

**URMIA Conference 2012:
“Providence 2012-Guiding you Across the Ocean of Risk”**

1. Cover Slide (Intro by Tim Palmer)

Good Morning and welcome to “Ahoy Matey-Take the Tiller and Maintain Due Course through Exposure Identification”. I am Tim Palmer Let me introduce you to the presenters for this session.

Edward Frackiewicz:

Ed Frackiewicz is the Leader of the Boston Consortium Risk Management Advisory Group providing integrated Risk Management services to Brandeis University, Bentley College, Berkeley College of Music, Bryant University, Emerson College, Franklin W. Olin College of Engineering, LaSelle College, Salve Regina University, Wellesley College, Wheaton College and Worcester Polytechnic Institute.

Prior to joining the Consortium team, Ed was the Director, Risk Management for Allmerica Financial Corporation and the Del Monte Foods Company. In both roles, he was the primary individual responsible for corporate risk management awareness and the execution of financial treatments designed to protect company assets. In addition, he had global accountabilities for the strategy and selection of property & casualty insurance programs, security and safety service providers and corporate fleet vehicle management.

Ed was a leading member of the risk management team with the Liberty Mutual Insurance Group. During his twenty-year career at Liberty, he held numerous positions including claims adjuster, training supervisor, Manager of Consumer Affairs & Corporate Insurance and Director of Risk Financing.

Ed is a graduate of Wake Forest University with a BS in Business and has earned his ARM designation. He currently serves the role as an independent Director and President Emeritus of the New England Educators Insurance Association Board (NEEIA) and a member of their Risk Management and Strategic Planning Committees. He has presented at programs hosted by URMIA, RIMS, the Society of Consumer Affairs in Business (SOCAP), Insurance Consumer Affairs Exchange (ICAE), International Quality & Productivity Center (IQPC) and the Alliance of American Insurers (AAI). He also served as a member of the Board of Directors of the Triple S Insurance Agency, Inc. and on a National Food Processors Association (NFPA) Insurance Task Force.

William Austin:

Bill Austin is a principal of Austin & Stanovich Risk Managers LLC, a national risk management consulting firm, with offices in MA and RI. He specializes in all aspects of risk management. His higher education practice includes many well-known colleges and universities located through the Northeast US such as Boston College, Bryant University, Johnson & Wales University, Marist College, Providence College, Rhode Island School of Design, Trinity College. He is a resource to University of Rhode Island, Rhode Island College and Community College of Rhode Island. His consulting practice includes organizations from Fortune 100 companies to large regional corporations to governmental entities. He also has an active litigation support practice that includes experience as an expert witness in both disclosed and non-disclosed engagements. Some of his expert witness engagements have included higher education risk and insurance issues.

His risk and insurance career began in 1977 and evolved to include successful employments in underwriting with Wausau Insurance Companies, national brokerage with Rollins Hudig Hall now Aon, independent consulting with Albert Risk and 7+ years as a VP/Corporate Risk manager for FleetBoston a Fortune 100 corporation, 7th largest US bank with operations in 21 countries and more than 50,000 employees. He co-founded Austin & Stanovich Risk Managers with Craig Stanovich in 2002 as an independent risk management and insurance consulting firm. Bill is a regulator contributor to International Risk Management Institute. He is a graduate of University of Wisconsin-Eau Claire with a BBA in marketing with an emphasis in finance and has a CRIS designation from IRMI.

Bill is a frequent speaker on risk management and insurance topics. In the past year he was a panelist for a NYC RIMS panel discussion on RMS risk modeling; a panelist at Fordham Law School in NYC on “*Human Rights – Emerging Risks for Corporate Counsel*” and discussed operational risk issues for non-profits for the RI CPA Society.

Ed and Bill have known each other for 10 years as both are active in the Greater Boston Risk Management Community for 10 years. They told me it is a pleasure to present this session together today.

2. Our Expectations Slide

Ed Frackiewicz and I are very happy to see all of you at our session.

Our goal today is simple: Through an exchange of ideas we hope all of us will become more effective risk managers through enhanced awareness **to the importance of exposure identification**.

I remember the recruiting brochure used by Wausau Insurance Companies in 1977, when I got out of college. It said something like FIRE, EXPLOSION, LOSS of LIFE, DISASTER-how can a career in insurance be boring when you work with these types of events. All exposures to loss but simply words, not dimensional in any way for one that would ultimately become a Fortune 100 risk manager.

