



TUESDAY April 21, 2009

RIMS 2009 ORLANDO SHOW DAILY

Official conference coverage published by **Business Insurance**

NEWS IN BRIEF

[AT PRESS TIME]

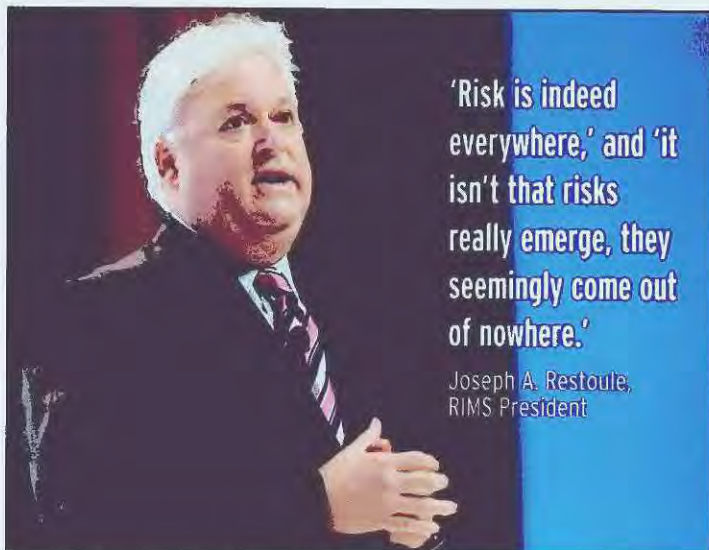
AIIG funding pact limits expenses

As part of a previously announced agreement, the U.S. Treasury Department has committed to providing American International Group Inc. with as much as \$29.84 billion in additional funds during the next five years. The preferred stock agreement requires AIIG "to continue to maintain policies limiting corporate expenses, lobbying activities and executive compensation," according to a filing Monday with the Securities and Exchange Commission.

Hiscox makes changes to U.S. operations

Hiscox Ltd. has made changes to its U.S. and global markets management teams, including appointing a chief executive officer of Hiscox USA. Because of its recent expansion in the United States, Hiscox said Monday it is reorganizing its group structure along geographic lines. Richard Watson, previously managing director of Hiscox Global Markets

See **NEWS IN BRIEF** page 22



'Risk is indeed everywhere,' and 'it isn't that risks really emerge, they seemingly come out of nowhere.'

Joseph A. Restoule, RIMS President

RIMS leaders welcomed attendees to the conference Monday. RIMS has made special efforts to help risk managers at home keep up with events.

RIMS connects with member community

By **RODD ZOLKOS**

Leaders of the Risk & Insurance Management Society Inc. welcomed attendees to the group's annual conference Monday, acknowledged those unable to attend because of the economy, and highlighted the organization's efforts to keep colleagues at home up to date with conference events.

Despite the many highlights of this week's RIMS gathering, "It's just not the same as it has been in past years," said RIMS President Joseph A. Restoule, leader of risk management for Calgary, Alberta-based NOVA Chemicals Corp., noting the absence of many peers.

But the organization will use the Web this week to keep its stay-at-home members up to speed, Mr.

Restoule said, using blogs, online editions of each day's RIMS Show Daily and even Twitter.

And in short order, audio and video of all RIMS sessions will be available online, the RIMS president said.

In her remarks, Mary Roth, New York-based RIMS' executive director, cited the importance and value of the "RIMS community."

"What truly distinguishes RIMS from other organizations is the community that we have created that allows all of us to stay connected," Ms. Roth said. "I'm very proud that RIMS is taking advantage of today's technology to provide conference highlights not only to attendees but to those who

See **RESTOULE** page 18

Awards salute outstanding risk managers

By **MATT SCROGGINS**

The Risk & Insurance Management Society Inc. presented several awards Monday in recognition of outstanding achievements by individuals and by chapters of the society.

RIMS gave its highest honor, the Harry and Dorothy Goodell Award, to Carol A. Fox, who is senior director of risk management at Convergys Corp. The award, which is named for RIMS' first president, Harry Goodell, is awarded each year to an individual who has advanced risk management as a discipline and has furthered the goals of RIMS.

In accepting the award during Monday's general session, Ms. Fox thanked those who nominated her and said: "As risk leaders, we do make a difference in the lives of others. Our greatest professional

See **AWARDS** page 18



Carol A. Fox of Convergys Corp. received RIMS' top award.

Thought Leaders

Richard Roberts, director of enterprise risk management for RIMS,

discusses the latest developments in ERM and how risk managers are adapting as their programs evolve. **Page 10**

