



NEWS IN BRIEF

[AT PRESS TIME]

Sunken oil rig's owner covered for loss, liability

Swiss oil drilling contractor Transocean Ltd. will retain a sizeable portion of losses from an explosion on a drilling rig in the Gulf of Mexico that left 11 workers missing and a dozen others injured. The rig, which subsequently sank and reportedly was leaking oil, was owned by Transocean and operated by BP P.L.C. Transocean said in its 2009 annual report that it carries sizeable deductibles on most insurance coverage, including a deductible of \$500,000 to \$1.5 million on the loss of any drilling rig in its fleet under its insurance program written by commercial market insurers and captives. Transocean said it maintains a \$10 million per-occurrence deductible on crew personal injury liability and a \$5 million per-occurrence deductible on other third-party noncrew claims. A BP spokesman said the oil giant is self-insured for any losses or expenses related to the accident.

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Larry Matanich of Warren Distribution works with kids from the Boys & Girls Club of South Boston during the Community Service Day.

Volunteers work to help local kids

Taking part in the Risk & Insurance Management Society Inc.'s Community Service Day is a great way to help others and also offers an opportunity to forge close bonds with peers, says one risk manager.

"It's a great opportunity to meet folks in the profession in a different context," said Michael Griffin, director of risk management for Starwood Vacation Ownership Inc., who was among around 50 volunteers who gathered Sunday to assemble bookshelves for the South Boston Boys & Girls Club.

"RIMS is geared so much to social (events) in the evening," said Mr. Griffin, who is based in Orlando, Fla., and has participated in several RIMS conference Community Service Day events sponsored over the past four years by RIMS

and Aon Corp. "This is different, and the friendships and relationships that I have formed out of the community service day, frankly, have been far deeper and longer lasting than the ones I've (made) during any other aspect of RIMS."

The bookshelves, stocked with books donated by RIMS conference attendees, will help the local Boys & Girls Club create a small library for members ages 6-12 and advance the club's literacy program, said Tim Bothwell, director of operations for the Boys & Girls Club.

It will allow many of the low-income Boys & Girls Club members to borrow books so they can complete school reading assignments, Mr. Bothwell added.

See **COMMUNITY** page 24

Putts, pucks part of efforts to raise funds

By **RODD ZOLKOS**

Some amateur athletes among the attendees at this year's Risk & Insurance Management Society Inc. conference woke up early Sunday morning to compete for a good cause, taking to the links and the rink to participate in two annual events benefiting the Spencer Educational Foundation Inc.

Pinehills Golf Club in Plymouth, Mass., hosted the 19th Annual Spencer/Gallagher Golf Tournament sponsored by brokerage Arthur J. Gallagher & Co. With two 18-hole championship courses designed by Rees Jones and Nicklaus Designs, Pinehills is listed among Golf Magazine's "Top 10 You Can Play" and received 4.5 stars from Gold Digest.

Sunday's outing drew 72 golfers and raised \$40,000 for the Spencer Foundation. Besting the Pinehills

See **SPENCER** page 26



Golfers took to the links Sunday to raise funds for Spencer.

RIMS Thought Leaders



RIMS President Terry Fleming discusses the society's

priorities as well as the key challenges for risk managers and what RIMS is doing to help its members confront those challenges.

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A LOT OF THINGS CAN HAPPEN IN A MAJOR STORM.
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SWELL'S SEAFOOD RESTAURANT



Catch of
the Day:
Sea Bass
BEEF

When our customer's frozen seafood warehouse was hit by a major storm, it sustained significant roof damage and lost power. Jeopardizing not only the inventory, but the restaurants that depend on it. So while other companies were still assessing the storm's impact, our claims experts were already arranging for repairs and securing refrigerated trucks plus fuel, to preserve the fish. Whether it's responding quickly, keeping you informed, or paying your claims in a timely fashion, we're committed to helping you protect your business before and after adversity strikes. That's our policy. For more information, contact your broker or agent or visit libertymutualgroup.com/property.

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Janet Stein will lead efforts to determine sessions for RIMS 2011.

Stein to guide 2011 program

By MIKE TSIKOUdakIS

Soon after this year's Risk & Insurance Management Society Inc. Annual Conference & Exhibition wraps up in Boston, the session selection process begins for next year's conference in Vancouver, British Columbia.

Janet Stein, director of risk management and insurance at the University of Calgary in Alberta, Canada, and 2011 chair of the RIMS conference programming committee, said program submission forms are accepted as early as the first week in May until the July 9 deadline.

"Usually by then, we have between 1,000 and 1,200 program suggestion forms," Ms. Stein said.

During the RIMS conference, the programming committee listens to

See **STEIN** page 24

ARAMARK's Rodgers pulls pieces together into a stronger whole

By MARK A. HOFMANN

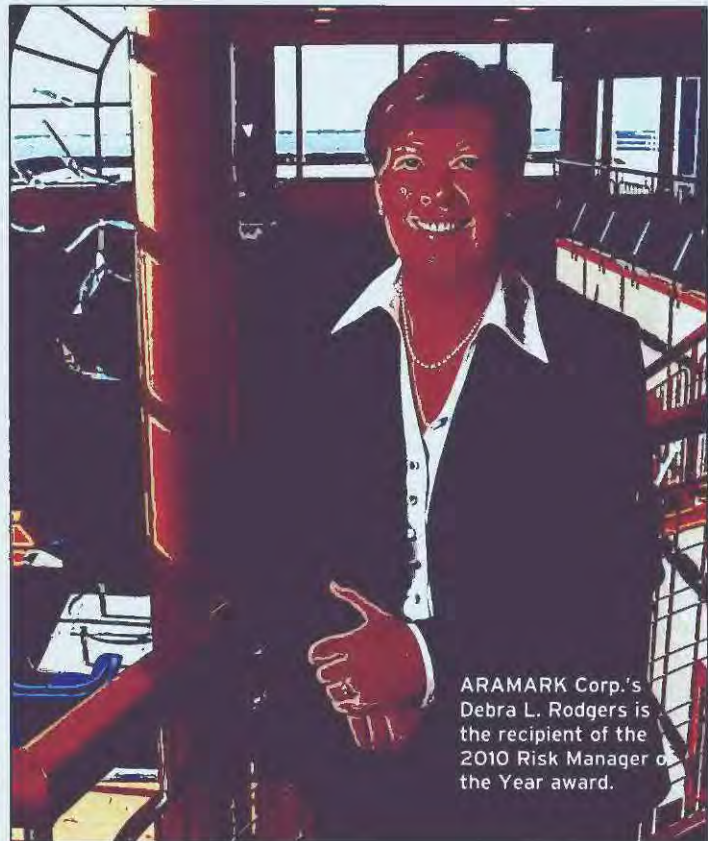
When Debra L. Rodgers joined Philadelphia-based ARAMARK Corp. in 2003 as vp-global risk management, many people referred to the risk management department as the "insurance department," and understandably so.

"When she came here, while the classic risk transfer function was centralized, claims and all the safety programs were somewhat decentralized," said L. Frederick Sutherland, ARAMARK's executive vp and chief financial officer. "It wasn't as effective as it should have been.

"What Debbie's really done, we've been able to pull all of that together into one group. We've been able to upgrade the caliber of the resources of the group and then really tightly couple that group with our businesses," he said.

