



# RIMSLINE

WINTER 2011 Edition / Steven Westort, ARM ♦ Editor

Risk Research Institute-New York Chapter

Risk and Insurance Management Society, Inc.



## RIMS SOCIETY NEW LOGO!

*See Page 4 for Details*

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## PRESIDENT'S CORNER

### *New York Chapter 2010 Highlights*

*- Patrick Hurley, President*

Let's start off the New Year by reviewing our 2010 results. The New York Chapter of RIMS had a productive and successful 2010.

In support of our mission to advance the Risk Management profession, we provided information and networking opportunities for our membership and encouraged student participation with such activities as:

- Eight well-attended Chapter meetings offering a range of timely educational sessions from "Managing BI Values" to "Understanding Global Climate Change Liabilities";
- We provided two NY State approved preparation courses for the Risk Control (ARM 55) and Risk Financing (ARM 56) exams, which resulted in a high success rate;
- Represented the Chapter with attendance at two St. John's University School of Risk Management Career Fairs;
- Sponsored the attendance of a risk management student at the 2010 Annual RIMS Conference;
- Sponsored the "Student and Professor Brunch" for students attending the 2010 Annual RIMS Conference;
- Successful fundraising efforts via our 10<sup>th</sup> Annual Golf Event at the Whippoorwill Country Club in Armonk, NY, which was a sold out event – a huge success;
- Established a new \$100K Spencer Foundation Scholarship Fund for tri-state area Risk Management students;
- Contributed to the Insurance Industry Charitable Foundation (IICF);
- Honored with the RIMS Society Chapter Achievement Award for our newsletter, **RIMSLINE**, at the 2010 Annual RIMS Conference; and
- Celebrated our 75<sup>th</sup> anniversary as a successful professional risk management organization - the oldest and largest RIMS Chapter.

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## PLEASE JOIN US IN WELCOMING OUR NEWEST MEMBERS TO THE CHAPTER!

### CORPORATE MEMBERS:

- ★ Lynn Chambers, RIMS
- ★ Amanda Cotton Ruback, PepsiCo Inc.
- ★ Michael Egan, Time Warner Inc.
- ★ Stephen Gifford, Schenker Inc.
- ★ Ira Goldstein, NY Black Car Operator's Injury Comp. Fund
- ★ Annette Homan, RIMS
- ★ John Kratky, The Depository Trust & Clearing Corp.
- ★ Robert Lieberman, Centro Properties Group
- ★ Babak Raj, Corning Incorporated
- ★ Scott Scholten, New York Power Authority
- ★ Laura Schon, Trustees of Columbia University
- ★ Jeantony Torres, Loews Corporation
- ★ Nick Zabrecky, Terex Corporation

### ASSOCIATE MEMBERS:

- ★ Mark Esposito, Sheffield Haworth
- ★ Michael Imperiale, UniCredit Bank
- ★ Katie Kubursi, ACE Group
- ★ Frank Marcopolos, GCG Risk Management Inc.
- ★ Gary Markham, Legal Solutions Group
- ★ Kimberly Marsh, GENEX Services Inc.
- ★ Tad Ojeks, Willis North America
- ★ Samuel Shapiro, Aaronson Rappaport Feinstein

### AFFILIATE MEMBERS:

- ★ Ani Borgmeyer

### STUDENT MEMBERS:

- ★ Kaitlin Graf, St. John's University
- ★ Kenyatte Joseph, Pace University
- ★ Samuel Matthews, St. John's University
- ★ Helen Serebin, Baruch College
- ★ Joseph Tinti, Fordham University

The RIMS NY Chapter is pleased to welcome all of the new members. We are especially proud to welcome so many students to the Chapter – they are truly the future leaders of our profession!

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President's Corner – Continued from front page...

These accomplishments are the results of the collective efforts of our Board of Directors, who are committed to our organization and our profession.

Also, I would like to welcome our two newest Board members: Judie Meszaros of Tishman Speyer and Steven Westort of Morgan Stanley.

We are looking forward to another productive year in 2011 and we need your continued support! Remember, you can't network at a webinar. See you at our next meeting!



