

# SHOW DAILY

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## RIMS leaders highlight achievements, look ahead to society's future

BY MARK A. HOFMANN

Risk managers who are looking for new innovations, new encounters and new knowledge were in "the right place" Monday morning, said Risk & Insurance Management Society Inc. President Richard Roberts, as RIMS opened its 2015 conference and exhibition in New Orleans.

Those three opportunities, plus "New Orleans" — the site of this year's event — form the theme of the conference.

In his opening remarks, Mr. Roberts noted that RIMS has a longstanding connection with the Crescent City. He pointed out that after Hurricane Katrina devastated the city in 2005, many



In his opening remarks, Richard Roberts noted that RIMS has a long connection with New Orleans.

groups that had scheduled meetings in the city canceled them. RIMS was not one of them, said

Mr. Roberts.

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## Marsh survey finds more focus on cyber risks

BY MATTHEW LERNER

The 12th annual Excellence in Risk Management Report prepared by Marsh L.L.C. and the Risk & Insurance Management Society Inc. shows an increasing focus on cyber threats as well as detailing where risk managers report within their companies.

Looking at the structural alignment of companies and how the risk management function reports within it was one of the main areas of examination, said Brian C. Elowe, managing director for Marsh in Boston.

"With respect to reporting structure, we asked the question where risk management reports into inside the organization," Mr. Elowe said.

"We also asked the question as to whether or not the people that responded to the survey felt that it was reporting into the correct area inside the organization, and we found very good alignment on that question, as 79% of the

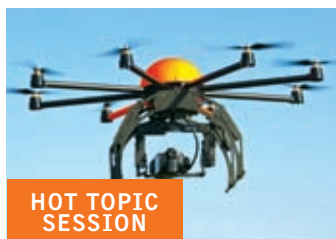
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## Drone risks an urgent priority for companies

BY JUDY GREENWALD

The growing use of drones is creating numerous and still-unanswered liability, privacy and insurance coverage issues, experts say.

For example, if a drone somehow causes medicine to mistakenly be delivered to the wrong house and it leads to someone having an adverse reaction, "who's responsible for that, where are the risks going to lie,



**HOT TOPIC SESSION**

who's going to pay for that and how much are they going to pay? There are a lot of unknowns," said Timothy D. Crawley, a member of law firm Anderson,

Crawley & Burke P.L.L.C. in Ridgeland, Mississippi.

Mr. Crawley was among the speakers at a session on drone readiness Monday at the Risk & Insurance Management Society Inc.'s annual conference in New Orleans.

Privacy concerns are an issue as well. "When you think about what can go wrong with drones, and consider all the different

See **DRONES** page 22

## Q&A



Cheryl Harper, president of the South Louisiana chapter of RIMS and operations manager for Catholic Mutual Group, discusses

what risk managers can learn from how Louisiana risk managers have handled natural disaster-related issues.

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### GOODELL AWARD

Janice Ochenkowski wins the coveted honor

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Millennial talent's impact on companies

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Voodoo roundup, St. Louis Cemetery, more

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# Top risk professionals honored by RIMS at awards luncheon

SARAH VEYSEY

Janice Ochenkowski was presented with the Harry and Dorothy Goodell Award at the Risk & Insurance Management Society Inc.'s annual conference in New Orleans on Monday.

The award, named for RIMS' first president, honors individuals that have furthered the goal of the society and the risk management discipline.

Ms. Ochenkowski is international director of global risk management for Jones Lang LaSalle Inc. in Chicago.

During an awards luncheon, RIMS President Richard Roberts said Ms. Ochenkowski, who has been active within the society since the 1980s and was the society's president in 2008, has advanced the goals of risk management and is a role model for

ethical behavior.

"It is truly humbling to be honored by my peers in this way," Ms. Ochenkowski said. "I tell our risk management group that anyone can say 'no.' It takes a real risk manager to make it happen — that's what makes it exciting."

Ms. Ochenkowski said she was proud of many projects she had worked on with RIMS, including the society's professional growth model, and improving RIMS' governance and promoting more international interest in risk management.

Several other RIMS members received awards during Monday's luncheon. The Ron Judd Heart of RIMS Award, which honors individuals who keep their chapters vibrant and relevant, was given to Victoria Nolan, risk and benefits manager at Clean Water Services and an active member of RIMS'



Janice Ochenkowski was presented with the Harry and Dorothy Goodell Award on Monday.

Oregon chapter.

The Richard W. Bland Memorial Award, which recognizes a member's commitment in the area of legislation or regulation, was presented to Richard Rabs, immediate past chair of RIMS' external affairs committee.

The Cristy Award, which acknowledges the person who earns the highest marks on the three exams required to earn the Associate of Risk Management designation, was presented to Michael Grosso, risk analyst at Bimbo Bakeries USA.

Also this year, RIMS introduced

the Rising Star Award to honor the achievements, initiative, volunteerism, professional development and leadership potential of professionals under the age of 35 or with less than seven years' experience in the industry. Those receiving the inaugural awards were Anna Bendgen, a risk management specialist at Sedgwick Claims Management Services Inc.; Andrew Bent, a senior adviser for environment, health and safety risk at Suncor Energy Inc.; and Yelena Urcia, senior global insurance analyst at The AES Corp.

## Many employers still struggle with return-to-work strategies

BY STEPHANIE GOLDBERG

Common claims pitfalls, such as no light-duty options for injured workers and a lack of communication between parties, can delay return to work, says a survey released Monday by Genex Services L.L.C.

Among the most common return-to-work barriers, according to the more than 200 Genex nurse case managers who participated in the recent survey, are lack of modified or light-duty options; lack of patient compliance; inconsistent rules and interpretations; lack of clear communication; and lack of education about workers compensation.

The five claims pitfalls identified are the



same pitfalls the industry has faced for more than 20 years, said Tim Howard, senior vice president of field case management for Genex in Nashville, Tennessee.

While some employers are becoming more invested in cost-containment programs, "it's amazing to me that employers aren't more invested in modified or light-duty options," he said.

Offering such options allows injured workers to return to work "physically and mentally during the rehabilitation process," Genex said in a statement.

When case managers are provided with "accurate and current" job descriptions for workers, they're more equipped to help

employers facilitate return to work, Mr. Howard said.

And with so many parties involved in each case — workers, employers, physicians and adjusters — "a lack of coordinated communication can cause major issues," Genex said.

Taking the time to talk about a case and identify potential barriers is important, Mr. Howard said.

Among the common barriers identified by Genex nurse case managers, patient compliance can be the most difficult to solve because "you can only control what you can control," Mr. Howard said.

To avoid this pitfall, case managers recommended "developing a trusting and positive relationship with the worker early in the claim process," Genex said.



## Spencer awards record level of scholarships

BY MATTHEW LERNER

The Spencer Educational Foundation on Monday named a record number of full-time scholarship recipients at the Risk & Insurance Management Society Inc.'s annual conference in New Orleans.

Sixty-three undergraduate, graduate and pre-dissertation scholars will share more than \$342,000 in merit-based scholarship awards, the foundation said. These most recent scholarships bring the total amount awarded to students since 1979 to more than \$5.6 million and the number of Spencer Scholars to 820.

This year's class of Spencer Scholars represents 27 schools in the United States and Canada, and includes 57 students who will receive undergraduate scholarships of \$5,000 apiece and six graduate students, including one pre-dissertation Ph.D. student, with scholarships of \$10,000 each.

Seventy-five percent of this year's scholars are majoring in risk management and insurance, and 22% are majoring in actuarial studies, the foundation said.

Leah Lupu, a junior at Olivet College, received the \$7,500 Doug Barlow Scholarship recognizing the student with the highest grade point average; and Angela Addo, a graduate student at Niagara University, received the Anita Benedetti Memorial Scholarship for the female graduate student with the highest GPA.

"We had a great year in 2014. It was a record year for scholarships, and we've had a very successful start to 2015 as well," said Ronald E. Davis, president of the Spencer Educational Foundation and executive vice president with Zurich North America in New York.

## Millennials as change agents

BY MARK A. HOFMANN

Employers are about to experience a big change in the workforce.

By 2025, half of the workforce will consist of millennials, those born between 1980 and 2000, said Lester J. Morales, chief growth officer at Willis of North Carolina Inc. in Charlotte. At the same time, the baby boomer generation is retiring at the rate of 10,000 per day, said Mr. Morales during a discussion of millennials' impact on the workplace at the Risk & Insurance Management Society Inc.'s annual conference on Monday.

Millennials are the first generation that "was born in technology," he said. They didn't have to adapt to it. They are also confident about their futures and are highly educated. They need attention and feedback and like to collaborate, Mr. Morales said.