Such achievements helped Ms. Rodgers win *Business Insurance's* 2010 Risk Manager of the Year award.

As head of risk management for a global company that supplies food services, facilities management and uniform services to institutions ranging from universities to correctional facilities to offshore oil platforms, Ms. Rodgers oversees



ARAMARK Corp.'s Debra L. Rodgers is the recipient of the 2010 Risk Manager of the Year award.

a complex insurance program in which the company, because of the nature of its operations, does not retain as much risk as might

companies of similar size in other industries.

See **RODGERS** page 24

Veterans offer tips for a rewarding first-time RIMS experience

By KRISTIN GUNDERSON HUNT

Thousands of risk and insurance professionals attend the Risk & Insurance Management Society Inc.'s annual conference, making the experience overwhelming for some first-time attendees.

Rick Broderick, director of risk management at Harris Corp., in Melbourne, Fla., attended his first RIMS conference in the late 1980s and recalls being awe-struck.

"I remember being very much in awe of how big it was, how many people were there, how much knowledge and expertise was there, and how good some of the sessions were," he said.

Years later, Mr. Broderick is more goal-oriented and determines in advance the sessions he cannot miss and the people he must meet. Once those goals have been met, he is open to other opportunities. He advises against overscheduling.

"Don't do it all, because you can't," Mr. Broderick said.

Janice Ochenkowski, managing director and director of global risk management at Jones Lang LaSalle Inc. in Chicago, also remembers her first RIMS conference.

"I have a vague memory of being overwhelmed," said Ms. Ochenkowski, who was RIMS president from August 2007 to January 2009. "It actually took attending a few

TIPS FOR FIRST-TIMERS

How to make sure you get the most out of your first RIMS experience

- If new to the risk management field, take lower-level classes at the beginning of the week and build up to higher-level sessions at the end of the week.
- Don't limit yourself to meeting with existing insurers or brokers.
- Don't be shy.

conferences to understand what the full range of benefits might be."

With so many chances to attend sessions, network and have meetings, RIMS Executive Director Mary Roth advises to plan ahead.

"There is a lot to juggle, which is why advance planning is critical," Ms. Roth said. "Having a preliminary schedule enhances the experience."

Ms. Ochenkowski said attendees should prepare for sessions, the exhibit hall and networking by reviewing their goals and objectives for the year, considering special projects they or others in their organizations are working on, and thinking about issues and problems their organization faces.

"It may be a daunting experience for a first-timer, but it's also a fulfilling experience, and the connections they will make will be life-long," Ms. Roth said.

RISK MANAGEMENT HONOR ROLL

World of exposures for risk manager

By ROBERTO CENICEROS

Scott P. Borup is a dedicated risk manager with a tough-yet-fair manner when directing the business partners that contribute to the success of his risk management program, associates say.

Serving as director of corporate risk management for New Brunswick, N.J.-based Johnson & Johnson would require intense dedication and resolve.

The Fortune 50 company has 250 operating units and 115,000 employees at more than 1,000 locations in 57 countries.

Its annual total cost of risk exceeds \$300 million. Its exposures encompass \$60 billion in insured property values, including complex chemical manufacturing plants that contribute billions of dollars annually to Johnson & Johnson's revenue stream.

On the liability front, Mr. Borup must help guard against potential mass tort litigation that could generate billions of dollars in losses stemming from Johnson & Johnson's manufacturing of pharmaceutical products and medical devices.



Mr. Borup

While many people know the company for its consumer products, such as baby oil and shampoo, Johnson & Johnson also is one of the world's largest manufacturers of pharmaceuticals and medical devices.

Mr. Borup can find himself settling a claim for property damage in Europe, evaluating a potential company acquisition in China, or recommending catastrophe mitigation measures for a Latin American factory.

"It's Thailand one day, Brazil the next day," Mr. Borup said.

The breadth of global challenges requires his risk management department of seven to collaborate with business units across the entire company, which is one of the best things about his job, Mr. Borup said.

"Whether I'm dealing with human resources colleagues or supply chain, or fleet operations, or environmental health and safety, the clinical trial team, the law department, or business development on deals, it's such a big, dynamic company (and) our group interacts with all parts of the organization, which I find enjoyable,"

See **BORUP** page 20

Breaking down silos not academic

By RODD ZOLKOS

It's often said that the flip side of risk is opportunity, and it certainly seems that risk—or coincidence or perhaps some more powerful force—has played a significant role in Christine L. Eick's career.

In fact, at least one of her associates at Auburn University suggests that divine providence might have delivered Ms. Eick, now the university's executive director, risk management and safety, to the Alabama institution in 1996.

In September that year, as Auburn looked for a new risk manager, those watching the Auburn-Louisiana State University football game at Auburn's Jordan-Hare Stadium saw the adjacent Auburn Sports Arena destroyed by fire, apparently the result of careless tailgating.

Ms. Eick was risk manager at Georgia State



Ms. Eick

University in Atlanta at the time, though. As luck would have it, her husband, Charles, was set to begin Ph.D. work at Auburn.

"We knew Christine had come to Auburn," recalled Marcie C. Smith, associate vp for business and finance at Auburn. "The next day I came into the office and there were dozens of messages and one of the messages was Christine saying, 'If you need help,'" to let her know.

"I always say it was divine intervention that sent her here," Ms. Smith said.

At Auburn, Ms. Eick quickly dealt with the aftermath of the fire as well as needed areas of improvement in the university's insurance program. Since then, she has continued to promote improvements in the university's risk management and safety program, earning her a spot on *Business In-*

See **EICK** page 20

Competition, ample capacity keep rates down

By MARK A. HOFMANN

The long soft property/casualty market shows no sign of abating anytime soon, according to market observers and several recent market surveys.

More-than-adequate capacity and continued competition for share make a market turn unlikely, and only a truly catastrophic event might change matters, observers say.

Meanwhile, surveys of risk managers and others show that a buyer-friendly market continues.

For example, the "RIMS Benchmark Survey," which is administered for the Risk & Insurance Management Society Inc. by New York-based consultant Advisen Ltd., this month found that premiums decreased for every line of coverage tracked by the survey during the first quarter of this year.

The survey found that general liability was the most competitive line during the period, with the average premium falling 4.4% in the first quarter of 2010 compared with the same period in 2009. The average property premium, which had been essentially flat during the past several quarters, fell 2.9%. The average workers compensation premium fell 2% and the average directors and officers liability premium declined 1.1%.

The Washington-based Council of Insurance Agents & Brokers' quarterly "Commercial P/C Market Index Survey," also released in April, showed much the same story, with rates on average declining 5.3% in the first quarter of this year compared with a 5.6% decrease in the fourth quarter of 2009. Rates declined for all sizes of commercial insurance accounts, with large accounts experiencing the greatest decline, according to the survey.

Competition among insurers remained ferocious for new accounts, CIAB President Ken A. Crerar said in a statement accompanying the survey's release. "Until demand picks up, we don't see any significant uptick in commercial rates for the foreseeable future," he said.

"It's an unabated soft market and has been so for the past seven or eight years," Anthony DeFelice, managing director-national casualty practice for

See **MARKETS** page 20

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Risk managers struggle with lack of staff: Survey

By **MARK A. HOFMANN**

Top challenges for risk managers include a lack of personnel and working at organizations where other areas receive a higher priority than risk management, according to a report on strategic risk management.