## LEGISLATIVE UPDATE

- Ellen R. Dunkin, Esq., VP Legislation

As we are early into the tenure of the 112<sup>th</sup> Congress, there is not much happening on a Federal Level to discuss for this issue. In New York State, however, we do have a few items to report:

**Producer Compensation:** New Rule 194 went into effect as of January 1, 2011. The rule requires retail agents and brokers to disclose to insurance buyers: their role in the insurance transaction; whether they will receive compensation from an insurer for the transaction; whether the compensation insurers pay to agents or brokers varies depending on the volume of business done with that insurer or its profitability; and that the purchaser may receive more information about such compensation upon request to the agent or broker. We are starting to see some retailers post on their web sites generic compensation disclosures intended to comply with the requirements of Rule 194. While this won't give a risk manager more than a cursory description of their broker's compensation, it is a step in the right direction, and a reminder to all risk managers to request detailed compensation at renewal time.

**New York State Insurance Department:** In his first State of the State Address, New York State Governor Andrew Cuomo announced a proposal to merge the New York Insurance Department, the Banking Department and the Consumer Protection Board into a combined Department of Financial Regulation. Although there was a little substance to the announcement, RIMS has expressed initial reservations, noting that while it recognizes the stated goals of reducing costs and increasing efficiencies, it is concerned that the Insurance Department's consumer protection mission may be weakened in the process. The Chapter Board discussed this proposal at its January meeting and has decided to hold off taking a position until it receives more information on the proposal.

**Chapter Advocacy:** RIMS has created a new Government Affairs Outreach Program for its chapters to keep members up to date on the issues being vetted by the Society's External Affairs Committee. The first conference call for this group is expected to be held in mid-February. I will report back in the spring 2011 Newsletter.

## SPENCER EDUCATIONAL FOUNDATION: RISK MANAGER IN RESIDENCE

- Lori Seidenberg, ARM  
Vice President, ERM  
Centerline Capital Group  
and member, RIMS Board of Directors

In November, I had the opportunity to participate in Spencer Educational Foundation's Risk Manager in Residence Program by presenting to college students at Colorado State University in Fort Collins, CO. The Foundation was established in 1979, by the Atlanta Chapter of the Risk and Insurance Management Society, Inc. ("RIMS"), to honor the late former RIMS president Robert S. Spencer. Spencer's mission is to stimulate, promote and encourage promising students of risk management disciplines in fulfilling their educational goals, primarily by providing scholarship awards and educational grants.

One of the programs that support its mission is the Risk Manager in Residence Program. In its 13th year, the Foundation awards grants to college and universities to invite Risk Managers to visit and present at their respective campus. Risk managers who wish to participate complete an application from the Foundation's website ([www.spencered.org](http://www.spencered.org)). Universities that are awarded grants choose from the pool of risk managers qualified to participate. The risk manager is then invited to visit the school and conduct presentations to the students.

This was my first year in the pool, and I was chosen by Colorado State University. The College of Business at Colorado State University has 1940 students currently enrolled in six business concentrations. When I received the notification, I thought it was ironic since I focus every spring on their hurricane predictions for my real estate portfolio!

My trip was arranged by Dr. Vickie Bajtelsmit, a Professor and Chair of the Department of Finance and Real Estate at Colorado State University, where she has taught insurance and finance since 1991 (not to mention a hometown girl from New Jersey!). Dr. Bajtelsmit put together a jam packed itinerary with presentations in four courses: FIN 342 Risk Management & Insurance, FIN 496 Summit Fund,

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FIN 355 Principles of Investments and FIN 625 Quantitative Methods in Finance. In addition, there were office hours arranged (with refreshments!) so students can drop by and chat about Risk Management.

I was very excited to speak with the students, fulfilling personal goals to be more proactive with student involvement and interacting with the next generation of risk managers.



*Lori Seidenberg lecturing in FIN 496 Summit Fund at Colorado State University in Fort Collins*

The meetings were incredibly rewarding. After the presentations, I was approached by numerous students all wanting to know more about opportunities in risk management, as well as other business careers in the New York Metro area. Their concerns are typical of future graduates - whether jobs will be there upon receiving their diplomas. Not only did I promote the benefit of RIMS membership, I also spoke of the importance of building one's personal network.

The FIN 496 Summit Fund was most impressive. This is a semester long group study with participants chosen by an interview and peer process. They wear business attire every day. Part of their study is to track a fund of stocks with the use of Bloomberg terminals. The hall outside the lab even has a stock ticker!

I am very grateful to have been able to participate in the program, and more grateful for Colorado State for choosing me. I highly recommend participation by all risk managers. It's a great way to give back to the profession and extremely self fulfilling.