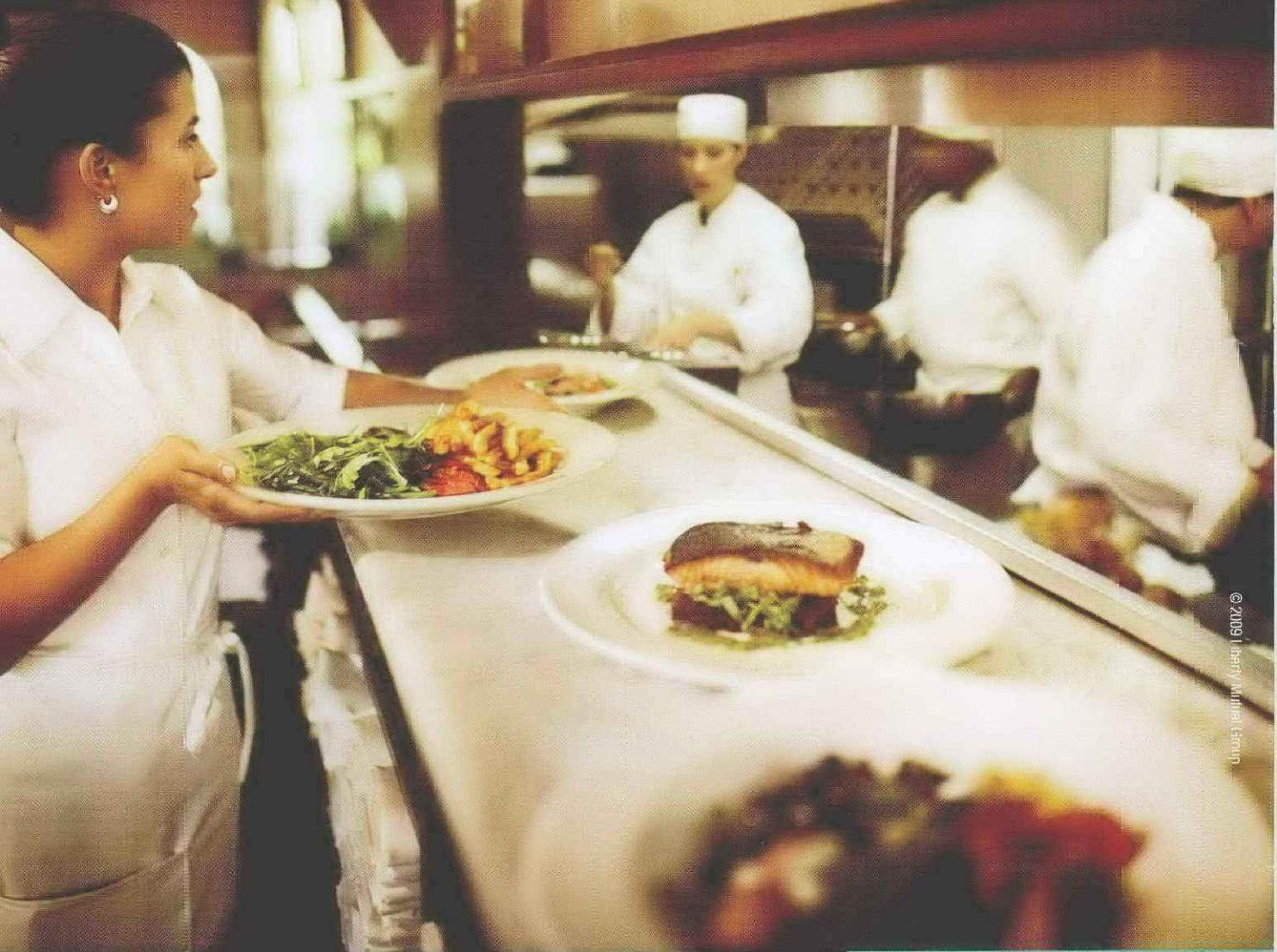
INSIDE

BUYERS ADJUST PROGRAMS TO RESPOND TO ECONOMY / PAGE 3

ATTENDEES LEARN HOW TO LAUGH THEIR WAY TO HEALTH / PAGE 4

CATCH UP WITH RIMS THROUGH THE CAMERA LENS / PAGE 20

THERE ARE ALWAYS NEW ITEMS ON THE MENU HERE.
WE HELPED MAKE SURE ONE OF THEM ISN'T HEPATITIS A.



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When a restaurant chain discovered one of its food servers contracted Hepatitis A, they immediately made two calls. One to alert the local health department, and the second to alert us. We helped identify exposed patrons and recommended proper treatment while putting the minds of those not exposed to rest. This minimized the risk of the disease spreading, and our customer's liability from the incident. Which helped the restaurant chain protect its good reputation. Whether it's responding quickly, keeping you informed, or adhering to stringent litigation protocols, we're committed to helping you protect your business. That's our policy. For more information visit libertymutualgroup.com/gl.



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Responsibility. What's your policy?

39%

of Marsh survey respondents said they expect to increase their loss control efforts as a result of the economy.

Buyers adjust to deal with tough times

By SALLY ROBERTS

The ongoing financial crisis is expected to have little to no effect on most companies' risk management spending in 2009, but risk managers are utilizing their budgets with a greater eye toward efficiency, a survey finds.

Meanwhile, risk managers and corporate executives have different exposure worries, which could make it tough for risk managers seeking to elevate the importance of their profession within their organizations, suggests the survey co-sponsored by Marsh Inc. and the Risk & Insurance Management Society Inc.

New York-based Oliver Wyman Group, the management consulting arm of Marsh & McLennan Cos. Inc., interviewed roughly 380 risk managers and others with risk management responsibilities and

See MARSH page 17

How to survive 'daunting challenge'

By RODD ZOLKOS

Using a legendary tale of polar survival as a metaphor for overcoming daunting challenge, author and change consultant Dennis N.T. Perkins invited attendees at the Risk & Insurance Management Society Inc.'s annual conference Monday to embark on "The RIMS 2009 Expedition."

Offering lessons learned from Sir Earnest Shackleton and the crew of the *Endurance* on their Trans-Arctic Expedition of 1914-16, Mr. Perkins said leadership and teamwork are essential to survival under extreme hardships.

With video from his own trip retracing the path of the *Endurance* crew and photos from the original voyage, he related the tale of the explorers' survival after their ship was trapped and ultimately crushed in pack ice near Antarctica, widely renowned as one of the greatest survival stories of all time.