The lack of staff dedicated to risk management ranked highest on respondents' list of challenges to improving the practice of risk management in their organizations, with 44% citing that factor as a challenge, according to "Excellence in Risk Management VII: Elevating the Practice of Strategic Risk Management." The report—a joint project of Marsh Inc. and the Risk & Insurance Management Society Inc.—is slated to be released at the RIMS conference.

Challenges cited by the 418 survey participants also included a lack of financial resources and senior

management commitment (see box).

"I think it's significant that almost half—43%—identified as a significant barrier that other areas are taking priority," said Pam Rogers, a Minneapolis-based Marsh senior vp. Risk managers should understand what those other areas are and their concerns, which could open up opportunities for risk managers, she said.

"It is an opportunity for risk managers to link into what are those areas of concerns," said Deborah Luthi, RIMS vp and director-enterprise risk management at Sacramento, Calif.-based Matheson Inc. Doing so would allow risk managers to be innovative within their organizations, she said.

The survey also found that the percentage of respondents saying they had a formal enterprise risk management program increased to

BIGGEST CHALLENGES FOR RISK MANAGERS

What risk managers say are the key challenges to improving the practice of risk management in their organizations

44% Lack of personnel resources dedicated to risk management

43% Other areas having greater priority

34% Demonstrating value of risk management programs

33% Lack of financial resources dedicated to risk management

32% Senior management commitment

Source: "Excellence in Risk Management VII: Elevating the Practice of Strategic Risk Management"

28% in 2010, up from 9% in 2009 and only 4% in 2006. In addition, 53% of respondents said they had no formal enterprise risk management program, continuing a five-year increase. That compares with 35% in 2009 and only 27% in 2006. The remaining 19% said they were building or implementing ERM, down from 56% last year.

Ms. Rogers said the survey

showed "a clear indication that companies realize they need an organized approach to risk," but are "not necessarily doing that in what the industry has dubbed the ERM framework."

Respondents indicated that risk management in most organizations does not have a significant impact on setting the organization's business strategy. In fact, only 24% of the respondents replied that risk management has a significant impact on setting business strategy, while 62% said it has some impact, and the remaining 13% said it had no impact.

When asked, "What barriers are in place that may prevent your senior management and board of directors from fully understanding the risk landscape of your organization?" 40% of the respondents cited "siloed approaches to risk management." Thirty-six percent cited lack of awareness of concepts such as enterprise or strategic risk management, and 34% cited inadequate representation of the risk management function at the board and executive level.

"While everyone was moving out, they were moving in..."

*Graeme Davis
Hurricane Katrina
Starwood Hotels and Resorts*

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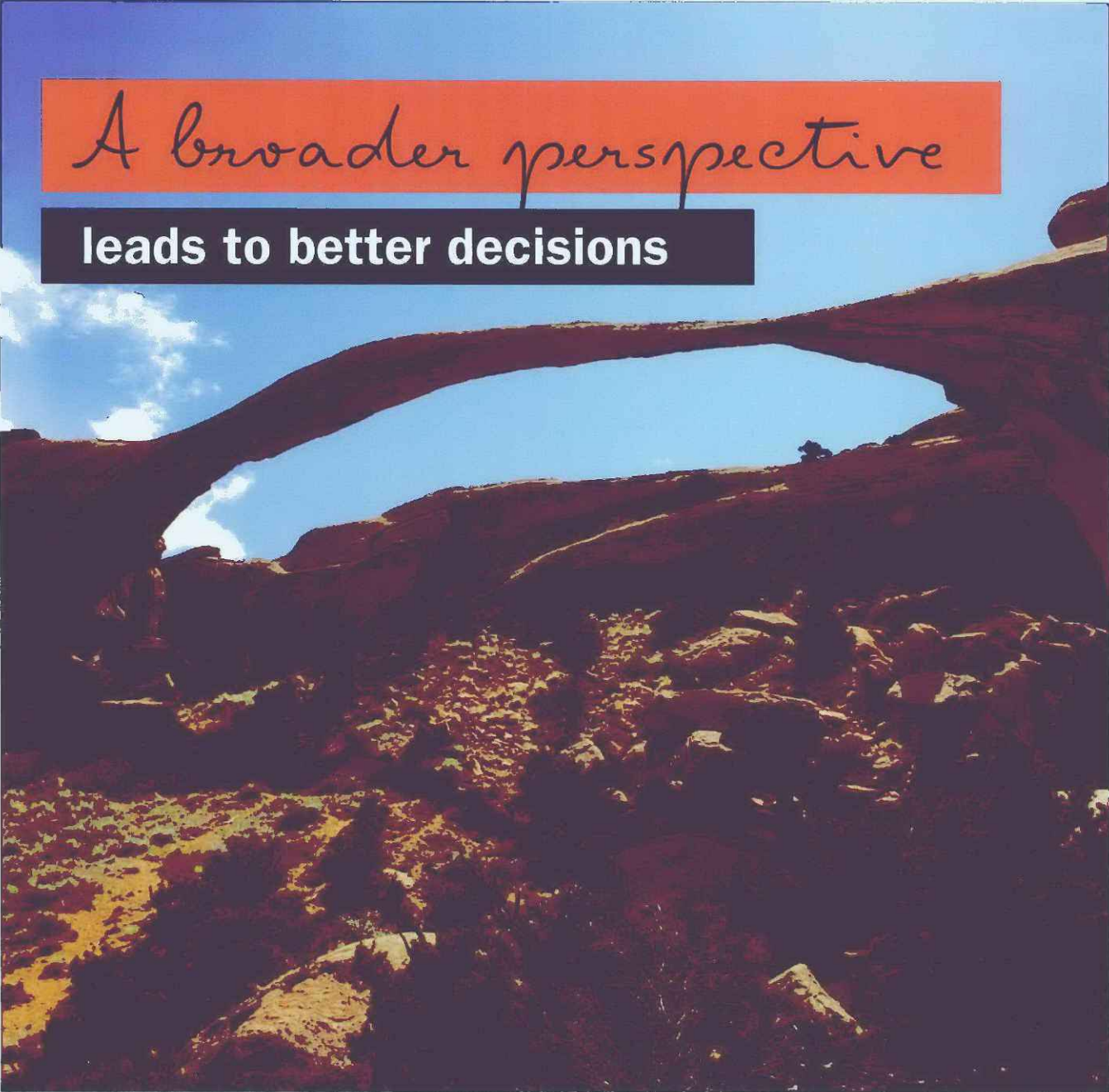
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www.RIMS.org/EnterpriseWide



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HEARD on the STREET

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



Nick L. Harris

ASSISTANT VP-COMMUNITY AND ECONOMIC DEVELOPMENT
DILLARD UNIVERSITY
NEW ORLEANS

Networking is key. Being able to meet other risk managers and find out what challenges they are facing and how they are approaching things is very important. I actually really benefit from the exhibitor hall, as it is a great venue for me to connect with brokers and underwriters. Following Hurricane Katrina, there have been many improvements in both the city and on our campus, and we are still working to tell our story to underwriters. So it's very important that I can meet with folks here.



Dan Holden

MANAGER
CORPORATE RISK AND INSURANCE
DAIMLER TRUCKS NORTH AMERICA L.L.C.
PORTLAND, ORE.

