



**Risk and
Insurance
Management
Society, Inc.**

THE AWARD WINNING HOUSTON CHAPTER

Outstanding Chapter Programming
Advancing the Risk Management Profession
(Chapter of Distinction)

March 2008

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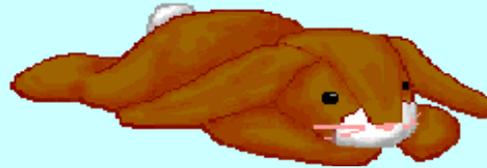
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FROM THE DESK OF THE CHAPTER PRESIDENT...



As we promised last month, changes to the RIMS Houston Chapter are coming. Some are already here! The job and activity board was in full display at our February meeting with several occupation opportunities. We also announced that on **May 15, 2008** we will have a Member Appreciation Evening Social at which you can socialize and network with friends and peers. Watch for more details from the RIMS Social and Venue committee and please do not hesitate to share your thoughts or ideas with anyone on the Board.

Mark your calendar for the RIMS Houston Chapter Fall Conference at The Woodlands Resort on **October 17, 2008**. If you are interested in helping to organize this event or provide donations please contact me at Ginny.Penzell@elpaso.com. This year we will also have vendor exhibitors, although space is limited. If you are interested in participating, please get your requests in to me early.

If you came to the February meeting, you were treated to an engaging discussion by Leslie Schumacher, regarding Medicare Set-Asides. Based on the feedback, it appears that her topic was of interest to a wide variety of our members.

On **March 19, 2008**, the RIMS Houston Chapter is proud to be hosting the RIMS and CPCU joint meeting at which Chris Skisak, PhD will educate us on the topic of Human Capital Management (HCM), which is a relatively new concept within the American corporate culture. This presentation has been approved for CE credits. On behalf of the Board of Directors, we look forward to seeing you at the March meeting.

Ginny Penzell

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March Meeting Topic and Speaker

This program has been approved by the State of Texas Department of Insurance for continue education credit toward all general insurance lines

“Human Capital Management” Speaker: Mr. Chris Skisak, PhD

Human Capital Management (HCM)? What is that? How does it pertain to you as a Risk Manager? Has your CFO, CEO, and COO ever calculated how much your Company has invested in each in every employee by considering such expenses as hiring costs, medical benefits, paid sick leave, contributory costs to the 401K? How do these costs pertain to the employee’s tenure length and productivity?

Come to the RIMS March meeting and find out! Chris Skisak, PhD will educate RIMS and CPCU members on the topic of Human Capital Management, which is a relatively new concept within the American corporate culture.

HCM today can be considered the processes and systems intended to ensure the economic value of the company’s workforce and can include recruiting, skills inventory, compensation, benefits, succession planning, performance management and learning management. On the surface it may not seem like a topic requiring Risk Management understanding and involvement. However, there is a huge financial investment and thus financial risk associated with HCM that goes far beyond the traditional management practices of Human Resources (HR) departments. Risk Managers are better suited to the management and communication with the HR department and upper level management regarding those risks. Insofar as Risk Management is responsible for understanding and communicating financial risk with the organization, risk managers will become more involved.

Dr. Skisak is with Corporate Health Management Solutions. The motto of his company is “...demonstrating that good health is good business!” Chris is a health and medical professional with more than 25 years of experience in the development, implementation and management of technically and financially successful corporate programs. His Company has developed state of the art software designed to assist senior corporate financial decision-makers to develop efficient and cost effective Health and Productivity Management strategies.

Make your plans to attend the meeting and see how his suggestions can help your company get the “Biggest Bang for the Buck” by having happier and healthier employees Please bring interested people in your Benefits, Finance, Human Resources and Worker’s Compensation departments and learn how to incorporate some of the best practices that have resulted in successful programs by several Fortune 500 companies.