You cannot manage or understand or treat what you do not know!!! You need to manage a 360 degree of exposure-cause/effect and effect on a given asset (building, data, human capital) and what these same assets can do to create exposure to other assets (neighboring building, theft of data, injury to human capital and injury to other people and organizations). Exposure review is 3 dimensional-it is not that which may be obvious.

The PowerPoint that you may have downloaded from URMIA is a working draft we created at the beginning of the summer. We decided this session may allow great ideas, stories and so on from this group.

The one used for today is our final draft. We hope to elicit ideas from the group today that we can use to update this final draft into a final version that includes all points from this session. In other words this will be kind of a living document to take our ideas and points and bring in the comments from those of you that decide to share thoughts, ideas and stories with us. Success stories and failure stories. We learn from hearing from one another what works and what does not.

Ed is serving as scribe today. He lost the coin toss as to who would speak and who would be scribe. Then again maybe he won! He like me was also a risk manager and has developed a risk management tool set that includes ideas on exposure identification.

We will take ideas from this session and update the PowerPoint as best we can and have it converted to PDF. It will likely be posted by URMIA and will be at my website October 15, 2012 www.austinstanovich.com. Ed will you be posting it to The Boston Consortium website as well? Download it/share it as you deem appropriate.

If you rather have it emailed to you when ready simply leave your email address with us on this sign-up sheet and we will email it to you when it is ready for release. Please print your email address clearly for us to read.

3. Slide: The Risk Management Process

Is a template approach really used? Is it useful? Yes to both questions. If your initial reaction is no then you may need to re-think your practice of risk management. The steps are simple. The steps keep us on point as to exposure identification first and treatment options second.

1. **Identify** and analyze **exposure** to loss.
2. Evaluate feasible alternative risk management techniques to handle loss exposures.
3. Select the most appropriate/efficient risk management techniques to handle loss exposures.
4. Implement the chosen techniques.
5. **Monitoring** the results, **revise** as required and **start over again with exposure** identification.

What is interesting these 5 steps are used in many types of risk management processes. I have seen similar steps for e-data risk management and in ISO 9001 documents that discuss risk management as a discipline and a management practice.

4. Insert Fleet Business Plan next Slide and discuss WKA Risk Management Slide

I implemented a business plan approach to risk management that was initially a one year plan and then as the organization became more complex I expanded it ultimately to 3 years as some of our initiatives could or would take much longer than 12 or even 24 months to design and implement. It led off with Exposure ID-then Risk Control-then Risk Financing and then Admin Efficiencies-self issue of insurance certs-traditional insurance as well as captive.
Plan the work-Work the Plan

Ed and I firmly believe the 2 most important steps in the Risk Management process are the first and last-everything begins with exposure identification and starts over again with exposure identification. Organizations evolve as will exposure to loss-insurable or not-1st party or 3rd party.

A risk management program that does not evolve consistent with exposures to loss is likely an ineffective risk management program for the organization. Techniques like Insurance purchase or implementation of a captive insurer are not risk management programs. Each may be critical component of the overall risk management program but are not substitutes for the risk management program in total.

5. What Do We mean by Exposure

Exposures to loss-insurable or not-continue to evolve and our skill set must evolve as well in order to serve our organizations as effective risk managers.

Exposure defined from IRMI: "The state of being subject to loss because of some hazard or contingency".

6. What do we mean "Risk" and "Loss"

How to define "risk": IRMI: a term of many meanings. Two of the principal meanings are 1. Uncertainty and 2. A subject of insurance (e.g., a house) (sometimes also referred to as an exposure unit or unit of exposure)

Risk defined? IRMI: Sometimes the probability of an event. Let's just say the possibility of loss. Let's not pretend to be an actuary. It can either happen or it cannot happen. It is or it is not. Must look at each single exposure as to the possibility of an event. ASSUME something can or cannot happen after you inquire. DO NOT SIMPLY ASSUME IT CANNOT HAPPEN HERE.

"loss": IRMI: the basis of a claim for damages under the terms of a (insurance) policy.

Better: reduction in the value of an asset due to peril or damages for negligent use of the asset.

We have 5 senses: Sight, Speech, Smell, Sound and Taste. Let's consider our 5 senses as a means to identify exposure.

