



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

RIMS NEWS SEPTEMBER 2001

RIMS POSITION STATEMENT ON H.R. 1755 August 7, 2001

The Risk and Insurance Management Society, Inc. (RIMS) Position Statement on The Proposed Reinsurance Tax Equity Act of 2001 (H.R. 1755)

RIMS member companies, which include 84 percent of the Fortune 500 corporations, are responsible for purchasing the bulk of commercial insurance coverage in America. Consequently, these members are acutely interested in maintaining a competitive and innovative global insurance and reinsurance marketplace. RIMS believes the proposed Reinsurance Tax Equity Act of 2001 (H.R. 1755) would undermine and disrupt this marketplace. RIMS establishes its opposition to H.R. 1755, in its current form, based on the following principles:

Actions limiting access to reinsurance capacity should be avoided. Reinsurance is a fundamental tool used by business and its insurance underwriters to effectively control and finance risk. Since the hard market conditions of the mid-1980s, placement of reinsurance has become and remains a global enterprise. Maintaining a vigorous reinsurance marketplace is essential in order to relieve market pressures on pricing and capacity, which could prove devastating for businesses worldwide.

Protectionist measures in any country should be discouraged. The effective tax rates on insurance products and the regulation of the insurance industry vary greatly around the world. RIMS is opposed to any legislation that encumbers free market movement and the transfer of risk that is vital to a sound global insurance and reinsurance community. H.R. 1755 focuses only on U.S.-based companies placing reinsurance with their parent companies in foreign jurisdictions. It continues to provide favored treatment for reinsurance premiums paid by U.S.-based companies to international reinsurance companies and to U.S.-based reinsurers. To that extent, the bill extends a protectionist arm against reinsurance companies in a limited number of nations, placements that work to the advantage of U.S. business.

Premiums cover legitimate business expenses and should remain deductible for tax purposes. In many lines of insurance coverage, investment income on premiums paid forms a vital component of the financing of claims that may not develop for many years. Investing premiums in jurisdictions with lower tax rates increases the future value of the investments and provides more money to cover contingencies. H.R. 1755 would reduce the pool of global funds that cover losses for organizations and citizens of the U.S. and elsewhere.

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***Published by The Houston Chapter
of the Risk & Insurance
Management Society, Inc.***

September 19, 2001 CYBER LIABILITY

This month's meeting presentation will outline the risks associated with e-commerce activities and describe the new insurance mechanisms developed to assist risk management. "Cyber liability has emerged as a major new exposure for virtually all companies, and the problem is deeper than you think."

Our speaker this month will be Dr. Phillip N. Norton, President of the Professional Liability Division of Arthur J. Gallagher & Co., headquartered in Itasca, IL. His responsibilities include leadership and development of all executive risk and financial products initiatives, including consulting, brokering, quality control, training, and research. He is widely regarded as one of the world's leading authorities on Directors and Officers Liability (D&O) and Employment Practices Liability (EPL), having published and spoken on these subjects throughout the United States, Canada, Mexico, Bermuda, Europe and Japan.

Looking for 2002 Board Members

The Nominating Committee is looking for YOU. If you are interested in participating at a new level with your chapter please let us know. Call Ella Andrews at 713.546.8646 or Sheryl Bittick at 713.866.6978.

NO REGULAR Meeting in October

Be sure to register and attend the Houston Chapter's Fall Conference and Golf Outing on October 26th. For more information see the registration form inserted in this newsletter. If it is not there please contact a Board Member

Reservation Deadline is Monday prior to the meeting at 11:30 a.m. Please send your response by e-mail to houstonrims@earthlink.net or fax the meeting notice to Colleen Cummings at 281.897-7788. If plans change at the last minute call if possible, but by all means **COME TO THE MEETING**. We just try to make sure there is food for everyone.

Meeting notices are sent out by e-mail. To update information on yourself or your company please contact the Membership Director, Bob Card, for Deputies or Chapter Liaison, Carol Barnes, for Associates and Non-Members. Please be sure your information is current. If you are a deputy or an associate you can update information on the RIMS web site at www.rims.org

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From the President's Desk

Our first ever-annual retreat was well worth the time and effort. Many thanks to those who e-mailed suggestions. We have decided that we will have 3 new board positions:

Associate Director of Education**Associate Director of Legislation****Associate Director of Membership**

Please call me or e-mail me if you are interested or know someone who is.