Past President

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Web Master

Pending

Meeting Dates for 2008

March 19, 2008

Joint Meeting
With CPCU Hosted by RIMS

April 16, 2008

April 27- May 1, 2008
46th Annual RIMS Conference
San Diego, CA

May 15, 2008

Member Appreciation Social Event

May 21, 2008

Staff Appreciation Day

June 18, 2008

July 16, 2008

August 20, 2008

September 17, 2008

October 17, 2008

Houston Chapter Fall Conference

November 19, 2008

December 10, 2008

INDEMNITY AND ADDITIONAL INSURED COVERAGE ARE SEPARATE

In *Evanston Ins. Co. v Atofina*, the Texas Supreme Court took the unusual step of withdrawing its previous opinion and issuing a new opinion clarifying the scope of coverage afforded additional insureds. The new decision expands the scope of coverage afforded to additional insureds.

Triple S Industrial Corp. provided maintenance and construction work for Atofina Petrochemicals, Inc. A Triple S employee was killed when the surface that he was walking on collapsed, causing the employee to fall into a tank of fuel oil.

Triple S had entered into a service contract with Atofina agreeing to indemnify Atofina from all personal injuries and property losses sustained during the performance of the contract "except to the extent that any such loss is attributable to the concurrent or sole negligence, misconduct, or strict liability" of Atofina, and agreeing to add Atofina as an additional insured on its insurance policies. Triple S complied with its contract by purchasing a \$1 million primary policy from Admiral Insurance Co., and a \$9 million excess umbrella from Evanston Insurance Co. The employee's survivors sued Triple S and Atofina for wrongful death. Admiral tendered its \$1 million policy limits. Atofina demanded coverage from Evanston as an additional insured under the umbrella policy. Evanston denied the claim. Atofina sued Evanston and while Motions for Summary Judgment were pending, the wrongful death suit was settled for \$6.75 million.

The trial court granted summary judgment in favor of Evanston. The court of appeals reversed. Evanston appealed to the Texas Supreme Court. The Texas Supreme Court found that Triple S did not owe indemnity to Atofina under the service contract because the indemnity did cover injury caused by Atofina's concurrent or sole negligence. The Supreme Court examined the provisions in the Evanston policy defining "who is an insured." In particular, the Supreme Court focused on the common phrase "with respect to." The policy provided that it provided coverage for an insured "only *with respect to* operations performed by you [Triple S]." The Court reasoned that "an *event* 'respects' operations if there exists 'a causal connection or relation' between the event and the operations." This does not require proximate or legal causation. On the other hand, in cases in which a *premises condition* caused the personal injury, the "injury respects an operation if the operation brings the person to the premises for purposes of that operation." The attribution of fault between the insured and the additional insured does not change the outcome."

The employee's death "respects" operations by Triple S because Triple S employed the employee, who was performing operations

NOTICE:

Effective January 1, 2008, the RIMS Society has changed their method of collecting Local Chapter Dues. In the past there were two deputies included with the membership, then a charge for each additional deputy added. Under the new structure they will begin collecting chapter dues on a per deputy member basis. The new structure for the Houston Chapter Dues is \$55 per deputy member. The change will be reflected on the renewal invoice. The dues structure for associate membership has not changed.

at the time and place of his death. The employee was at the Atofina facility for the purposes of performing Triple S's operations. Therefore, Atofina was an insured under the contract because the employee's death was "with respect to" operations performed by Triple S. Even if Atofina's negligence alone caused the death thereby taking it out of the indemnity provision, the Evanston policy provides direct insurance coverage. The Court analyzed other "who is an insured" provisions, and found that, because Atofina was entitled to coverage under more than one clause, Atofina could claim coverage under the broader provisions which did not limit coverage to the coverage afforded by the primary carrier (which excluded coverage for Atofina's sole negligence).

The Supreme Court also found that the agreement to indemnify and the agreement to add Atofina as an additional insured were separate and independent agreements.

INSURER THAT WRONGFULLY DENIES COVERAGE CANNOT CHALLENGE REASONABLENESS OF SETTLEMENT

Finally, the Supreme Court re-affirmed its decision in *Employers Casualty Co. v. Block*, 744 S.W.2d 940 (Tex.1988), in which the Court held that a carrier that wrongfully refused to defend the insured could not later challenge the reasonableness of the settlement entered into by the insured.

