



WEDNESDAY April 22, 2009

RIMS 2009 ORLANDO SHOW DAILY

Official conference coverage published by **Business Insurance**

NEWS IN BRIEF

[AT PRESS TIME]

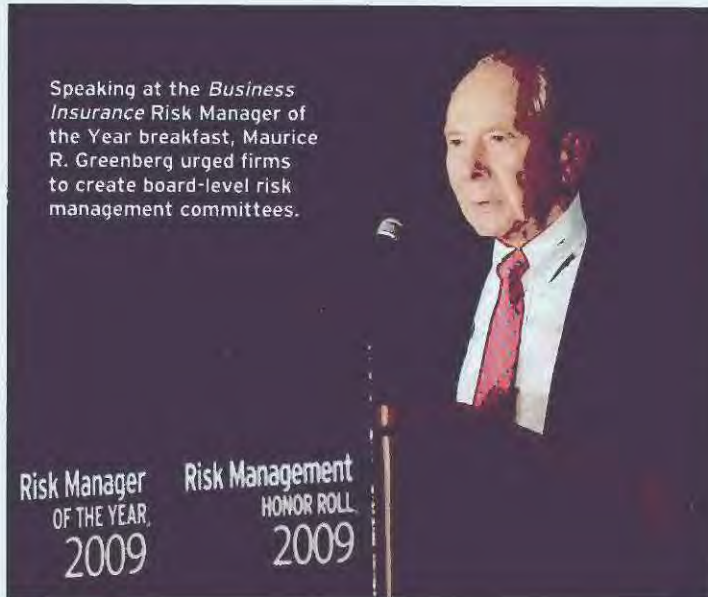
AIG accelerates spinoff of P/C units

American International Group Inc. said Tuesday it will spin off its recently created AIU Holdings unit into a special purpose vehicle in preparation for the possible sale of a minority stake in the business. The move represents an acceleration of a plan announced March 2 that may ultimately include a public share offering for the unit. Under the plan, AIU Holdings will serve as the holding company for AIG's commercial insurance, foreign general insurance and private client group units. AIG Chairman and Chief Executive Officer Edward Liddy said in a statement, "Placing AIU Holdings into an SPV marks the latest significant step to position our strong insurance companies as independent businesses."

P/C insurers still strong: S&P

The global property/casualty insurance sector is expected to maintain a strong level of capital

See **NEWS IN BRIEF** page 22



Greenberg calls for financial risk panels

By **SALLY ROBERTS**

Given the circumstances that led up to the recent financial meltdown, corporations should establish a board-level risk management committee, according to Maurice R. Greenberg, chairman and chief executive officer of C.V. Starr & Co. Inc.

Speaking a breakfast where *Business Insurance* and the Risk & Insurance Management Society Inc. presented the 2009 Risk Manager of the Year Award on Tuesday, the former American International Group Inc. chairman said that while there is "enough fault to go around," there is no question that financial firms were not accurately looking at the aggregation of their financial risks, which contributed

to today's economic climate.

"I recommend that every company in the United States that is exposed to the possibility of financial disaster should have a board committee that is called risk management," Mr. Greenberg said. The committee, he said, should be staffed with intelligent people who understand enterprise risk management and should meet on a quarterly basis "to make sure that what happened before does not repeat itself."

During his keynote address, Mr. Greenberg recounted the events that led up to the economic crisis and gave his predictions on how it will affect the property/casualty industry.

See **GREENBERG** page 18

RIMS leaders help members in tough times

By **SALLY ROBERTS**

The Risk & Insurance Management Society Inc. is working hard to help members affected by the economic crisis while grappling with its own challenges as a result of today's difficult times, executives from the New York-based society said.

At a Tuesday press conference, RIMS Executive Director Mary Roth said attendance at this year's annual conference in Orlando, Fla., is off 23% compared with last year's conference in San Diego.

Although budget constraints may have kept many risk management professionals away from this year's conference, RIMS is keeping them abreast of all the latest happenings via new technology platforms such as blogs and Twitter, she said.

RIMS also is enhancing its career center in an effort to help those in the profession who have lost their jobs, Ms. Roth said. The society, for example, has enhanced its tools and resources to help people up-

See **LEADERSHIP** page 18



RIMS leadership is working to offer more services to members.

RIMS Thought Leaders



W. Michael McDonald, RIMS director of professional development, discusses the society's risk management education efforts and what members are looking for from RIMS to help them develop new skills. **Page 10**

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Responsibility. What's your policy?

Insurer woes make solvency top priority

By ZACK PHILLIPS

As concerns rise about the financial stability of some insurers, risk managers are using a variety of methods to mitigate insurer solvency risks, risk managers and observers say.