7. Key Points of Risk Management

8. Slide: Crash-Boom-Bang

Did you hear sounds or exposures? What are some exposures that come to mind?

Airplane crash (damage to building, death of passengers), (interruption of freight transit)

Screams-assault-mugging (lack of safety)

Gun shots (lack of safety, damage to buildings, robbery of money/securities)

Ambulance-on campus or off (injuries on campus-injuries caused by driver of college ambulance)
Traffic congestion (problem or some event on campus)
Dog growling (lack of safety and breach of common law)
Fire Alarm (danger on campus, danger from near campus, faulty alarm, damage to building, injury to person pulling alarm)

Not all exposures are obvious.

WKA property underwriter eureka: Property we see the asset and can visualize the exposure. Casualty may not be obvious. Man in window sitting at desk may create more exposure to loss than the building he works in.

9-10-11. What do you see?

12. Exposure Identification Using 5 Senses PLUS 1

Silence does not mean all is at peace

What exposure did you see and hear?

- Employee lifting heavy object not paying attention to proper lifting methods
- Broker curb in a heavy foot traffic area
- Smiling student just accepted into foreign study program in China
- Withdrawn student dwelling on bad test score
- Withdrawn student dwelling on sexual assault
- Parent talking to attorney about sexual assault of their child
- Newspaper reporter gathering facts on campus sexual assaults
- Legal department creating a new entity to act as straw to purchase property near campus
- Student driver with speeding tickets getting into college van to transport fellow athletes
- Adjunct instructor denied a permanent position
- Older faculty member that has yet to receive tenure
- Board members voting to expand new building while facing financial challenges
- Gay student video going viral on YouTube
- Student hacker obtaining student personal information from campus computers
- Faculty member entering into research grant for some type of bio/med device

- Being a risk manager is not the same as being risk adverse. Being conscious of exposure simply means being aware of situations that may be adverse to your institution and if done timely giving the institution time to implement appropriate risk management techniques. We need to implement techniques consistent with the needs of our institution but consistent with our own feels of risk. Think in terms of risk/reward and how to minimize the risk and still reap the reward

- The practice of risk management is both Art and Science. It takes our 5 senses **PLUS a 6th sense of EXPOSURE AWARENESS which I think is a combination of EXPERIENCE, COMMON SENSE and BUSINESS SENSE** to perform the art aspect of risk management. Developing a 6th sense within risk management is key to first creating and second maintaining a risk management program that is effective for your institution and one that should evolve with your institution. Some ways to develop and maintain your 6th sense.

- We believe risk management is best performed as a team sport. It takes a village. YOU as risk management need tentacles into the organization. Talk to your colleagues as a risk manager not just once a year to gather insurance renewal information.
- We believe risk management cannot be effectively practiced as “silo” or in a “solo”. Learn to identify any exposure or risk to your institution and share with those that may be in position to better deal with it than you. Just because you are not in IT or HR does not mean you should assume those folks are up to date with exposures that may cripple your institution financially or by reputation.
- The transition from operational risk management to enterprise risk management is easy. Risk is Risk.
- The 80/20 Adage: 80% of exposure faced by any organization is same or similar to that faced by other organizations in other industries. The true difference in exposure by industry may be 20%. There is more in common as to loss exposures to all industries than that which is uncommon: Buildings burn, people get injured because of operations, people sue when injured. Employees sue when terminated, etc.

College and University campuses are like cities with more going on at any one moment than strictly education. Campus security-police; restaurant/food prep and delivery, grounds maintenance; health care delivery-on-site clinic, hospitals, mental health counseling even EMT ambulances; broadcasting-TV, radio, print, web;

13. Slide Moment of Truth

We all talk about risk management. In one sentence to yourself or to all of us

- Describe your risk management program. (Ed will act as our scribe).
- Single strength of your risk management program.
- Describe how does your Boss describes your risk management program.
- Do you do enough exposure identification in your job?
- Are you awake at nights wondering if your risk management program is reasonable for your college or university.
- What do you know about your business-the business of college and university operations? What are some of the exposures?
- Describe how you may approach exposure identification in your risk management program after you return to home base after this conference. (Ed will act as our scribe).
- Describe how you may move from a solo and silo risk manager to playing risk management as a team sport?