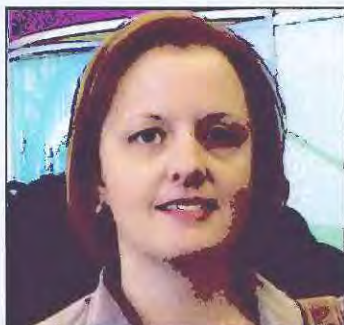
For me it's finding out the hot-button issues, and learning about emerging risks that may not have crossed my radar screen yet. Is there something out there I need to learn about? What can I take back to my organization? It might be financial issues, or regulatory issues, but for me it's important to be here so I can stay on top of the issues.



Nakeschi Watkins

RISK MANAGER
YESHIVA UNIVERSITY
NEW YORK

Learning about best practices. What are other organizations doing that is unique that I can take back? ERM is another critical area. The education sector is moving toward ERM and we have implemented a program, but now I need to learn about communicating ERM to the rest of the organization and getting the board members familiar with the practice. I also use this event to set up and conduct meetings with the various underwriters and carriers.



Lori Seidenberg

VP-ENTERPRISE RISK MANAGEMENT
CENTERLINE CAPITAL GROUP
NEW YORK

This year it's important to be here because of all the changes taking place in the marketplace. I like to learn about the new products and get ideas on putting together my program. Also networking is important. It's a great opportunity to bounce ideas off of one another and find out what other organizations are doing.

toDO

[CONFERENCE HIGHLIGHTS]

Monday

RIMS General Session
8:00 a.m.-10 a.m.
Speaker: Gary Loveman, CEO
of Harrah's Entertainment Inc.
"Playing the Right Card"

Exclusive Exhibit Hall Hours
10 a.m.-noon

RIMS First Timers Orientation
10:15 a.m.-11:00 a.m.

RIMS Awards Luncheon
12:15 p.m.-1:30 p.m.

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

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

Sessions
3:30 p.m.-5:00 p.m.



Exhibit Hall Hours

10 a.m.-5 p.m.

Exclusive Exhibit Hall Hours
10 a.m.-noon



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3/10 (✓)



RIMS Thought Leaders

Terry Fleming is president of the Risk & Insurance Management Society Inc. and director of the division of risk management for Montgomery County, Md. Mr. Fleming recently discussed with Business Insurance his objectives for his term as president of RIMS and how the society is helping risk managers prepare for challenges ahead.

RIMS leader focused on ways to help risk managers succeed

Q: What are your priorities for RIMS during your term as president?

I have five key objectives that will help to focus my term as president, which I'll be making in my presentation at the general session meeting at the conference on Monday morning. The objectives include further efforts to maintain RIMS' leadership position on enterprise risk management; continuing to advocate for risk management-related legislation and regulation; continuing efforts to develop RIMS' international strategy; supporting efforts to develop a path for graduating students to enter risk management careers directly; and encouraging more peer-to-peer benchmarking and sharing of best practices among members.

Q: What are the biggest challenges for risk managers today?

The biggest challenge is to keep abreast of the ever-changing landscape in risk management and to remain current on methods to address those changes from the aspect of opportunity and loss. From the financial crisis to the "greening" of

business risks, risk managers are facing a challenge to keep their knowledge base growing and to explore new learning opportunities through experiential lessons and classroom training.

Q: What is RIMS doing to help members confront those challenges?

RIMS is focused on providing the leadership and professional development opportunities for our members and others interested in learning about risk management. RIMS helped develop the ARM-E designation for enterprise risk management in the Associate in Risk Management course, as more RIMS members are recognizing the growing calls for certification in risk management and taking the RIMS fellow curriculum. RIMS is also providing numerous learning opportunities through webinars and CourseCasts over the Internet. Additionally, RIMS is developing an international strategy.

Q: What federal legislation is RIMS focusing on this year?

One issue we are focusing on is financial regulatory mod-

ernization. RIMS has lobbied for several years on the surplus lines (reform component of this legislation) and has realized some success in changing the language in both versions of the bills with regard to the definition of "risk manager."

We believe the federal insurance office (that is also under consideration) would allow the federal government to collect insurance information independent of outside interests to develop much needed expertise on insurance issues. We also consider the creation of an FIO as the first step toward our goal of an optional federal charter.

Q: What advice would you give first-time attendees of the conference?

First-timers should get ready to enjoy the most successful risk management conference in the world. There are over 120 educational sessions, some excellent keynote speakers, also a state-of-the-art exhibit hall with over 400 vendors providing the latest in products and services. It is a great venue for peer-to-peer networking, as well as meeting with your brokers and other business partners.

HOMETeam

[LOCAL RIMS VIEWS]

For Joanne Madore, the Boston Housing Authority's workers compensation and safety manager and secretary of the Massachusetts chapter of the Risk & Insurance Management Society Inc., this week's annual RIMS conference in Boston is a particularly special event.

For Ms. Madore, who's in her second year as a board member of the local RIMS chapter, it's the first time attending the national RIMS conference. "I hope to get some education, I hope to learn," she said, adding she's signed up for sessions aligned with her work in workers compensation and safety.



Joanne Madore

Workers compensation and safety manager, Boston Housing Authority

"This is so new to me; I don't know what to expect, so that's exciting," she said. "It's going to be exciting to see a lot of people and hear how they're responding to all their unique challenges."

Working for a public entity poses its own challenges in the risk management area, Ms. Madore said. "For public employers it's always a challenge because we're dealing with the budget issues," she said. "For instance, the BHA deals with state and federal funding, and while the federal funding has been great because of the stimulus, the state has been hurting."

Ms. Madore noted that aside from the conference, Boston has a great deal to offer visiting RIMS attendees. "Everybody wants to go to Faneuil Hall, the typical areas," she said. "The waterfront, there are so many things there now. And you can't come to Boston and not go to the North End. You've got to have a meal in the North End."

She also mentioned Boston's Museum of Fine Arts, and in particular the Art in Bloom event.

-Rodd Zolkos

WHEN CONFRONTING DISASTER, HAVING ALL YOUR EGGS IN ONE BASKET SHOULD MAKE YOU FEEL



Even in the best of times, it is rare to find an insurer willing to take on all of your commercial property risk. That is, however, exactly what FM Global does. Even in these times. Why is this important? Because it's a reflection of our belief that we can help you prevent loss in the first place. That's why we've created a \$100 million state-of-the-art research campus and employ more than 1,700 engineers around the world working to minimize your risk. In fact, for 175 years we've linked our underwriting to loss prevention engineering, culminating in a streamlined, efficient and stable insurance program. An approach that clearly distinguishes FM Global from insurers that do not base their underwriting on engineering assessments. Which is to say, all of them. We feel our clients are better protected when we assume all the risk ourselves.

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Questions & Answers

John H. Mathias Jr. is a partner and chair of the insurance litigation and counseling practice of law firm Jenner & Block L.L.P. in Chicago. In a recent discussion with Business Insurance, Mr. Mathias talked about issues surrounding broker compensation and what they mean for insurance buyers.

Getting right info on broker pay

Q: What lessons did insurance buyers learn from the broker compensation scandal from 2004 and beyond?

When you go back to 2004, probably the marketplace in general wasn't really aware of the nature of the commission relationships that many of the brokers had for many, many years. These weren't new relationships, but they weren't really aware of them and weren't aware that contingent commissions were paid at all. A lot of this was surprising and led a lot of people to draw conclusions based on appearances. The insurance buyers nowadays are far more sophisticated, I believe, with respect to these issues than they were in the past. The markets are more transparent, I think.

