

RIMS AIL

E-Newsletter – San Diego Chapter Risk & Insurance Management Society

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July 2007

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JUNE HALF-DAY SEMINAR RECAP

EXCELLENCE IN RISK MANAGEMENT

By Kim Pinkerton & Patrick Greene

What a morning! Our speaker, Ms. Janice Ochenkowski, the soon to be President of RIMS (this September!) and Managing Director of Jones Lang LaSalle, Incorporated, a leader in real estate investment management services with operations in over 50 countries, is responsible for the company’s Global Risk Management and treated us to a peek inside her world and what she believes it takes to achieve Excellence in Risk Management.

The very **FIRST** thing you need to do to be successful in any career is to **Learn The Business** your company is in and establish relationships with people inside your company as well as in your industry. Understand how you work together and how the pieces fit together. Then target a place in your company’s hierarchy and go for it!

The **SECOND** thing you need is **Flexibility** – if you can’t adapt to the changing needs of your business and find new and better ways to do the same things you’ve been doing for years, you won’t last long and you won’t be successful.

And, of course, there are a number of essential **Personal Qualities** that make up an Excellent Risk Manager. Some of the examples discussed include:

- **Integrity** - No double dealing with broker or insurers; provide full disclosure of entity risks and operations; report of claim situations and loss estimates accurately; and avoid half truths and deliberate omissions
- **Ethical** - Avoid and report fraud; disclose all material information to appropriate parties; don’t accept inappropriate claim payments; don’t favor providers because they provide personal entertainment, tickets, trips, and gifts; and disclose all – follow internal organization requirements, and conform to the letter and the spirit of laws and internal guidelines
- **Courtesy** – saying simple phrases such as “please” and “thank you” will win you the respect of others and ensure that you will be treated professionally by others
- **Creativity** – look at things in a new way and seek non-standard and cutting edge solutions. Don’t accept answers such as “we’ve always done it that way” or “we never do it that way.”



Guest Speaker Janice Ochenkowski

Similarly, **Technical Skills** are an absolute essential to becoming an Excellent Risk Manager. Understand that we are not in the “insurance industry” (remember the First thing mentioned above!) but we do need to understand it and how it works and how we can use it best in our business. Take advantage of the numerous tools and resources available such as industry conferences and seminars and RIMS Resources.

(Continued on Page 3 - EXCELLENCE)

A Monthly Publication

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San Diego, CA 92186-5307

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San Diego
2007**

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PRESIDENT'S MESSAGE

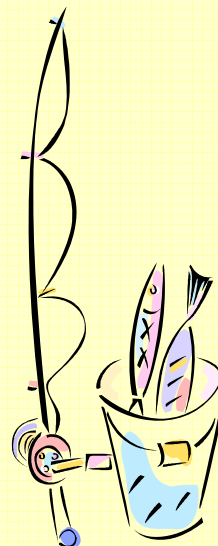
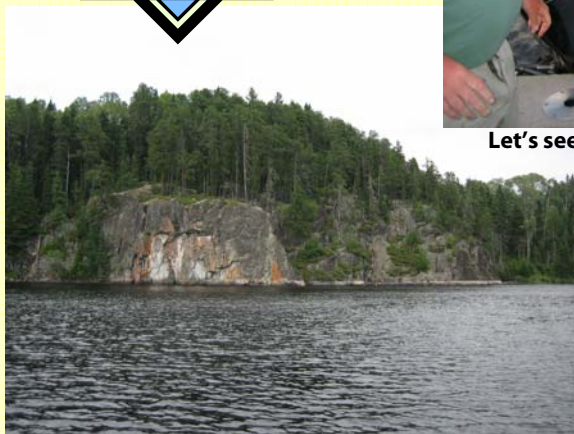
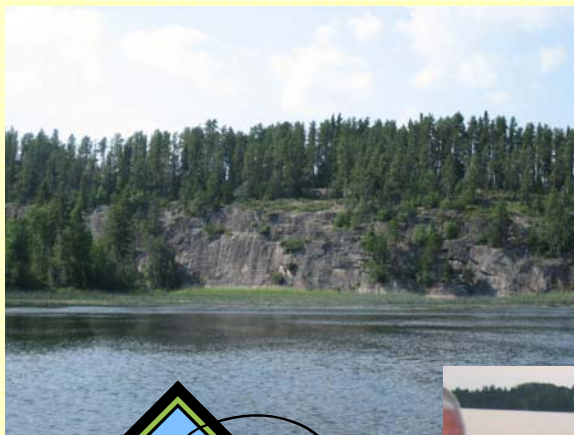
Gone Fishin'!