14. Exposure Tool Box Slide

Let's create an exposure toolbox. (Ed as scribe to write down ideas)

WKA/EF ideas to be shared as exposure identification tools

- Use a business plan approach to your annual goals and objectives make sure that Exposure Identification is #1.
- Entities-State corporate database. WKA client (new CFO) did not know organization had 2 additional entities-found by looking at financial report. Other did not know of other entities active and inactive (tail exposure) but found when WKA reviewed corp database.
- Talk to in-house experts when available-do not jump to insurance mechanism simply by concluding on your own we have an exposure-
- Safety risk committees-collaborative efforts to know what's going on. Get a seat at the table (Fleet Operational Assurance committee) Legal staff

- Read your insurance policies (**RTP**), obviously to understand coverage, but equally important to understand what is excluded, limited, restricted and so on. The restrictive parts of an insurance policy point out exposures that may 1-may have not been identified in past and 2-that may need to be dealt with whether insurable or not.
- Walk around
- Finance staff-new initiatives
- Athletic-new initiatives
- Research/grant new initiatives (who will own patients, BI issues, embezzlement issues)
- Campus computer network and use of cloud (privacy, business continuity)
- Student newspaper (Ibel-global issues if web based and effect on reputation)
- Certificates of insurance-why is your firm being asked to provide a confirmation of coverage to other organization. Certificates of Insurance-why is the other entity providing a copy to us? What are they doing for your organization?
- Clery Report-(what does the info mean in terms of reputation and possible effect on future admissions)
- Fire safety reports/Insurance company engineering (do you get the same level of information on your foreign campuses)
- Remember the '60's saying "Question authority" when question insurance apps-what do they mean? How are questions answered? Look closely at Yes and No Q&A. Hospital issue re video tape-"are scope surgical procedures routinely videotaped? No. Sounds bad. No we do not. But it turned out that the hospital took still pictures of the procedures. So exposure to insurer was better than first thought. Overlooked by prior risk management staff as well as consulting firm with a +20 year relationship.
- Industry periodicals: BI, Risk and Insurance, RIMS magazine
- Concerns of risk management peers in other industries: banking, manufacturing, transportation, storage, etc. The 80/20 rule of exposure.
- Create your own unique risk management template-RIMS, URMA, UE, ACCORD Apps, hire someone to assist you. Use it as you walk the campus, review your website, take it to meetings, discuss issues at regional UE, URMA meetings and so on.
- Looking for and understanding exposure to loss is not the same as being risk adverse. Being cognitive of exposure to loss insurable or not allows you to evaluate on a risk/reward basis

What are up and coming campus exposures.

What can we as risk managers do to learn about these exposures, make sure treatment is being considered whether insurable or no? Are you comfortable that you understand these exposures

- Loss of personal information-hard copy and e-format
- Campus violence
- Cloud storage and loss of data and effect on research
- Students abroad and foreign housing
- Students and faculty abroad-Kidnap
- Students and faculty abroad-evac from hot spots
- Age discrimination-employees-faculty and others
- Failure to inform students of poor job prospects for certain majors
- Research and or grant activities conducted by faculty-is the school vicariously liable for the actions of the faculty for these endeavors

“Ahoy Matey-Take the Tiller and Maintain Due Course through Exposure Identification”



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October 3, 2012



UNIVERSITY RISK MANAGEMENT &
INSURANCE ASSOCIATION

Our Expectations

- ***Become better risk managers*** through exposure ID skills.

You cannot manage what you do not know!!!

- ***Class participation***-Share stories-when things work and as well as when things do not work.
- ***Discussion*** of risk management topics *more important* than **colorful** PowerPoint Presentation.
- ***Updated PowerPoint***: Add ideas from today!
 - URMIA?
 - www.austinstanovich.com by 10/15/12
 - Boston Consortium?

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The Risk Management Process

1. *Review* and analyze *Exposure* to loss.
2. *Evaluate* alternative risk management techniques.
3. Select the most appropriate/efficient techniques
4. Implement the chosen techniques.
5. *Monitoring* the results, *revise* as required and *start over again with exposure* identification.