Q: What specific information should buyers request from insurance brokers during the placement process?

They certainly should know whether any contingent commissions are possibly going to be paid here. Consumers care about, principally, the premiums they pay, and they care about the terms that they get in the marketplace. It's not simply a matter of getting insurance for a certain price; it's really whether you're getting the best available coverage that the market has to offer in return for the lowest reasonable price in a context where brokers are fairly compensated. Does the practice of paying contingent commissions give the appearance that perhaps the best terms and conditions are not being ob-

tained? As long as it's done with transparency and people know about it, then no problem. But the risk managers procuring the insurance should certainly be informed that contingent commissions are being paid and, secondly, be able to kind of weigh in and make sure that the best terms and conditions are being negotiated.

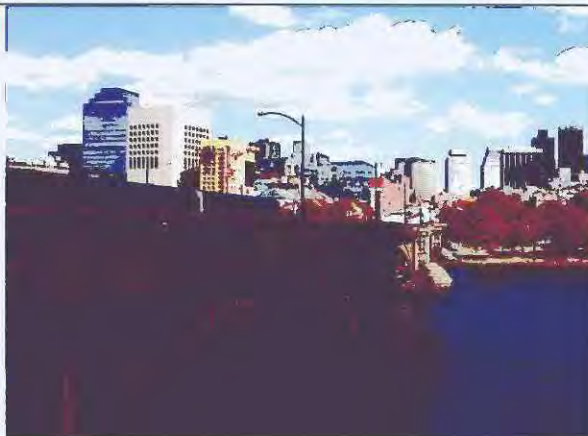
Q: Should full disclosure regarding broker compensation be automatic? Why or why not?

Yes. You'd like to know if contingent commissions are being paid so that you can at least negotiate with your broker to have those commissions applied to reduce the amount of the fees that are paid to the broker in the first instance.

aboutTOWN

[BOSTON FACTS]

Boston is home to several insurance industry companies. Insurers Liberty Mutual Group Inc. and Lexington Insurance Co. both are based in the city, as is broker William Gallagher Associates Inc. In addition, catastrophe modeler AIR Worldwide Corp. calls the city home, as does Karen Clark & Co., a cat modeling and consulting firm headed by AIR's founder and former CEO, Karen Clark.



Legal Test Kitchen, or LTK as it is known, is an offshoot of Legal Sea Foods.

localFLAVOR
[81 RECOMMENDS]

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www.ltkbarandkitchen.com

Hours: Sunday-Wednesday, 11 a.m. to 1 a.m.; Thursday-Saturday, 11 a.m. to 2 a.m.

\$\$\$-\$\$\$\$

Legal Test Kitchen is an interesting spinoff from the owners of Boston's famous Legal Sea Foods restaurant. LTK, as it's called, offers an innovative menu that strives to serve seasonal, local and healthy food in interesting combinations. The menu changes every six weeks. The daytime scene buzzes with business lunches, and the trendy setting also makes for a nice dinner with colleagues or clients. For starters, try LTK's famous clam chowder or roasted sweet pepper crab cakes. Interesting entrees include truffled lobster macaroni and cheese, and hoisin-glazed Atlantic salmon. Diners also can create their own combinations with mix-and-match items. Select your choice of fish prepared grilled, baked or with breadcrumbs, and then choose from a selection of sauces, spices and side dishes.



Labeling your risks and managing them are two different things.

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Back Bay District

LOCATION: Bordered by Arlington Street, Massachusetts Avenue, Newbury Street and the Charles River

INFORMATION: www.newbury-st.com
www.trinitychurchboston.org
www.bpl.org

For a nice afternoon, hit Boston's Back Bay district, an upscale residential and retail area that offers a blend of sophistication and New England charm. The neighborhood is between Arlington Street on the east and Massachusetts Avenue on the west, and is lined with historic 19th century brownstones, restaurants and outdoor cafes.

The neighborhood also borders Boston's Charles River. The fashionable Newbury Street swirls with activity and offers shoppers an eclectic mix of stores. The most expensive shops are located on the Arlington Street end, including Chanel, Marc Jacobs and True Religion. The shops become less expensive and more bohemian toward the Massachusetts Avenue end. On Newbury Street, the



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Also located in the Back Bay are Boston's two tallest skyscrapers: The John Hancock Tower and the Prudential Center, which together frame the City's Back Bay skyline. Visitors can enjoy panoramic views of the surrounding area from the Skywalk Observatory at the top of the Prudential Center. If you want to feel more like a local, skip the observatory admission fee and head instead to the Top of the Hub on the 52nd floor of the "Pru," as it's known. The fine dining destination offers spectacular views from every table. A reservation is recommended for the restaurant but not needed for the bar, where you can sip on a cocktail and see all the way to Cape Cod on a clear day.

youthful and independent Trident Booksellers & Cafe is a great spot for brunch or lunch. Head to nearby Boylston Street to explore two of Boston's most popular

architectural landmarks: the impressive Trinity Church and the Boston Public Library, which was proclaimed a "palace for the people" when it opened in 1895.

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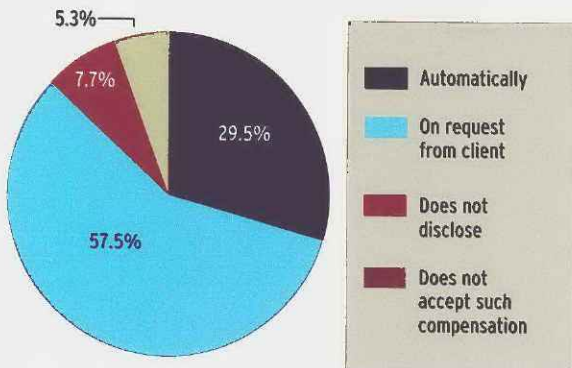
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BY THE NUMBERS: AGENTS & BROKERS

SUPPLEMENTARY PAY FROM UNDERWRITERS

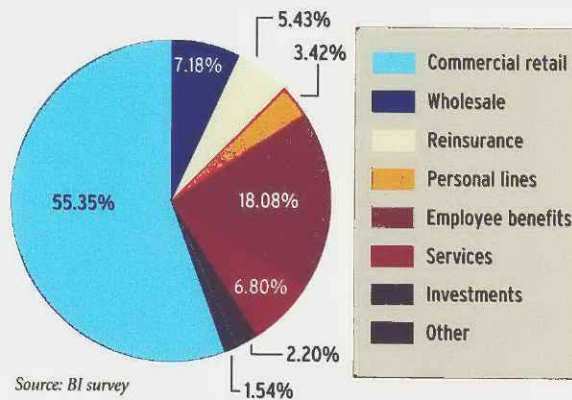
How brokers report supplemental compensation to clients. Includes contingent and other forms of incentive income paid by underwriters.



Source: BI survey

BUSINESS BREAKDOWN

Areas contributing to the largest brokers' overall revenue



Source: BI survey

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Claims cited as top concern in risk-cost assessments

By **RODD ZOLKOS**

A new survey by Towers Watson & Co. shows risk managers and finance managers consider claims costs their top concern among the various components contributing to the total cost of risk.