**To find out more about the  
Spencer Educational Foundation's  
Risk Manager in Residence Program,  
log on to:  
[www.spencered.org](http://www.spencered.org)**

## 2010 INSURANCE INDUSTRY CHARITABLE FOUNDATION BENEFIT DINNER

- Ellen R. Dunkin, Esq., VP Legislation

Eight members of the RIMS New York Chapter Board joined over 600 people at the Insurance Industry Charitable Foundation Benefit Dinner held at the Waldorf=Astoria Grand Ballroom in New York City on December 8, 2010. The 2010 honoree was Maurice "Hank" Greenberg, Chairman and CEO, C.V. Starr & Co., Inc. The dinner raised over \$1.2 Million for eight local charities: Boys & Girls Clubs of America, Boys Hope Girls Hope, Christopher & Dana Reeve Foundation, Community Mainstreaming Associates, Covenant House of New Jersey, Hudson River Sloop Clearwater, Starlight Children's Foundation and World Cares Center.



Mr. Greenberg received the Foundation's 2010 "Double I" award for influence in the industry and impact in the community, recognizing his contributions through personal philanthropy and as chair of The Starr Foundation. Presenting the award to Mr. Greenberg was Greg Case, President and CEO of Aon Corporation, and chair of this year's dinner.

Guests were welcomed by Master of Ceremonies, Kirsten Cole, who introduced the performance by the Young People's Chorus of New York City. Opening remarks were given by Foundation Chair, David Brinkman. Guests were then treated to special presentations by hockey legend (and my personal favorite), Mark Messier, and baseball great, Ken Griffey, Jr. As part of their presentations, attendees got to hear firsthand how their contributions impacted recipient's lives. The program wrapped up with a keynote address given by "America's" mayor, Rudy Giuliani.

It was a festive and successful start to the holiday season.



## RIMS SOCIETY UNVEILS NEW LOOK!

- RIMS Website, Press Release

The Risk and Insurance Management Society, Inc. ("RIMS") recently unveiled a new appearance that emphasizes the organization's growth strategy. By way of the initiative, which includes a contemporary new logo, RIMS aims to capture the evolving nature of risk management. RIMS' focus includes strategic and enterprise risk management and the new branding speaks to strategy and integration.

RIMS' new logo incorporates three stripes that represent its key areas of service to its members: resources, networking and education. More conceptually, the stripes also represent upward movement, symbolic of growth and action. They join together as they grow, demonstrating the integration of risk management within an enterprise and the effectiveness of collaboration.

"The distinctive stripes that are the driving force behind our new logo reflect an unparalleled ability to deliver resources and meet our members' changing needs," says Mary Roth, executive director of RIMS. "We draw upon this commitment to shape the discipline through a strong and vibrant community of risk professionals."

### Guest Editorial Feature

*If you would like to contribute an article for the Guest Editorial column in our Chapter's quarterly newsletter, please contact the NY Chapter VP Communications or any Board Member for details.*



## **RIMS Society Workshops**

### **Mergers and Acquisitions and Risk Management**

**March 7, 2011**

Mergers and acquisitions activities pose multi-faceted challenges for risk managers. Risk managers are increasingly involved in M & A transactions, and asked to provide pre-deal advice, deal-closing strategies and post-closing actions to create lasting shareholder value.

Understanding the risks associated with each aspect of an M & A transaction is critical to successful risk management. This workshop will address due diligence, all aspects of insurance, pitfalls to avoid and provides checklists and other tools to help you better mitigate the risks associated with M & A.

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### **Harnessing ERM to Tap Risk Appetite, Anticipate Emerging Risk and Limit Future Shock**

**March 21—22, 2011**

A clearly articulated risk appetite is the cornerstone of how organizations unleash untapped enterprise value. Incorporating this key concept into your ERM framework can help your organization better manage uncertainty and ultimately succeed.

In this workshop, you will learn how to determine risk appetite and handle emerging risks, with an emphasis on long-term value creation and sustainability.

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### **Cyber Risk: Privacy and Data Security Risk Management**

**April 4—5, 2011**

Utilize proven preventive measures to ensure your organization is protected from cyber fraud and the risks of financial loss, reputational damage and regulatory intervention. This workshop provides tools to implement a compliance plan, ensure data privacy and mitigate damages should a breach occur.