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Risk Management Process as a Daily Activity



**Strategic Risk Management
Business Plan: 1999-2002
Updated January, 2000**

Overall Goal: To reduce overall cost of operational risk by 50% by January 1, 2002 through use of risk identification methods and proper use of cost control techniques. **OTL cost save objective nearly achieved during 2000 due to BKB integration activities.**

Risk Identification	Risk Control	Risk Financing	Administrative Efficiencies
1. Risk identification of internet and PC banking activities Open-ongoing activity	1. Reduce WC cost by elimination of lost time incidents through preloss control and RTW programs. Open-ongoing activity	1. Determine appropriate methods to finance risk uncovered during Risk Identification activities. Open-ongoing activity	1. Consider intranet/internet issuance of FFG insurance certs. Partially Completed in 1999
2. Y2K BII exposures and scenarios-impact analysis and risk financing techniques Completed	2. Integrate occ and non-occ medical providers and related service providers such as TPAs, etc. Indemnity completed in 2000	2. Create model for risk financing plan for 2002 by 2001. Major components Completed in 1999	2. Improve CRM accounting function and Plan/Forecast processes. Completed-fine tuning as specific needs arise.
3. M&A checklist-development and use. Completed	3. Reduce GL claim frequency and severity by 50%. Open-ongoing activity	3. Review use of captive pooling techniques for FFGI/other FFG captives. Completed in 1999	3. Design and implement scanning technology to lessen CRM needs for paper documents and file storage. Completed
4. Top of the house view of all operations and LOBs-trad and non trad exposures and losses Open-ongoing activity	4. Design and implement a loss control program to increase SIR for property insurance losses. Open-ongoing activity	4. Determine alternate revenue use of FFG captives. Open-ongoing	4. Electronic WC, GL, and AL incident reporting to CRM and TPAs. Open-ongoing
5. Use of lotus notes for exposure database for info from 4 above. New for 2000	5. Determine methods to provide risk advice for non-USA operation and activities. New for 2000	5. Review concept of Enterprise Risk and applicability for FBF. New for 2000	5. Use of Lotus Notes for CRM online policy and procedure manual. New for 2000
	6. Consider means to communicate risk issues to LOBs. New for 2000	6. Review all non-USA insurance placements and implement if consolidation feasible. New for 2000	6. Consider possible enhanced technology use, especially Internet, for CRM staff. New for 2000

h:\Plan\Bus-Plan\2000\2000goal.doc (ed. 1/00)



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What Do We Mean by “Exposure”?

So many definitions-so little time

Exposure defined from IRMI:

“The state of being subject to loss because of some hazard or contingency”.

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What do we mean by “Risk” and “Loss”

“Risk” from IRMI: *“A term of many meanings. Two of the principal meanings are 1. Uncertainty and 2. a subject of insurance (e.g. building) sometimes also referred to as an exposure unit or unit of exposure.”*

“Loss” from IRMI: *“the basis of a claim for damages under the terms of a (insurance) policy.”*

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Key Points: Risk Management Process

- The process starts with exposure identification and comes back to exposure identification.
- Continually check to determine what is new to organization-growth, new endeavors, new trends in litigation, etc.
- Risk management is a team sport: It takes more than a risk manager to manage risk.
- To manage risk one must first manage activities.
- What do you do to manage risk through Exposure ID?

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Exposure Identification and the 5 Senses