The survey found 69% of those questioned said the cost of claims within their retentions—including captives—was the most important issue in controlling their total cost of risk. Fees paid to an insurer (other than captives) ranked second in importance.

Slightly more than half of those surveyed, 51%, said other provider fees—those paid to brokers, actuaries, third-party administrators and others—were their third most important concern.

“I think that reflects a couple of things. One is that, over time, companies have retained a higher portion of their claims,” said Barry Franklin, a senior consultant with Towers Watson in Chicago. In ad-

dition, he said, risk managers recognize that even if they’re buying insurance, they’re ultimately paying for those claims, if indirectly.

“I think another aspect of that is that we’ve been in a rather long, protracted soft market,” Mr. Franklin said, noting that if insurance prices were higher, premiums might rank higher as a concern among risk managers.

The Towers Watson survey also found that 54% of those surveyed said their companies have enterprise risk management programs in place. “There’s been an upward trend there, obviously,” Mr. Franklin said, noting that boards, regulators and rating agencies all are bringing pressure to implement ERM.

Of those that said they have implemented ERM, 73% said they have identified, prioritized and assigned risks. “That begs the ques-

tion, ‘What about the other 27%?’” Mr. Franklin said. “Only 73% of those who say that they have done ERM indicated they have done what to me is a fundamental building block of ERM.”

Still, the findings show ERM “is alive and well and companies continue to make progress in implementing it,” he said.

The survey showed only limited concern among buyers over contingent commissions paid to brokers by insurers. Of those surveyed, 41% said they approve of contingent commissions as long as their broker discloses them in a timely manner, with 11% saying they have no problem with such compensation as long as laws are followed and detailed records are kept for regulatory review.

Only 27% of those surveyed said contingent commissions should

not be permitted under any circumstances. The limited concern of many respondents over contingent commissions might be based in part in the limited concern survey respondents demonstrated over broker costs as an element of their cost of risk, Mr. Franklin said.

“There’s a significant bloc of respondents that are opposed to contingent commissions in any way, shape or form,” he said. “But the balance seems to be accepting of the notion of contingent commissions if they’re done in a way that reflects disclosure or some sort of rules.”

The Web-based Towers Watson survey was conducted this month, with 125 risk and finance managers from a variety of industries participating. Of those surveyed, 70% represented companies with at least \$1 billion in revenue.

Towers Watson will continue surveying risk managers at their booth at the Risk & Insurance Management Society Inc. conference, and will release final results later.

69%
Of those questioned, 69% said the cost of claims within their retentions was the most important issue in controlling their total cost of risk.

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RISK MANAGEMENT HONOR ROLL

Borup: Tackling array of risks

Continued from page 4

Mr. Borup said.

His dedication to the risk management profession and success in managing Johnson & Johnson's risk portfolio have earned Mr. Borup a place on *Business Insurance's* Risk Management Honor Roll for 2010.

In addition to running Johnson & Johnson's risk management department, Mr. Borup serves on Marsh Inc.'s G5 Client Council for large commercial policyholders, on the ACE USA client advisory board, and is a member of Johnston, R.I.-based Factory Mutual Insurance Co.'s risk management council.

He is also chairman of the Drug Insurance Group, an organization of risk managers for large pharmaceutical and medical device companies.

Mr. Borup also is treasurer of Johnson & Johnson's Vermont-based captive, Middlesex Assurance Co. Ltd., which has assets exceeding \$1 billion. Johnson & Johnson relies on the captive to finance its product

**Mr. Borup handles global exposures**

liability risks because it's impossible for a drug and medical device manufacturer of its size to purchase the product liability limits it needs, Mr. Borup said.

The captive also helps access the \$2.2 billion in property coverage limits Johnson & Johnson requires.

In addition to addressing ongoing exposures, new exposures must be addressed.

In 2008, for instance, thieves stole several Johnson & Johnson trucks, each holding millions of dollars worth of pharmaceutical products. So Mr. Borup convened a task force that implemented security measures to mitigate the theft risk and accounting practices that improved insurance purchasing.

**Ms. Eick leads Auburn's risk management****Eick: Breaking down risk silos**

Continued from page 4

insurance's 2010 Risk Management Honor Roll.

Risk management in a university setting can be tricky. "You have to be a good salesman at times," Ms. Eick said.

"Auburn is a large, complex institution and campuses are notoriously siloed," said Janice M. Abraham, president and CEO United Educators Insurance in Chevy Chase, Md. "But Christine is really a model of building bridges."

"In higher ed, that challenge of communication is probably greater because you have so many distinct little budgets," said Donald L. Large Jr., an executive vp at Auburn to whom Ms. Eick reports. "The walls go up and people try to protect them, so the more you can talk over those walls, the better. So I have to compliment Christine on being able to overcome most of those challenges."

Ms. Eick has helped address those challenges by using staff who speak the language of those her department supports. The lab safety program manager is a chemist, for example. Likewise, the biological safety officer is a Ph.D., and Ms. Eick has earned a doctorate in higher education administration from Auburn.

Ms. Eick cites improvements in the university's laboratory safety program as a key accomplishment. She also has directed enhancements of Auburn's emergency management program, developed an event management program and has taken her department paperless.

Now she's promoting enterprise risk management at Auburn, starting with the athletic department.

"It's really exciting working for a university because you have these absolutely brilliant people working on research and outreach programs," Ms. Eick said.

Markets: Rates remain soft

Continued from page 4

Aon Corp. in New York said.

For the time being, market conditions are "absolutely in the client's favor," said Brian Elowe, managing director in Marsh Inc.'s global risk management division in Boston.

"It's a soft market," he said. "We see plenty of capacity and surplus is up from last year. All indications are that it should continue to work toward our clients' benefit."

Mr. DeFelice said "a lot of competition" exists for primary and excess casualty coverages. "Over the last few years, we've seen an explosion of capacity come on the market, particularly in the excess arena, which is tamping down rate rather significantly," he said.

Even some of the traditionally more difficult lines, such as energy, railroads and life sciences, are experiencing rate decreases, he said.

"The question is: How long can this market maintain its trajectory and remain profitable?" Mr. DeFelice said. "This is the eighth straight year of declining rates. It would take a major event, some sort of catastrophic event, to change the casualty market," he said.

"It's hard to put a precise figure on how much capacity has to be soaked up" to turn the market, said Dave Bradford, executive vp at Advisen in New York.

"A very large catastrophe loss or a series of a smaller losses could be enough to turn the market," Mr. Bradford said.