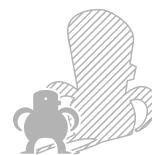
***For details and registration, visit:***

**[www.RIMS.org](http://www.RIMS.org)**

## **THANK YOU TO RUSS OPFERKUCH**

*- Brendan Cahalan, VP Education*

The Board of Directors of the New York Chapter would like to extend a warm thank you and our sincere appreciation to Russ Opferkuch, ARM, CPCU, CSP, for his dedication and contributions to the Chapter. Russ not only served in many positions as a member of the New York Chapter's Board of Directors including President, he also served as an instructor for the Associate of Risk Management ("ARM") courses for over two decades! Russ has the distinction of being the teacher of the three courses with the highest cumulative pass rate of any teacher in the country. There are literally hundreds of ARM designees in the risk management profession who have taken a course from Russ – they can attest to his teaching abilities. Please join me in thanking Russ for the countless hours he has spent teaching the ARM courses and all he has done to promote education within the risk management profession.



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## **SHADOW DAY NEEDS YOU!**

*- Brendan Cahalan, VP Education*

In conjunction with St. John's University, the New York Chapter of RIMS will be sponsoring a "**Shadow Day**" for students in the School of Risk Management. This is your chance to provide a real world risk management, brokerage or insurance company experience for a student from St. John's by allowing them to "shadow" you for a day in your risk management or insurance world. Students will be given a taste of what a career in the risk management field would be like. There is no set format, just a request that you show them what a day in the life of a risk manager is like. If you are interested, please contact me directly at [bcahalan@smpcorp.com](mailto:bcahalan@smpcorp.com) or 718-316-4363. It promises to be a rewarding experience for both you and the student!

## CLIMATE CHANGE RISKS: Forecast – Cloudy with Chance of Severe Storms

### *A Review of the November 18<sup>th</sup> Program*

- Steven Westort, VP Communication

Zakia Campbell, Executive Vice President at Willis moderated a lively discussion with panelists Gail Howie Conenello, Esq., K&L Gates LLP, Partho Ghosh, Managing Director at Willis, Rick Hawkinberry, Senior Vice President at Willis and Ty Sagalow, Chief Innovation Officer for Zurich.

This program outlined how climate change has raised concerns about new risks to corporate customers. Examples were given as to how the impact of climate change can alter the risks of insureds, including, but not limited to, shareholder, regulatory, competitive, physical, legal and reputational risks. The panel members outlined how climate change risk will impact the insurance marketplace. They noted that the size of the risk is ever increasing and defense costs will most certainly rise as the risk and number of claims increase. As the scope of the risk is literally the entire planet, it quickly became clear the potentially massive impact climate change will have on the insurance industry.

The panelists each spoke to a different aspect of climate change risk. Mr. Hawkinberry reviewed how to identify and manage the risks associated with climate change. He quoted the Chairman of Willis, Mr. Joe Plumeri as saying climate change is, “the number one risk of the 21<sup>st</sup> century.” He noted that the 2005 hurricane season cost \$83Bn and compared that to the estimated cost of climate change loss by 2050 to equal \$300Bn in annual weather-related damages. He noted the importance of an ERM approach to climate change risk to help identify risks, establish potential impact and probability of occurrences, to measure and analyze existing and future controls and establish improvement planning/risk mitigation strategies.

Ms. Howie Conello discussed climate change based on the current legal landscape. She noted that there are several claims revolving around climate change. She highlighted a few cases, such as, *Comer, et. Al. v. Murphy Oil USA, et. Al.*; *California v. General Motors Copr., et. Al.* and *North Carolina v. Tennessee Valley Authority*. It was clear that the current amount of climate change litigation is just the tip of the iceberg [sorry, I couldn’t resist]!

Mr. Sagalow discussed the industry’s insurance products that are “typical” for certain insured respond to mitigate against climate change claims such as P&C products for

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November meeting – Continued ...

alternative energy companies. However, he clearly outlined the expanding scope of coverage to include D&O, E&O and EPLI and how all companies may be directly in need of such coverage.

Mr. Ghosh closed out the session taking about carbon trading’s role in climate change. He reviewed the area where the capital markets and the insurance markets overlap and where convergence solutions are based. Carbon Risk Management (“CRM”) is one type of convergence solution. Mr. Ghosh provided an overview of the current carbon market and how there is more than one price for carbon.