See ya next month!

Respectfully,

Patrick Greene

SD RIMS Chapter President



Let's see if Pat can top this one from last year!



(EXCELLENCE – Continued from Page 1)

Another important aspect of an Excellent Risk Manager is their **Communication Skills** – both internal and external. Ms. Ochenkowski gave several examples of how she uses this to her advantage in her job. Be strategic in your communications with your management and respond to articles they may have read in the Wall Street Journal and tell them “here is what we do or don’t do” or “that this is not an issue for us because ...”. Participate in industry functions, not just for what you get out of it, but for how it will benefit the company - and then report back to your boss about what you learned and who you talked with.

And, of course, we need to **Foster Good External Relationships** with our customers, clients, service providers – whoever they may be. Look for opportunities to network and create a name and reputation for yourself (be sure it is a good one though!). You never know when your paths will cross and you may be in a position to help someone or be helped yourself!

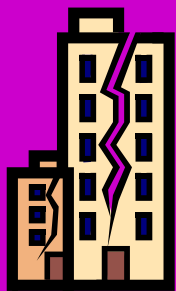
Following the presentation, there was enlightening discussion from those in attendance about other ideas of what being an Excellent Risk Manager entails. A couple of particularly good ideas that Melanie Leas from Qualcomm mentioned were providing a D&O White Paper to your Board (it is invaluable to have on hand as a reference, and the Board Members will appreciate your efforts) and look at your company’s risk factors in the Form 10-Q and Form 10-K and address in a memo to your management how you are handling these in your department and how you are helping to mitigate the risk to the company.

The meeting ended with another great lunch provided by Qualcomm featuring salad and lasagna and of course delicious desserts and everyone leaving with renewed energy and the tools to become Excellent Risk Managers.



COVERAGE QUIZ

Submitted by Al Haverkamp of Lucas & Haverkamp



Oak Park Condos suffered damage in the 1994 Northridge earthquake and contracted with ECC to make repairs. After ECC made significant repairs, and after several negotiated amendments to the contract, the Oak Park Association (as dictated by its board of directors) refused to pay ECC further amounts on the contract and ECC sued for breach of contract. The Oak Park board tendered its defense to State Farm pursuant to a Directors and Officers liability policy. This policy insured the Association against damages due to “wrongful acts” of the Board – and “wrongful acts” were defined to be “negligent acts, errors or omissions.” Is there coverage?

Answer on Page 5



MISSION STATEMENT

The mission of the San Diego Chapter of the Risk and Insurance Management Society, Inc. is to promote and improve Risk Management through education, networking, peer review and community service, in a dynamic environment, which furthers the growth and development of our members.

RIMS ON THE HILL

Submitted by Cathy Aguilar

I have returned to my office after a half-week spent in Washington D.C. with some 50 professional risk managers. Representing RIMS, we all descended on the capitol to speak with our nation's congressional legislators and ensure that the voice of risk management is being heard and incorporated into the relevant bills that lawmakers will be debating on the floor in the coming months.

This [RIMS on the Hill](#) outing marked the 9th consecutive year RIMS has organized the event, allowing real, working risk managers to don their lobbyist hat and walk the halls of democracy. Groups were assembled by state and regional ties so that each party of three to six RIMS members could be better heard as not only experts in the field of risk management, but also as key constituents to their senators and representatives advocating for the interests of local business and organizational executives.