Risk managers are moving troubled insurers into higher layers of a program, broadening policy cancellation terms, diversifying their insurance portfolio and paying more attention to the financial stability of all insurers, they say.

Jay Stein, vp of risk management at Mercy Health Systems, said that when the primary insurer on of the

'We weren't going to kick (AIG) out completely, but we took them off the primary. They lost a bit of premium, but I think they're probably happy.'

John Floras,
Ontario Power Generation Inc.

network's accounts seemed to be in danger, he moved the insurer to an upper layer.

"So we didn't exclude them, but...we tried to minimize the risk," he said.

This approach may be particularly useful for insurers who have received negative mainstream attention, potentially worrying boards of directors.

John Floras, director of risk management and insurance at Ontario Power Generation Inc., said he and others at his firm met in person with leadership at American International Group Inc. and XL Capital Ltd., two of its insurers, after problems surfaced for each.

Mr. Floras said AIG had been Ontario Power's primary directors and officers liability insurer since it began the program in 1993. But during recent renewals, it moved AIG into its excess layers.

See **SOLVENCY** page 17



RISK MANAGER OF THE YEAR 2009

Business Insurance and the Risk & Insurance Management Society Inc. on Tuesday jointly presented the 2009 Risk Manager of the Year Award. From left, Mary Roth, executive director of RIMS; Paul D. Winston, associate publisher/editorial director of *BI*; Joseph A. Restoule, president of RIMS; Fred O. Pachón, vp of risk management and insurance at Select Staffing Inc. and 2009 Risk Manager of the Year; and Regis Coccia, editor of *Business Insurance*.

Changing world requires adaptable leaders

By MATT SCROGGINS

The differences between management and leadership, as well as the importance of the latter in adapting to change, were among the topics discussed during a lively leadership keynote luncheon Tuesday at the Risk & Insurance Management Society Inc.'s annual conference.

In an interactive presentation that featured several videos and periods of audience participation, author and leadership consultant John Kotter challenged attendees to examine their perceptions of the qualities exhibited by certain company executives—including famed General Electric Co. empire-builder Jack Welch—and to discuss what those qualities suggested about the executives' leadership style.

Mr. Kotter, a Harvard Business School professor and the author



Author and leadership consultant John Kotter set out an eight-step process to aid leaders in succeeding amid changes.

of several books on leadership and change, contrasted the defining aspects of management and leadership.

Management, he noted, is primarily concerned with ensuring that complex systems made up of people and technology run effectively. Leadership, though, is concerned with creating those

systems and transforming them when necessary.

"As the world begins to change—new opportunities, new hazards—it doesn't just rearrange or make marginal changes on the edges" of those systems; "it helps transform them in fundamental ways to take advantage of the opportunities or to duck the hazards," Mr. Kotter said.

In confronting a changing world, "the critical element is leadership," he said.

He also set out an eight-step process to aid leaders in succeeding amid changes: establish a greater sense of urgency, create a guiding coalition, develop a vision and strategy, communicate the change vision, empower others to act, create short-term wins, consolidate gains and produce more change, and institutionalize changes in the organization's culture.

Risk mitigation possible in troubling economic times

By **RODD ZOLKOS**

The economic downturn is increasing exposures across several insurance lines, but companies still can mitigate the risks, a panel of experts said Tuesday.

Gathered during the annual conference of the Risk & Insurance Management Society Inc., a team of Chubb & Son practice leaders discussed multinational exposures; commercial crime, kidnap/ransom and extortion; cyber crime; commercial real estate; and employment practices liability.

Kathleen Ellis, senior vp at the Warren, N.J.-based unit of Chubb Corp. and worldwide manager in the insurer's multinational risk group, noted that supply chain risks could increase as suppliers around the world reduce staff. Companies should communicate more frequently with suppliers to ensure expectations are understood and met, she said, and should have backup suppliers in place.

Greg Banks, vp and crime, kidnap/ransom and extortion, and workplace violence expense product manager, said companies monitoring finances more closely in tough times often discover previously overlooked fraud. Meanwhile, after layoffs, remaining workers "often feel overworked, underpaid," Mr. Banks said. As resentment builds, "a lot of people start to steal to try to get even."

To combat those risks, companies

should have anonymous fraud tip lines and conduct background checks on new employees, he said.

To mitigate growing kidnap/ransom and extortion exposures, Mr. Banks said companies need crisis management teams and 24-hour kidnap and ransom consultants. Employees traveling abroad should keep a low profile, he said.

Tracey Vispoli, vp and global cyber solutions and financial fidelity manager, said growing cyber risk threats come from both inside and outside companies. "The best risk management tip we could give organizations is don't retain information," she said. Companies also should test system defenses regularly.