The Court reasoned that the important thing was that the carrier be given notice and the opportunity to participate in settlement. Evanston's denial of coverage barred it from being able to challenge the reasonableness of Atofina's settlement of the underlying wrongful death suit.

This case represents an important clarification of the coverage provided to an additional insured, and continues the Supreme Court's recent trend of significant opinions in which the Supreme Court boldly brushes aside preconceptions regarding coverage and focuses its analysis on the precise language of the policy, giving the policyholder the benefit of the doubt.

*Information on this matter contributed by:

James Cornell
Cornell & Pardue

A full copy of the opinion is available upon request



CHANGE THE WAY
YOU TALK ABOUT RISK

46th Annual RIMS Conference San Diego, California April 27- May 1, 2008

Launched in 1962, RIMS Annual Conference & Exhibition attracts upwards of 10,000 risk and insurance professionals of all levels, business executives with risk management interests, brokers, insurers and service providers for the ultimate educational and networking experience. The five-day event offers more than 130 educational sessions, keynote presentations, special events and an expansive Exhibit Hall. After San Diego in 2008, the event will be hosted in Orlando in 2009 and Boston in 2010

RIMS Risk Leadership Keynote Luncheon features Lauralee Martin, CFO and COO of Jones Lang LaSalle Incorporated, who will discuss risk management from the C-suite perspective of a leading global real estate and investment management firm with 160 offices worldwide, operating in more than 450 cities and more than 50 countries, and employs some 30,300 people globally. Martin will also explore managing risk as it pertains to profitability and operational cost, and examine the implications of S&P's risk-based standards on a public entity. Previously announced keynote speakers include Christopher Gardner, the man behind the book and film, "The Pursuit of Happyness", to share his "rags to riches" story; and author Gert Cruywagen in a fascinating and amusing address on a breakout risk management approach that is based on risk management strategies used by animals in the African jungle.

RIMS Awards Luncheon, honoring the risk profession's leading movers and shakers, features the doo wop vocal group The Coasters who will entertain participants with old favorites such as "Yakety Yak" and "Love Potion No. 9". For a Wednesday evening entertainment spectacular, RIMS presents "Cirque Dreams"—a musical adventure that highlights mystery and suspense, and combines comedy and dance with acrobatic feats on stage. Due to the overwhelming success of last year's event, RIMS will once again hold a Community Service Day

If you plan to attend, please let us know and if you would like to be included at the Houston Chapter tables in the General Session

Please see our Chapter Website for additional information:

<http://www.rims.org/ChapterWebsite/RIMSChapter.cfm?CWID=6652>

or

WWW.RIMS.ORG – Chapters - Houston



Attend the CPCU Society's Workshops in Houston

The 2007 Commercial General Liability Policy *The Latest Changes!*

7:30 a.m. – 11:35 p.m.

Hidden Coverages *Surprises in Court!*

1 – 5 p.m.

When

Tuesday, April 15, 2008

Where

The Briar Club
2603 Timmons Street (Corner of Westheimer)
Houston, TX 77027
(713) 622-3667

Cost

CPCU Society members: \$89 for one workshop/\$178 for both workshops

Nonmembers: \$109 for one workshop/\$218 for both workshops

The registration fee includes one CE certificate per workshop, all handout material, and refreshments.

Luncheon Information

11:35 a.m. Luncheon

Chapter members—no charge

Nonmembers—\$15 payable at door

If you are planning to attend the luncheon, please RSVP to Karen Deran, CPCU, or at (713) 622-2330.

Continuing Education Credits (TDI Provider #41)

Each program has been filed for four (4) Continuing Education credits in Texas.

Continuing Professional Development Program for CPCUs

CPCUs will be awarded four (4) continuing professional development (CPD) points for each workshop they attend.