This has an influence on even



the physical structure of the workplace. He asked, for example, whether his listeners' offices have layouts that foster collaboration.

One employer that is already dealing with a millennial-majority workforce is Columbus, Ohio-based Designer Shoe Warehouse Inc. Jessica Ward, the retailer's

benefits manager, said 72% of DSW's associates are millennials.

"Millennials care," she said. "They want their organization to care about them." They care about corporate culture and values, said Ms. Ward, and some millennials will leave a job because of its culture.

Ms. Ward said employers need to implement benefits that are meaningful to millennials. This includes such things as "tele-doc" services, as well as maternity and infertility benefits, she said.

Employers also need to go mobile to communicate with the millennials, said Ms. Ward. She noted that there are supposedly more cellphone accounts than toothbrushes globally.

Employers need to use different media to reach different groups of employees, said Ms. Ward. But they have to remember that if someone needs a video, "you have to compete with YouTube," she said.

## Handling risk management brilliantly

BY STEPHANIE GOLDBERG

Deciding to let your personal light shine can shift your world.

And those attending speaker Simon T. Bailey's luncheon keynote Monday at the Risk & Insurance Management Society Inc.'s annual conference in New Orleans were encouraged to be "brilliant" by shifting the way they think about connecting with others and being open to innovation.

Mr. Bailey, a motivational coach and author and former Walt Disney Co. executive, spoke about his time at Disney and the moment he realized what "going to work" actually meant. He said he was working in the park one day, wearing a blue smock and



Mr. Bailey

holding a broom, when he was approached by a family from his hometown of Buffalo, New York.

Mr. Bailey said he connected with the guests, telling them what to ride and where to eat. But he said it wasn't until later that day that he realized his supervisor

didn't send him into the park to merely sweep the streets.

"I mean this figuratively, not literally – that day, I quit my job at Disney and I went to work at Disney," he said. "A job is about 'what do I get?' But when you go to work, it's about 'What do I give?' And when you really, really understand that, there's a shift that takes place."

Mr. Bailey also stressed the importance of building relationships, which he called "the currency of the future."

"If you intend to thrive as a risk manager, I want you to think about increasing your relationship portfolio," he said, which means creating "a personal board of directors" who "challenge your thinking."

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## PITCHFORD, HINTON, BIRD INDUCTED INTO RIMS HALL OF FAME

The Risk & Insurance Management Society Inc., in conjunction with American International Group Inc., on Monday honored three individuals who, in the course of their careers, made significant contributions to the profession of risk management.

Lance J. Ewing, industry practice group leader for hospitality and leisure at AIG, inducted the three into the RIMS Hall of Fame.

"I am privileged to honor individuals who have made a unique mark on this business," Mr. Ewing said. "They are exceptional individuals who have created a lasting legacy."

The widows of the three inductees – Reginald A. Pitchford, James D. Hinton and Gary E. Bird – collected the awards.

**Reginald A. Pitchford**, known as Reg, was corporate risk manager for United Grain Growers and was a



Donna K. Bird, Linda Hinton and Penny Pitchford, from left, accepted the Risk Management Hall of Fame award on behalf of their late husbands.

prominent mentor and advocate of risk management in Manitoba. He was instrumental in maintaining RIMS' Manitoba chapter. He also served as president of the Insurance Institute of Manitoba and sat on the Council of the Insurance


Institutes of Canada. He died in 2014, aged 92.

**James D. Hinton** was the vice president of risk and insurance at HCA Inc., a multihospital corporation. He developed innovative loss prevention programs

for his organization and was part of a team who lobbied successfully for tort reform. Mr. Hinton also was a member of the Humana Inc. team that in 1989 won a landmark captive tax case. He was recognized as *Business Insurance's* Risk Manager of the Year® in 2005. Mr. Hinton died in 2012.

**Gary E. Bird** spent most of his career at Phelps Dodge Corp., where he served as director of risk management. He later was senior vice president in construction risk management at Marsh L.L.C. He was the author of the first three editions of "The Wrap-Up Guide," a book that explores best practices for managing liability policies designed to serve as all-encompassing insurance for all contractors and subcontractors. He died in the terrorist attacks on Sept. 11, 2001.

Sarah Veysey



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# HEARD ON THE STREET

What's the best part of the conference so far?



**MARK KEBERT**

Risk manager  
Purdue University  
West Lafayette, Indiana

"The exhibit hall. The variety of vendors there. It is amazing the number of people I can talk to. You can really keep abreast of the services that are out there."



**SARA HARDY**

Vice president  
JPMorgan Chase & Co.  
New York

"Everybody is really helpful – they want to understand how they can help you. And it is nice to see people outside of their normal environment, in a more casual environment."



**L.J. PILAR**

Investment management  
Morgan Stanley  
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"The number of people. It could be a bit overwhelming, but I really like the idea of networking."

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### ABOUT MICHAEL BANKS

From Alabama, Michael Banks is known in the South for his bold, colorful imagery and unique use of textured materials. Banks, recently featured in several publications including *Southern Living Magazine*, has created quite the stir in the art world. His work, self-described as "pure expressionism" and a "never-ending invention," represents a positive stride in the progression of folk art. Unique methods paired with bold artistic mediums such as acrylics and tar on wood or canvas, underscored with a touch of oil, help to further define Banks' paintings as truly one-of-a-kind.



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# Cheryl Harper

Cheryl Harper is president of the South Louisiana chapter of the Risk & Insurance Management Society Inc. and operations manager for Catholic Mutual Group, which provides the Roman Catholic Church in North America with property, liability and employee benefits coverage. Ms. Harper spoke recently with *Business Insurance* reporter Shelby Livingston about the insurance market in Louisiana and what risk managers from other states can learn from how Louisiana risk managers have handled natural disaster-related issues. Edited excerpts follow.

Our servers are virtual, so they can be accessed remotely from anywhere we set up. So we can actually pick up, move to another state and still access all of our databases so we can keep our operations up and running.

**Q** Nearly 10 years after Hurricane Katrina, what is the insurance market like in Louisiana? Are property insurers still charging large amounts for coverage?

**A** Yes. In post-Katrina, we now have named storm deductibles, which are a percentage of a building value ranging anywhere from 2% to 5% to 6%. So that's a huge expense.

A lot of insurance companies tried to bail out on writing any coverage in this area post-Katrina. The Louisiana commissioner of insurance, Jim Donelon, has done a wonderful job getting some other companies to write coverage in our area, but the premiums still remain high. They have gone down a little from what they were immediately following the hurricane.

**Q** What are the most significant risk management or insurance issues your chapter members are facing right now?

**A** The cost of claims in general with regard to risk managing the claims, because we have one of the highest jury thresholds in the country. In the New Orleans area, especially, it's about \$50,000 before you can get a jury. So it's very difficult

to litigate cases, and it's a lot of pressure for the judges to settle.

Also, the overall cost of workers compensation in this area is very high. Our fee schedule is extremely high, and we have a very liberal comp system with regard to the hearing officers. They tend to lean toward the claimants.

## Q&A

**Q** What can risk managers in other states learn from how Louisiana risk managers handle natural disasters?

**A** Data retention, records retention ... our servers are virtual, so they can be accessed remotely from anywhere we set up. So we can actually pick up, move to another state and still access all of our databases so we can keep our operations up and running. That's a big part of it, because we didn't have

virtual servers pre-Katrina. It's all about having your corporate structure set up so that you can operate from anywhere if a disaster hits.

**Q** How have your local members prepared for the conference this year?

**A** We have heavily promoted the conference though our local chapter. We also have members from the University of Louisiana at Lafayette; we're affiliated with Dr. Bill Ferguson there. He's one of the local professors and has a bachelor's program in finance that includes risk management, so he's coming to RIMS with a group of his students.

We're also having a reception with the national board to network with them as well. We're looking forward to hosting a large group of people here.

**Q** What are you hoping to take away from your time at the conference?

**A** Knowledge. If I can take away one thing that I can implement in my job to improve the risk management of the organization that I service, then I would consider it a success.



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# THE SIGHTS

### Voodoo Roundup

Four sites in the city's French Quarter offer a glimpse into Voodoo's roots and rituals.

The mystical, often misunderstood African religion of Voodoo is as intertwined with New Orleans history as Mardi Gras and Creole cuisine. Four sites in the city's French Quarter offer a glimpse into Voodoo's roots and rituals.

**The Voodoo Spiritual Temple** (828 N. Rampart St., 504-522-9627; [voodoospiritualtemple.org](http://voodoospiritualtemple.org)) focuses on traditional West African spiritual and herbal healing. Led by Miriam Chamani, a priestess of Voodoo, the lavishly decorated temple offers consultations, rituals, potions, tours

and lectures.