To offset increased exposures from vacant properties, property owners should maintain those properties so they appear occupied, said Timothy

G. Ehrhart, vp and worldwide underwriting manager of Chubb's commercial insurance real estate industry segment.

"Unprecedented levels" of layoffs are prompting "desperation" among some workers, increasing frequency and severity of legal actions against employers, said Catherine M. Padalino, a vp and employment practices liability product manager.

Companies can mitigate those exposures by making layoff decisions that avoid unintentional discrimination and offering third-party counseling and helping workers find new jobs.

'The best risk management tip...don't retain information.'

Tracey Vispoli,
Chubb & Son

The Risk & Insurance Management Society Inc. announced a replacement speaker for Thursday morning's keynote breakfast. Stuart Varney, a business and financial journalist for Fox News, will deliver a presentation titled "Wall Street: What Happened? Why? What's Next?" The previously scheduled speaker, author Roger Lowenstein, is unable to attend due to a death in his family.



Media changes create reputational risk 2.0

By **MARK A. HOFMANN**

Business as usual has ended and risk managers must recognize that new players can make or break the reputation of their companies, a communications expert says.

Richard S. Levick, president and chief executive officer of Washington-based Levick Strategic Communications, made the point during a discussion of how to manage reputational and headline risk in the Internet Age at this week's annual meeting of Risk & Insurance Management Society Inc.

Businesses no longer

have the luxury of sitting back and waiting to see how a crisis plays out in the traditional media, Mr. Levick said in citing a recent YouTube posting by Domino's Pizza Inc. employees as an example of growing threats to a company's reputation.

Within 24 hours of posting the video of the workers behaving badly with food, hundreds of thousands of people had viewed it, he noted. Domino's, however, did not respond immediately, he said. "Ducking and running does not work," he said.

See **MEDIA** page 18

Risk managers face challenges with insolvency potential

By **ZACK PHILLIPS**

The potential insolvency of insurance companies or other businesses presents many new challenges for risk managers, an expert panel said.

Large company bankruptcies in the first quarter of 2009 have increased 78% over the same period last year, said Glen Boyls, president of Fairfax, Va.-based risk management consulting firm AMX International Inc., during a Hot Topics panel session at the 2009 Risk & Insurance Management Society Inc. conference in Orlando, Fla.

Mr. Boyls said risk assessments

performed before October 2008 should be updated and expanded to include the stability of a company's customers, supply chain vendors and creditors. He also said a company should evaluate the procedures it uses to generate its financial projections and ensure public statements are consistent with information in its financial records.

Corinne Carr, an attorney with Sonnenschein Nath & Rosenthal L.L.P. in Chicago, said risk managers with insolvent insurers need to be ready for frustrating dealings with state guaranty funds. Companies need to dedicate staff to the lengthy

process and monitor their claims on a state-by-state basis, she said. "This is kind of nightmarish for risk managers," she said. "Your expectations in dealing with state guaranty associations should be significant delay...and very limited recovery."

Ms. Carr said policyholders generally can expect to recover workers compensation claims from the state guaranty fund involved with an insolvent insurer, but she said excess, reinsurance and surplus line claims generally are not covered. Many states have provisions excluding policyholders with a "high net worth" from collecting claims

from a bankrupt insurer, she said.

"They believe you are of the size (and) sophistication and means to absorb losses caused by your carrier becoming insolvent so you're essentially denied recovery from state guaranty funds if you are a high net worth insured," she explained. "And it's important to note net worth does not mean...you are profitable."

He also said collateral often becomes a general asset of an insolvent insurer's estate, effectively preventing policyholders from collecting it in full, because of the way the insurer accounted for the money.



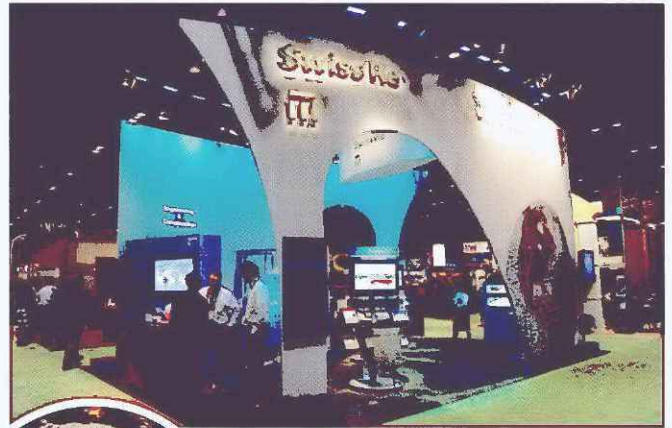
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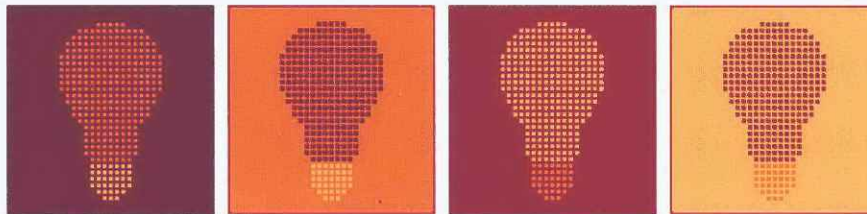
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BEST OF SHOW