Please see attached information on registration

“Year of Change in the Houston Chapter”

Topics of Interest and Information:

- We are looking for your opinion on where do you want to hold the monthly Chapter meetings?
- New degree program to be offered in Fall 2008 in Insurance and Risk Management at the University of Houston - Downtown
- Staff Appreciation Day – Nominate your staff
- Fall Conference Committees forming
- Networking opportunities
- Vendor Corner
- Continuing Education Credits at many of the monthly meetings in 2008

Welcome New/Renewed Members

- Bonnie Anderson – Air Liquide America USA
- Denis Bicheron – Nexans
- Frank Bologna – American Claims Services, Inc.
- Lori Catagirone – Continental Airlines, Inc.
- Stephen Foster – Anadarko Petroleum Corporation
- Cindy Garst – Jacobs Engineering Group, Inc.
- Caleb Getty – Newpark Resources, Inc.
- Jason Gonzalez – Quanta Services, Inc.
- Marc Halvorsen – Impact Risk Solutions LLC
- Wendy Harris – Baker Hughes Incorporated
- Karen Hearin – Stewart & Stewart, LLC
- Selina Hinson – Horizon Wind Energy, LLC
- Harvey Jones – TransCanada Pipelines Limited
- Meredith Katopodis – Hines
- Shelia Lum – Targa Resources, Inc.
- David Marshall – Exterran
- John McCraw – Spectra Energy Corporation
- Partha Niyogi – Bechtel, Inc.
- Daniels Parsley – SalvageSale, Inc.
- Michael Phillipus – ATP Oil & Gas Corporation
- Gary Reinsch – McGriff, Seibels & Williams
- Ken Smith - Transocean Offshore Deepwater Drilling Inc.
- Amber Stovall – Rosetta Resources Inc.
- Gary Sylvester – Anadarko Petroleum Corporation
- Larry Townsend – Quintana Minerals Corporation
- Mary Womack – EOG Resources, Inc.

Texas Job Postings

Houston Area:

- Risk Analyst (2)
- Senior Risk Analyst
- Lead Analyst – Risk Management
- Risk Management Generalist
- Risk Manager (3)
- Risk and Insurance Analyst – Downstream
- Corporate Insurance Coordinator
- Associate Director - Claims

Dallas Area:

- Risk Analyst
- Risk Management and Insurance Specialist
- Senior Account Specialist
- Claims Manager
- Develop Marketing Underwriter

San Antonio Area:

- Risk Manager – Engineering
- Risk Manager – Construction
- Enterprise Risk Analyst

Austin Area:

- Property Program Manager – Underwriting
- Assistant Director – Program Administration
- Assistant Division Director – Risk Management
- Develop Marketing Underwriter

Please see the chapter website (hot link at end) and the RIMS.org Jobs Listing for details.

The RSVP Problem

Contributed from the Houston CPA Society

One area where the majority of business people (and the population in general) come up short is in prompt and appropriate response to event invitations.

RSVP is French for "Repondez S'il Vous Plait." In other words... *English words...* "Kindly give me an answer." "RSVP" clearly means to reply one way or the other.

Immediately upon receiving an invitation, whether it is for a business luncheon or dinner, an after-hours reception, a casual office get-together or any business/social event, check your calendar. Your next step is to respond. Don't put off replying unless you need additional information or have to check with someone else. The person issuing the invitation needs to know as soon as possible how many people will be attending in order to plan properly.

The whole purpose for "RSVP" is to enable the coordinating staff person to plan for food and arrange the venue for the appropriate number of guests. When invitees fail to reply to invitations, we are at a distinct disadvantage. Any business-related event involving food or beverages requires a guarantee be provided to the venue catering department at least 72 hours prior to the event. There is always the risk that there will be too much or not enough food. If thirteen people reply that they would attend but forty show up, there isn't enough for everyone to eat or drink.

This reflects poorly on the Society, its members and the staff. It is not a good practice to "order some extra just in case," as all Society sponsored events are budgeted and expenses planned for in advance.

Once you have replied do what you said you would do. If you said you would be there, go. If you responded that you couldn't attend, don't decide to go at the last minute. If something comes up to prevent you from attending, let the Society office know as soon as possible, especially for a meal event, like a reception or dinner.

Take note of who is invited. If the invitation reads "and guest," you may take your spouse or *one* friend or co-worker. If it is addressed to you alone, go by yourself.

The rule for responding to any invitation is to reply immediately, say what you will do and do what you say. Next time you may be the one planning an event and you won't want to be left in the dark, waiting to see who shows up.