TRIA was the main issue of advocacy for the day, with important insurance proposals such as the [optional federal charter](#) and [surplus lines reform legislation](#) also receiving significant attention. With TRIA set to expire on December 31, it truly is past time for Congress to act on another extension. In discussions with other RIMS on the Hill attendees, it was clear that most of Congress understands the need for a federal backstop against the potentially catastrophic losses a large-scale terrorist attack could cause. Yes, there are still a few legislators clamoring that the act is little more than an insurance company bailout, but most seem to recognize that TRIA is really about safeguarding the national economy and affording companies an assurance for the availability of coverage against acts of terrorism.

My group from California met with a top aide of Diane Feinstein and Ed Royce.

I was impressed with the interest shown by those in Congress. This was my first year holding meetings on Capitol Hill, and it seems that many members are legitimately receptive to what risk managers have to say more than ever. Maybe it's because of highly debated issues such as TRIA and the optional federal charter, but the days of questions such as "Why are you here?" and "What's a risk manager?" seem to be mostly in the rear-view mirror. The staffers--many of whom meet with dozens of lobbyists per day--seemed in tune with the risk management community and said "the voice of RIMS is definitely being heard on the Hill."

Many groups also met with the elected officials themselves, including Senator Bill Nelson (D-FL) and Congressman Ed Royce (R-CA). Additionally, Royce came to be the keynote speaker luncheon at RIMS on the Hill on the previous day, when attendees took the time to better educate themselves on the key issues RIMS is highlighting this year as well as learn better techniques of lobbying from the main RIMS advocates in Washington, James McIntyre and Lisa Brechtel.

Royce is working on a bill in the House to establish an optional federal charter, which would give insurers the option to avoid the arduous regulatory constraints associated with dealing with the more than 50 state and local regulatory bodies that each require their own forms, rules and red tape to conduct business. According to Royce, the bill could be introduced as soon as next week, and has widespread support on both sides of the aisle. A similar bill, "[The National Insurance Act of 2007](#)," has already been put in place by Sens. John Sununu (R-NH) and Tim Johnson (D-SD), and most in both the insurance and risk management industries are hoping progress will soon be forthcoming.

And with the loud voices of more than 50 risk managers heard on Capitol Hill this week, that progress should be much more representative of the RIMS position and better aligned to benefit the entire risk management community at large.

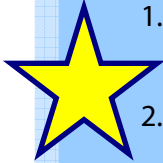


MEMBERSHIP MESSAGES



2007 membership Drive

Here is how it works:



1. Bring a potential deputy member (risk manager, safety manager, etc.) to a monthly meeting;
2. The chapter will pay the cost of that lunch for the potential member (one time only);
3. Your name will be entered for a special drawing at the January 2008 meeting for a fabulous prize (not yet determined);
4. You can get a drawing entry for every potential member you bring until December 2007.

This may sound familiar since this will be the third year we have been running the program. It is a great opportunity so see you at the next meeting with a guest!



NEW MEMBER WELCOME

Welcome to a new deputy member:

ROBIN ESKOW
Senior Director, Risk Management with AMN Healthcare

We look forward to their future participation in the chapter!



UPDATING YOUR MAILING ADDRESS & CONTACT INFORMATION

Please send all changes to the attention of:

Membership Director
San Diego RIMS
P. O. Box 81244
San Diego, CA 92138-1244

or submit it via the Chapter's website at

www.sandiegorims.org

(Click on "Update Your Info" on the Home Page)

If you have not received your copy of RIMSail via e-mail, please confirm that we have your correct e-mail address and contact information.



ANSWER TO COVERAGE QUIZ

Submitted by Al Haverkamp of Lucas & Haverkamp



No. The Court found the Board made a conscious decision (although it may not have been wise) to refuse to pay ECC and thus this conduct was not negligent. See *Oak Park Condo Assn. v. State Farm* (2006) 137 Cal.App.4th 557.

LOSS RATIOS, CLAIMS COSTS RISE IN 2006

Cracks are starting to show once again in California's workers' comp system based on the latest report issued by the Workers' Compensation Insurance Rating Bureau. Costs on a per-claim basis are climbing, loss ratios are rising as are combined ratios, based on data collected by the bureau through March 31 of this year.