The Risk & Insurance Management Society Inc. has selected the exhibitor Best of Show winners for the 2009 Annual Conference & Exhibition. The winners are picked by a group of "seasoned" conference attendees, according to RIMS, with judges weighing various criteria, including presentation of product, creative use of space, and overall design and layout. The winners are shown clockwise in the large, medium and small categories.



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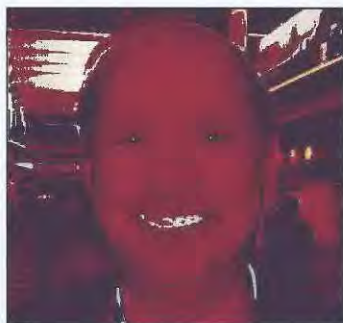
Q: How is your insurance program changing in light of today's economic downturn?



David S. Hershey

RISK MANAGER
LEXA INTERNATIONAL
PORTSMOUTH, N.H.

The biggest change is not our change but the change of one of our principal insurance carriers, AIG. The fact that they are seeing changes in their financial condition, we're compelled to look at alternatives, which results in many cases a restructuring of a good portion of our program.



David G. Schwartz

SENIOR VP
YKK CORP. OF AMERICA
RUTHERFORD, N.J.

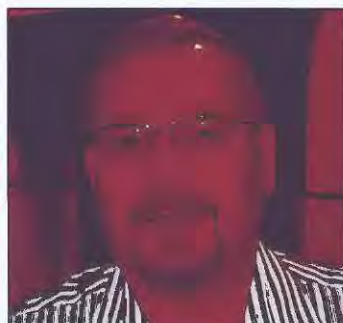
I'm looking more at placing other lines into my captive, which is in Vermont. I'm one of 16 companies in the county that has employee benefits in a captive and I'm looking to place more, like supplemental life and long-term disability.



Kevin D. Lappi

VP-RISK MANAGEMENT
CKE RESTAURANTS
CARPINTERIA, CALIF.

My insurance program hasn't changed at all. We're doing well and we continue to do well.



David Willis

DIRECTOR, RISK MANAGEMENT
PIER 1 IMPORTS
FORT WORTH, TEXAS

We're in retail, so we're having to look at every way we can to save money because the customer traffic flow isn't there like it used to be. In terms of how it translates into our insurance program, we've looked at our deductible levels and our whole claims management system, every provider we use, the adjustment of the claims, anything we can do to see if we can squeeze out any dollars.

toDO

CONFERENCE HIGHLIGHTS

Wednesday

Sessions

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

Workshops

9:00 a.m.-11:30 a.m.

Sessions

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

RIMS 2010 Kickoff

Networking Lunch
12:30 p.m.-2:30 p.m.

Sessions

2:30 p.m.-4:00 p.m.

Offsite Session: Disney

2:30 p.m.-4:30 p.m.

RIMS Presents: SeaWorld

Spectacular
7:30 p.m.-9:45 p.m.
SeaWorld, Orlando



Exhibit Hall Hours

Wednesday

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

*Exclusive exhibit hall hours



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RIMS Thought Leaders

W. Michael McDonald, director of professional development for the Risk & Insurance Management Society Inc. and vp-risk management for Quality Distribution Inc. in Tampa, Fla., recently spoke with Business Insurance about how the financial crisis has put greater focus on risk management and risk managers' professional development.

Professional development key to keep up with today's issues

Q: How do the challenges posed to risk managers by the financial crisis underscore the value of professional development?

Well, I think that probably the current crisis has brought home to risk management professionals that they really need to be current in their profession and they need all the tools they can possibly get to deal with today's challenges in order to help their organization to better manage risk. I think RIMS is a natural place where they would go, because RIMS has a large array of offerings to help them and their company's everyday risk management challenges. Some of the things we have to help them in the current crisis are interactive workshops and webinars.

About a year and a half ago, we started spending a lot of time with webinars, because you can deal with hot topics and current issues immediately and get that information out and it can be interactive.

Q: What are some of the ways RIMS is adjusting professional development programs to address new issues, tap new methods of delivering those programs and

meet changes in workplace demographics?

Every time someone takes a RIMS course, we provide a program evaluation sheet to see if they are learning what they want. We have (online) surveys, and we learn from personal interviews with risk managers to see what knowledge and skills they feel they need to be successful in their jobs.