Crash-Boom-Bang

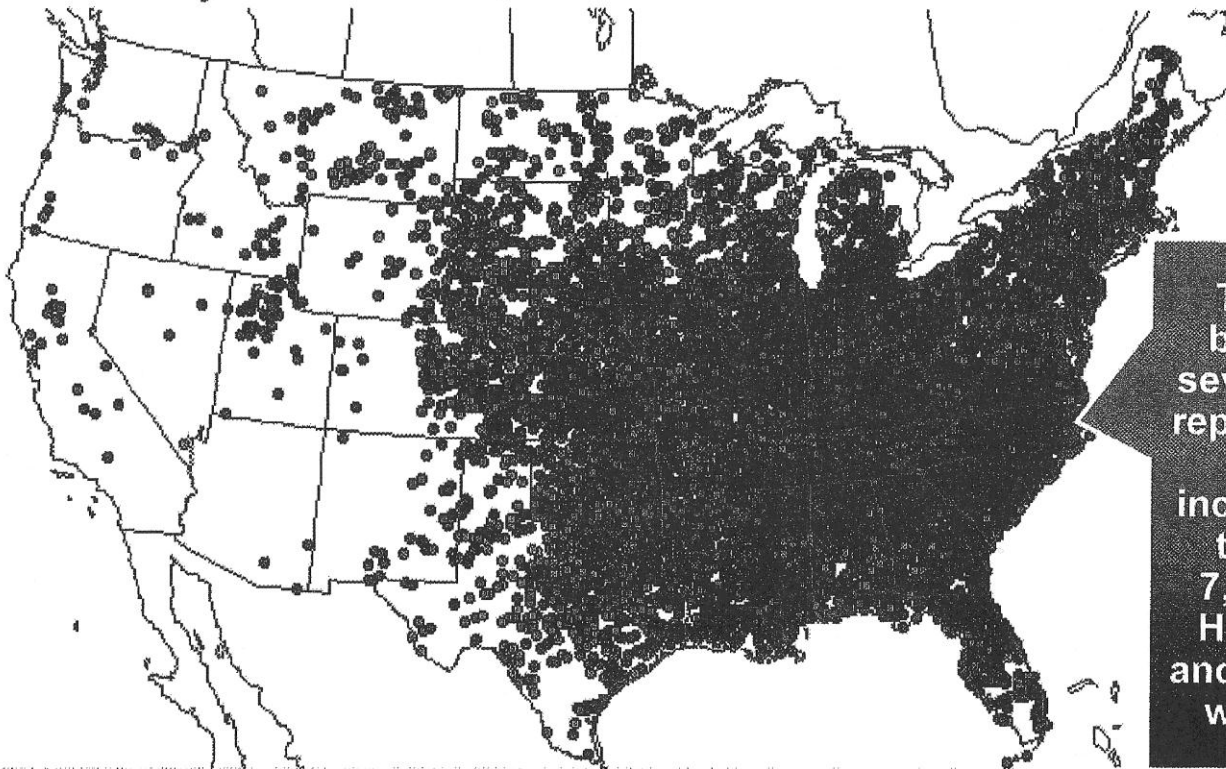


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Severe Weather Reports, January 1—June 30, 2011



There have been 20,044 severe weather reports through June 30; including 1,585 tornadoes; 7,176 "Large Hail" reports and 11,283 high wind events



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**Severe Weather Reports
January 01, 2011 - June 30, 2011**

Updated: Thursday June 30, 2011 11:49 CT

Source: NOAA Storm Prediction Center; http://www.spc.noaa.gov/climo/online/monthly/2011_annual_summary.html#

3

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**SEXUAL HARASSMENT
REMAINS KEY PROBLEM
AT WORK / PAGE 3**

**TRUCKER CELLPHONE BAN
EXPECTED TO IMPROVE
SAFETY / PAGE 4**

**OWNING UP TO ERRORS
HELPS DOCS REDUCE
CLAIMS, COSTS / PAGE 9**



In Brief

P/C rates post first rise since '05

Commercial U.S. property/casualty insurance rates rose an average of 1% in November compared with the same period a year earlier, the first across-the-board increase in more than six years, according to MarketScout. No class of coverage registered a rate decrease. Rates for commercial property, business owner policies and workers compensation all increased 2%, while business interruption, general liability, commercial automobile and employment practices liability insurance all increased 1%.

U.S. broker industry stable: Fitch Ratings

The 2011 outlook for the U.S. insurance brokerage industry remains "stable," according to an analysis by Fitch Ratings Inc. "Prospects for revenue and

See **IN BRIEF** page 21

year in review 2011

From catastrophes to health care reform, 2011 presented fresh challenges for risk managers and benefit managers. *Business Insurance* editors identified the top issues of the year as well as the top newsmakers. Also, find out what were the best and worst developments of the year. **PAGE 12**

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NEWSPAPER

SAFETY

Game changer for mine safety?

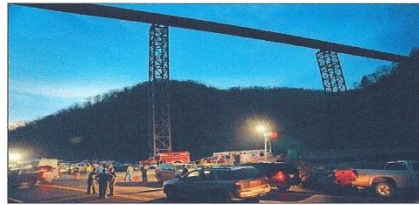
Record settlement in mine explosion signals new focus

By **ROBERTO CENICEROS**

MONTCOAL, W.Va.—Last week's record \$209 million settlement in the West Virginia explosion that killed 29 miners is a safety game changer for the U.S. coal industry, insurance and mine safety experts said.

