



THE AWARD WINNING HOUSTON CHAPTER

November 2010

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FROM THE DESK OF THE CHAPTER PRESIDENT...

The RIMS Houston Chapter Fall Conference at the Woodlands Resort on October 22, 2010 was truly a success. Thanks to all our wonderful volunteers, contributors, participants, sponsors and speakers. I want to especially thank John Ledbetter for organizing and running a great golf tournament/evening reception. The profits from the Fall Conference will support the Insurance and Risk Management program at the University of Houston – Downtown. Thank you again for helping us achieve our goal of supporting Risk Management education in our area.

Every year the RIMS Houston Chapter sponsors a holiday party for disadvantaged youth in our area. This year we will sponsor the Creative Dreams Outreach Center which is a non-profit after school arts and tutoring program for middle and high school students.

The Creative Dreams Holiday Party will be on December 11th. If you would like to help purchase gifts, plan activities for the party or help us celebrate, please contact Ginny Penzell at 713 420-4814 or ginny.penzell@el Paso.com.

Please mark your calendars for our December meeting as it will be an evening get together on Wednesday, December 15th.

See you soon!

Victor Pivetta
Chapter President

2010 Houston Chapter
Board Members and
Advisors

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November Meeting Topic and Speaker

Wednesday, November 17, 2010
11:30 AM – 1:00 PM

Topic

*Managing Property Valuation Issues
in Today's Insurance Market*

Presentation Key Points

The primary objectives of this presentation are threefold; to understand the current insurance market forces that are driving the requirements for supportable property valuations; to be aware of the key steps in procuring, developing, implementing and monitoring an effective insurance appraisal program; and to be able to negotiate an appropriate level of valuation service.

Speaker

Nigel P. Wilson, ASA
Managing Director - Insurance Services



We highly encourage all members to continually pursue educational objectives as a means of enhancing their knowledge in the evolving

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world of insurance and risk management. You are encouraged to attend the meeting and learn more about the continuing educational options available to you.

[This program has applied for continuing education credit toward all general insurance lines as approved by the State of Texas Department of Insurance](#)

Welcome New/Renewed Members

Thomas Norlander--Servpro of Bellaire
Troy Lubbers--Blackstone Insurance Services
Stephen Schneider--Alliant Insurance Services
Allison Meier--Alliant Insurance Services



Meeting Dates for 2010



November 17, 2010

December 11, 2010
Creative Dreams
Holiday Party

December 15, 2010
Evening Meeting

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

Creative Dream Holiday Party

Submitted by Ginny Penzell

Every year the Houston Chapter of RIMS organizes a party for the children of a local non-profit organization. The organization we are sponsoring once again this year is **Creative Dreams Outreach Center, 2601 Ruth St Stafford, TX 77477 (NOTE: THIS IS A NEW ADDRESS FROM LAST YEAR)**. Creative Dreams is an organization for children, some who are mentally challenged, from very low income homes or are in the foster care system. Below is more information on the Center.

If you are interested in shopping for a child, contact Ginny Penzell and she will be happy to match you up with a child(ren) to shop for (Remember, you do the footwork but RIMS pays for the gifts!). If you are interested in helping with the party, contact Cindi Vickers.

Here is their contact info:

Ginny Penzell
Ginny.Penzell@elpaso.com
713-420-4814
713-806-0343

Cindi Vickers
Cynthia.Vickers@elpaso.com
713-420-5078

The Holiday party will be **Saturday, December 11, 2009 from 11:00am – 3pm.**

If you cannot attend the party but still want to volunteer, you can still shop for a child. Call Ginny and she will figure out a way to get the gifts to the party.

Come join in on the fun and you will have a memorable experience that will last a lifetime.

membership has not changed.

Please see our Chapter Website
for
additional information:

WWW.RIMS.ORG/HOUSTON

or

WWW.RIMS.ORG – Chapters –
Houston



The Houston Chapter
RIMS mailing address is

5090 Richmond Ave. #86
Houston, TX 77056-
7402

Fall Conference

Contributed by Sharon Guillory, Education

The Houston RIMS 2010 Fall Conference was a complete success thanks to all the sponsors, exhibitors, contributors, and attendees. We shared a wealth of information through four seminars with topics ranging from insurance to risk management to how the political landscape shapes our industry.