Mr. Perkins said his study of groups like the *Endurance* crew led him to three conclusions: There are systematic differences between teams that succeed and teams that fail; there are 10 leadership and teamwork strategies common to groups that survive such ordeals; and strategies that work in life-threatening conditions also can work in organizations facing business survival challenges. "I'd like you to think of the challenges you're facing as your own expedition to Antarctica," he said.

The 10 leadership and team-



Change consultant Dennis N.T. Perkins signs copies of his book.



work strategies Mr. Perkins said were common in groups that survive extreme hardships are:

- Never lose sight of the ultimate goal and focus energy on short-term objectives.

- Set a personal example with visible memorable symbols and

behaviors.

- Instill optimism and self confidence, but stay grounded in reality.

- Take care of yourself—maintain stamina and let go of guilt.

- Reinforce the team message constantly: "We are one. We live or die together."

- Minimize status differences and insist on courtesy and self respect.

- Deal with anger in small doses, engage troublemakers and avoid needless power struggles.

- Find something to celebrate and something to laugh about.

- Be willing to take the "big" risk, but not the needless risk.

- Never give up. There's always another move.

P/C rates firm, but many premiums stable: Zurich

By SALLY ROBERTS

Property/casualty rates are firming, but that doesn't mean risk managers will pay higher premiums at their next renewal, executives from Zurich Financial Services Inc. said Monday.

"What we're seeing in the marketplace is an easing of the pricing pressure," said Mike Kerner, recently appointed chief executive officer of Zurich's global corporate North America unit, during a press conference at the Risk & Insurance

Management Society Inc. annual conference.

The significant rate decreases in 2007 and 2008 certainly have let up. "For us, in the fourth quarter of 2008, we saw modest increases in rates for our overall portfolio" and that direction continues, Mr. Kerner said.

He noted, however, that the rate firming is not "one size fits all" and varies based on geography and by line of business. For example, while rates are firmer in the large account North American casualty business,

they are more "stable" in Europe, especially in personal lines, he said.

Mario P. Vitale, CEO global corporate for Zurich, who also spoke during the press conference, said that in today's investment environment, underwriters need to earn more money on underwriting income, so rate increases are necessary.

But while rates might be firming, that doesn't mean insurance buyers are paying more in premiums, Mr. Vitale said. In many cases, declining insurable risks are more than

offsetting any per unit rate increase.

In answering a question about Zurich's credit risks, Mr. Vitale said the insurer has not changed its position on collateral, but it recognizes financial pressure on its customers is greater today.

He said there are times where customers need to be "more creative" with collateral and that Zurich is helping them through the process.

"We're sensitive to it, but we're obligated to maintain our own financial strength," he said.



'Laughter doesn't heal or cure, but it can help.'

Elaine M. Lundberg

Laugh for the health of it

Sounds of belly laughter resonated from Monday's RIMS Awards luncheon as humor therapist and author Elaine M. Lundberg urged hundreds of conference attendees to "laugh for the health of it."

"Laughter doesn't heal or cure, but it can help," Ms. Lundberg said during the aptly titled keynote address. She noted that 20 seconds of hearty laughter is equivalent to three minutes of hard work on a rowing machine.

Audience participation played a key role for Ms. Lundberg, who at one point pulled Dan H. Kugler, assistant treasurer-

corporate risk management for Kenosha, Wis.-based Snap-on Inc., on stage.

Being a good sport, Mr. Kugler did as he was told and blurted out a "hee, hee, hee" from a wide grin on his face—much to the delight of the audience.

Among her recommendations, Ms. Lundberg told attendees not to "hang out with a bummer," or someone who exists solely to be miserable. She also recommended taking a break from watching the news and, not surprisingly, laugh out loud.

—By Sally Roberts

Dan H. Kugler, assistant treasurer-corporate risk management for Snap-on Inc., joins author Elaine M. Lundberg on stage Monday.



Spencer foundation awards two grants

By COLLEEN MCCARTHY

The Spencer Educational Foundation Inc. on Monday announced it has awarded \$50,000 grants to the University of Hartford and Virginia Commonwealth University to develop loss prevention course curricula for students studying risk management and insurance.

The grants were created in partnership with Johnston, R.I.-based Factory Mutual Insurance Co., which does business as FM Global. In January 2008, FM Global pledged \$525,000 to the foundation, the largest single contribution in the foundation's 29-year history.

Of the total pledge, \$300,000 is earmarked to help universities develop loss prevention-related courses, said Donna L. Galer, chairwoman of Spencer's board of directors, at a press conference Monday afternoon at the Risk & Insurance Management Society Inc.'s annual conference. The New York-based nonprofit said the remaining funds will be used for annual FM Global scholarship awards.

The grants will enable the colleges to "take a leading role in loss prevention advocacy," Ms.

Galer said, adding that many risk management programs lack specific training in this area.

"As the world evolves, the need for sound loss prevention methods becomes increasingly important," said Shivan S. Subramaniam, chairman and chief executive officer of FM Global. "We are thrilled to be able to create this unique set of grants," he said.

The University of Hartford Barney School of Business will use the grant to develop three course modules that focus on the importance of loss prevention in reducing an organization's total cost of risk.

"I can't think of anything more I'd like to teach," said Ann Costello, associate professor of insurance and director of the R.C. Knox Center for Insurance and Risk Management Studies at the University of Hartford, at the press conference.

The Virginia Commonwealth University School of Business Risk and Insurance Studies Center will use the grant to create a graduate-level loss prevention course that focuses on planning, developing and implementing risk analysis and loss prevention programs.