The "nonprosecution" agreement between the U.S. government and Alpha Natural Resources Inc. is the "largest-ever resolution in a criminal investigation in a mine disaster," the U.S. Attorney's Office said in a statement. It addresses Massey Energy Co.'s corporate criminal liability in the 2010 Upper Big Branch mine explosion in Montcoal, W.Va., but not potential criminal charges against individuals.

Abingdon, Va.-based Alpha acquired Massey, the mine's former owner, on June 1. Investigators found evidence that Massey enforced a workplace culture valuing production over safety, "including practices calcu-



Twenty-nine workers were killed in an explosion at the Upper Big Branch mine in West Virginia in April 2010.

lated to allow it to operate in violation of the law," according to a Mine Safety and Health Administration report also released last week. The investigation revealed aggressive efforts to avoid safety and health compliance, thwart regulators from detecting non-compliance and management intimidation of miners to keep them from raising safety concerns.

MSHA concluded that preventable methane accumulation

and a massive coal dust explosion caused the miners' deaths and injured two other workers.

But Alpha has a good reputation for mine safety practices, and the settlement signals Alpha's effort to put Massey's liabilities behind it, sources said.

"I think Alpha is saying, 'When we bought Massey, we bought a whole lot of problems and we bought their reputation,' so they are trying to say, 'OK, let's get this

settled and start off by doing it right,'" said Bruce E. Dial, a mine safety consultant at Dial Mine Safety in Finesville, N.C. He also worked 25 years as an inspector for MSHA and previously was an instructor at the National Mine Health and Safety Academy.

The largest previous mine disaster settlement involving similar accusations was about \$4.5 million, Mr. Dial said. The MSHA could not be reached for comment.

But the size of last week's settlement will encourage mine operators to spend on accident prevention measures, despite a tendency to cut back on such spending in a tough economy, Mr. Dial said.

The settlement's size sends a message that ignoring safety will not be tolerated, said Roger Fries, president and CEO of Lexington, Ky.-based workers compensation underwriter Kentucky Employers' Mutual Insurance, which also covers mine operators.

"There are lessons to be learned here; and I honestly believe the safety-conscious coal operators believed in (safety measures) before, and I will say they believe in it even more now (due to the 29

See **MINES** page 20

RISK MANAGEMENT

Criminal flash mobs pop up as new risk

By **MIKE TSIKOUDAKIS**

Risk managers at retail organizations are focusing on safety and loss prevention protocols to address the recent trend of criminal flash mobs during the holiday season.

While estimated losses from criminal flash mob and flash rob

events are relatively low, there is a concern among risk managers for safety around their operations and about public relations issues that ensue after an attack, experts say.

Not to be confused with flash mobs—groups that assemble in public spaces for entertainment and are thought to be relatively harmless—flash mobs consist of

groups that organize through social media to suddenly assemble in a public space to perform stores, an activity that sometimes escalates to a level that can't be controlled by loss prevention, mall security or police, experts say.

The National Retail Federation said criminal flash mob events are an increasing trend and warned retailers of potential risks, according to an August statement.

Ten percent of the 106 retailers surveyed by the federation in July reported being victimized by at least one criminal flash mob event over the previous 12 months, with occurrences often resulting in injuries to customers or employees, theft and property damage.

See **MOBS** page 21

MOB MENTALITY

Shops to consider to prepare for the risk of a criminal flash mob attack.

- Establish policies and procedures to protect employees and customers from injury.
- Establish local and corporate communication guidelines to field questions from the media.
- Monitor social media to assess criminal flash mob threats.
- Determine apprehension guidelines to protect employees from injury.
- Establish "observe and report" protocols and documentation.
- After an event, secure surveillance recordings and preserve areas touched by threat suspects.

Source: Zurich Services Corp., the risk engineering unit of Zurich North America Commercial





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Washington USL&H Assigned Risk Plan ("WARP")

Request for Proposals

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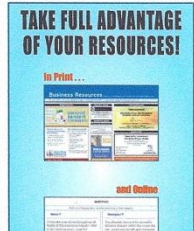
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Severance: Packages fall under anti-bias law

CONTINUED FROM PAGE 4

offering of severance benefits." "This is the first clear enunciation that I could find in any federal appeals court stating that Title VII protects against disparate treatment in the offering of severance benefits, regardless of whether they're offered contractually, voluntarily or otherwise," Mr. Dix said.