As many of you know we lost our Director of Membership to the broker community. Thanks Jo Anne for all your hard work the past few years. Many thanks again to those who e-mailed potential replacements. We are pleased to announce that we have replaced the position with Bob Card, ARM,CPCU, ARc. Bob comes to us from PSC where he is Assistant Treasurer and Director of Risk Management. We are very excited to have him join the board.

We are still working on the Fall Conference...And it is not to late to reserve your place as a sponsor please call me or e-mail me at the number below. I would like to personally thank the confirmed sponsors:

DIAMOND

John L Wortham
Zurich
ESIS/ACE USA
Marsh

GOLD

Kemper
BRONZE
Van Dyke Rankin & Company

HOLE SPONSOR

CNA
Team Legal
Deloitte & Touche
Hartford Specialty Company
Specialty Risk Services

BEVERAGE CART SPONSOR

Crawford & Company

Just a reminder, our September meeting will be held back at the Warwick Park Plaza Hotel. HURRAY!!!!

If you have any ideas on how to make our Chapter better, please e-mail me at sbittick@weingarten.com or call me at 713-866-6978.

See you at the meeting. *Sheryl*

Job Placement Listing for September:

- **Human Resurces/Risk Manager Position, Houston – Thorpe Corporation (07/19/01)**
- **Risk Coordinator, Houston – The Westlake Group (07/17/01)**
- **Director, Workers' Compensation Risk Management, Pleasanton, CA – Safeway (07/31/01)**
- **Risk Manager, Houston, - Willbros USA, Inc. (08/10/01)**
- **Insurance Assistant, Houston - Landry's (08/20/01)**
- **Insurance Manager, Houston - Methodist Health Care System (08/31/01)**

Look online at the Houston Chronicle's classified web site under employment. Do a key word search for Safety or Risk Management: www.houstonchronicle.com/classifieds Or, look online at the Houston Press's classified web site: www.houstonpress.com/classifieds

For further information regarding the above positions or to place a job opening for your company in our newsletter, contact Julia Kovach, Director - Job Placement, via email Julia.Kovach@chron.com or by telephone (713) 220-7607.

For information regarding National listings, contact Kamy Persaud at RIMS New York at (212) 286-9292, extension 242.

Who Wants to be a Millionaire?
By Connie Foland

Well, all you have to do is get 10,000 new corporate members to join the Risk and Insurance Management Society! RIMS, the premier association for risk management professionals, is offering a \$100 referral fee to any member of RIMS (i.e. corporate, affiliate, associate, educational) to refer a new corporate member who completes a RIMS application and pays the membership fees in full. The Member-Get-A-Member Campaign will continue throughout 2001. This could be the easiest \$100 you have ever made. Just send a potential corporate member's name and contact information to Jennifer Berman (jbberman@rims.org) at the RIMS Society. Jennifer will send the membership application and details to the potential member. Upon completion of the application and payment of the membership fees, RIMS will send you \$100.

The RIMS Society and the Houston Chapter encourage you to participate in this program. With corporate mergers and a tightening economy, membership has declined. We all win when new members join our ranks. It gives us funds to better meet the needs of our members and more opportunities for networking.

“Life is like a blanket too short. You pull it up and your toes rebel, you yank it down and shivers meander about your shoulder; but cheerful folks manage to draw their knees up and pass a very comfortable night.” —Marion Howard

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Additionally, if the taxability of premiums is eliminated, insurance rates will increase. As a result, insurance industry solvency may be impacted, hampering the ability of risk managers to correctly gauge the financial health of insurers.

Stability in tax law and insurance regulation is vital to maintaining a robust and attractive market. The global reinsurance marketplace is vulnerable to both normal marketplace fluctuations and to changing laws in the jurisdictions where the insurers and the insured conduct business. Where tax and insurance legislation have considerable bearing on the availability of reinsurance - by possibly removing the benefits that result from the reinsurance transaction - such regulation fails the best interests of the businesses the transactions are designed to protect.

A free and fair marketplace enables both insureds and insurers to seek innovative and affordable alternatives to manage risk. RIMS is opposed to any new or increased tax or regulatory burden that could adversely affect the reinsurance marketplace. We believe that H.R. 1755 would have negative implications on global reinsurance and on our members' ability to successfully manage their risk exposure.