From left, Donna Galer, Shivan Subramaniam, Roger Andrews, Ann Costello, E.G. Miller and Mel Bangs at the Spencer announcement Monday at RIMS.



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Recession tops concerns of risk managers: Aon study

By SARAH VEYSEY
and MARK A. HOFMANN

The economic slowdown tops risk managers' concerns worldwide, according to a survey by Aon Corp.

Economic slowdown has risen from seventh place in risk managers' ranking of risks since Aon last conducted its "Global Risk Management Survey" in 2007.

Regulatory and legislative changes were ranked second in risk managers' list of concerns, the survey showed, while business interruption, the top-ranked risk in Aon's similar survey two years ago, was the third-biggest concern. Risk managers' other top concerns were: increasing competition, commodity price risk, damage to reputation, cash flow/liquidity risk, distribution or supply chain failure, third-party liability, and failure to attract or

retain top talent, the study showed.

Increasing competition, commodity price risk and cash flow/liquidity risks were new entrants in the top 10 list since Aon's 2007 survey.

Geographically, economic slowdown was ranked the top concern of risk managers in Asia Pacific, Europe, Latin America and North America, and was the second-biggest concern in the Middle East and Africa after business interruption, according to the survey.

Aon surveyed 551 companies from 40 countries during the last quarter of 2008.

Of respondents, 60% said they believed they were prepared to face the risks arising from the economic slowdown, and overall risk preparedness for the top 10 risks has increased to 70% from 60% since the last survey, Aon said.

TOP 10 RISKS

Biggest concerns of risk managers, chief risk officers, chief financial officers and others among organizations participating in Aon Corp.'s 2009 "Global Risk Management Survey."

1. Economic slowdown
2. Regulatory/legislative changes
3. Business interruption
4. Increasing competition
5. Commodity prices
6. Damage to reputation
7. Cash flow/liquidity
8. Distribution, supply chain failure
9. Third-party liability
10. Failure to attract, retain top talent

Source: Aon Corp.

More than half of respondents, 57%, said they had experienced a loss of income associated with the economic slowdown during the past 12 months.

Almost a quarter, 24%, said they had experienced loss of income because of regulatory/legislative changes, while 30% said they had suffered a loss of income caused by business interruption.

"You're seeing the fundamental effects" of the global economic downturn, said Stephen P. McGill, chairman and chief executive officer of Aon Risk Services, the retail brokerage division of Chicago-based Aon Corp., in an interview.

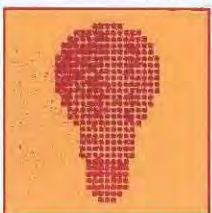
He said the 2009 global risk survey yielded some surprises.

For example, reputational risk dropped from the top concern in 2007 to the sixth-most pressing concern in 2009. That drop emphasizes the increased importance of the economic slowdown on companies, Mr. McGill said.

One significant trend highlighted by the survey is the growing importance of risk as a board-level issue.

He said about nine in 10 respondents to the survey said their boards now are involved in looking at risk. "That isn't going to change anytime soon," he said.

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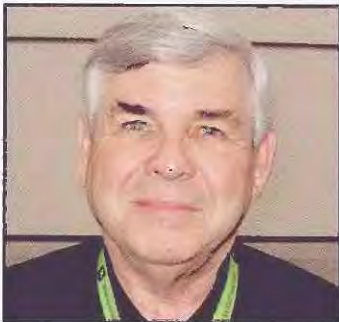
Q: As a risk manager, what is your biggest concern for the rest of this year?



Jonathan Childs

RISK MANAGER
INSURANCE AND RISK MANAGEMENT
TRIMONT REAL ESTATE ADVISORS
ATLANTA

The cost of insurance. As a property and real estate asset management company, the cost of insurance is probably the No. 1 priority that we have to consider every renewal. This year in particular, with the market hardening and with it getting tougher and tougher to get competitive rates, it will be interesting to see how things pan out for us.



Joseph B. Gillian

DIRECTOR OF LOSS CONTROL
INJURED WORKERS INSURANCE FUND
TOWSON, MD.

From an employee standpoint, it's more wellness than anything else, because we have an aging workforce and we're concerned about the impact of health conditions with our employees—things that impact our health insurance and impact workplace activities in regard to safety and injuries.



Karen A. Cordes

DIRECTOR OF RISK MANAGEMENT
WAUKEGAN PUBLIC SCHOOLS
COMMUNITY UNIT SCHOOL DISTRICT NO. 60
WAUKEGAN, ILL.

My biggest concern for the next year is the economic impact on our budget for the 2009-2010 school year.



Alvin McCathen

RISK MANAGER
FINANCE AND ACCOUNTING
ARMY & AIR FORCE EXCHANGE SERVICE
DALLAS

Our greatest concern would probably be making sure the insurers pay out claims when they occur.

toDO

[CONFERENCE HIGHLIGHTS]

Tuesday

Sessions
9 a.m.-10:30 a.m.

Workshops
9 a.m.-11:30 a.m.

Sessions
10:45 a.m.-12:15 p.m.

Leadership Keynote Luncheon
12:15 p.m.-2 p.m.
Speaker: John Kotter
author, leadership consultant

Sessions
2:15 p.m.-3:45 p.m.

Exhibit Hall Wine and
Cheese Reception
3:45 p.m.-5:00 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



RIMS Thought Leaders

Richard Roberts is the director of enterprise risk management for the Risk & Insurance Management Society Inc. and the corporate risk manager for Ensign-Bickford Industries Inc. in Simsbury, Conn. Mr. Roberts recently discussed with Business Insurance the ongoing development of enterprise risk management.

