effort; it's not just my efforts and its not just this department's effort. There's a tremendous amount of teamwork and cooperation that goes on with the environmental health and safety profes-

sionals, with the director of risk management and her staff at the medical center, the workers compensation staff, the occupational medicine people—those are the technicians who know about risk and about safety," Mr. Langsdale said.

'He's raised awareness of the risk considerations in everyday business processes'

Joe Doncsecz,
Pennsylvania
State University

Jorgensen: Tools keep exposures under control

Continued from page 4

business groups.

Ms. Jorgensen's team also has found a way to place a dollar value on the services it provides to various business units so these divisions can justify making investments in risk mitigation. They do this by defining each step in a business unit's operational process on a spreadsheet, identifying potential failures at certain points in the process and then measuring how outcomes change after specific mitigation interventions are introduced.

The exercise, a form of stochastic, or Monte Carlo, modeling, produces an "expected economic value" that Microsoft's business unit managers can use when seeking upper management approval to fund and implement risk mitigation strategies. These analytics have become so highly prized by Microsoft's many business units that the risk management department has many managers seeking its advice.

Ms. Jorgensen also leads a team of financial risk analysts who study how fluctuations in the capital

Ms. Jorgensen also leads a team of financial risk analysts who study how fluctuations in the capital and credit markets affect Microsoft's \$25 billion investment portfolio.

and credit markets affect Microsoft's \$25 billion investment portfolio. These risk managers collect information on where funds are invested and cross-reference it with other company-related financial data, such as accounts receivable, to produce a single-page "360-degree report" that Microsoft's top executives use when making decisions about the direction of the company's business operations and investments.

Though Ms. Jorgensen shies away from being called a "chief risk officer," she is, in fact, acting as one, and it is for her application of risk management to all aspects of Microsoft's business operations that Ms. Jorgensen has been named to the 2009 *Business Insurance* Risk Management Honor Roll.

Business Insurance
Executive
Events

**WHERE CAN YOU
BE IN A ROOM FILLED
WITH INDUSTRY
DECISION MAKERS?**

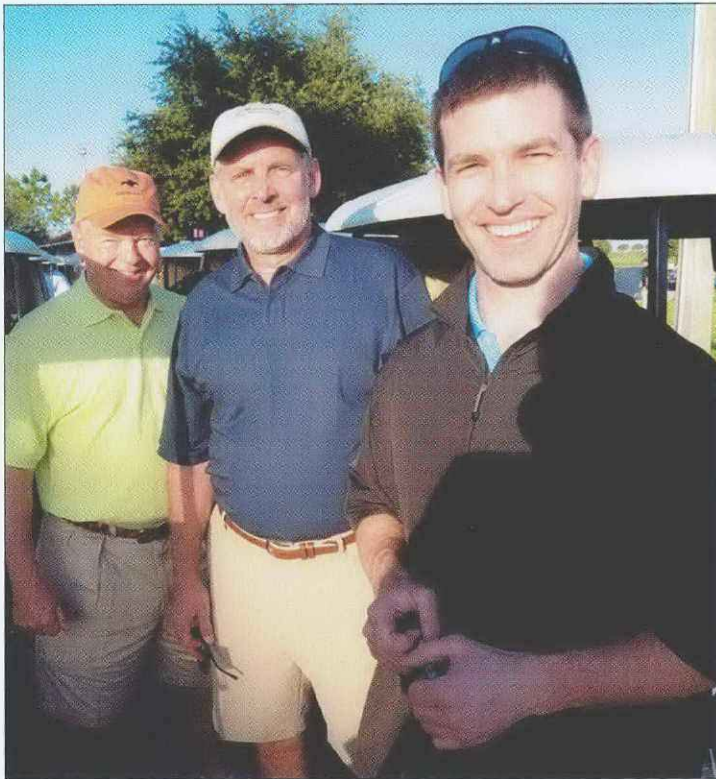


Business Insurance
Executive
Events

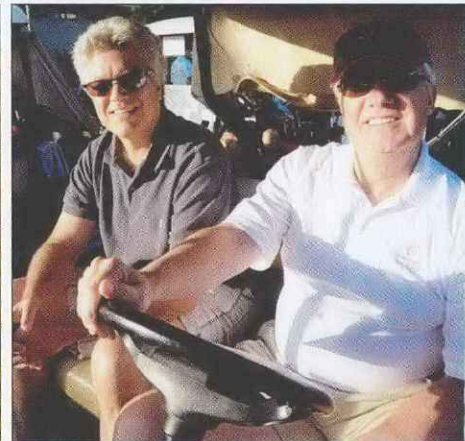
Business Insurance Executive Events are strategically positioned so clients can reach boardroom level C-suite attendees and global industry leaders while demonstrating their expertise, brand and knowledge to the industry's most influential decision makers.