The ruling also is important because it is "the first clear statement by this appeals circuit, the 4th Circuit, that Title VII protects against disparate treatment of former employees," he said.

Brian T. Chandler, a member of law firm Protorae Law P.L.L.C. in Vienna, Va., who was not involved in the case, said the ruling means that employers in the 4th Circuit "have to be cognizant of the various protected classes of Title VII, and be aware they may be potentially liable" if they offer different severance packages to those in the protected classes.

"Given the law that they've relied upon in the decision," said Eric A. Welter, president of Welter Law Firm P.C. in Herndon, Va., "I don't think it's an aggressive reach for them to come to that conclusion."

"As a lawyer that drafts severance packages, while I may disagree with the decision," it

is "helpful to be able to advise my clients as to where the boundaries are on treating people consistently when you're offering them severance packages," Mr. Welter said.

Robin E. Shea, a partner with Constangy, Brooks & Smith L.L.P. in Winston-Salem, N.C., said she did not find the decision to be remarkable. "It doesn't surprise me that an employer would be prohibited from granting even a discretionary benefit in a discriminatory way," she said in citing the U.S. Supreme Court's 1997 ruling in *Charles T. Robinson Sr. vs. Shell Oil Co.* and other cases.

In *Robinson*, which reversed a 4th Circuit decision, the nation's high court ruled that it is unlawful for companies to retaliate against former employees who file discrimination charges.

Other observers anticipate the ruling will be influential outside the 4th Circuit.

"I think it'll be an influential decision in that it clarifies that offering different severance packages to people in different protected classes" can result in a claim under Title VII, Mr. Welter said. "Certainly, there are other circuit courts around the country that will be willing to embrace that reasoning without hesitation."

Equality vital in setting severance packages

RICHMOND, Va.—At minimum, the 4th U.S. Circuit Court of Appeals' ruling in *Karla Gener vs. County of Chesterfield, Va.*, should serve as a reminder to employers to treat all employees equally, observers say.

Severance packages are an issue "that employment lawyers and employers are dealing with all the time," said Randall E. Phillips, a member of Moore & Van Allen P.L.L.C. in Charlotte, N.C.

Employees who leave voluntarily or are terminated often are given agreements to sign. "Sometimes they sign them and sometimes they don't," so the case does not present an "unusual

ing tells employers "to make sure when they are offering severance packages to employees, they are consistent."

While she noted the case against Chesterfield County still has not been proven, "it does illustrate that it's important to be consistent in what you offer people, or at least offer similarly situated employees a similar deal," because not doing so "can be evidence of discrimination or possibly retaliation."

Maria Greco Danaher, a shareholder with Ogletree, Deakins, Nash, Smoak & Stewart P.C. in Pittsburgh, said employees that treat employees in protected categories

UP CLOSE



SCOTT ROUZER

NEW JOB TITLE: Vp of marketing for Chicago-based Hub International Ltd.

PREVIOUS POSITION: Chicago-based regional placement officer for the Midwest for New York-based Willis North America.

CHALLENGES FACING INDUSTRY: Attracting and keeping young, dynamic talent is a major challenge for us in the insurance industry. Another challenge is harnessing the power of technology.

INDUSTRY OUTLOOK: I see that we are a mature industry that has not fully embraced the fact that we need to utilize technology and communication tools we have available to be more effective in delivering products and service. I see we will be a bit challenged avoiding the pitfall that all insurance will be bought on a computer.

ADVICE: Specialize. To be successful in this industry, you have to pick a major, so to speak. You have to specialize in an industry and know it backward and forward.

OUTSIDE THE INDUSTRY, A DREAM JOB: The insurance industry is my dream job. But what would I do if I were not in insurance? It would be something to do with my three kids, something that holds their interest, whether it be in sports or music.

HOBBIES: Sports or snow skiing. Water skiing. Watching hockey or lacrosse. Music.

MOST PASSIONATE ABOUT: My family.

CAN'T-MISS TELEVISION SHOW: "The Big Bang Theory." The humor is enjoyable for my whole family, so we watch it together.



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- How do you rate your OVERALL risk management program?

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Walking Around

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External: Peer group, other industries (80/20 Rule)

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