ERM programs seek to promote philosophy of risk management

Q: How widespread is ERM today? Are some firms more suited to ERM than others?

It seems that the range is anywhere from half to three-quarters of companies have said they have looked at or are putting ERM in place, which is great. The other side of it is, nobody is saying they have a fully implemented ERM program, which quite honestly may never happen, because enterprise risk management is supposed to be ongoing—looking for improvements, laying in new processes as new risks appear. So that answer isn't surprising. People probably shouldn't be saying that they have a fully implemented ERM program, because you may never get there. It's a journey and a journey that may never end.

Q: What forces are driving ERM adoption?

I would hope that people are seeing the benefit of ERM. In RIMS' opinion, from what we see in the (ERM) committee, ERM is a better way to look at risk—it is more all-encompassing. It gets more people involved in risk, and that's always been a goal of risk management: to get risk

management thinking and risk management philosophies built in throughout an entire organization. So when you look at it on an enterprise basis, it should get everyone more involved, and it should get everybody on the same playing field in trying to achieve the same goals.

Q: What is RIMS doing to assist its members in understanding and embracing ERM concepts and approaches?

What's out there is a number of tools, which are forms you can use that go through the process that lay (ERM) out for you. There are all kinds of articles and resources out there. There's also an ERM e-group. So, if you have an ERM question, you can put it (online) and you may get half a dozen hits with a good answer on your question. The RIMS ERM Development Committee is a group of 10 people that are looking at new tools to put out on the Center of Excellence, which includes an ERM charter. It's a document that people can use to tailor to their own company.

Q: What are the keys to successful

implementation of an ERM program?

ERM really is a concept that has to be bought into by the senior management all the way up to the board of directors. ERM is really different for every company. You have to (put) in your own processes and you have to know your own culture. You have to know what things will work and not work.

It's really knowing your organization and tailoring your plan so you do get buy-in from the top of the company all the way down to the shop floor.

There seems to be a lot of reliance on financial modeling, and you can't rely just on those financial models. You have to go deeper and use subjective information along with those models and really know at what point you're teetering on a risk that could become a big risk and a potential failure.



LISTEN
to a podcast of this interview with Richard Roberts, director of ERM for RIMS online at www.BusinessInsurance.com/RIMS2009

HOMETeam

[LOCAL RIMS VIEWS]

Addressing windstorm risks and associated market challenges might be a particular concern for risk managers in central Florida, but constantly promoting the value of a risk management program is one the share with their counterparts everywhere, says the president of the Central Florida Chapter of the Risk & Insurance Management Society Inc.

"Obviously, wind is a little bit of an issue that we have here in Florida. Just trying to deal with what's going to happen in the property market is always a challenge for us," said Richard



Richard Broderick,
Director of Risk Management Harris Corp.

Broderick J. director of risk management at Melbourne, Fla.-based communications and information technology company Harris Corp. "Just trying to keep risk management

alive and well at your organization is always a challenge," Mr. Broderick added.

The risk management program can be a priority for many companies when times are good, Mr. Broderick said. In an economic downturn, however, you haven't done a good job of explaining your program to the company, you're likely to get it cut."

All of that puts a premium on communication as well as professional education, Mr. Broderick said.

"Something like the RIMS conference is important there. It brings a lot of good people together," he said. The annual gathering provides educational opportunities and the chance for risk managers to benchmark their programs against those of their peers, Mr. Broderick said. The event also provides opportunity to learn from the experiences of others and a chance to "share war stories," he said.

—By Rodd Zoll

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Questions & Answers

Mark D. Oldham is administrator for the Risk Management and Insurance Practice Specialty of the Des Plaines, Ill.-based American Society of Safety Engineers. He discussed with Business Insurance some of the workforce challenges arising from the recession, as well as the arguments for maintaining sound safety and return-to-work efforts regardless of economic conditions.

Workplace safety important for workers, company's bottom line

Q: As fewer employees are doing more work, does that mean there's more potential for some employees to face more injuries?

Anytime you have...fewer people doing more work, there's going to be more stress involved. We need to be aware that that's a potential emotional stress and, specifically in workers compensation, there very well could be situations where a company is looking at a reduction in force. And because of that, some employees might be more inclined to report an injury that they would not have reported

prior to that. That means employers are going to have to make sure that their disability management and early return-to-work efforts stay in place, vibrant and effective.

Q: What else do employers need to do?

I recall (an insurer) study that was done within the past 18-24 months that showed the return on investment for employers and their safety, health and environmental programs is always positive.

So if you are looking at your return on equity in a purely numerical and financial basis, you have to be cognizant that the

money spent on maintaining your safety awareness and maintaining your accident-prevention programs is going to have a positive return on equity no matter what the economy is doing.

Q: So it's a good argument risk managers can make to the CEO?

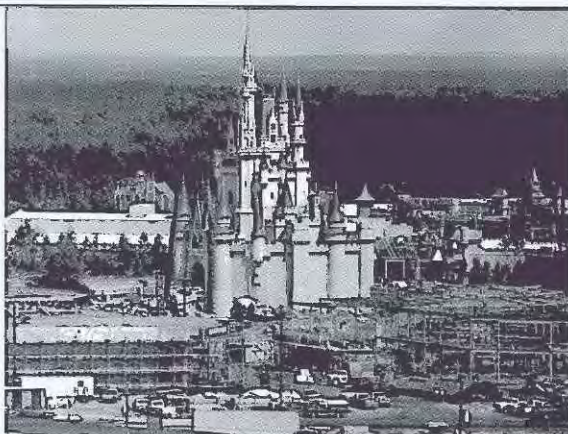
The humanitarian aspects of people coming home from work in the condition that they left to go to work is wonderful, and there isn't a company in the world that doesn't subscribe to that philosophy.