Explore the legends and traditions of voodoo while browsing a large collection of religious artifacts and portraits of notable practitioners at the **New Orleans Historic Voodoo Museum** (724 Dumaine St., 504-680-0128). Stock up on potions, magical ingredients and handcrafted voodoo dolls, or have your fortune told by a psychic.

Named for the legendary queen of Voodoo, **Marie Laveau's House of Voodoo** (739 Bourbon St., 504-581-3751; [voodoo-neworleans.com](http://voodoo-neworleans.com)) is a one-stop shop for voodoo essentials, including dolls, talismans and spell kits. Tarot card and palm readings are available to divine your future.

And **Voodoo Authentica of New Orleans Cultural Center & Collection** (612 Dumaine St., 504-522-2111; [voodooshop.com](http://voodooshop.com)) offers rituals and readings, as well as homemade candles and incense.

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The oldest active cemetery in New Orleans, this storied graveyard lures curious locals and tourists. Most of the above-ground vaults were constructed in the 18th and 19th centuries and are home to notable New Orleans citizens such as Daniel Clark, a financial supporter of the American Revolution, and, allegedly, Voodoo Queen Marie Laveau. Tourists must be accompanied by a tour guide registered with the New Orleans Archdiocesan Cemeteries office. Visit [nolacatholiccemeteries.org](http://nolacatholiccemeteries.org) to find a tour. It's open 9 a.m.-3:30 p.m. Monday through Saturday; 9 a.m.-12:30 p.m. on Sunday.



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Leanne

Fuentes

*I'm very excited about my upcoming internship with General Electric (Co.) in the risk management department. I hope to apply the skills that I have learned here in my internship and continue learning about the field of finance and risk management.*

## COLLEGE STUDENT SNAPSHOT

Leanne Fuentes is a finance and risk management and marketing double major at St. Mary's University in San Antonio, Texas. The junior, who will graduate in May 2016, is chief financial officer for the university's student-run business, Rattler Enterprises. She is also vice president of finance for the university's chapter of the American Marketing Association and a member of the Accounting Club.

### What are your post-college career plans?

I hope to use my skills to solve challenging problems at the company I'm working at. I also plan to return to school to pursue my graduate studies. I want to pursue my MBA, but I'm very excited about my upcoming internship with General Electric (Co.) in the risk management department. I hope to apply the skills that I have learned here in my internship and continue learning about the field of finance and risk management.

### How did you become interested in risk management?

I became aware of the risk management and insurance field through my risk management professor, Dr. David Sommer, and he has supported me and guided me in my interests. Also he told us about conferences, and I went to the Insurance Council of Texas conference in the past summer. The conference was very helpful and interesting and I also became more interested in risk management. The experience helped me to fully understand that the insurance industry is a challenging field, but learning is constant. I really like the challenges and the learning that is required in the risk management and insurance field.

### What do you hope to learn at RIMS 2015?

It's a big conference where there are a lot of companies and industry leaders that are going to be there. So I'm looking to building relationships and meet people in the industry... Also, I'm a member of the risk group that represents St. Mary's ... so I'm very excited about the competition that we're going to be presenting at during the conference. I hope to collaborate with my team members and enrich our knowledge of risk management.

### What's your favorite movie?

I like "The Bucket List."

### What's your favorite book?

"Daring Greatly" by Brene Brown. It's about how the courage to be vulnerable transforms the way you live.

### What's your favorite food?

I like Cuban food, because I was born in Cuba and I moved to San Antonio when I was 5. So I like pork and rice with black beans.

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## EMERGING TECHNOLOGIES

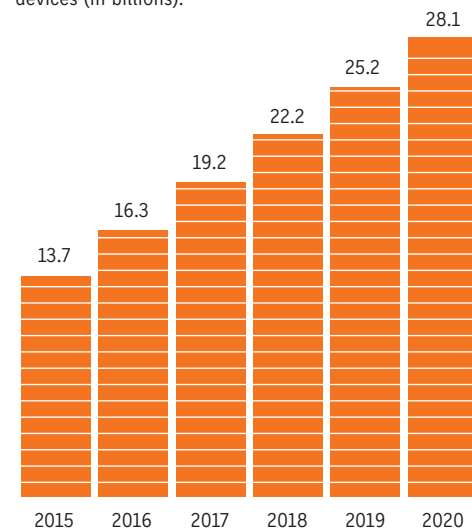
The emerging technologies' potential to transform the insurance industry.

Technology	2014	2017	2019	2021	2024
Internet of things	23%	54%	74%	76%	76%
3D printing	2%	12%	32%	33%	38%
Drones/aerial imagery	10%	37%	63%	68%	73%
Driverless vehicles	4%	18%	45%	58%	77%
Wearable devices	6%	44%	69%	73%	76%
Gamification	8%	41%	53%	56%	59%
Artificial intelligence	15%	29%	50%	67%	74%
Semantic technologies	8%	23%	45%	52%	55%
Biotechnology	4%	14%	30%	38%	49%

Source: Strategy Meets Action

## WORLDWIDE INTERNET OF THINGS FORECAST

Projected units of installed base of IP-connected devices (in billions).\*



\*Excludes stand-alone sensors, smartphones, tablets, PCs and wearable devices.

Source: International Data Corp.

## HEAD TRAUMA

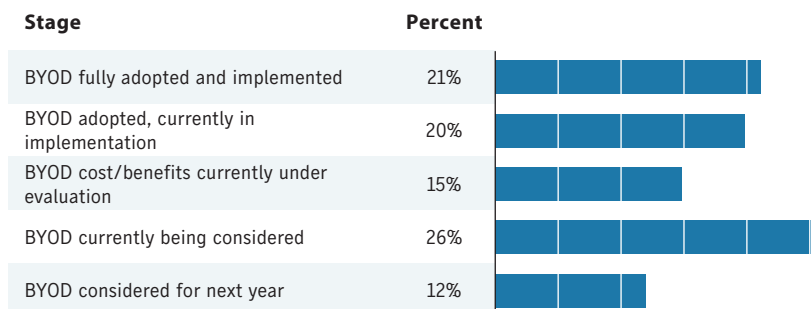
The sports and recreational activities with the highest number of estimated head injuries treated in U.S. hospital emergency rooms.

Sport	Number of injuries
Cycling	85,389
Football	46,948
Baseball and softball	38,394
Basketball	34,692
Water sports	28,716
Powered recreational vehicles	26,606
Soccer	24,184
Skateboards/scooters	23,114
Fitness/exercise/health club	18,012
Winter sports	16,948
Horseback riding	14,466
Gymnastics/dance/cheerleading	10,223
Golf	10,035
Hockey	8,145
Other ball sports	6,883
Trampolines	5,919
Rugby/lacrosse	5,794
Ice skating	4,608
Roller and in-line skating	3,320

Source: American Association of Neurological Surgeons

## MINIMIZING RISKS OF USING PERSONAL DEVICES AT WORK

"The stage of the adoption of risk management policies, processes and infrastructure for personal devices used at work."

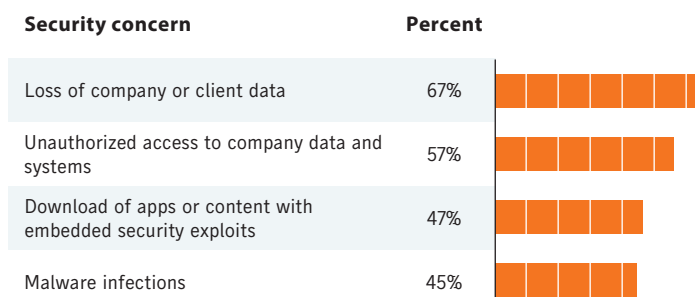


Note: BYOD means "bring your own device."

Source: Lumension Security Inc.

## TOP SECURITY CONCERNS FOR PERSONAL DEVICES AT WORK

Roughly eight in 10 employees bring their own mobile devices to work, with smartphones and tablets being the most popular.



Source: Lumension Security Inc.

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# THE VALUE OF DEVELOPING A RISK COMMITTEE

In order to monitor risks that influence the various business units throughout an organization, many have turned to risk committees: a composite of executives who each bring varying skills and perspectives and can contribute to the overall success of the risk identification, assessment and mitigation process.

RIMS Executive Report “Exploring the Risk Committee Advantage” defines the risk committee concept with insight on the types of committees and roles risk professionals can take during its implementation, facilitation and the communication of its findings. The report also highlights the value of developing a strong operational risk committee, while reviewing regulations and potential challenges.

One of the greatest advantages to forming a risk committee is its ability to help create a more risk-aware culture throughout the organization.