It's interesting that with all the talk about webinars and online courses, we found out that many of our members prefer the live workshops and courses that RIMS offers, although at the same time we are expanding our offers of the webinars and...online interactive minicourses in order to keep costs down, and that's what it's all about these days.

Q: What are risk managers asking for most often?

The No. 1 request that we get is education on enterprise risk management. That education can be all the way from a basic course on what it's all about and (how) it would work in (their) company, to the more sophisticated courses.

Q: Do you believe most employers are supportive of risk managers' professional development efforts?

I think the biggest indicator that employers are supportive of professional development is: In 2008 we had more than 1,000 attendees participate in our professional development courses. That is the most that we've had in our history. There's been a gradual...escalation each year in the number of people that are participating. Last year, most...of the people who took our courses were supported financially by their employers.

This year, as the economic crisis has deepened, we've noticed that a lot of risk managers are attending programs that are right in their area, and we try to move these programs around to different regions in the country so that not only do we pick up local registrants, but people don't have to travel very far.



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www.BusinessInsurance.com/RIMS2009

HOMETeam

[LOCAL RIMS VIEWS]

The economic downturn probably has affected risk managers in every type of organization, but the environment can be particularly challenging for those facing the budget constraints of a public entity.

"We're a public entity, so we're having to deal with the economy," said Susan Martin, fiscal adviser in the risk management division of Orange County, Fla.

Fortunately, however, Orange County officials recognized the economic downturn's potential impact early on and moved to make adjustments that allowed it to keep its risk management programs in place, said Ms. Martin, who's also vp and



Susan Martin,

Fiscal adviser
Orange County, Fla.

treasurer of the Central Florida Chapter of the Risk & Insurance Management Society Inc. Orange County is almost completely self-insured, with the excess coverages it has in place

attaching only at very high levels, Ms. Martin said. The county's risk management effort paid particular dividends in that the county was able to reduce reserves by \$1.6 million last year, she said.

The county's risk management division is divided into three areas: claims administration; insurance and contracts; and safety, environmental and loss prevention.

"Our safety guys are out there every day, getting the word out, teaching the classes, doing inspections, that kind of thing," Ms. Martin said. "It's kind of hard to do risk management from behind a desk."

Ms. Martin said she's excited that the annual RIMS conference came to Orlando. "I probably wouldn't have been able to go this year if it wasn't here," she said.

—By Radd Zolke

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Questions & Answers

Richard D. Tuschman is a Miami-based attorney with Epstein Becker & Green P.C. who specializes in employment law. Recently, he spoke with Business Insurance about key developments in employment liability.

Employment liability lawsuits on the rise as layoffs escalate

Q: What trends do you see in the employment liability area?

The two major trends I see are a rise in discrimination charges—which has been reported by the Equal Employment Opportunity Commission, and we're starting to see that in litigation as well—and in wage-hour lawsuits.

Q: And what are driving these trends?

I think the economy is one major factor. As more employees are being laid off, a certain percentage of those will choose to file discrimination lawsuits. An-

other factor, especially with respect to wage-hour litigation, is that, frankly, I think a lot of plaintiffs attorneys are seeing that this is a very lucrative field to get into.

Q: What should employers be doing in response to these trends to avoid litigation?

With respect to discrimination issues, make sure employees—especially supervisors and managers—know the rules, the do's and don'ts of employment discrimination. They may seem like common sense to people who have familiarity with the issues, but it's not intuitive to

some people. Second, employers, when laying off employees or reducing hours, should ensure that they get releases from employees where appropriate.

There are documents—specifically, releases—that employers can obtain for employees in exchange for some consideration which will provide some level of protection to employers. And, with respect to wage-hour issues, employers should ensure that they are complying with the Fair Labor Standards Act and any local laws.

And if employers are uncertain about that, they can conduct audits to ensure that employees are classified properly as to exempt or nonexempt status and that they're being compensated properly.

aboutTOWN

[ORLANDO FACTS]

In 1989, the city known for the Magic Kingdom entered the realm of professional sports when the Orlando Magic began its first season in the National Basketball Assn. The Magic is Orlando's only professional sports team and, after several losing seasons, the team anchored by center Dwight Howard made it to this year's NBA playoffs. The Magic has been home to many NBA stars, including Shaquille O'Neal, Anfernee "Penny" Hardaway and Grant Hill. The Magic play at Amway Arena.



Orlando Magic center Dwight Howard is the team's star player.

REUTERS



JERRY GEISEL

Cafe D'Antonio Ristorante offers a variety of Italian cuisine.

localFLAVOR

[BI RECOMMENDS]

Cafe D'Antonio Ristorante

691 Front St., Celebration
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For an Orlando dining experience that is likely to please everyone in a group of colleagues, clients or friends, try Cafe D'Antonio Ristorante in Celebration, the charming Florida town developed by the Walt Disney Co.

