



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

RIMS NEWS
June 2005

THE AWARD WINNING HOUSTON CHAPTER
Advancing the Risk Management Profession

June Meeting Topic

“Contingency Planning”

Guest Speaker: Daryn Ebrecht, Founder, The Cotton Companies

Hurricane season is here! The entire Gulf Coast region is subject to increased weather related exposures this time of year. In 2004, Charley, Frances, Jeanne, and Ivan were unpopular guests to the state of Florida. They caused 116 deaths and billions of dollars in damages in Florida alone.

Hurricanes and other weather related events are just one cause of damage and business interruption. Fire, and the ensuing smoke and water damage can stall operations and destroy valuable records.

Come join us as Daryn will discuss the importance of Contingency Planning and helpful tips on what items to include in a Contingency Plan.



June Article

Article summary from *Blowing Whistles & Climbing Ladders – The Hidden Insurance Issues Behind Sarbanes-Oxley and Recent Corporate Governance Reform*

By John C. Tanner, McGriff Seibels and Williams, Inc. and David E. Howard, Arnall Golden Gregory, LLP
(Full article published in the April 2005 issue of ACC Docket)

Does your D&O insurance cover formal SEC and other governmental investigations? What about informal governmental investigations?

In 2004, the SEC requested appropriations in the amount of \$841.5 million, the largest single-year percentage increase ever. For 2005, the requested budget jumped to \$913 million. The heightened regulatory climate brought about by the Act has dramatically increased public company D&O claim exposure to SEC and other governmental investigations. Make certain that your policies provide maximum coverage for such investigations and, at a minimum, provide coverage to individual insureds formally named in SEC proceedings.

Will you have coverage if it turns out that there is a problem with the CFO's accounting certification? Is there coverage for employee sub-certifications?

CEOs and CFOs must now personally certify under the Act that their company's quarterly and annual filings fairly present the company's financial condition. Most D&O insurers today expressly incorporate SEC filings into their applications and policies. If financial statements submitted to the insurer during the underwriting process are false, the insurer may seek to rescind the coverage of all insureds on account of the false certifications. Confirm that your D&O program includes severability and/or "non-rescission" wording to protect coverage for innocent individual insureds, even in the face of a fraudulent certification by one insured.

Does your insurance cover a whistleblower lawsuit if one is filed? Will your D&O coverage be in jeopardy if a disgruntled whistleblower plaintiff provides assistance in the shareholder litigation?

Whistleblower claims are now greatly protected under the Act, if not encouraged, with the frequency of such claims increasing dramatically. Your company's D&O policy may not provide coverage for employment claims against the company, and may only provide limited coverage for such claims asserted against individuals. If your company does not purchase EPL coverage, an increasing whistleblower claim risk may give cause for reconsideration. Moreover, given the prominent role that whistleblowers may play in related securities claims, you should confirm whether and how whistleblower claims by otherwise covered insureds may adversely affect coverage for related claims.

For more in depth analysis on these and other issues, read the entire article in the April 2005 ACC Docket, the Journal of the Association of Corporate Counsel.

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From the First Vice President's Desk

I know, I know...it doesn't quite have the same ring to it as "From the President's Desk", but I do have some news about upcoming events to share with you.

First, this month's meeting will feature a discussion on contingency planning. Daryn Ebrecht from the Cotton Companies will present information on what to include in a contingency plan and share some helpful hints learned from responding to catastrophic events.

Second, as announced at the May meeting, our annual Fall Conference has been set for Friday, October 21 @ The Woodlands Resort and Conference Center. Your board is already working hard to make this a 'must-see' event. We are looking forward to sharing the full conference agenda with you in the coming months.

See you at the meeting on June 15th!

Virgil



New Members

We are pleased to announce the following new members who joined our chapter last month:

- Ana Lucia B.N. Barbosa
- Courtney Bauer—City of Huntsville
- Victor Pena— City of Huntsville
- Soila Stroot—Global Santa Fe
- Wayne Dauterive—Metro National/Terrace Risk Mgmt
- Jessica Irvin—Noble Drilling Services
- Lucy Starbranch—Pride International
- Terry Owens—Goodman Global Holding
- Patrick Stangle—Goodman Global Holding

Houston Area Job Links for June 2005

- Carriage Services, Inc.—Risk Management Assistant (part time)
- Energy Company (Galleria area) - Risk & Insurance Analyst
- Director Finance & Planning—Lord & Albus Company
- Group 1 Automotive, Inc.—Assistant Risk Manager
- Workers Compensation Coordinator—NCI Building Systems, L.P.

For further information regarding positions or to place a job opening for your company in our newsletter, contact Pam Chavez, Director—Job Placement (832) 351-7144

Email: pam.chavez@jacobs.com

Listing descriptions and contact information can be found at The Houston RIMS website:

<http://Houston.rims.org>

Also, look online at the Houston Chronicle's classified web site under employment. Do a key word search for Safety or Risk Management at:

<http://www.houstonchronicle.com/classified>

Or look online at the Houston Press's classified web site:

<http://www.houstonpress.com/classifieds>

June Luncheon Meeting

Please send your response by email to jlyon@contactpsc.com or fax the notice to 713.625.7087.