Business Insurance Executive Events has built a reputation for quality, integrity and accuracy, with programs designed to attract the highest caliber of global speakers and attendees.

**For more additional information on Business Insurance Executive Events
and our targeted customizable packages, please contact
Rebecca Briggs, 212-210-0132, RBriggs@BusinessInsurance.com**



RIMS through the LENS



Community: 'Heavy lifting' supports ill children, family

CONTINUED FROM PAGE 1

"We think it's important that, while we are here enjoying the city and working hard to better our own risk management view, we also take a little time to leave the city just a little bit better than we found it," said Janice Ochenkowski, former RIMS president and a managing director of Jones Lang LaSalle Inc in Chicago.

Give Kids the World Village was chosen because it is a "unique reflection of the character of Orlando," Ms. Ochenkowski said, noting the city's numerous theme parks.

"This particular charity allows children who have life-threatening diseases and their families to come and enjoy the city in a way they wouldn't otherwise be able to, and that tugged at our heartstrings," she said.

In tough economic times, charities tend to get hit hard, said Phil Clement, global chief marketing and communications officer for Aon. Essentially, these are kids that you feel unbelievably supportive of...so I'm really glad that we're able to do something," he said.

Pam Landwirth, president of Give Kids the World, said the timing of this year's RIMS community service event could not have been better for the nonprofit.

"We are being blown away by the

number of families this year" coming to the village, Ms. Landwirth said. In April alone, the village is expecting 698 families, the busiest month in its history. "So to get a large group like this to do some of the heavy lifting, it really helps and we're much more able to channel our precious resources to the mission," which is to give families a beautiful, peaceful and relaxing vacation that inspires hope, she said.

RIMS volunteers said it was a rewarding experience.

"Once you understand the impact" that the place has on families, "you're really glad you volunteered here," said Dione Davis, associate manager of corporate insurance for Prudential Financial in Newark, N.J., a two-time RIMS volunteer. "This was a meaningful volunteer" experience, she said.

"Everyone should spend the day here," agreed Gail Colletta, a West Palm Beach, Fla.-based national account executive for Core Medical Resources, who with Ms. Davis scrubbed tables, washed pavers among other tasks. "Anyone who needs to have perspective of how lucky you are" needs to come here, she said, noting that she plans to return to the village to volunteer again in the future.

Aon: Broker sets out promises to clients on levels of service

CONTINUED FROM PAGE 3

Elements of the client promise include: a focus on optimizing the total cost of risk, designing programs around client needs, dedicating teams and resources, local access to global resources, innovation, benchmarking and performance driven by client feedback, Mr. McGill said.

Developed in tandem with the client promise and on display at RIMS is Aon's Global Risk Insight platform, a real-time, online system offering information about Aon's global insurance placements by industry, geography and insurance markets.

The platform, called GRIP, "gives

our clients, for the first time, empowered broking with our teams," said Ted Devine, president of Aon Risk Services. "Say you're a retailer in Minnesota and you want to understand product pricing in London and New York for your property program. With GRIP, we can give that to you in a matter of seconds. Or you want to understand the terms and conditions and deductible levels that others are using in your space; we can give that to you on a real-time basis," he said.

Aon will be offering demonstrations of GRIP and information on the client promise at its booth throughout the RIMS conference, Mr. Devine said.

Experience innovation

DICKSTEINSHAPIRO LLP

2009 Leading Firm

Insurance Coverage: Policyholder
Chambers USA

2008 Award for Excellence

Insurance Coverage: Policyholder
Chambers USA

2008 Top 100 Verdicts

The National Law Journal

2008 Plaintiffs' Hot List

The National Law Journal

2008 Top 10 Plaintiff Verdicts in California

The Daily Journal

2008 Largest Insurance Recovery Law Firm

Business Insurance

Dickstein Shapiro's attorneys do more than just practice insurance coverage law—they shape and influence it. With cutting-edge litigation and settlement strategies, Firm attorneys have briefed and argued many landmark decisions favorable to insureds in both state and federal appellate courts. As pioneers and leaders in insurance recovery, Dickstein Shapiro attorneys author, co-author, and edit many articles, white papers, and books on insurance topics.