Local restaurateur Greg Gentile opened this restaurant at the request of the Celebration Co., the Disney unit that developed the town.

Cafe D'Antonio, named for the owner's father who Mr. Gentile said taught him about the restaurant business, is a charming, white-tablecloth establishment featuring specialties from all regions of Italy.

Pasta dishes range from the simple—penne with tomato sauce—to the complex—wide ribbon pasta tossed with salmon, peas, brandy and mascarpone cheese.

The pasta entrees run from \$10.95 to \$17.95, and the menu also features a variety of veal, poultry, meat and seafood.



Labeling your risks and managing them are two different things.

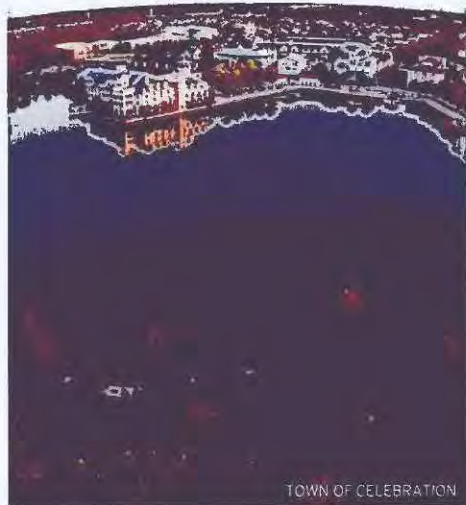
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TOWN OF CELEBRATION

Celebration

FOUNDED: 1994
RESIDENTS: 9,000
www.celebration.fl.us/towninfo.html

Put aside concerns about the next renewal period, thoughts about enterprise risk management or discussions about reducing workers compensation claims. Visit the town of Celebration, Fla., and drink in the optimism and nostalgia for a slower-paced era when neighborhoods were neighborly.

Celebration, which was founded in 1994 and became an unincorporated town in Osceola County in 1996, was developed by the Walt Disney Co.

Walt Disney's concept originally was meant for Epcot. Mr. Disney's idea, according to Celebration-related Web sites, was to provide a place where people could live, work and play.

The goal, successfully achieved, was to have an early 20th-century feel with an old-fashioned main street. Most homes have front porches to promote interaction among

neighbors. "Celebration is conceived as a small Southeastern town with pre-1940s architecture," according to information from the Web site of Lincoln Property Co., the town center manager.

The Celebration community Web site, however, offers a more modern perspective: "Celebration has successfully combined education, health, community, technology and architecture into a community with a strong sense of self. World-renowned architects designed Celebration to be a new and exciting place to live, work and play."

The town has won several awards for various aspects, from landscape architecture to infrastructure.

Downtown Celebration's focal point, a beautiful and relaxing spot, is Lake Evalyn and the promenade around it. On one side of the lake is a public gathering place with benches and a large fountain,

a great place to sit and unwind. On another side sits the charming Celebration Hotel. Some Front Street restaurants offer al fresco dining with lake views.

After relaxing and enjoying a delicious meal at one of the great eateries, browse the shops on Market Street, downtown's main street.

Celebration's sports and recreation features include an 18-hole public golf course, walking paths and nature trails. Celebration also hosts many family-oriented community events, such as the Great American Pie Festival.

The town's 9,000 residents live in 4,060 homes of various styles and sizes, including estate homes, condominiums and townhouses.

Celebration is located south of U.S. 192, adjacent to Interstate 4. Allow about 30 minutes to drive from downtown Orlando.

—By Roseanne White Geisel

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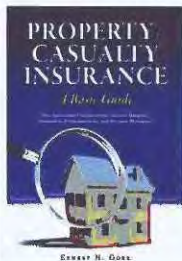
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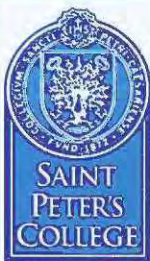
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Solvency: Insurer woes prompt risk mitigation efforts

CONTINUED FROM PAGE 3

"We weren't going to kick them out completely, but we took them off the primary," he said. "They lost a bit of premium, but I think they're probably happy."

The stability of insurers is especially important for D&O coverage, said Patrick T. Finnegan, a New York-based principal at consultant Towers Perrin.

"If you ask the typical risk manager not, 'What is your biggest risk?' but, 'What's the insurance that's crucial to keeping your job?'" the answer is D&O, he said. "If you can't tell (internal management it is) satisfactorily insulated from shareholder suits, your job is in question."