“There is probably nothing more important to driving risk management principles into the operations of the business than culture,” said John Phelps, RIMS 2013 President. “The risk committee helps drive the identification, evaluation and mitigation of risk directly into the company culture. It’s a way to ‘mainline’ risk management as part of the way business is done in an organization. Too often, companies see identification, evaluation and mitigation of risk as a ‘bolt on’ to their real work. It isn’t. It’s part of how they do their real work. The risk com-

mittee is part of overall risk governance, and risk governance should drive the company culture.”

There are some very basic and fundamental challenges that will arise in the formation and logistics of a risk committee. “Time constraints will always be an issue,” said Rick Roberts, RIMS 2015 President Rick Roberts. “The operational leaders throughout the organization that you have identified as ideal candidates for the risk committee have limited time for such an initiative. Unless leadership attaches this responsibility to them, getting that initial buy-in from your colleagues will be extremely difficult.”

This is why gaining Board buy-in for all risk management initiatives – including the formation of a risk committee – is essential to the success of the program. Thankfully, this is not the onerous task it once was. “Getting buy-in from leadership is easier now,” said RIMS Board Director Gloria Brosius. “Natural disasters, economic implosions, cyberattacks have organizations on high alert. Today, many more Boards appreciate the value of strong risk management capabilities.”

In a room full of non-risk professionals, convincing everyone to focus on the organization’s “big picture” strategic risk objectives can be difficult. “Having committee members see things on a global or a strategic scale can be a challenge,” said RIMS Board Director Gordon Adams. “There is no question

that each committee member brings a very valuable and specialized expertise to the table. Getting them to think outside of their practice areas and about the strategic objectives of the entire organization is not just a challenge for the committee but rather an opportunity for risk professionals to truly highlight the value they can deliver to the organization.”

To read more about the advantages of implementing a risk committee, download this RIMS Executive Report at [go.RIMS.org/Knowledge](http://go.RIMS.org/Knowledge), or stop by the RIMS Hub (Booth #1021) in the Exhibit Hall to pick up a copy.



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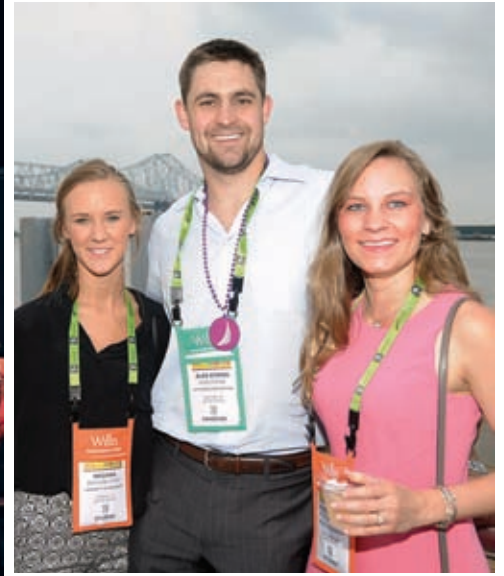
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## LEADERS

Continued from page 1

He called Hurricane Katrina “a prime example” of what risk managers must prepare the organizations they serve to deal with — “the unthinkable.”

RIMS Executive Director Mary Roth pointed to reauthorization of the federal government’s terrorism insurance backstop, which was created by the Terrorism Risk Insurance Act of 2002, as an example of RIMS’ influence. She noted that the program affects any organization with a U.S. presence. RIMS members, including several past presidents, pushed for reauthorization, she said.

Enactment of the reauthorization legislation is a “reminder RIMS can do remarkable things,” said Ms. Roth, who is marking 30 years with the organization this year.

Looking ahead, Mr. Roberts said RIMS will launch a “virtual member engagement platform” later this year.

Ms. Roth said the new platform will be a “home run” on many levels.

Among other things, the new



Keynote speaker Erik Wahl — a graffiti artist, entrepreneur and best-selling author — urged attendees to resist ‘institutional complacency.’

platform will allow the organization to engage the next generation of risk professionals, said Mr. Roberts. Ms. Roth stressed that the platform “connects great people with great ideas.”

RIMS continues to grow internationally, Mr. Roberts said. The society is working to strengthen its international network by participating in worldwide events.

Mr. Roberts noted that his predecessor as RIMS president — Carolyn Snow — made numerous international trips during her tenure and had counseled him

that he should be prepared to travel. He said he would continue that tradition.

The emphasis on international growth marks this year’s conference. A new lounge for members from outside North America provides a “unique meeting place” for international members to network and share ideas, Mr. Roberts said.

Ms. Roth pointed out that RIMS has members in more than 60 countries. One country in which the membership has been growing rapidly is Australia, she said.

This is reflected in the fact that a risk forum has been slated to take place again in Melbourne in August.

“We are truly a global society,” said Mr. Roberts.

Ms. Roth listed several upcoming events that will draw risk managers’ attention this year. Among them are the release of the risk manager compensation survey, the release of the RIMS benchmarking survey and a RIMS legislative summit.

The opening session concluded with a keynote address by Erik Wahl — a graffiti artist, entrepreneur and best-selling author.

“I’m in the business of creating disruptive strategy,” Mr. Wahl said.

He opened his address by painting on stage a portrait of U2 lead singer Bono as a U2 music video played.

“I thought we’d open with something different,” he said.

Mr. Wahl said he heard the late Steve Jobs of Apple Inc. urge graduating college students to “stay hungry, stay foolish.”

For risk managers, this means to resist “institutional complacency,” said Mr. Wahl.

The question for risk managers is how to reawaken their own artistry, he said.

## DRONES

Continued from page 1

places they can get to, I think we’re in for an evolving state of interesting claims in the future,” said Bruce H. Raymond, principal at the Raymond Law Group L.L.C. in Boston.

Drones also create insurance questions, Mr. Crawley said. Right now, under Federal Aviation Administration rules, businesses that want to use drones for commercial purposes must obtain a waiver in order to legally operate drones, and most insurance policies would have exclusions in their policies if they



are operated in violation of the law.

Policy language covering drones is still in the development stage, “so it remains to be seen how broadly or narrowly” insurers will write these policies, Mr. Crawley said, adding that firms should consult with their brokers

on this issue.

Also discussed at the session was the current regulatory outlook insofar as drones are concerned. Under the FAA Modernization and Reform Act of 2012, the agency is in the process of developing regulations in this area.

For now, however, drones can be operated only by a licensed pilot, there must be a second observer, and they can only fly within line-of-sight.

“Drones are new to the commercial environment,” Mr. Raymond said. “They’re out there and the law and regulations are definitely running a long way behind.”

Scott Fazio, director of risk and

operations at the St. Charles Parish School Board in Luling, Louisiana, said his school district has beta-tested drones.

He said one way to get rid of risk is to transfer it. For instance, when drones are used as part of a fire drill, the district hires a third party who is insured through a rider on its commercial general liability policy.

Mr. Crawley also discussed the wider use of drones.

“Drones aren’t only coming, they’re here,” he said. Within the past week, for instance, he said, the Swiss postal service has arranged with a company to deliver small packages by drones, with plans to mainly focus on medical supplies.



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WHAT MATTERS MOST



“We looked at cyber security and asked, ‘Are you actually quantifying the risk?’”

Carol Fox,  
Risk & Insurance  
Management Society Inc.

## SURVEY

Continued from page 1

respondents felt that risk management was reporting in to the appropriate area inside their organization,” Mr. Elowe said.

The report shows that 50% of respondents said the risk management function reports to the chief financial officer or treasurer.

The remaining 50% report to other company executives, such as general counsel at 12%, other C-suite members at 8%, chief risk officer at 7%, internal audit and operations at 5% each, and human resources at 2%.

“The fact that risk management is reporting into some of the other functional areas I think is really a positive,” said Carol Fox, the director of strategic and enterprise risk practice for RIMS in New York.

“We’re seeing more investment in those areas, we’ve seen more integration with

operations, we’ve seen more visibility for risk management functions when they don’t report to treasurers and CFOs,” Ms. Fox said.

To the question “Over the next 12 months, which of the following areas of risk management will be a priority(ies) for your organization,” 43% answered cyber security, putting it at the top of the list. However, fewer than half had quantified the risk, and even fewer had prepared for an event.

“We looked at cyber security and asked, ‘Are you actually quantifying the risk?’ and found that 40% had actually quantified the (cyber) risk within the organization,” Ms. Fox said.

“Where we found a difference is that while they were identifying and quantifying the risk in some ways, the actual planning for an event of that kind seemed to be lacking,” she said.

“Very few of them, less than 20%, were really looking at the communication plan” for such an event, she said.