But we have to be able to show them (the bottom-line benefit of safety).

aboutTOWN

[ORLANDO FACTS]

Walt Disney World began operations in 1971, when Roy Disney, older brother to Walt, opened a Disneyland-style theme park in Florida. Throughout the years, Walt Disney World was expanded and now is home to four theme parks—Magic Kingdom, Epcot, Disney's Animal Kingdom and Disney's Hollywood Studios—as well as a host of other attractions, including water parks, shopping areas, and restaurants and clubs.



AP PHOTO



Seasons 52 is one of Orlando's healthy dining options.

localFLAVOR

[B/ RECOMMENDS]

Seasons 52

7700 Sand Lake Road
407-354-5212

Looking for a healthier alternative for a business lunch or dinner? Consider Seasons 52.

The restaurant, which is located in an upscale outdoor shopping center, features a menu that emphasizes fresh, local and seasonal ingredients.

And the restaurant says every meal is less than 475 calories and is nutritionally balanced.

Edamame lovers will enjoy the whole, steamed edamame appetizer served with Japanese green tea salt. The starter salad selections include toasted-almond tabbouleh with fresh mint, lemon, cucumbers, tomatoes and sun-dried cranberries. Starters range from \$4.75 to \$11.50.

The caramelized sea scallops served with roasted asparagus and sun-dried tomato pearl pasta, and the tiger shrimp penne pasta with seasonal vegetables sautéed in a lemon-basil sauce, are tasty, satisfying dinner selections. Entrees at Seasons 52 range from \$11.50 to \$26.95.

In keeping with the restaurant's health-conscious approach, desserts are referred to as "mini-indulgences," served in portions of about three bites.



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<http://disneyworld.disney.go.com/parks/epcot/>

Starting with its name, Epcot is a different kind of Disney world.

Short for Environmental Prototype City of Tomorrow, Epcot was Walt Disney's vision of a thoughtfully organized community for Disney employees—Epcot would be a world unto itself raising its own food and providing medical care to residents.

Although the death of Walt Disney in 1966 ended those dreams of a utopian city, Disney developers put together a complex of pavilions that showcase U.S. industry and the cultures of foreign countries.

Even though Disney's vision was not realized, decades after its opening in 1982, Epcot retains a futuristic appearance, symbolized by Spaceship Earth, the 180-foot geodesic sphere that is the equivalent of Magic Kingdom's City Hall.

The park is neatly divided: Future World, where the theme is mankind's past,

present and future, and World Showcase, which features numerous foreign pavilions with culture and cuisine from around the world.

For many, the highlight of Future World is Spaceship Earth, which refers to Epcot's structure and a 15-minute ride that traces developments in communications from cave paintings to space communications and computer networks.

On the left side of Spaceship Earth is the Universe of Energy, where pavilion seats become passenger traveling cars that glide through a rain forest and swamps, while the passengers feel the moist air.

On the other side of Spaceship Earth is the Seas with Nemo & Friends Pavilion. It includes a huge aquarium, which houses sharks, dolphins, sea turtles and sting rays. Entering the pavilion, visitors can go straight to a ride through the aquarium where

special effects make it appear that the animated characters of Nemo & Friends fame are swimming with the real fish.

Next, visitors can move on to the Land Pavilion, whose theme is environmental issues.

Nearby is Imagination! Pavilion, which includes "Honey, I Shrank the Audience"—a 3-D offshoot of the Disney movie. Moviegoers don 3-D glasses and are treated to a variety of special effects.

A short walk away is the Test Track Pavilion, which includes transportation-related exhibits and an automobile test track simulator ride.

Test Track Pavilion is the last stop before entering the other half of Epcot: World Showcase, which includes pavilions from nine foreign countries; and one from the United States. The pavilions replicate the distinctive landmarks such as France's Eiffel Tower and the pagodas of Japan.

—By Terry Geisel

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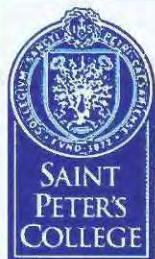
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Marsh: Buyers alter programs to deal with tough economy

CONTINUED FROM PAGE 3

68 executives from midsize to large organizations for the survey—the sixth in a series.

Among key findings, only 10% of respondents said they foresee significant changes to risk management spending as a result of the global economic crisis. Forty percent said their spending will be slightly lower in 2009; 26% said it would be slightly higher; and 24% expected no change. While the challenging economy may not significantly affect overall spending, it's driving a shift of the dollars within risk management budgets.

According to the survey in which respondents could choose more than one answer, 39% said they anticipate increasing their loss control efforts this year as a result of the economy; while 37% said they anticipate marketing portions of their insurance programs. Thirty-

six percent said they have replaced or expect to replace insurers on their programs based on the perception of an insurer's financial condition. Thirty-one percent said they have or will undertake an "optimization" review of risk retention vs. risk transfer.

"There's a lot more rationalization going on" as a result of the economy, said Rick Roberts, director of RIMS' enterprise risk management development committee.

Risk managers, for instance, may find that the most efficient buy is to double the company's retention, take the premium dollars saved and put them toward loss control.

"That would be a wash on risk management cost, but (the costs are) shifting around all over the place," said Mr. Roberts, who also is corporate risk manager for Ensign-Bickford Industries Inc. in Simsbury, Conn.