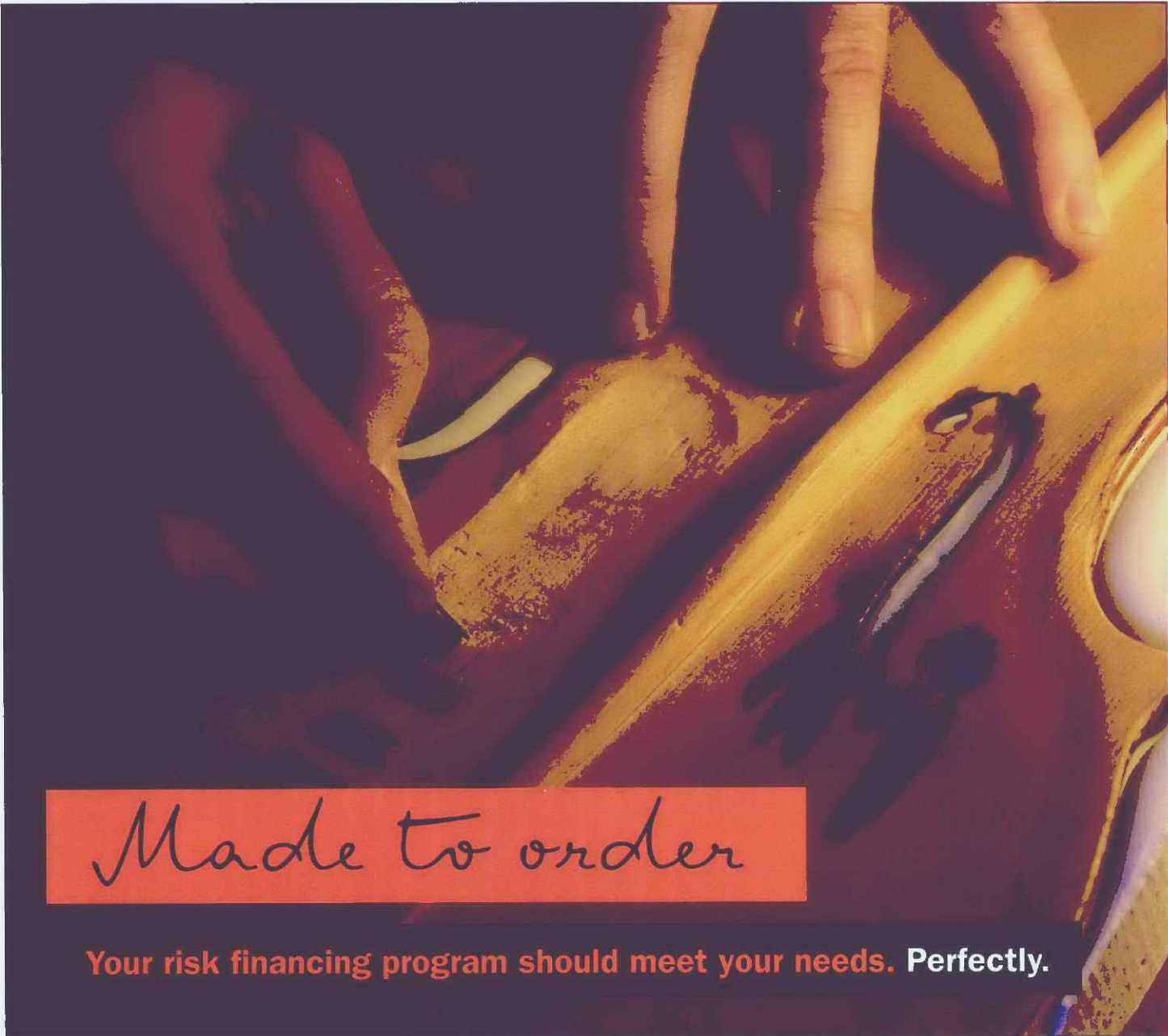
"Rates are cycling down everywhere, not just property," said Al Tobin, national property practice leader for Aon Risk Services in New York.

Mr. Tobin noted that Windstorm Xynthia in Europe and the earthquake in Chile caused considerable insured property damage, yet "none of these individual events" was enough to drive the market.

"The math has to be something like \$20 billion in insured losses to drive prices" higher, Mr. Tobin said.

Marsh's Mr. Elowe also noted that Xynthia and the Chilean earthquake failed to move the market.

"What everyone's watching" is the possibility of more costly catastrophes occurring as the year progresses, he said.



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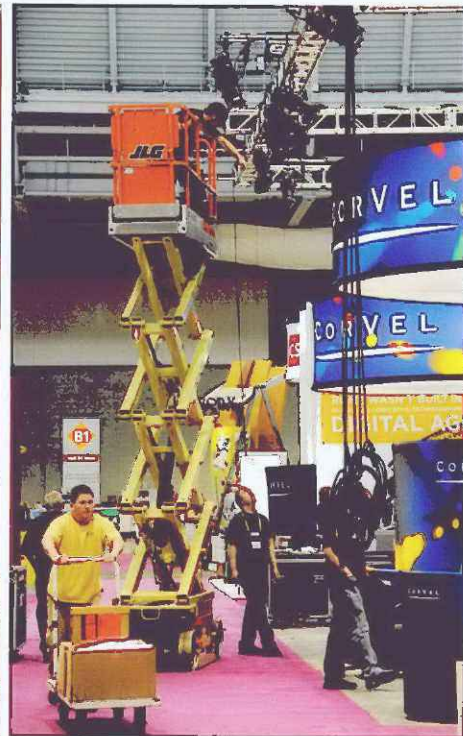
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Community: Service builds goodwill

Continued from page 1

"When this opportunity came knocking (from RIMS and Aon), I jumped right on it," Mr. Bothwell said. "It's going to provide the resources so these kids have a quiet spot to read, and it will help them have more selection for reading."

The Community Service Day events help RIMS build goodwill and a legacy in cities where its conferences are held, said Joseph Restoule, past president of RIMS and leader of risk management for NOVA Chemicals Corp. in Calgary, Alberta.

A desire to give something back to communities is a common motivation for Community Service Day participants, many of whom say they regularly volunteer in their free hours.

"I think it's very important to give back to your community," said Deborah Adams, who was participating in the Community Service Day as part of the RIMS Anita Benedetti Student Involvement Program.

Ms. Adams, who is in the MBA program at Gannon University in Erie, Pa., after graduating with a degree in risk management and finance, has also served as a volunteer firefighter and re-

cently received a community blood-bank award for having reached a 10-gallon mark as a platelet donor.

Renee Browne said she was excited to learn of the opportunity to participate in 2010 Community Service Day. Ms. Browne, who also is attending the RIMS conference as part of the Benedetti student program, studies insurance with a concentration in actuarial science at Howard University in Washington.

At Howard, she participates in a campus honors program that provides volunteers for a food bank and a literacy program, she said.

"I'm here today because I like to give back to the community," Ms. Browne said. "I'm really involved in my campus doing that."

Perhaps it's the type of people that participate in Community Service Day that helps foster deeper relationships, suggested Starwood's Mr. Griffin, who also cited the bonds forged through teamwork.

"When you are digging in the dirt for eight hours in the back side of New Orleans you tend to grow a bond with the crew you are working with," said Mr. Griffin, referring to the 2007 Community Service Day.

Rodgers: Commitment to education

Continued from page 3

Because of the nature of ARAMARK's business, which relies on 255,000 full-time and part-time employees, safety is a key concern. Thorough training and careful monitoring of the sources of employee injuries have cut its workers compensation incident rate nearly 35% in five years and reduced lost-time claims by nearly half.

As Ms. Rodgers and her team find areas of need, "she and the team build an action plan around that," said Mark A. Lynch, executive vp of Willis of Pennsylvania in Radnor, Pa., who is one of ARAMARK's brokers.

"They've truly attacked safety and loss control," said Mr. Lynch, who has known Ms. Rodgers since she began her career in risk management more than 20 years ago at Valley Forge, Pa.-based CertainTeed Corp., which is now part of Saint-Gobain Corp., the U.S. arm of France-based Compagnie de Saint-Gobain.

"She gets the team thinking and planning and then she delegates the responsibility of carrying out that plan to one of the team leaders," he said.