RIMS is looking for the best and the brightest stars in risk management.

You may know someone who excels at the task at hand, someone who goes above and beyond the call of duty. Now is your chance to submit an award nomination and recognize a risk professional or RIMS Chapter that best exemplifies the meaning of extraordinary. You know who deserves the spotlight—now let us know!

The RIMS award categories are:

Harry and Dorothy Goodell Award

For outstanding lifetime achievement furthering the goals of risk management and the Society, our most prestigious award.

Ron Judd Heart of RIMS Award

For individuals keeping their local chapter and the discipline of risk management vibrant and resilient.

Arthur Quern Quality Award

For raising the quality of products, services and enterprise risk management.

Richard W. Bland Memorial Award

For impacting risk management in the field of legislation or regulation through outstanding performance by a RIMS deputy member.

Chapter Recognition Awards

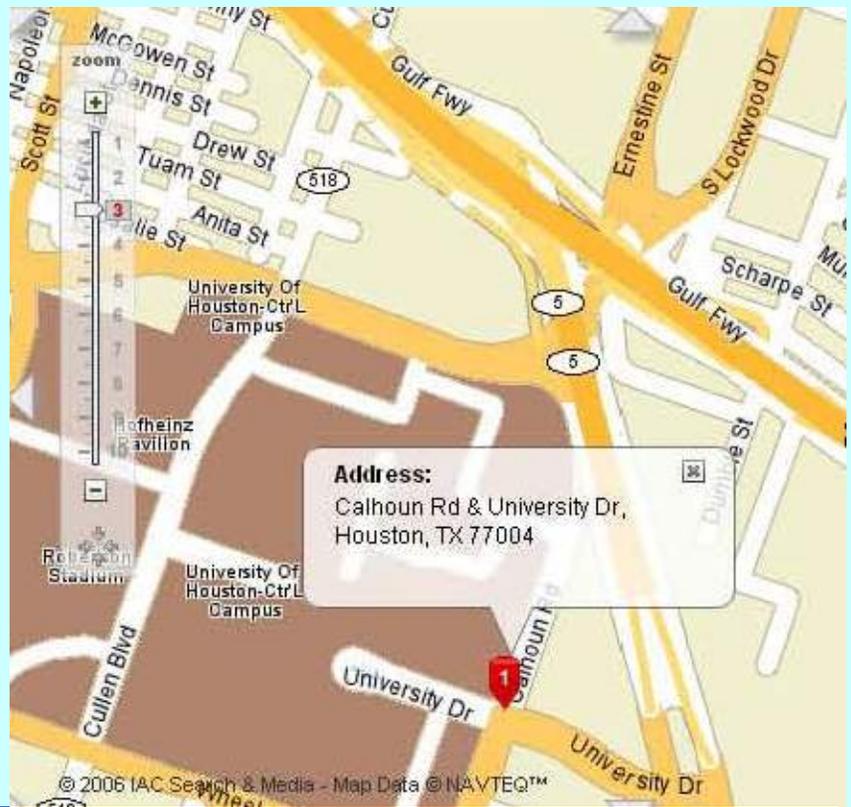
For hard work, dedication, achievement and excellence of a RIMS chapter in:

- Outstanding Chapter Programming
- Advancing the Risk Management Profession
- Outstanding Member Services
- Overall Chapter Excellence

March Luncheon Meeting Place:

**The Hilton University of Houston
University Drive – Entrance One
Houston, Texas 77004
Phone (713) 743-2500**

Map to Meeting Location



**Copy and paste the link below to go to the map
to find directions from your location to
The University of Houston,
Conrad Hilton Hotel**

<http://maps.ask.com/maps?l=lt%3D29.72604%7Clg%3D-95.3403%7Cal%3D0%7Ccx%3D-2221590%7Ccy%3D-726011%7Czm%3D4%7Cvt%3D0~lt%3D29.71905%7Clg%3D-95.33891%7Cad%3DCalhoun%20Rd%20%26%20University%20Dr%2C%20Houston%2C%20TX%2077004%7Csd%3D0%7Cdm%3D0~#1>

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