**Educational and
Associations Websites:**

**American Institute for CPCU
and Insurance Institute of
America www.aicpcu.org**

**Charter Property Casualty
Underwriters Society
www.cpcusociety.org**

**Institutional Risk
Management Institute
www.irmi.org**

**The National Alliance
www.scic.com**

**Construction Risk and
Insurance Specialist
www.cris-ce.com**

**For further Educational
Opportunities Forms or
Information, please visit the
Chapter website at:**

**[http://houston.rims.org/RIMS/
HoustonChapter/Home/Default.aspx](http://houston.rims.org/RIMS/HoustonChapter/Home/Default.aspx)**



[Please see the Local Chapter website and the RIMS.org Jobs Listing for details.](#)



Published by the Houston Chapter of the Risk & Insurance Management Society



Congratulations to the winning golfers, Chang Haskell, Scott Gillespy, David Smith, and Kevin Mellor. Great weather added to great fun on the golf course





RIMS OUTING

	GROSS	NET		GROSS	NET
Joe Connelly	63	49	Chang Haskell	59	44
Mike Rhodes			Scott Gillespy		
Justin Struble			David Smith		
John Shahidi			Kevin Mellor		
David Barnett	65	49	Patrick Worsham	70	51
Ross Dowler			Mark Mey		
Mitch Harless			Stephen Whalley		
Robert Covington			Allen Gelwick		
Troy Lubbers	61	47	Ken Ross	67	50
Mike Behan			Jason Scholler		
Jacob Sipko					
Jan Goehring					
Joe Murillo	65	47	Daniel Orlich	67	50
David San Miguel			Steven Kessler		
Andrew Edwards					
Frank McNzanler					

RIMS OUTING

	GROSS	NET		GROSS	NET
Jim Pearson	66	53	Jake Newman	64	51
Bob Palmer			Bob Kirchmeier		
Bart Porter			Toby Landry		
Loyd Esler			Brian Twellman		
John Lawson	63	46	Frank Deleon	62	44
Blair Sisson			Kyle Beard		
Keith Hodges			John Ledbetter		
Bryan Westie			David Hankins		
Ron Coble	63	50			
Greg Louvier					
Gabe Martinez					
Ken Dorn					
Longest Drive #4	GREG LOUVIER ROSS DOWLER				
Closest to the Pin #17					
Chipping Contest					

The Board wants to offer special thanks to our speakers, Carol Cates with the Texas Department of Insurance, Christopher Giovino and John Dempsey with Dempsy Partners, Pamela D. Hans with Anderson Kill & Olick, P.C., and Nathan Bacchus, a RIMS State and Regulatory Affairs Associate.

John Ledbetter of Liberty Mutual once again did an outstanding job with organizing and facilitating the golf tournament. In addition, much appreciation to the host of additional corporations and volunteers who made this year's Conference a winner.



THANKFUL

The profits from the Fall Conference will go to support Risk Management and Insurance educational programs and scholarships at the University of Houston–Downtown. The future of risk management lies in the education of our students!



Monthly Luncheon Changes

Price Increase

It's inevitable...prices do go up! Although it's been a while since the last price increase for attendance at our monthly Houston Chapter luncheons, the time has come. Beginning in January, the cost of the luncheon will be increased an additional \$5 across the board.

Every effort has been made to keep prices as low as possible, for as long as possible. We feel this is modest price increase and hope it will carry us through for a while without any additional adjustments.

The luncheons will continue to be held at Briar Club. If you haven't attended a monthly luncheon recently - please join us. It's a great way to meet your fellow members - and enjoy a great lunch! CE Credits are offered at most meetings.



Name Badges

A big thank you to Cynthia Vickers for all of her hard work in making new badges up-to-date for the membership. She did a great job. By the way, the colors of the badges have meaning.

Green – Board Members

Blue – Deputy Members

Yellow – Associate Members

Light Purple – Committee Members and Volunteers

Please contact Cynthia (cynthia.vickers@elpaso.com) if you need any changes to your badge.

2010

Houston Chapter Membership Directories

The 2010 Houston Chapter Membership Directories are available. The directory may be picked up at the monthly meetings.

Memberships - National

Please be advised that with the economic conditions and the number of layoffs that has occurred, RIMS National has announced that the Deputy memberships will not be automatically terminated for up to six months for those members that have been laid off. Please notify the National Membership office if a layoff has occurred.

Become A Chapter Volunteer

RIMS encourages you to serve as a Chapter volunteer. Make an impact by reaching out to new members, organizing fund-raising events, writing newsletter articles and offering your knowledge in ways to strengthen the voice of RIMS. Chapter service also offers you an unparalleled local opportunity to gain leadership experience and build your professional network.

Take your skills to the next level. Become a Chapter volunteer!

Here are a few more reasons why you should SERVE:

S

Status

Service as a Chapter volunteer can provide status to a risk manager—be seen as an innovator and leader.