While risk managers may be fo-

36%
of respondents said they have replaced or expect to replace insurers on their programs based on the perception of an insurer's financial condition.

"If risk management is viewed as focusing on those risks that aren't of concern to executive management, they are viewed as out of the loop," Ms. Rogers said. "It's the risk manager's job to make certain they're in line with what executive management is thinking about."

At the same time, however, the survey showed few organizations have plans and policies in place to address brand and reputational risks, which presents a great opportunity for risk managers, Ms. Rogers and Mr. Roberts said.

cused on a more efficient risk management program, their top concern is out of synch with corporate executives, the survey found.

Twenty-four percent of risk managers cited brand and reputational risk as their biggest concern; however, 30% of the corporate executives said they are most worried about business continuity and crisis management, the survey found.

Such a disconnect will only hamper efforts at elevating the importance of risk management within an organization, said Pam Rogers, senior vp and a managing consultant for Marsh in Minneapolis.

Although it may be difficult to put a process around brand and reputational risk given all the different scenarios that can affect it, risk managers can take an enterprise risk management approach to identify those things that could hurt a company's brand and reputation and "go attack each one and put a process around it," he said.

Findings from the "Excellence in Risk Management VI" study will be discussed during an educational session Tuesday at RIMS' annual conference in Orlando, Fla.

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RIMS President Joseph A. Restoule, center, presents Marley Drainville and Al Gorski with the Ron Judd Heart of RIMS Award on Monday in Orlando.

Awards: Salute to top risk managers

Continues from page 1

achievements are the losses that didn't happen and the opportunities that our organizations decide to take because of the skills we bring. Everything that RIMS involved me in—from chapter leadership to enterprise risk management—made me a better risk practitioner and leader."

RIMS President Joseph A. Restoule announced the award, saying: "I'm very touched as all of you are. Carol is a close personal friend. I entered into my RIMS career with Carol. We embarked on a journey together."

RIMS recognized several other individuals during the RIMS 2009 Award Luncheon, held Monday afternoon at the conference.

The Richard W. Bland Memorial Award was given to Robert Cartwright Jr., who is loss prevention manager at Bridgestone Americas Holding Inc. and who serves as a member of RIMS board of directors. That award, which was established by RIMS Kansas City Chapter, recognizes efforts in the areas of legislation and regulation.

In addition, the Ron Judd Heart of RIMS Award was presented to two individuals: Marley Drainville, risk manager at Enerplus Resources Fund, and Al Gorski, risk manager at the Orange County Transportation Authority. The award, which was established in tribute to the legacy of former RIMS Executive Director Ron Judd, recognizes the achievements of individuals furthering risk management at the chapter level.

The Arthur Quern Quality Award, which honors innovations within the risk management community, was given to Lawyers Insurance Fund, the Law Society of British Columbia for its Beat the Clock publication.

The Cristy Award was given to Lori Kahwache, corporate risk manager at BlueLinX Corp. The award acknowledges the individual who scored the highest on three exams for the Associate of Risk Management designation.

In addition, RIMS and *Business Insurance* presented the 2009 Risk Manager of the Year Award to Fred O. Pachón, who is vp of risk

management and insurance at Select Staffing Inc. RIMS and *BI* also announced the 2009 Risk Management Honor Roll, which comprises Raymond J. Alletto, vp of risk management at United Rentals Inc.; Lori Jorgensen, senior director of finance/risk management at Microsoft Corp.; and Gary W. Langsdale, university risk officer at Pennsylvania State University.

Many individual RIMS chapters also were recognized during the lunch, including several that received the Outstanding Chapter Programming Award. Those were: RIMS Central Florida Chapter, RIMS Chesapeake Chapter, RIMS Chicago Chapter, RIMS Golden Gate Chapter, RIMS Houston Chapter, RIMS Los Angeles Chapter, RIMS Minnesota Chapter, RIMS Nevada Chapter, RIMS Rocky Mountain Chapter, RIMS South Texas Chapter and RIMS San Diego Chapter.

Several other chapter awards also were presented, including the Overall Chapter Excellence Award, which went to the RIMS San Diego Chapter.

Restoule: RIMS works to connect with membership

Continues from page 1

couldn't be here."

Ms. Roth said the RIMS community goes well beyond the annual conference, being shaped by chapter and regional RIMS meetings; the "virtual" conference the organization offered last year; webinars; and RIMS' relaunched networking Web site, which emulates popular social networking Web sites and allows RIMS members to form online networks or groups with their peers.

Ms. Roth also said RIMS will offer a new enterprise risk management educational program in partnership with the American Institute of Chartered Property Casualty Underwriters and the Insurance Institute of America. The new program is aimed at helping experienced risk managers implement and advance ERM programs in their organizations.

The course, which will be offered starting in 2010, will allow risk managers who've earned their Associate in Risk Management designation the chance to earn the ARM-E designation.

In his presidential address, Mr. Restoule echoed the "challenge" posed in the theme of this year's RIMS gathering, Challenge Your Risk I.Q.



Ms. Roth

Mr. Restoule said "risk is indeed everywhere," and "it isn't that risks really emerge, they seemingly come out of nowhere," leaving risk managers to deal with those new exposures.

In response, he told attendees they should try to increase their knowledge of traditional risks and anticipate new exposures. By doing so, "You have gone beyond the process of managing risk; you're taking on new roles. This is not about what's been done in the past or what's worked in previous situations, the RIMS president said. "Instead, it means taking a different or innovative approach."