For more information, please contact the RIMS External Affairs Department at 212-655-6046 or jbullard@rims.org.

Houston Chapter Board Retreat
By Pamela Chavez

Each year, your board members gather together to plan for the upcoming year and this year was no exception. After a false start in June due to Tropical Storm Allison, the board gathered together on August 11th and 12th at the Moody Gardens Spa and Resort located in Galveston, Texas for our first annual board retreat. Spouses and children enjoyed the amusements of Moody Gardens Spa and Resort and Galveston's many other attractions while the board members gathered in the beautiful 9th floor boardroom for an all day planning meeting.

President, Sheryl Bittick presented the meeting agenda, gave a few opening remarks and we rolled up our sleeves and got to work. Many of our agenda items were general housekeeping items, however we discussed various new projects including, the creation of a chapter mission statement, evaluation of the current meeting location, planning a membership drive and preparing ourselves for the Chapter Recognition Awards for 2001. We also discussed plans for the Houston RIMS 50th anniversary in 2005, a local Risk Manager of the Year award, and the need for several additional committees to support the board in addition to several newly created associate director positions.

After a full and successful day of planning, we were joined by our families for cocktails and dinner in a private dining area, which overlooked the beautiful resort area and Galveston Bay. The Houston Chapter RIMS board members are looking forward to future annual board retreats, perhaps you can become a board member and join us next year. It all starts with volunteering your time through the various committees and associate director positions. Look for information regarding our committees and associate director positions in the newsletter and on our web site www.houstonrims.org. We would love to have you work with us to make the Houston Chapter the best that it can be.

★★LAST CHANCE★★ RAFFLE

If you want tickets (phone orders accepted) call Pam Chavez at 832.351.7144. Drawing to be done at the September meeting on the 19th. Support the Anita Benedetti Student Involvement Program by purchasing tickets. \$5 each or 5 for \$20. Winner gets a Full Day Registration for the Fall Conference & Golf Outing on October 26th.

Bylaws Revised

The Houston Chapter Bylaws were just revised. They were sent to the deputy members by e-mail. If you did not get your copy please notify Carol Barnes at 713.798.5660 and a copy will be provided. The vote for the changes will be taken at the September 19th meeting. If you have questions on the revisions please contact Connie Foland at 713.791.6348.

Robert Milkint
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Houston Chapter of RIMS September 2001 Newsletter

Upcoming Events

RIMS Luncheon Meetings are at 11:30 am

2001

September 19, 2001

October 26, 2001

Fall Conference/Golf Tournament

November 14, 2001

December 12, 2001

2002

January 16, 2002

February 20, 2002

Honor Past Presidents

March 20 2002

Joint RIMS-CPCU Meeting

hosted by RIMS

April 14 - 18, 2002

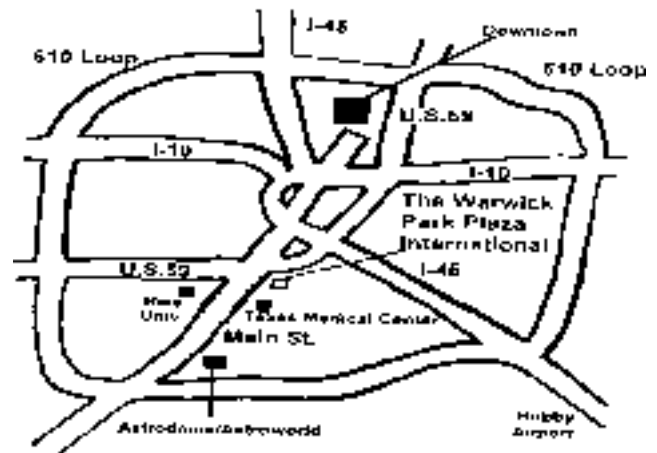
40th Annual RIMS Conference

New Orleans, LA

May 15, 2002

Staff Appreciation

June 19, 2002



Warwick Park Plaza International Hotel
5701 Main Street, Houston, TX 77005
713-526-1991

Parking is available in the Warwick Towers across Fannin St. or in the Museum of Fine Arts Parking Garage on Binz.

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