This session was certainly eye-opening and I trust many of the breakfast attendees returned to their offices with plans of assessing how climate change impacts their organization. A sincere thank you to Ms. Campbell for moderating an excellent session and to the panelists for their expert input on this emerging hot topic!

## M&A AND THE CRITICAL ROLE OF RISK MANAGEMENT

### *A Review of the January 20<sup>th</sup> Program*

- Steven Westort, VP Communication



*Patrick Hurley moderated the panel of M&A experts*

Patrick Hurley, Insurance Manager at Consolidated Edison moderated the discussion on the critical role of a risk manager in an active M&A environment. The knowledgeable panel of M&A experts included David Pellegrino, Managing Director, Marsh, Craig Schioppo, Managing Director, Marsh and Howard Spilko, Partner, Kramer Levin Naftalis & Frankel.

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**THE RIMS NY CHAPTER HOLDS MONTHLY BREAKFAST MEETINGS**  
(WITH THE EXCEPTION OF APRIL, DECEMBER AND SUMMER MONTHS)

**WHERE:** The Yale Club  
50 Vanderbilt Avenue  
Vanderbilt at 45th

**WHEN:** 8:15 – 10:30AM (See schedule below for dates)

**COST:** Members \$45.00; Non-members \$55.00

*And you can register and pay on-line at <http://newyork.rims.org>*

*February 17, 2011*

**DON'T BE A CRASH TEST DUMMY:  
HOW NOT TO BECOME A DISTRACTED DRIVING STATISTIC**

*Presenter: Robert More, CPS, CDS, CDT, Liberty Mutual*

Attend a thought provoking discussion, presented by an industry authority, on managing the risks of motor vehicle crashes related to driver performance.

Robert J. More, CSP, CDS, CDT, Technical Consultant for Liberty Mutual's Loss Control Advisory Services, will define the varied components of distracted driving, show real life examples, review research findings and discuss compelling statistics showing distracted driving is on the rise as a cause of accidents. He will discuss the effect on injury and mortality rates, and discuss steps that can be taken to address, reduce and help eliminate distracted driving in your world. If you are a driver, passenger or pedestrian, and own a cell phone – this is a must see presentation!

*March 17, 2011*

**MANAGING THE RISKS YOU NEVER EXPECTED TO CONFRONT**

*Moderator: Dr. Pamela Newman*

As a Risk Manager you work to identify risks and determine the most effective means to manage risks – but what happens when your in-box explodes with the *Risk You Never Expected to Confront*? Come to our March meeting and listen to Dr. Pamela Newman and her esteemed panel discuss how to address the unexpected.



*April 2011 – No Meeting*

**RIMS National Conference in Vancouver May 1 – 5**

**THE NEW YORK CHAPTER MISSION STATEMENT**

*The New York Chapter of the Risk and Insurance Management Society advances and promotes the risk management profession by providing timely and valuable educational programs, by supporting networking and career development, and by identifying and addressing emerging risk management trends.*

M&A Breakfast Seminar, Continued from page 6 ...

The session was timely as M&A activity is once again increasing. With the economy improving, there is growing optimism on Wall Street that M&A activity will increase in 2011. The discussion began with a review of the plethora of risks that can effect a successful acquisition such as: open litigation, organizational change, tax issues, under insured risks, prior indemnity agreements and hidden liabilities . . . just to name a few.

The panel members reviewed the initial steps on due diligence activities which including legal, financial and insurance reviews. The discussion then turned to transactional risk solutions created to address issues that are discovered during the negotiation of the transaction or during due diligence that may prohibit the deal from closing. Solutions such as representations and warranties insurance, tax indemnity insurance and litigation solutions were reviewed.

We thank the panel for sharing their candid opinions on what a risk manager needs to be aware of and the potential range of risk management solutions available to help manage unwanted risks or exposures that can be an inherent part of M&A activity.

## SAVE THE DATE!

New York Chapter of RIMS  
11<sup>th</sup> Annual Golf Event  
**Monday, September 19, 2011**  
Whippoorwill Club, Armonk, NY

### ASK HOW YOU CAN BECOME A 2011 SPONSOR!

For details, contact a NY RIMS Board  
Member or Golf Co-Chairs:  
Ira Cohen: [icohen@tiaa-cref.org](mailto:icohen@tiaa-cref.org)  
Nakeschi Watkins: [Watkins@yu.edu](mailto:Watkins@yu.edu)

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*If you are interested in  
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contact any Board Member  
for details.*