E

Education

Networking with other Chapter members is an informational resource that offers direct access to experienced industry professionals.

R

Recognition

Chapter level service provides board members with recognition for their dedication to the future of the risk management profession.

V

Voice

This is the chance for risk managers to make their voices heard among peers and be seen as an expert in the industry.

E

Engagement

Become more engaged in your industry while developing leadership skills which will serve you throughout your career.

How to SERVE:

Contact your chapter president or any board member for details on how you can become a Chapter volunteer. There's an important role for you even if you can commit just a couple of hours a month.

Professional Development - National

Managing Project Risks

November 15-16, 2010 New York, NY

Casualty Claim Handling Tech: The Mechanics of Statement Taking

November 16, 2010 Seattle, WA

Enterprise-Wide Risk Management: Developing and Implementing (WA)

November 17-19, 2010 Seattle, WA

Fundamentals of Insurance (FL)

November 18-19, 2010 Orlando, FL

Claims Management (MB)

November 22-23, 2010 Winnepeg, MI

Creating Value: Risk Manager as Innovator

(ONLINE COURSE You are entitled to receive one day of RF workshop credits towards the RIMS Fellow (RF) designation.)

December 1-31, 2010

How to Conduct A High Quality Risk Assessment

(ONLINE COURSE You are entitled to receive one day of RF workshop credits towards the RIMS Fellow (RF) designation.)

December 1-31, 2010

Information and Registration details: [www. RIMS.org/education](http://www.RIMS.org/education)

Job Postings

Houston Area – Local Chapter Posting:

Emergency Preparedness & Risk Management, UT-Health
Customer Service Representative, American Risk Insurance Company

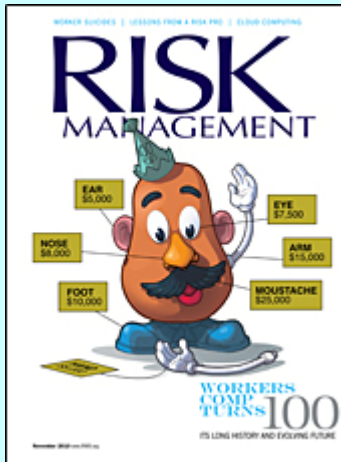
**See the Houston Chapter RIMS website for details

<http://houston.rims.org/RIMS/HoustonChapter/Home/Default.aspx>

Websites

www.workintexas.com and www.greatinsurancejob.com

Happy Birthday Workers' Comp



Workers Comp Turns 100: A Long History and an Evolving Future

The first statewide workers compensation law to withstand legal challenge in the United States was adopted in Wisconsin in 1911. It was a simple program that removed worker injuries from the court system, offering both employers and employees more certainty about compensation for lost wages, disabilities and medical care.

As we reach the 100-year mark for this bellwether benefit that eventually spread to all 50 states, the underlying theory of workers compensation remains the same: providing certainty about who pays for injuries. The centennial anniversary seems a fitting time to both look back at the system's historical roots and look ahead to trends that are likely to shape its future.

While today's workers compensation can trace its heritage back to a German system put in place in 1881, scholars have found evidence that the concept of formalizing payments to injured workers existed as early as 2050 BCE. Ancient Sumerian tablets from that era define rewards for specific injuries to body parts, as does the Code of Hammurabi, set out in 1750 BCE.

The early Greeks, Romans, Arabs and Chinese all had compensation schedules for certain losses as well. For example, an Arab who lost a finger received more than someone who lost a thumb; the value of a lost ear was calculated based on its surface area.

By the Middle Ages, feudalism replaced set schedules with the concept that lords would take care of injured serfs because it was the right thing to do (something known as noblesse oblige). In practice, however, workers often went without help. Workers and their families suffered if they were temporarily injured -- and sometimes ended up starving if the disability was permanent and they were evicted from the estate because they could no longer

work.

The situation hardly improved as industrialization began to take hold and workers moved from farms to factories.

Under English common law, three general principles emerged around workplace injuries -- all designed to shift blame away from the employer. The first was "contributory negligence," which deemed that if the employee was in any way at fault (by falling into exposed machinery, for example), the employer escaped blame. The second concept was known as "fellow servant" and decreed that if a fellow employee of the worker who was injured contributed to the injury through actions or negligence, the employer was also not liable. The last principle fell under the "assumption of risk" banner. This held that the employer could not be blamed for worker injuries resulting from job hazards that employees were aware of when they took a job.

Not only were the costs of pursuing a court case beyond the means of most injured workers, but these three defenses also made it almost impossible for them to turn to the legal system to hold employers responsible for compensation.