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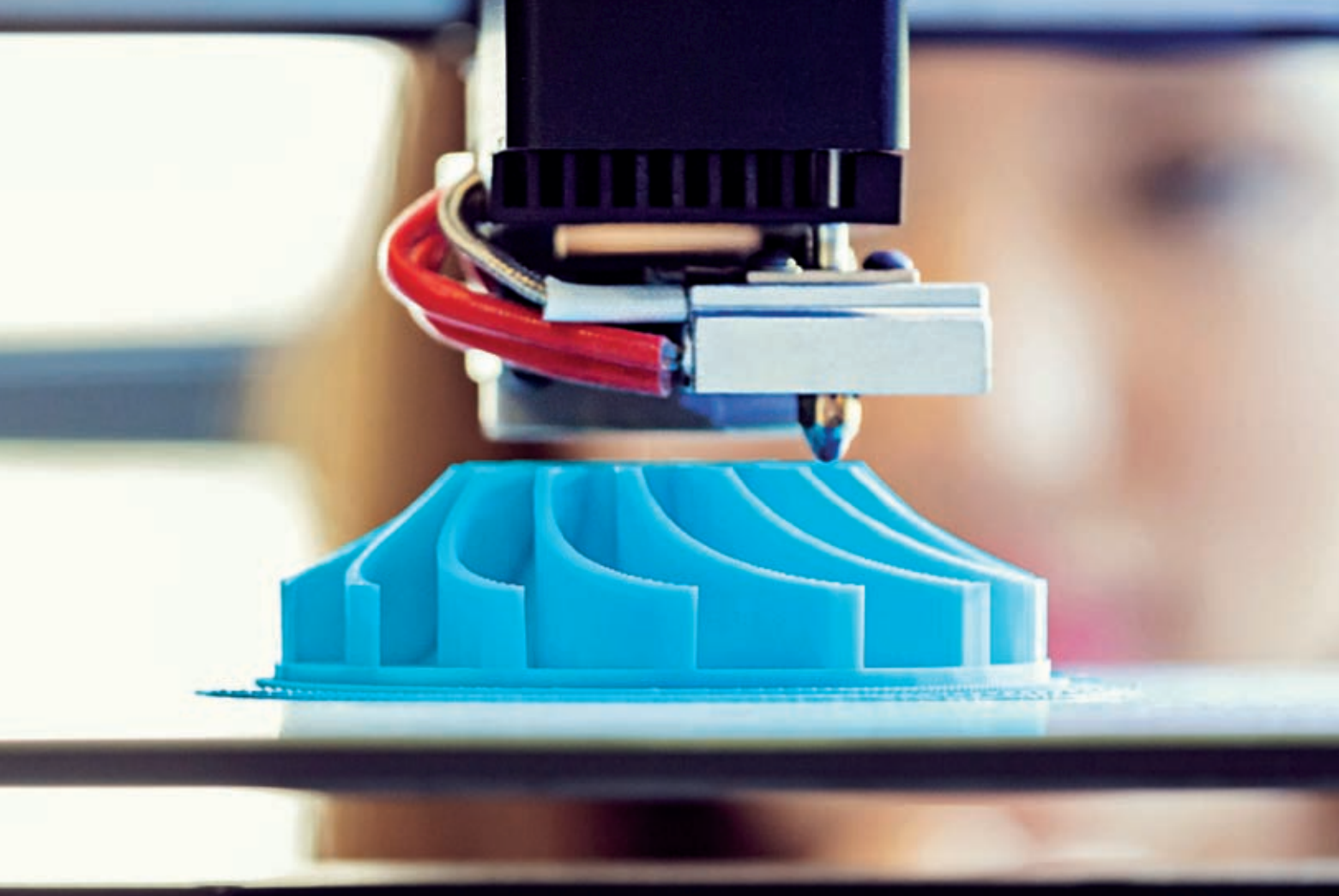
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# SHOW DAILY

**BUSINESS INSURANCE**

## Risk management advances create new opportunities

BY MARK A. HOFMANN

Advances in technology, changes in relationships with insurers and a looming demographic upheaval are all affecting the practice of risk management, according to a panel of high-profile risk managers

The three risk managers — all of whom have been honored as Risk Manager of the Year® — discussed the state of the industry during a breakfast recognizing the Business Insurance 2015 Risk Manager of the Year® Kathleen M. Ireland, vice president-insurance and global risk at Armonk, New York-based IBM. Also recognized were the members of this year's Risk Manage-



Panel, from left: Gavin Souter, *Business Insurance*; Debbie Rodgers, Aramark; William M. Zachry, Safeway; and John J. Marren, CSL Ltd.

ment Honor Roll®: Laurent Barbagli, group risk and insurance manager for Lafarge S.A. in Paris; David G. Cammarata,

assistant treasurer for risk management and insurance in the

See **PANEL** page 22

### ARIANNA HUFFINGTON TO CLOSE OUT RIMS IN NEW ORLEANS

Arianna Huffington, the co-founder and editor-in-chief of the Pulitzer Prize-winning news site The Huffington Post, will be the closing keynote for RIMS 2015.

Ms. Huffington, who has authored 14 books, was named one of the 100



Ms. Huffington

most powerful women by Forbes in 2014 and one of the world's 100 most influential people by Time magazine in 2011.

Also in 2011, AOL Inc. announced its \$315 million acquisition of The Huffington Post. As part of the deal, Ms. Huffington became president of the newly created Huffington Post Media Group, which includes all Huffington Post and AOL content, as well as Engadget, PopEater and more.

Prior to launching The Huffington Post in 2005, Ms. Huffington ran for governor against Arnold Schwarzenegger in the 2003 recall election of California Gov. Gray Davis. However, she later pulled out of the gubernatorial race in an effort to prevent the recall entirely.

Born in Athens, Greece, as Arianna Stassinopoulos, Ms. Huffington studied at the University of Cambridge in England.

By Stephanie Goldberg

## Custom-built cyber policies deliver best protection

BY JUDY GREENWALD

Before obtaining cyber insurance coverage, risk managers should conduct a risk assessment, find out where the gaps in coverage are, look at their different policies, find any shortcomings and "tailor the cyber policy to fill those gaps," says a risk manager.

Timothy J. Flaherty, Pittsburgh-based manager of insurance risk management at Alcoa



Inc., spoke at a session on advancements in cyber risk insurance Tuesday at the Risk & Insurance Management Society Inc.'s annual conference in New

Orleans.

Face-to-face meetings with insurers are critical, and the topic of cyber exposures should be introduced to senior management. "Keeping them involved is critical," Mr. Flaherty said of senior management.

Another key topic that risk managers would want to get involved with is the retroactive date on their cyber policies,

See **CYBER** page 22

### GAME CHANGERS

Senior executive forum examines new trends

PAGE 3

### ATHLETIC RISKS

Traumatic brain injuries affect school programs

PAGE 4

### BEST OF SHOW

Award-winning exhibitors garner praise

PAGE 6

### Q&A



Laura Langone, senior director of global risk management at Juniper Networks Inc. in Sunnyvale, California, and chair of RIMS'

ERM Committee, which focuses on enterprise risk management, talks about the committee's work.

PAGE 10

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# Technology, population shifts and new markets challenge industry

BY MATTHEW LERNER

Brokers voiced a variety of concerns and insurers addressed emerging markets during a senior executive forum panel discussion Tuesday at the Risk & Insurance Management Society Inc. conference in New Orleans.

During the first half of the panel, leaders of major brokerages expressed different answers to the question “What keeps you up at night?”

“When you look at the technology revolution going on today, I look at our business models and the challenge that really resides

in terms of how we move into the 21st century,” said David Batchelor, president of the international division of Marsh L.L.C. in New York.

“Remaining relevant in the digital world, I think, is something of a challenge for us moving forward,” Mr. Batchelor said.

“The first thing is making sure that our client service remains at the very, very highest level,” said Dominic Casserley, CEO of Willis Group Holdings P.L.C.

“That is an ongoing challenge, because our clients get smarter every year and more demanding every year and expect more of



Among those discussing game-changers for the industry were, from left: Daniel Riordan, Zurich North America; Robert Andrews, E.D. Bullard Co.; Noelle Codispoti, Gamma Iota Sigma; and John Lupica, Ace Ltd.

us,” Mr. Casserley said.

“For me, it’s all about demographics,” said J. Patrick Gallagher Jr., chairman, president and CEO of Arthur J. Gallagher & Co.

“I’m a baby boomer, and there’s

a lot of my age group that over the next short period of time will be exiting the business. The kids that are coming into our business are super bright – just fantastic.

See **FORUM** page 25



## RISK MANAGER OF THE YEAR® & RISK MANAGEMENT HONOR ROLL®

From left: Richard Roberts, RIMS president; Mary Roth, RIMS executive director; Kathleen M. Ireland, IBM; Frank Quigley, *Business Insurance*; Brian W. Merkley, Huntsman Corp.; Laurent Barbagli, Lafarge S.A.