The Luncheon Registration form is available on the chapter web site at www.rims.org

Choose “chapters” then “chapter web sites” then “Houston” look for the “Monthly Meeting Notice” on the list to the left.

Meeting Notices, Newsletters and other chapter correspondence are now distributed by email.

If you are a deputy member and are not receiving yours please let us know by contacting Victor Pivetta, Membership Director. Deputies can update/correct information by logging on to the Society web site: www.rims.org. Associates & Non-Members should contact Ginny Penzell

On the first page of each RIMS Monthly Newsletter, we publish a **brief** article of interest to our members. If you have one to submit for publication, please send articles of interest (no advertisements please) to: 34391.Stephen.Broderick@rimsmail.org

Houston Chapter of RIMS

UPCOMING EVENTS

Luncheon Meetings are at 11:30 am

RIMS Luncheon Meeting—
June 15, 2005

ARM 56—Essentials of Risk Financing—Houston

Tuesday evenings beginning August 16
Details and Application Attached

RIMS Houston Fall Conference
Friday, October 21 @ The Woodlands
Resort & Conference Center.

MEETING PLACE

The Hilton University of Houston
University Drive—Entrance One, Suite 207
Phone #713.741.2447

- Parking is being provided by the Houston Chapter of RIMS.
- Be sure to pick up your token at the registration desk so you can get out of the parking garage free of charge



ASSOCIATE IN RISK MANAGEMENT
Classes Sponsored by the Houston Chapter of RIMS
Fall Semester 2005

The Houston Chapter of the Risk and Insurance Management Society, Inc. (RIMS) will be sponsoring an ARM 56 class this spring. This course is part of a three semester specialty program leading to the Associate in Risk Management (ARM) Designation. The course is open to the general public, including all risk management, insurance and safety professionals.

ARM 56 – ESSENTIALS OF RISK FINANCING

CLASS LOCATION: Bowen, Miclette & Britt
1111 North Loop West, Suite 400, Houston, Texas

CLASS START DATE: Tuesday Evenings–Starting August 16, 2005, 5:30 P.M. – 7:30 P.M.
(ends mid November 2005)

COURSE LEADER: Jim Drew, ARM, CIC
Office Phone: (713) 880-7172
E-mail: jdrew@bmb-inc.com

EXAM DATES: November 15 – December 15 testing window at Sylvan Testing Centers by appointment.

COURSE DESCRIPTION: Students will learn risk financing techniques as they relate to the risk management process. The student will focus primarily on the various forms of risk retention (including use of captive insurers) and of commercial insurance.

TUITION POLICY

The tuition per course, which does NOT include the exam fee or books, is \$110 for RIMS Deputy Members and \$135 for all others (including Associates of the Society). **In the event the student cannot attend the class, tuition will be refunded until the first night of class. After the first class has been held, the student will receive a CREDIT toward any of the ARM classes that may be held during the two semesters (12 months) following the class for which tuition was already paid.**

GRANTS:

Grants are available to those Deputy Members who wish to take an ARM course but are unable to due to financial hardship. Candidates must apply through the education director (Cynthia Vickers), provide a letter from their employer that the course is non-reimbursable, and write a one-page letter indicating why they feel they are deserving of the grant. Recipients of the grants will be notified prior to the second meeting night of class. The deadline for submitting an application is August 16, 2005.

PAYMENT INFORMATION:

Make checks payable to: **Houston Chapter of RIMS**

Please mail your check **and** enrollment form to:

Cindi Vickers, ARM
Education Director – Houston Chapter of RIMS
c/o El Paso Corporation
P. O. Box 2511
Houston, Texas 77252-2511
Phone: 713-420-5078
Fax: 713-420-6577
E-mail: cynthia.vickers@elpaso.com

Enrollment forms should be completed and returned no later than August 16, 2005. You also have the option of bringing the registration form and check to the first night of class. Call Cindi Vickers or Jim Drew for additional details concerning the class.

CONTINUING EDUCATION (C.E.) CREDIT INFORMATION:

The Texas Department of Insurance has approved this classroom course for 15 C.E. Credit hours. Students must attend at least 90% of the classes in order to qualify. The Insurance Institute of America/CPCU has also received approval for 15 C.E. hours for students who successfully pass the ARM exam. Students must choose **either** the class instruction credits or the exam credits. They may not choose both.

ORDERING BOOKS AND REGISTERING FOR THE EXAM:

Books may be ordered through the Insurance Institute at (800) 644-2101. The cost for books is approximately \$150. You may register for the exam at the same time you order your books. The cost for the exam is \$148 (for early registration). Please refer to the current AICPCU/IIA Key Information Guide for confirmation of test related fees and deadlines. You can request a Key Information Guide from the Insurance Institute via the web at www.aicpcu.org, via e-mail at cserv@cpcuiia.org, or via phone at (800) 644-2101.

ARM CLASS ENROLLMENT FORM

(Complete and make a copy to send in for registration.)

Name: _____ **Social Security No.** _____

Company: _____ **Title:** _____

Mailing Address: _____

Phone (office): _____ **Phone (home):** _____

Fax No.: _____ **E-mail Address:** _____

Amount Enclosed: _____ **RIMS Deputy Member: YES** _____ **NO** _____

Course:
ARM 56 Essentials of Risk Financing

IMPORTANT: ARM courses presume three years of broad-based industry experience or INS21.