Aggregate insured losses grew 6.7 percent last year to \$6.3 billion from \$5.9 billion in 2005. It was the first increase in three years, all since reforms had been initiated, according to the Bureau. There was also an increase in the accident year loss ratio in 2006 after six years of steadily falling loss ratios. The average loss ratio climbed to 36.8 percent in 2006 up from an eye-popping low of 27.2 percent the year prior, according to WCIRB's estimates. And like the loss ratio, the accident year combined ratio also jumped for the first time in six years, up a hefty 15 percentage points to 65 percent, from 50 percent in 2005. As has been reported by *Workers' Comp Executive*, the theory behind these increasing ratios is now that most questionable and smaller claims have been vetted from the system, while more complex and more expensive claims remain, driving averages upward.

This theory is reflected in the ultimate total loss per indemnity claim, which shot up 20 percent to an estimated \$40,726 in 2006 from \$34,083 in 2005. Likewise the estimated ultimate indemnity cost per claim shot up 27 percent to \$15,403 in 2006 from \$12,149.

At the same time, though, the average employer in California paid \$3.29 for workers' comp per \$100 of payroll last year, and that figure slipped even further to \$2.93 in the three months ended March 31 of this year. So in that sense, the good times are still here. But the question is, based on the aforementioned deterioration, how long will they last?

And that, as they say, is -30-

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2007 CALENDAR OF EVENTS

Date	Location	Topic & Speaker(s)	Notes
7/26/07	Handlery Resort & Hotel	Captives Paul Shimomoto and Deborah Mings	
8/10/07	Coronado Municipal Golf Course	Annual Golf Tournament	FUN!  FUN!
8/17/07	Del Mar Race Track	Associate Appreciation Day	
8/23/07	Site Tour at the Union-Tribune	Closed Deputy Meeting	Deputy Members Only 5:30 p.m.
9/27/07	Handlery Resort & Hotel	Perk Topic TBD	Toussaint School Supply Drive 
10/25/07	Handlery Resort & Hotel	Closed Deputy Meeting Chapter Elections	Deputy Members Only
11/15/07	Qualcomm Half Day Seminar	Gen X, Y, and Z / Aging Workforce / City of Escondido Police	ARM Recognition Operation Troop Care – Food Drive
12/13/07	Kona Kai (Shelter Island, not Hawaii!!)	Holiday Party	



JULY 26, 2007 CHAPTER MEETING

TOPIC: **Is your organization or client ready to take the captive insurance approach to risk financing? What types of risk financing best suit your organization? What does it take to form a captive? What is the regulatory climate for captives?**

Our Speakers will answer these questions and more at this month's meeting.

SPEAKERS:

Mr. Paul Shimomoto, Esq., with Char Hamilton Campbell & Yoshida. Mr. Shimomoto is a provider of legal services to captive insurance companies domiciled in the State of Hawaii.

Ms. Deborah S. Mings, CFO with Eplica, Inc. As CFO, she is also responsible for Risk Management within the staffing industry.

WHEN: **Thursday, July 26, 2007**

11:15 – 11:45 Registration, Check-In, and Networking

11:45 – 1:30 Meeting

WHERE: **The Handlery Resort & Hotel (Parking will be hosted by the Chapter)**

950 Hotel Circle North

San Diego, CA 92108

Hotel Phone: (619) 298-0511

MENU: Pacific Salmon

Filet of Salmon Served with Orzo Pasta and Basil Beuree Blanc Sauce

Dessert: Raspberry Cake

Brewed Coffee, Decaffeinated Coffee, Tea, and Iced Tea

COST: \$25 for Members / \$30 for Guests of a Member
\$10 Additional for Late RSVP and walk-ins

RSVP TO: San Diego Chapter of RIMS – Please use online RSVP if possible
E-mail: sandiegorims@gmail.com (**just say you are attending**)
On-Line: Click the "RSVP" button San Diego Chapter's homepage
<http://www.sandiegorims.org> & complete the online form
Call: Juvy Pitiquen at (619)557-4298

**RSVP BY NOON on MONDAY, July 23, 2007
or be subject to an additional \$10 late fee**

Remember: no shows may be billed for the meal



ATTENTION ALL SPEAKERS!