To download complimentary resources for insureds on hot topics such as D&O liability, class actions, food contamination, and catastrophic loss, visit dicksteinshapiro.com/insureds

Washington, DC | New York | Los Angeles

NEWS IN BRIEF

[AT PRESS TIME]

CONTINUED FROM PAGE 1

the U.S. government, but it has raised about \$2 billion with last week's sale of its personal lines auto business, Wilmington, Del.-based 21st Century Insurance Group, to Farmers Group Inc., a unit of Zurich Financial Services Group. In the deal, subject to regulatory approval, Farmers is to pay \$1.9 billion in cash and assume \$100 million in debt. AIG Chairman and CEO Edward Liddy expressed pleasure in reaching the deal "especially in this market environment."

Willis sells former HRH wholesale unit

London-based Willis Group Holdings Ltd. has left the U.S. wholesale market with the sale last week of Redondo Beach, Calif.-based managing general agency and surplus lines broker Bliss & Glennon Inc. Willis, which gained Bliss & Glennon with last year's \$2.1 billion buyout of Hilb Rogal & Hobbs Co., sold the unit to Jacksonville, Fla.-based insurance services firm Fortegra Financial Corp. The price was not disclosed. Willis Chairman and Chief Executive Officer Joe Plumeri said the brokerage will concentrate on its retail operations in the United States.

Comp Rx spend increased in 2008

Total spending on workers compensation pharmaceuticals increased 5.4% per injured worker in 2008, up from a 3.3% increase in 2007, according to report released today by PMSI, a Tampa, Fla.-based pharmacy benefit manager that specializes in workers comp. Total spending includes the price of prescriptions and utilization, both of which increased in 2008. Pharmaceutical prices rose 4.2% and accounted for most of the increased cost, according to the report based on data from nearly 8 million in-network and mail-order transactions handled by PMSI.

... as seen at RIMS



THE DONATION As part of charitable efforts at the Risk & Insurance Management Society Inc. conference, RIMS donated \$5,000 to the Russell Home for Atypical Children, a nonprofit for severely handicapped children.

Spencer: Fun for a cause

CONTINUED FROM PAGE 1

appreciate everyone coming out and being part of it," said golf tournament chairman Butler Bourgeois, area vp at Arthur J. Gallagher Risk Management Services Inc. in Baton Rouge, La.

David Chavez, senior vp at Hiscox in San Francisco, called the event "a great way to start the conference before things really get going. It does give you a chance to relax for a little while before you get into meetings day and night."

Don Gibson, Travis Griffin, Jim Saub and Ray Wood won this year's outing with a score of 57.

Timothy Galvin, Brian Griffith, Dave Hovey and Craig Van Der Voort took second with a 58 in a scorecard playoff over the third place team of Jerry Basta, Mike Horvath, Greg Lindsey and Jim Pipino.

While golfers enjoyed the sun, hockey players from Team USA and Team Canada faced off at the Ice Factory in Kissimmee, Fla., in the NAPCO Spencer Cup sponsored by Edison, N.J.-based broker NAPCO



The NAPCO Spencer Cup was close until the third, when Team Canada pulled away to beat Team USA.

L.L.C.

Wolfgang Schatz, president of Allianz Global Corporate & Specialty North America in Chicago, was part of an Allianz group cheering on colleague Carsten Scheffel, CEO U.S. at Allianz in Chicago.

"He's playing for the Canadian team, which is something we need to discuss internally," Mr. Schatz said.

"The main thing is that clients, insurers and brokers can play together and enjoy this kind of sport," Mr. Schatz said. "I guess the big challenge is that they keep their teeth, because they still have meetings after this."