One segment of the working world, however, developed protections for employees during the 18th century. Pirates operated on a system of sharing the loot they gained from plundering ships with their crews. Because their endeavors were extremely dangerous, with sea battles often involving hand-to-hand combat, they found the best way to hang on to crew members was to promise they would be taken care of if they were injured.

According to piracy experts, a lost eye might result in an award of 100 pieces of eight (a silver coin minted in Spain that was common currency on the high seas), while losing a right leg was worth 500 pieces of eight; the left garnered only 400 pieces of eight. In addition to the award, injured crew members were allowed to continue sailing and were assigned light duty -- a primitive version of today's return-to-work philosophy.

Otto von Bismarck was likely less interested in being fair to workers than the pirate ship captains. When he created a compulsory workers compensation insurance system in Germany in 1881, many historians feel his goal was to undercut Marxism's hold on worker loyalty. England adopted the system soon after, drawing the attention of the United States.

Workers Compensation in America

While many people might presume that the push for workers compensation came from unionized employees and was met with opposition from employers, the early 1900s were a time of shifting interests in the United States. Increasingly, workers were winning lawsuits and businesses were becoming perturbed by the uncertainty of courts determining payouts. As a result of the successes in court, unions actually opposed workers compensation, arguing that employees could gain more out of the courts than a system that might set awards at an arbitrarily low value.

The early history of workers compensation in the United States is marked by one step forward and two steps back. Although various commissions recommended the enactment of a no-fault system like that of England and Germany, early efforts in several states were thrown out by courts, which found that the compulsory nature of the programs violated the due-process clause of the 14th Amendment.

The argument might have remained in the hands of legislators and the courts indefinitely, but the timing of a court decision and a stark tragedy brought the issue home to the public. On March 24, 1911, the New York Court of Appeals declared the compulsory workers compensation program unconstitutional. A day later, a fire raged through the Triangle Shirtwaist Company in New York City, killing 146 workers, many of them young women. Eventually, the owners were acquitted of manslaughter, but a civil suit yielded about \$75 in damages for each of 23 families.

Soon after, Wisconsin passed the first workers compensation law to cover private employers that would be deemed constitutional. The first policy written under the law was for the Wausau Sulphate Fiber Company, now known as the Mosinee Paper Mills Company, which has been continuously insured within the system. By 1948, every state in the country had enacted a workers compensation system, including two territories, Alaska and Hawaii, which would soon become states.

In the decades since workers compensation became universal, even though different on a state-by-state basis, many aspects of the program have changed. But one thing has remained: a continual improvement in worker safety.

As business owners saw the value of reducing accidents and injuries as a way to hold down workers compensation insurance costs, they took steps to make the workplace much safer. In the 1920s, the rate of injury per 100 full-time employees in manufacturing plants was nearly 25. By 2007, it was closer to five.

Emerging Workers Comp Trends

Three trends are emerging that are likely to influence the future of workers compensation. The first is the growing cost of the system. The Insurance Information Institute notes that spending on medical care for workers compensation claims climbed a cumulative 200% between 1993 and 2007. In 1987, medical care represented only 46% of workers compensation claim costs, but by 2007 the share had grown to 59% -- and is expected to rise to 70% by 2017.

Adding to the upward pressure on medical care costs is the increasing obesity of Americans and the aging of the nation's workforce. The Insurance Information Institute found that costs for workers compensation medical claims are almost seven times higher when the worker involved is obese. In addition, older workers have a workplace fatality rate that is triple that of those ages 35 to 44, and when they are injured, their time off the job is 50% longer than their younger counterparts.

The second trend that will influence workers compensation is the

growing digitization of medical care records. Increasingly, medical records will be accessible to broad-based teams responsible for patient care, speeding the utilization review process and helping the patient return to work more quickly. Unlike the first trend, this one may well exert downward pressure on costs by making the delivery of medical care more effective and efficient; both improving the quality of care for patients and reducing the costs that employers pay.

The third trend is the impact of personalized prescription drugs. Today, compounded drugs can have an inflationary impact on medical care costs if they are not carefully managed through pharmacy benefit management processes. In the future, however, efforts to diagnose and treat disease based on a patient's genetic makeup may lead to targeted treatments that are less costly and more effective.

These trends and their interaction with evolving workplace circumstances may well lead to changes in workers compensation that are not evident today. But as workers compensation turns 100 years old, one thing is clear: policy makers will continue to fine-tune a system that has delivered value to both employers and employees by striving for fair compensation for workplace injuries.

Nancy Hamlet is senior vice president of Healthcare Solutions.