Like many risk managers, Ms. Rodgers did not go directly from college to risk management. In fact, the path that ultimately took her to ARAMARK began in elementary and middle school classrooms, where she taught mathematics and other subjects for several years after receiving a

bachelor's degree in education from the University of Delaware. A shrinking school-age population led her from the classroom to CertainTeed, and she earned a master's in business administration at night school at Villanova University while working.

She encourages her staff to pursue professional education, such as the Associate in Risk Management designation conferred by the Insurance Institute of America, which she earned.

Continuing education is "very important. You've got to stay up on what you do and understand how to raise the bar organizationally," Ms. Rodgers said.

Her commitment to education also extends to potential risk managers. As vice chair of the Risk & Insurance Management Society Inc.'s student advisory council, she tries to get college students involved with RIMS. And ARAMARK hires a risk management intern each year.

Ms. Rodgers also was "very involved" with the Spencer Educational Foundation Inc., particularly the risk manager in residence program, and has mentored students who received scholarships from the foundation.

"If one of the universities gives me the opportunity, I welcome it to go into the classroom and talk about risk management, about what we do here, and how they might find a career in risk management down the line," she said.



Ms. Rodgers

ERM must weigh emerging risks

An enterprise risk management framework must encompass efforts to identify and address both known and emerging risks, the Risk & Insurance Management Society Inc. says in a report released today.

RIMS' report notes that risk managers must balance near-term risks with "issues that have not manifested themselves sufficiently to be managed using the tools commonly applied to more developed exposures."

The report identifies the various characteristics of emerging risks and sets out and describes several best practices for addressing such risks. Those best practices are:

- Conduct emerging risk reviews
- Integrate emerging risk review into the strategic planning process
- Identify all assumptions and carry out disciplined assumption testing
- Challenge conventional thought processes and expectations
- Apply new and developing methodologies to better understand and predict risk

The full report, "Emerging Risks and Enterprise Risk Management," is available at RIMS ERM Center of Excellence Booth, which is booth 1631 in the exhibit hall.

Stein: Topics vary

Continued from page 3

members, and attendees fill out session evaluations. "So we'll be looking at those as well and seeing what kinds of ideas people would like to see next year," said Ms. Stein, who has been on the conference programming committee four years, most recently as vice chair for this year's conference.

In May, RIMS members receive an e-mail seeking program suggestions and providing a link with specific directions and topics of interest.

The RIMS board selects the theme and direction of the next conference and provides the programming committee with that information.

Ms. Stein said that mid-May to the first week in August, the committee—which consists of eight to 12 RIMS members—reviews and grades the submissions. The committee then meets in August at RIMS headquarters in New York for two to three days to discuss and select submissions with high scores.

For this year's conference, 135 sessions were selected, including general, industry and hot topic sessions, workshops and off-site sessions.

"There are so many great topics to go to, it's always hard to figure out where you're going to spend your time," Ms. Stein said.

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NEWS IN BRIEF

[AT PRESS TIME]

CONTINUED FROM PAGE 1

Strong returns drive cat bond demand: Study

Catastrophe bonds continue to produce increased returns for investors, driving strong demand in the alternative asset class, a study by Aon Benfield Securities Inc. said. According to its quarterly report, returns for the first quarter of 2010 averaged 3.4% across all ILS products compared with 0.95% in the same period last year. For the 12 months ended March 31, investor returns averaged 13.02% compared with 2.6% in the prior-year period, the report said.

Cat losses put dent in Travelers profits

The Travelers Cos. Inc. reported \$647 million in net income for the first quarter, a 2% decline from the same period a year ago. Among other results, net written premiums for the quarter increased 1% to \$5.25 billion. The insurer posted a 96.4% combined ratio for the quarter compared with a 90.6% ratio a year ago. Chairman and CEO Jay Fishman said in a statement it was an "unusually significant catastrophe quarter for Travelers as well as for the entire industry."

... as seen at RIMS



THE DONATION RIMS this year made a donation to the Cam Neely Foundation for Cancer Care, a Boston-based charity founded by Boston Bruins legend Cam Neely.

Spencer: Fun raises funds

CONTINUED FROM PAGE 1

layout Sunday were the first-place group of Mark Bainer, Don Gibson and Todd Tschantz; the second place foursome of Pat Walsh, Tim Sterling, Ed Longfield and Mark Weidner; and the third-place grouping of Doug Thomson, Mark Ryan, Leonard Streeter and Jonathan Ervin.

While golfers took to the links in Plymouth, four teams of skaters took to the ice at the Edge Sports Center in Bedford, Mass., for the annual NAPCO Spencer Cup sponsored by Edison, N.J.-based broker NAPCO L.L.C.

At the rink, 50 skaters faced off as Team Canada and Team USA, with Allianz Global Corporate & Specialty Americas sponsoring the jerseys and the medals. In addition to players' entry fees, the hockey organizers collected admission from spectators to add to the group's contribution to the Spencer Foundation. The annual hockey competition was expected to raise \$10,000 for the risk management scholarship program.

The hockey event featured a new format this year, according to Carsten Scheffel, chief executive officer-U.S. at Allianz Global Corporate & Specialty. Rather than two teams as in past years, this year's NAPCO



Team Canada, in red, beat Team USA in Sunday's final.

Spencer Cup saw two U.S. teams and two Canadian teams square off in two first round games, before teams moved on to a final medal round. "We kind of followed the Olympic theme," said Mr. Scheffel, who skated for one of the Team Canada teams.

The U.S. was victorious in each of the first round contests, 4-3 and 4-1. Ultimately, however, the higher scoring of the Team Canada squads from the preliminaries—Mr. Scheffel's team—won the final match against one of the Team USA groups by a score of 4-3, taking the gold medal, with the two Team USA squads winning silver and bronze.

Of course, such victories don't come without a price, even when they are for charity.

"After playing 80 minutes of hockey my back is killing me," Mr. Scheffel said.

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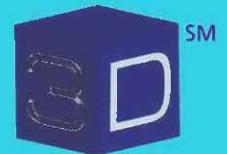
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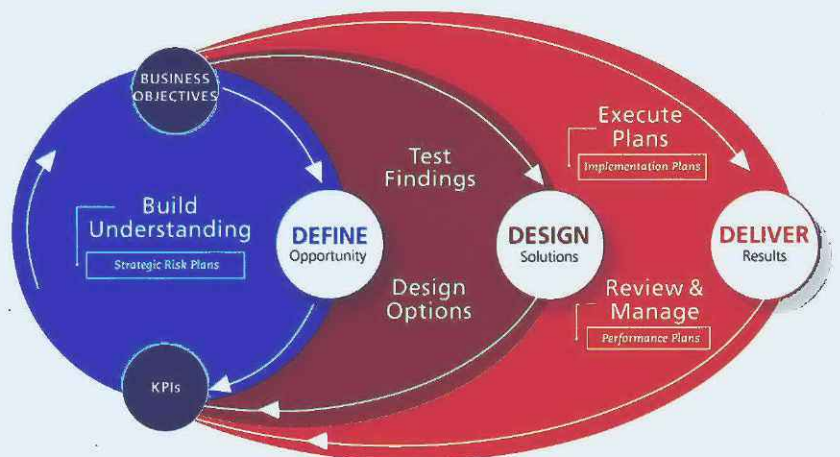
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