# Businesses need to assess political risks when expanding

BY SARAH VEYSEY

Political risks can increase when companies expand overseas, and multinational companies must continually assess their exposures, according to panelists at a session Tuesday at the Risk & Insurance Management Society Inc. conference in New Orleans.

Political risk is now an issue that is very much on the agenda of the senior management of multinational companies, said David H. Anderson, senior vice president and director of global business development for credit and political risk at Zurich Insurance Group Ltd. in Washington.

"This is an insurance coverage that gets a lot of attention from our senior management and the C-suite," said Judith M. McInerny, director of risk management and treasury at Corning, New York-based materials science company Corning Inc.

Ms. McInerny shared her experiences of evaluating political risk

exposures with attendees at the RIMS hot topic session on growing a business in a tough geopolitical environment.

She said her company, which has more than 30,000 employees worldwide and total assets of about \$30 billion, has significant research and development, manufacturing and supply chain operations in emerging markets, and that its operations in Asia are now its biggest in terms of assets.

Corning has operations in South Korea close to the border with North Korea and so must be mindful of that threat, Ms. McInerny said. In addition, she said, Corning has operations in Mexico that could be affected by drug cartel activity.

The company has purchased political risk coverage since the 1960s, she said. At that time the whole program was underwritten at Lloyd's of London, but over time the values at risk grew to exceed the available insurance capacity, Ms. McInerny said.



She said that in her experience, buying confiscation, expropriation and nationalization coverage in addition to political violence coverage had tended to mean rates were reduced for that political violence cover, as it was bundled with the rest.

Over recent years, in general rates have fallen for political risk coverage, the terms and conditions have become more favorable for buyers because of increased capacity, and the "coverage has improved," she said.

But the number of exposed

countries, and the size of the assets Corning has in those countries, has increased greatly.

"So our approach is to continuously examine what our exposures are," she said.

Ms. McInerny said she uses insurer and broker tools, surveys and information about how other companies are mitigating their risks to get a handle on where Corning's exposures are.

She also said that she is involved in due diligence processes when her company is seeking to expand.

Zurich's Mr. Anderson said that while the period 2010-2014 saw a dramatic decrease in the number of trade credit claims – which had spiked after the global financial crisis that began in 2008 – the number of notifications of political risk events such as the Arab Spring uprising in the Middle East, and violence in Eastern Ukraine, among others, had increased significantly.

He said that one option for companies with operations in hard-to-insure countries was to use a captive insurer to take on that risk and then reinsure it.

Putting political risk into a captive can give diversification because it is uncorrelated with other property and casualty risks, he added.

# Relationships key in managing concussions among school athletes

BY STEPHANIE GOLDBERG

Developing relationships with athletic trainers and coaches can help risk managers at universities mitigate and manage concussions among student-athletes, experts said Tuesday at a session at the Risk & Insurance Management Society Inc. conference in New Orleans.

Concussions aren't easily defined, but they can result from traumatic force to the head or body, "which causes what we think is a transient change," said Dr. Gregory Stewart, associate



professor of physical medicine and rehabilitation in the Department of Orthopedics at Tulane University in New Orleans.

"One of the problems we run

into in dealing with (concussions) is that, in the medical profession, we're still not exactly sure what it is we're dealing with," he said. "There are currently 52 active definitions of a concussion, and the more definitions there are on something, the less we know about it."

It doesn't necessarily matter if someone is wearing a helmet or if they were hit in the head, since the brain floats inside the skull, said Tory Lindley, associate athletic director at Northwestern University in Evanston, Illinois.

At Northwestern, football play-

ers are most likely to suffer concussions, but "our second highest percentage sport of concussions last year was our fencing program," he said.

Concussions often go unreported because players or their parents don't want them to sit out, which is why the idea of saying "three concussions and you're done" isn't smart, Mr. Lindley said.

In addition to the fact that science doesn't support the idea, athletes won't report concussions if

See **TRAUMA** page 25

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# BEST OF SHOW

The Risk & Insurance Management Society Inc. has selected the exhibitor Best of Show winners for the 2015 conference and exhibition. The winners are picked by a group of conference attendees, with judges weighing various criteria, including presentation of product, creative use of space, and overall design and layout. The winners, clockwise from right, are Helios, small category; Verisk Analytics Inc., medium category; and Willis Group Holdings Inc., large category.





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# HEARD ON THE STREET



## MARJORIE F.B. LEMMON

Risk manager  
Yale University  
New Haven, Connecticut

"The thing that resonated with me the most was from the first speaker we had (artist Erik Wahl). He was talking about stepping out of your comfort zone, embracing your fear and using it to motivate you to explore new opportunities ... and think outside the box. In the risk management arena, that's always something you need to be aware of and try to do – not to be afraid of the unknown."



## ELLEN SHEW HOLLAND

Associate vice president and chief risk officer  
Southern Methodist University  
Dallas

"The alternative risk financing arena is interesting right now, and there's great opportunity for some very innovative ideas to come out of that for all levels of insureds. You don't have to be \$100 billion anymore. There are great opportunities at different levels. Secondly, I'm very impressed with ... the international component that's here. It really mirrors the growing markets."



## ELLEN M. RENSKLEV

Vice president of risk management  
Oregon Health & Science University  
Portland, Oregon

"The networking continues to really grow among risk managers, and the opportunity not just to attend the sessions, but to walk up to anyone and start a conversation and really share your experiences and talk about what's going on at your particular enterprise. And also, with the support of the brokers that are here, we have the opportunity to really voice what our needs are."

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And while you're experiencing the new DMITRI, make sure to register for a chance to win a signed set of photo postcards by today's artist, **Sandra Russell Clark**. This 10-piece set of beautiful postcards features her award-winning work, titled *In Search of Eden*, a lush and sensual collection of New Orleans landscapes.



## ABOUT SANDRA RUSSELL CLARK

Clark's photographs are included in numerous note-worthy museum, corporate and private collections in the U.S. and abroad including the Contemporary Arts Center in New Orleans; New Orleans Museum of Art; The Historic New Orleans Collection and Museum of Fine Arts, Houston among others. Clark's book of photographs, *Elysium, A Gathering of Souls, New Orleans Cemeteries* received the 1997 Mary Ellen LoPresti Award for Excellence in Art Publishing. Thirty-four original images from her most recent exhibition were purchased this spring by the Historic New Orleans Collection for their permanent collection.



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# Laura Langone

Laura Langone, senior director of global risk management at Juniper Networks Inc. in Sunnyvale, California, is chair of the Risk & Insurance Management Society Inc.'s ERM Committee, which focuses on enterprise risk management. Before joining Juniper, she worked for global insurance and risk management consulting companies, including American International Group Inc., Marsh L.L.C. and Towers Watson & Co. She was also a defense attorney with law firm Gordon & Rees L.L.P. Ms. Langone talked with *Business Insurance* Senior Editor Judy Greenwald about the committee's work. Edited excerpts follow.

We map out what our plan is going to be for the year, and then we execute the plan. So it's very measurable, it's very specific as to what we're trying to accomplish, I would say.

**Q** How would you describe the purpose of the RIMS ERM Committee?

**A** The purpose of the committee is really to assist risk managers with looking at enterprise risk management — the framework, processes, and case studies that could be shared by the RIMS community for those who would really like to know how they work.

The committee looks at issues of managing risk, how you do it and best practices, so it's more meaningful for risk managers, and then we also work on selecting the ERM seminars for RIMS nationally, as well as at regional conferences.

**Q** Why do you think it is important for the risk manager to know ERM?

**A** To be most effective in an organization, and get a seat at the table with the C-suite, having an ERM background is definitely going to help. I think fundamentally, for me personally, it's how I do risk management. It's very important. But I think for others, it's sort of what's expected. I think it really does make sense that risk managers are familiar with these con-

cepts. I think it helps their career, and it definitely creates other professional opportunities as well.

**Q** How successful has the committee been?

**A** I think we're quite successful. We map out what our plan is going to be for the year, and then we execute the plan. So it's very

and wearing our RIMS hats, if you will, and also learning from other organizations where folks might present. We learn from those as well.

I think it's effective, especially for a group of volunteers. We meet monthly, and everybody participates as best we can, and we vote on minutes, and we really keep to programs. And where we have problems, we try to assign and get those tasks completed.

We have 12 members, including (RIMS director of strategic and enterprise risk practice) Carol Fox. At RIMS or our ERM conference in October, we try to meet live if most of us are going to be there.

**Q** What are your plans for the future?

**A** We are working on a publication on ERM, including what does (ERM mean for) practitioners, trying to bring some clarity around that. It's a continuous goal.