Mr. Finnegan said some concerns about insurer solvency may be an overreaction to the problems that have surfaced for a few insurance companies. But he said risk managers with that concern

'You've got people who for 10, 15 years...were just going along, renewing the same programs, just listening to whatever their broker told them...saying, "Well, now I've got new pressures on me. I've got to take another look at my entire insurance program."'

Cort Malone,
Anderson Kill & Olick P.C.

should evaluate factors such as whether any of their insurers suffered a credit downgrade; have their credit rating under review; have made any major, disappoint-

ing announcements recently; and whether they have a track record of restating reserves.

Many risk managers said they rely on their brokers for help with this sort of evaluation.

Gary Escobar, risk analyst at CPS Energy, said his company has an internal group that assesses the financial stability of its insurers. But he said he also relies a lot on brokers, not only to judge whether an insurer is financially sound enough to pay claims but also to relay how CPS Energy's competitors are handling a troubled insurer.

Some risk managers use brokers to help structure creative solutions.

"What we've done is explicitly asked our brokers to put more elaborate 'out' clauses in our policies," said Todd Riplinger, risk manager at Springfield, Ill.-based Memorial Health Systems.

Mr. Riplinger said that during recent renewals, he sought a clause allowing the company to drop its

insurer for no cause with 120 days notice. "(The clause is) so we can get out quicker and easier without penalty."

The credit crisis has been eye-opening for many risk managers, said Cort Malone, a New York-based attorney at Anderson Kill & Olick P.C.

"You've got people who for 10, 15 years, whatever it was, were just going along, renewing the same programs, just listening to whatever their broker told them...saying, 'Well, now I've got new pressures on me,'" he said. "I've got to take another look at my entire insurance program."

And if an insurer is at risk of becoming insolvent, risk managers need to know how large of a hole in their cover the insolvency would leave and how quickly they could fill it, Mr. Floras said.

"You do your proper risk management and then you roll the dice," Mr. Floras said.

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Leadership: RIMS helps membership

Continued from page 1

grade their resumes and to search for new jobs.

"There's a very strong push to put all available jobs up on RIMS' Web site," Ms. Roth said.

Additionally, because travel budgets have been cut at many corporations, RIMS also is working to make its professional development courses and various workshops more accessible to people through videos, podcasts and webinars, Ms. Roth said.

RIMS is moving the locations for many of its development courses to major cities so people don't have to travel as far. The society also is working with local chapters to ensure education is provided locally for members, she said.

RIMS President Joseph A. Restoule said that given today's turbulent times, leadership is key.

"People need strong leadership. Strong leadership represents hope and it represents a

vision for the future," said Mr. Restoule, who also is leader of risk management for Calgary, Alberta-based NOVA Chemicals Corp.

To bring that message home to risk managers, Mr.

'People need strong leadership. Strong leadership represents hope and it represents a vision for the future.'

Joseph A. Restoule,
RIMS

Restoule said he thought it was "critical to the success" of the conference to have keynote speakers address the topic.

Monday's keynote featured author and change consultant Dennis N.T. Perkins, who outlined 10 leadership and teamwork strategies to survive

extreme hardships. And on Tuesday, leadership consultant John Kotter discussed the importance of leadership in adapting to change.

On another leadership front, Mr. Restoule said he agreed with comments made earlier in the day by Maurice R. Greenberg, chairman and chief executive officer of C.V. Starr & Co. Inc., who said he thought companies should establish a separate risk management board committee staffed with directors savvy in enterprise risk management.

"I thought that was really refreshing," Mr. Restoule said, noting that RIMS agrees with such a board committee.

The question, he said, then becomes: Where do companies find directors with the skills and knowledge necessary to implement ERM as a part of its corporate governance?

RIMS has a vision of being that place where directors will go in the future to access education, knowledge and awareness, according to Mr. Restoule.

Greenberg: Firms need risk panels

Continued from page 1

For example, while it's difficult to predict changes in inflation rates, inflation is inevitable and "obviously is harmful to the P/C industry" as it erodes reserves and makes it difficult to price risk in advance.

In addition, Mr. Greenberg said U.S. commercial real estate values will likely decline further and, as a result, arson losses likely will rise. Employment practice-related claims also are likely to rise as layoffs continue, he added.

Insurers additionally will continue to face challenging credit markets and if corporate balance sheets erode and companies can't raise capital, consolidation within the sector will occur, Mr. Greenberg predicted.

Insurers also may face regulatory reforms, he said, noting that in tough economic times, new regulation tends to be introduced hastily.

"When we introduce new regulation in the midst of a crisis or soon thereafter, we do it wrong. It's emotional. It's not thoughtful and we live to regret it," Mr. Greenberg said.

He said the U.S. Treasury's remedial actions have been "inconsistent," allowing different troubled companies to either be sold, to go under or taken over by the government.

"There was no consistency in policy and we did have a remedy called Chapter 11," he said.