Have you recently participated in a conference, seminar, or industry meeting as a speaker? Will you be in the near future? If so, please let us know! We'd like to acknowledge your efforts to Advance the Risk Management profession! Mail a copy of the event announcement to the Chapter's P.O. Box or e-mail any of the Board Members!



MARK YOUR CALENDARS

RIMS Conference 2008
San Diego, CA
April 27 – May 1, 2008

Next year's Annual RIMS Conference will be held right here in our own backyard. So, hold the dates and plan on attending!



RIMS CONFERENCE 2008

CALL FOR PRESENTATIONS

Don't miss the opportunity to share your most innovative ideas and solutions!

Deadline: July 23, 2007



The 2008 Conference will be held in our fine city of San Diego in 2008. The San Diego Chapter encourages risk management professionals to grab this opportunity to share your expertise, gain visibility, network, enhance your own professional growth and promote your organization at the 2008 Annual Society Conference & Exhibition April 27 – May 1, 2008. The chapter is interested in sponsoring sessions and invites you to submit your session to any Board Member for chapter sponsor consideration. For more information go to www.rims.org Annual Conference link to Program Suggestions. We look forward to hearing from you.



2007 RIMS GOLF CLASSIC

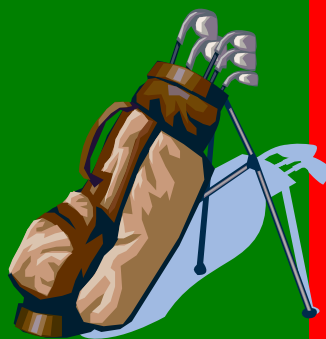


Friday, August 10, 2007 at Coronado Golf Course

A BIG THANKS TO OUR SPONSORS



*This is
our largest
fundraiser yet.*



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Zurich



Don't miss it!

Fun! Fun! Fun!



A FEW HOLE SPONSORS SPOTS ARE STILL AVAILABLE!

Contact Anne Koval (858)457-3500 x129 or Greg Long (619)205-5800

REMEMBER TO SUPPORT THOSE WHO
SUPPORT US WHEN LOOKING FOR SERVICE



2007 GOLF CLASSIC

ENTRY FEE: \$175 PER GOLFER



Friday, August 10, 2007

12:30 PM SHOTGUN START

My Single, Twosome, Threesome or Foursome includes:

Player 1 _____

Company Name: _____

Player 2 _____

Company Name: _____

Player 3 _____

Company Name: _____

Player 4 _____

Company Name: _____

My Contact information:

Telephone/Cell Number: _____

Email: _____

Please consider joining us for Dinner and Cocktails

We are pleased to announce

The MLC Band

(a Classic Rock band) will be playing during the cocktail hour. They were a big hit last year. We hope you will consider joining us for this fun time during the cocktail hour and dinner even if you cannot golf on that day.

10:30am

Golfer Check-in

6:00pm

Cocktails

11:00 am

Lunch

7:00pm

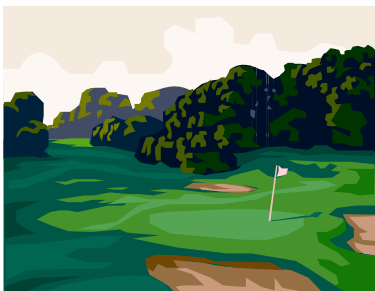
Dinner

\$50 per Person Includes Dinner and Cocktail Party

Name: _____

Phone: _____

Email: _____



Payments must accompany registration
Make checks payable and mail to:
RIMS San Diego Chapter
Golf Classic
PO Box 81224
San Diego, CA 92138-1244

IF YOU HAVE QUESTIONS, CALL
Cheryl Berman at (619)224-4120 x8879
or
Liz Zepeda at (858)794-6171