Business Insurance

Vice President/Publisher
Martin J. Ross III (New York)

Editorial Director
Paul D. Winston (Chicago)

Editor
Regis J. Coccia (Chicago)

International Editor
Adrian Ladbury (London)

Editor-at-Large
Jerry Geisel (Washington)

Managing Editor
Gavin Souter (Chicago)

Assistant Managing Editor - Multimedia
Kathy L. Barnes (Chicago)

Assistant Managing Editor - News
Matt Scroggins (Chicago)

Art Editor
William Murphy

Special Projects Editor
Rodd Zolkos

Senior Editors
Michael Bradford (Zurich);
Roberto Cenceras (Boise);
Judy Greenwald (San Jose)

Mark A. Hofmann (Washington);
Sally Roberts (Denver);
Joanne Wojcik (Denver)

London Bureau Chief
Sarah Veysley (London)

Associate Editors
Colleen McCarthy (New York); Zack Phillips (New York)

Staff Reporter - Interactive
Jeffrey Casale (Chicago)

Copy Editors
Charmain Benton (Chicago); Ann Reus (Chicago);

Research Director
Kevin P. Edison (Chicago)

Research Editor
Karen Brown Tucker (Chicago)

Online Editor
Katherine Downing (Chicago)

Online Producer
Amy R. Curtis (Diathe)

Editorial Assistant
Allison Martinat (Chicago)

Editorial Cartoonist
Roger Schillerstrom (Chicago)

Advertising Director
Robert A. Ralid Jr. (New York)

Regional Sales Managers
Hugo Foster (London);
William J. McGuire (Chicago);
Ron Kolgraf (Boston);
Robert B. Murray (New York)

Assistant to the Publisher
Pat Ghazvini (New York)

Advertising Traffic
Monique Murray (New York)

Production Manager
J. Thomas Janka (Chicago)

Circulation Manager
William O'Driscoll (New York)

Assistant Circulation Manager
Craig Bowman (Detroit)

Promotion Manager
Michael Ambrosio (New York)

EDITORIAL: Boise 208-286-1425; Chicago 312-649-5200;
Denver 303-282-4260; London 44-207-457-1400;
Los Angeles 323-270-2455; New York 212-210-0100;
San Jose 408-774-1500; Tucson 520-579-1937;
Washington 202-662-7200

ADVERTISING: Boston 617-292-4856;
Chicago 312-649-5276; Los Angeles 323-370-2405;
New York 212-210-0133

SUBSCRIPTIONS: Detroit 888-446-1422

Business Insurance is published by Crain Communications I.

Chairman: Keith E. Crain

President: Rance Crain

Secretary: Merrilee Crain

Treasurer: Mary Kay Crain

Executive Vice President/Operations: William A. Morrow

Senior Vice President/Group Publisher: Gloria Scoby

Group Vice President/Technology, Circulation,
Manufacturing: Robert C. Adams

Vice President/Production & Manufacturing: Dave Karm

Corporate Circulation Director: Patrick Shepesh

Chief Information Officer: Paul Dalpiaz

G.D. Crain Jr., Founder (1885-1973)

Mrs. G.D. Crain Jr., Chairman (1911-1996)

S.R. Bernstein
Chairman-executive committee (1907-1993)

crain

PHOTOS BY MICHAEL MARCOTTE

Business Insurance[®]
EURO
100
TOP EUROPEAN COMPANIES

Watch for *Business Insurance's* EURO 100 Survey, our annual, in-depth report on risk management in Europe's Top 100 companies, with a look at their attitudes toward:

- Key business risks
- Major insurance risks
- Risk financing trends
- Performance of insurers & brokers
- Broker commissions

PUBLISHING: June 15, 2009 | Ad Close: May 27

For more information or to advertise contact Bob Raidt, Advertising Director, at 212-210-0133 or Hugo Foster, European Sales Manager, at 44-207-457-1412.

Supported by
XL INSURANCE



TALENT EXPANDS POSSIBILITIES



www.maxcapgroup.com

At Max, we constantly seek new ways to help corporate clients overcome their insurance challenges. We concentrate our efforts where capacity is scarce, allowing us the opportunity to present unique solutions. Expanding the possibilities with financial strength and a wealth of expertise in product lines such as Excess Liability, Professional Lines, Property and Aviation.

A.M. Best A- (Excellent) Fitch A (Strong) Moody's A3

SPECIALTY INSURANCE & REINSURANCE

MAX CAPITAL GROUP LTD.

BERMUDA IRELAND UNITED STATES LLOYD'S