"My point is not to point fingers" as there is enough fault to go around, Mr. Greenberg said. "My point is, let's get it right this time and let's not sacrifice the free enterprise system that has made this country so great."

Mr. Greenberg also specifically spoke about AIG, saying that if he had remained chairman and CEO, the insurance giant "would have been a hell of a lot better" off now.

He described AIG Financial Products Corp., the now infamous unit responsible for AIG's entry into the credit default swaps market, as "a good business" that made AIG a lot of money.

He noted that AIG had an enterprise risk management facility and a credit risk department reviewed AIG's aggregate exposures.

"What happened after I left the company, I don't know," he said. "What should have happened is that after the company lost its AAA rating, it should have stopped writing credit default swaps and hedged their book," he said.

He said that rather than pouring money into AIG and "have it go out the back door to counterparties," the federal government should have guaranteed the financial products subsidiary, and wound down the business over a period of time. "No cash would have been required."



Mr. Greenberg

Media: Reputational risks emerge

Continued from page 4

He said companies still look at traditional media such as newspapers to tell when they face a problem. Today, though, "high-authority bloggers" such as the Huffington Post and the Drudge Report have replaced traditional media. "We are now in the age of accountability," he said.

The high-authority bloggers provide early warning signs of trouble, he said. In addition, the plaintiffs bar has tapped search-term optimization to lead browsers to sites they control. "They're anticipating crisis," he said.

Whoever moves first in a crisis gets to determine who plays hero and villain, he said.

In some cases, it might make sense for a company to hire former regulators as "unimpeachable spokespersons" on their behalf, he said.

He contrasted the way Wall Street reacted to the economic crisis with the way Wall Street leaders—notably J.P. Morgan—responded to the Panic of 1907. The leaders of that crisis responded decisively, but "we do not have that leadership of Wall Street today. We have fear."

"One of the great failures of Wall Street is that they do not understand that the power of New York has moved to Washington," where it will stay for at least four more years, according to Mr. Levick said.

"The cheese has moved. It's

a new day," said Mr. Levick in an interview after the session. The plaintiffs bar and others "effectively control the Internet and that means they control the narrative" during a crisis.

Risk managers need to make sure their corporate management knows about high-authority bloggers in their particular industry, what the most anticipated crisis is and who controls optimization on critical Internet search terms, he said.

Jeffrey Lattmann, managing director of Beecher Carlson Holdings Inc. in Jersey City, N.J., and Raymond J. Alletto, vp-risk management for United Rentals Inc. in Irving, Texas, also participated in the discussion. Ted Dann served as session coordinator.

Risk Manager OF THE YEAR 2009 & Risk Management HONOR ROLL 2009



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Guests at the 2009 Business Insurance Risk Manager of the Year Awards Breakfast



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NEWS IN BRIEF

[AT PRESS TIME]

CONTINUED FROM PAGE 1

adequacy through 2009 despite challenges presented by volatile financial markets, according to a report by Standard & Poor's Corp. S&P analysts said the property/casualty industry "seems to be a positive outlier" compared with other industries in terms of capital stability in today's economic and financial markets. However, S&P notes, insurers could see their capital adequacy diminish due to investment-related volatility, declines in interest rates and poor reserve development in prior years.

Brown & Brown posts mixed 1Q results

Brown & Brown Inc. reported its first-quarter 2009 net income fell 7.2% to \$48 million despite a 2.7% increase in revenues, which rose to \$263.6 million. J. Powell Brown, president of the brokerage, said in a statement that the results "reflect a continued slowdown in the economy, which has caused significant decreases in insurance exposure units." The brokerage continues with its active acquisition strategy and has closed on four deals in 2009, totaling \$12.5 million in revenues, company officials said.

U.K. trade credit claims grow

Some 8,366 trade credit insurance claims were filed in the United Kingdom in the fourth quarter of 2008, up 51% from a year ago, according to the Assn. of British Insurers. The ABI said the value of trade credit insurance claims in 2008 was £360 million (\$517.6 million), up 40% from £257 (\$511.6 million) million in 2007. The ABI published a statement of principles on trade credit insurance, which said decisions on individual credit limits offered to buyers will not be based solely on a particular trade sector, and insurers agreeing to the principles pledge to give a customer as much notice as reasonably possible when stopping or substantially reducing coverage offered.



around the

HALL

RIMS exhibitors' efforts on Tuesday to attract attendees to their booths included a magician performing at the MedRisk Inc. booth; a pop-a-shot-style basketball shooting contest from Paul Davis National; a spin-the-wheel giveaway from M Hayes; and RIMS' "Treasure Trek Passport" drawing, which encouraged attendees to visit different booths with the possibility of winning a two-year lease on a hybrid car, among other prizes.



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