We're also looking at risk appetite, so we're going to do a publication on that, as well as more on emerging risks. And then, of course, we're making sure we have a successful RIMS and ERM conference in October.



measurable, it's very specific as to what we're trying to accomplish, I would say.

We publish a newsletter at least annually, we provide a lot of materials for the RIMS site annually, which could include a webcast, we participate in seminars, and there's a lot of other work going on as well in terms of representing RIMS, so we might be going to other forums



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# THE SIGHTS

### The French Market

2 French Market Place  
New Orleans, LA 70116  
504-522-2621  
[www.frenchmarket.org](http://www.frenchmarket.org)

No trip to the Crescent City is complete without a walk through the historic New Orleans French Market. Built in 1791, the bustling open-air market originally was a Native American

trading post and later was dominated by both the French and Spanish. Today, it is filled with shops and restaurants, street performers and craft vendors.

Food takes center stage at the

French Market. Visitors can buy goods ranging from fresh produce sold by local farmers, to seafood from the Gulf, to Cajun sauces and spices. Stop by Aunt Sally's Praline Shop, 810 Decatur St., for world-famous Creole pralines, or The Gazebo Café, 1016 Decatur St., for Cajun and Creole cuisine and live jazz.

Between St. Philip Street and Ursulines Avenue is the crafts bazaar, where you can find handmade jewelry, leather goods, handcrafted clothing, wood carvings and more. The community flea market at Barracks and North Peters streets boasts antiques, jewelry and other crafts.

When you're ready to relax, head to Latrobe Park at the uptown end of the French Market, which is dedicated to architect Benjamin Latrobe, who designed many of the city's first waterworks within the park.

### NATIONAL WWII MUSEUM

945 Magazine St.  
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504-528-1944

For a dose of world history, tour the United States' official National WWII Museum, which offers an in-depth look at the industrial efforts on the home front and the combat experience abroad. The museum's many exhibits, multimedia experiences and collections of artifacts explain the significance of World War II and its influence on American life today. Don't miss the Louisiana Memorial Pavilion, which holds the Train Car Experience, an exhibit that takes visitors on a simulated journey from Normandy to Iwo Jima. Also, the museum's Solomon Victory Theater offers visitors a look at life in the trenches through the short film "Beyond All Boundaries," an immersive, four-dimensional experience narrated by Tom Hanks.



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Mitchell

England

*I'm also looking forward to the networking aspect of RIMS and getting to meet a lot of different people — especially the students, because the students are going to be the future of the industry.*

## COLLEGE STUDENT SNAPSHOT

Mitchell England is a junior at the University of Mississippi in Oxford, where he is majoring in risk management and insurance with a minor in aerospace studies. He is a member of the Air Force ROTC, Phi Kappa Psi fraternity and the Ole Miss Rugby Club.

### What are your post-college career plans?

I am going to commission as a second lieutenant in the Air Force, and then go into National Guard Reserve and work for Brown & Riding Insurance (Services Inc.).

### How did you become interested in risk management?

My dad does it, and you can do a lot of different things — everything needs insurance. So you can be an expert in one thing, or if you're not a big expert in something, there's a lot to learn. That's kind of what drew me into it.

### How did your dad get you interested in risk management?

My dad is the CEO of Global Special Risks (L.L.C.) in Houston, an energy insurance company. (I'd ask) him about what he does, and he'd tell me about the markets and the surplus lines markets, and just kind of all that it has to offer.

### What do you hope to learn while you're at RIMS 2015?

One of the big things that I've noticed (is in) a lot of the sessions there's a lot of stuff about cyber liability. That's something that in my insurance classes I've talked to my professors about, and they really mentioned that they could have covered more, but it's just a broad subject and they can't cover it all. So I'm really looking forward to learning a lot about cyber insurance and cyber security insurance and what all that has to offer.

I'm also looking forward to the networking aspect of RIMS and getting to meet a lot of different people — especially the students, because the students are going to be the future of the industry. The insurance industry is an aging industry. It's going to be great to meet some of the future leaders of the different insurance companies. Whether I work directly with them or they're my competitors or not, it's going to be great to get a head start in networking.

### What's your favorite book?

"13 Soldiers" by John McCain (and Mark Salter), because I'm in the military myself and it offers some really good insights on other soldiers' lives.

### What's your favorite meal?

I love food and I eat a lot of it. I'd probably say my mom's meatloaf.

### What's your favorite movie?

"Happy Gilmore."

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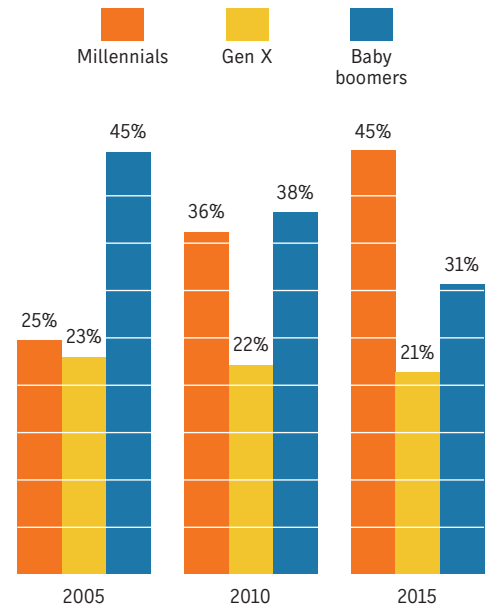
Preferences where 1 is highest and 9 is lowest

Sources	Millennials	Gen X	Baby boomers
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Colleagues in their organization	2	3	3
Articles, papers, blogs from trade or industry experts or analysis	4	1	2
Vendor's customers	4	8	3
Vendor's social media or website content	4	3	5
Third-party websites or mobile apps for reviews/comparisons	7	1	8
Recommendations from their social network	8	6	7
Family/friends outside their organization	9	8	8

Source: IBM Institute for Business value

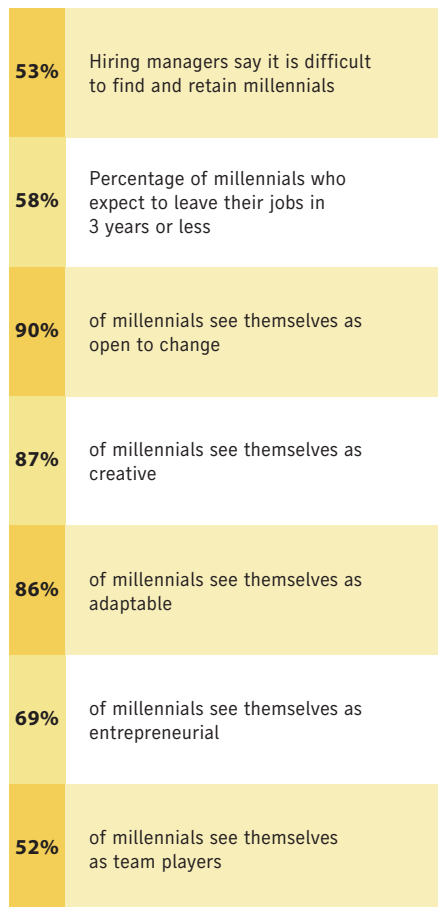
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Source: Elance-oDesk Inc. and Millennial Branding

## MILLENNIALS AT WORK



Source: Lumension Security Inc.

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10%

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Source: The Jacobson Group and Ward Group

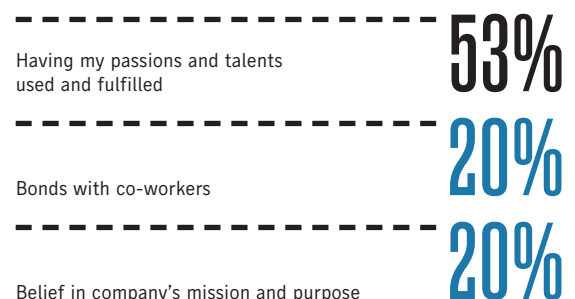
## TOP FACTORS FOR MILLENNIALS WHEN APPLYING FOR A JOB

- 1 What the company does, sells or produces
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- 3 Company's involvement with causes
- 4 Company's work environment
- 5 Company's diversity and human resources awards

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# ERM: IT'S WORTH THE INVESTMENT

A study released by Mark Farrell of Queen's University Management School and Dr. Ronan Gallagher of University of Edinburgh Business School found a correlation between mature Enterprise Risk Management (ERM) programs and an average 25% jump in firm value.

In two new RIMS Executive Reports, titled, *"Why a Mature ERM Effort is Worth the Investment,"* and its companion *"Testing Value Creation Through ERM Maturity"* the Society and the original study's authors, respectively, comment on recent findings that support organizations' decisions to invest in mature enterprise risk management programs.