Mr. Restoule conceded that the economic climate makes it "more challenging" for risk managers looking to expand their roles, but suggested they should "definitely consider how you can stretch yourself as a risk manager." He invited RIMS members to tap the network of talent available in the organization and said, "Thoughtful and effective leader recognizes the value of other perspectives and viewpoints."

"Take yourself out of your comfort zone, and I challenge you to challenge yourself," Mr. Restoule said. "I ask you, Do you have the courage to lead? And I challenge you to challenge your risk I.Q."

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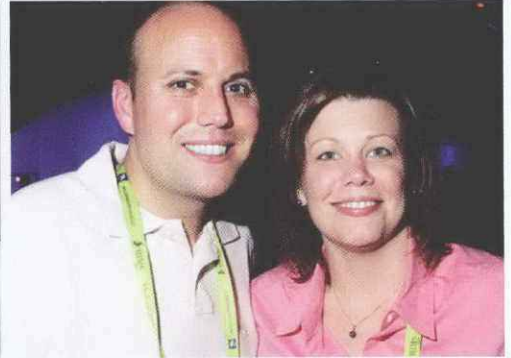
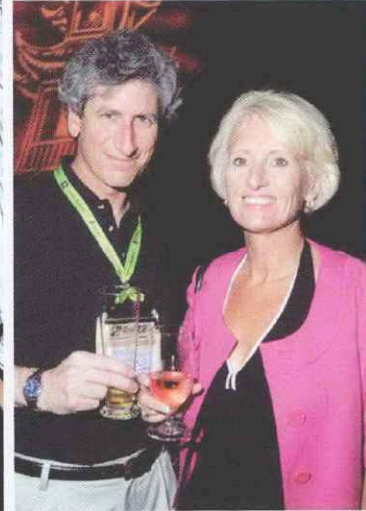


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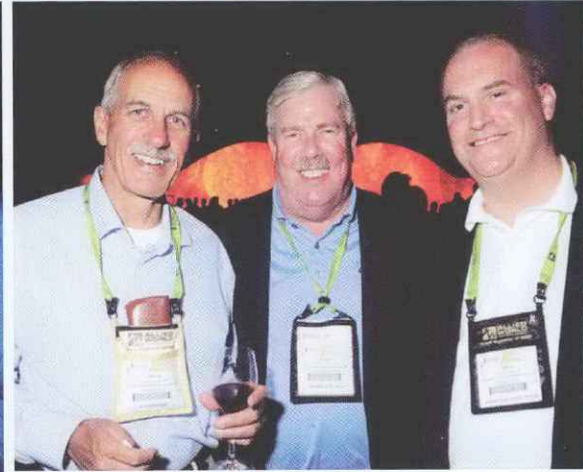
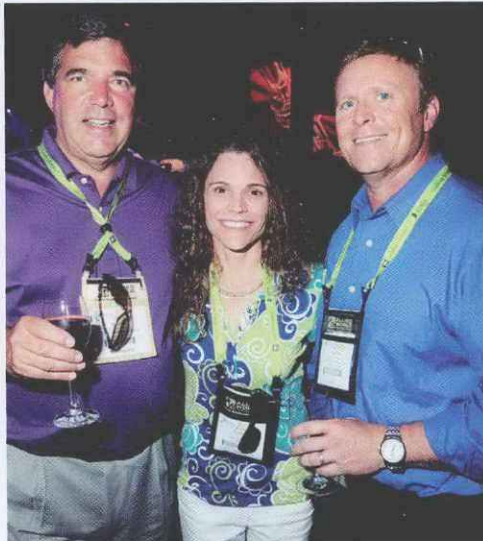
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NEWS IN BRIEF

[AT PRESS TIME]

CONTINUED FROM PAGE 1

in London, has been named CEO of Hiscox USA in New York. Bronek Masojada, chief executive of Hiscox, said the move was part of the insurer's plans to grow its retail business in the United States. "The goal is to grow the business from about \$100 million in premiums to \$200 million this year," he said.

RIMS to develop advanced ERM course

An enterprise risk management educational program aimed at experienced risk managers is being developed by the Risk & Insurance Management Society Inc. and the American Institute for Chartered Property Casualty Underwriters and the Insurance Institute of America. "Enterprisewide Risk Management: Developing and Implementing," will be designed to help risk managers design and manage an ERM program in their organization.

Allianz issues U.S. cat bond

Allianz S.E. has issued a \$180 million catastrophe bond to cover the risk of losses from hurricanes and earthquakes in the United States. The securities, redeemable in April 2012, have been issued in U.S. dollars through special-purpose vehicle Blue Fin Ltd. and offer investors a coupon of 13.5% above the three-month London interbank offered rate, Allianz said in a statement. The offering was increased from its original size of \$150 million.

Ascot to open two more U.S. offices

Ascot Underwriting Ltd. plans to open underwriting offices in Chicago and Hartford, Conn. London-based Ascot's only other U.S. office is in Houston. The new offices will focus mainly on property and facultative reinsurance for U.S. clients and brokers. The move will allow Ascot access to business that does not typically get placed at Lloyd's of London, it said in a statement.



around the HALL

Exhibitors at RIMS rolled out a variety of sights and sounds Monday at their booths. Included in the displays were a bus that serves as a SERVPRO mobile storm command center, which the cleanup and restoration company can use to conduct field tests; a sand-sculpting duo at the BELFOR booth; attendees who performed feats of strength at the Chubb Corp. booth; and a chance for college football fans to take a picture with the Liberty Mutual Coach of the Year statue.



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