In their report, the researchers say, "The ability of the firm to identify risk events in a forward-looking manner is value additive. The sophisticated ERM process pays close attention to key risk indicators leveraging employee expertise, databases and other electronic files to uncover dependencies and correlations of risk across the enterprises."

The synergy between operational groups that mature risk management programs fos-

ter enhances the organization's ability to be proactive about future uncertainties, opening the door for growth opportunities.

"With key findings that indicate that organizations exhibiting mature risk management practices realize an increased valuation premium of 25%, risk professionals now have the documented support that is often necessary to gain buy-in from senior leadership," said Carol Fox, RIMS Director of Strategic and Enterprise Risk practice. "We hope these reports will spur greater investment by organizations in risk management staffing, enterprise-wide risk training and awareness, analysis and other resources to achieve higher levels of risk management maturity—and value."

The study's authors used data from RIMS Risk Maturity Model ([www.RIMS.org/RMM](http://www.RIMS.org/RMM)) to assess the correlation between mature risk programs and organizational value. The RMM deconstructs a firm's overall ERM maturity into seven key attributes and assigns a maturity score for the organization.

"The free assessment offered by RIMS and LogicManager provides a logical starting place for organizations to assess where they are on the maturity continuum and take action to create value," states Steven Minsky, CEO of LogicManager, Inc. and architect of the RIMS Risk Maturity Model. "The assessment, based on guidelines set forth in the model, serves as a roadmap for improvement."

The companion RIMS Executive Report, *"Testing Value Creation Through ERM Maturity"* authored by Mr. Farrell and Dr. Gallagher provides a more in-depth look at their findings and research methodology. The authors published their original findings in a *Journal of Risk and Insurance* article "The Valuation of Enterprise Risk Management"—a wholly independent and peer-reviewed project.

Both RIMS Executive Reports are available in RIMS Risk Knowledge library at [go.RIMS.org/Knowledge](http://go.RIMS.org/Knowledge).

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## PANEL

Continued from page 1

Basking Ridge, New Jersey, office of New York-based Verizon Communications Inc.; and Brian W. Merkley, global director of corporate risk management for Salt Lake City-based Huntsman Corp.

*Business Insurance* Editor Gavin Souter launched the panel discussion by asking how risk management has changed in the past five or 10 years.

“There’s less of a focus on insurance” than once was the case, said John J. Marren, director of global risk and insurance management for Melbourne, Australia-based CSL Ltd. and its subsidiaries, bioCSL and CSL Behring, based in King of Prussia, Pennsylvania. “Risk management is truly risk management” in understanding the risks that confront organizations every day, said Mr. Marren, who was 2012 Risk Manager of the Year®. This means practicing enterprise risk management and using more data to quantify exposures.

In addition to how the use of technology and data has changed



During a panel discussion at the Risk Manager of the Year®/Risk Management Honor Roll® breakfast, a group of past honorees discussed the state of the risk management and insurance sector.

the way risk managers do their jobs, William M. Zachry, vice president of risk management at Safeway Inc. in Pleasanton, California, and 2014 Risk Manager of the Year®, said he has gotten more involved in legislative and regulatory matters. In California, for example, he became involved in a legislative effort that helps employers reduce workers compensation costs.

The third panelist, Debbie Rodgers, 2010 Risk Manager of the Year® and senior vice president of global risk management

at Aramark Corp. in Philadelphia, agreed that insurance is “less an important part of our role.” She added that the relationship between insurer and insured has also grown less adversarial than it was when she entered risk management. Insurers and policyholders now work together more often, she said.

The insurance community has made a very good attempt to understand what its customers need, she said. “Overall, there is good dialogue,” Ms. Rodgers said.

Ms. Rodgers also pointed to

greater reliance on big data as a change with which risk managers are dealing. Analytics have become a “very key part” of the risk manager’s job, she said. “Big data has been enormously helpful” in dealing with such matters as predicting claims, she said.

All of the panelists expressed some concern about how much transparency exists in the way brokers are compensated, as some brokers are accepting contingent commissions from underwriters. Mr. Zachry said he’s paying the fee to the broker for its services, and he doesn’t want it taking one dime from another source, because the broker is working for him.

Another concern is an aging workforce. Looking out at the breakfast attendees, Ms. Rodgers said that a greater effort needs to be made to include the next generation in such events. “There’s a lot of gray hair out there,” she said. Without greater engagement of younger people, “there’s going to be a terrible gap” in a short time, she said.

“We need to make what we do relevant for a new generation,” Mr. Marren said. “There’s a lot of opportunity to do a lot of different things” in risk management, he said.

## CYBER

Continued from page 1

which sometimes can be obtained for as long as two years, he said.

Risk managers should also check with their corporate development team “to be sure if a potential acquisition is out there,” Mr. Flaherty said. The issue is how the acquisition’s policies align with your own, he said.

In addition, make sure the cyber policy “fills the gaps for any other policies you have in your risk management programs,” Mr. Flaherty said.

Mr. Flaherty warned about the



length of time negotiating a cyber policy can take. “This can be very protracted,” he said. In Alcoa’s case, he said, the company’s first cyber policy, which was obtained a year ago, took eight months from the time its purchase was first considered to being bound, Mr. Flaherty said.

Also speaking at the session was Roberta D. Anderson, a partner with law firm K&L Gates L.L.P. in Pittsburgh. The largest breaches that have been reported so far have “certain similarities,” including the human element, which is “so difficult to control,” Ms. Anderson said.

Yet another issue is vendors, whom hackers use to penetrate larger client companies. The cyber policy should “respond to the reality of that risk,” said Ms. Anderson.

It is important that firms’ cyber policies respond to the regulatory and legal framework as well, said Ms. Anderson. She also recommended the cyber framework proposed by the Gaithersburg, Maryland-based National Insti-

tute of Standards and Technology.

The NIST framework “is a really good vehicle for companies to get a good handle on the current state of cyber risk management,” said Ms. Anderson. Although the framework is directed at critical infrastructure, and is voluntary, “I think it’s going to become a de facto standard for risk management,” she said.

Ms. Anderson also pointed to interest in the area of cyber by the U.S. Securities and Exchange Commission, the Federal Trade Commission and the Federal Communications Commission.

“One of the things the SEC is asking about, and asking a lot, is whether you have cyber insurance,” Ms. Anderson said.



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## FORUM

Continued from page 3

There's just not enough of them. So, for me, the thing is making sure that we've got really great young people coming into the business," Mr. Gallagher said.

"This is an industry borne on tradition, and there's ... many positive byproducts of that, but it's also resistant to change," said Stephen P. McGill, group president of Aon P.L.C.

"When you look at what's happening in the world today and the speed of change, the way that data and technology are changing everything, we need to be equipped to have the right leadership in the workforce to continue to navigate through the challenging times," Mr. McGill said.

During the second half of the panel, insurance company heads addressed achieving success in emerging markets as property/casualty premiums move from mature markets to the developing world.

"There's no question that opportunities are growing with the growing middle class. That's what we see as an organization," said John Lupica, vice chairman of Ace Ltd. and the insurer's chairman of

insurance for North America. "We are chasing the middle class when we think about where we are applying our capital," Mr. Lupica said. "As you have a growing middle class, you'll obviously have a growing need for insurance."

"We are all looking for growth, and growth is a bit elusive for many in the industry," said Daniel Riordan, CEO of the global corporate division of Zurich North America in New York.

Growth is not elusive in the developing markets, he said. "The developing markets are growing at twice the pace. So, where we might see 2.5% growth overall in the developed markets, developing markets could be growing at 5% or more," Mr. Riordan said.

"Our company was founded in China in 1919, so we have a long history of planting flags around the world and growing in emerging markets around the world," said John Q. Doyle, CEO of commercial insurance for American International Group Inc.

"Our model is a little different. We follow our clients to ... Latin America, Asia – and now Africa seems to be the new frontier," said Thomas Lawson, president and CEO of FM Global in Johnston, Rhode Island.

## TRAUMA

Continued from page 4

they know it means their athletic career could be over, Mr. Lindley said.

Panelists referenced former University of Michigan football coach Brady Hoke's decision during a game last September to put Shane Morris back in the game after the quarterback suffered an apparent concussion.

The medical staff needs to develop relationships with the

coaching staff so when a call is made to take someone out of a game, "that's the call," Dr. Stewart said.

It helps if risk managers develop relationships with the university's athletic department and the athletic director before there's an incident, said Joyce Fred, vice president of insurance and risk management at Tulane University in New Orleans.

"Get to know what the big issues are," Ms. Fred said. "Find out what (types of injuries) your athletic trainer is concerned about."



# AROUND THE HALL



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