

PULSE



THE HEARTBEAT OF RISK MANAGEMENT, SEPTEMBER 2013

President's Message

By: **Suzanne M. Barrett**, RF, FCIS, P. Adm. - ORIMS President and PDAC Member (RIMS)

Over the past 325 years, Lloyds of London on Lime Street evolved from offering marine insurance in a coffee house to the world's leading market for specialist insurance which is a monumental accomplishment in the insurance industry. Corporate governance has existed in some form (good and bad) since the dawn of the corporate entity. It's only been the last 30 years that it has received the amount of increased attention it has, due to some spectacular corporate failures and missteps. Lloyds itself was a good study for corporate governance. Corporate governance is a necessary requirement for public, private and even not-for-profit organizations. The implementation of sound corporate governance practices are a challenge for most public organizations, let alone "volunteer boards" with no remuneration who manage all the business with no administrators or staff. To be successful in the implementation of sound corporate governance practices it requires time, training and financial resources which can be challenging for organizations such as ours. Another challenge for ORIMS is generating increased attendance at the Professional Development Sessions given competing offerings from other professional associations and educational institutions. However, the chapter excels in the Social Events (Christmas/Holiday Luncheon, Curling Bonspiel and Golf Tournament) – hands down! In addition, ORIMS is the proud and prestigious presenter of the annual Don Stuart Award at the RIMS Canada



Conference in Victoria, BC! There remains a steady growth in membership. The website has been evolving over the past couple of years. Despite the combination of these elements, the ORIMS board members work endlessly for their membership including throughout the summer on their respective ORIMS portfolio initiatives. You are encouraged to meet some of those directors and accomplishments – there will be more updates on the other director

portfolios in the December edition.

ORIMS welcomes your continued support and any recommendations for the 2014-2015 Professional Development (paulprovis.orims@gmail.com) and Education (julianvaleri@live.ca) portfolios. ORIMS would also appreciate your support/attendance and sponsorship for upcoming events such as ORIMS Christmas/Holiday Luncheon!

Mark Cosgrove, Treasurer	<ul style="list-style-type: none">Responsible for the financial accounting, contracts and administration. Mark has the annual task of dealing with our auditors. Mark has also managed the transfer of the ORIMS P.O. Box from Etobicoke to Toronto to streamline efficiencies. Mark also completed the donations for 2012 and 2013 in respect of the ORIMS Golf Tournament.
Agata Jamroz, Corporate Secretary	<ul style="list-style-type: none">Responsible for the implementing corporate board governance practice, maintaining the corporate records and filing applicable OBCA corporate filings. Agata is also a participant of the ORIMS By-Law Committee.
Julian Valeri, Education	<ul style="list-style-type: none">Responsible to improve the availability and ensure consistent, high quality Risk Management and insurance educational opportunities for continuing and higher education in Ontario, including the changes to the CRM content. Julian has also been fostering the relationships with educational institutions.
Joe Costello, Membership	<ul style="list-style-type: none">Responsible for the management of the ORIMS membership. RIMS Membership approvals are disseminated daily for Joe to review and approve. Joe is also a participant of the ORIMS By-Law Committee.
Mark Morency, Communications	<ul style="list-style-type: none">Responsible for the publication of the quarterly PULSE to align with the insurance risk management marketplace, including the production of the annual Wall and Desk Calendars for 2013-2014 for membership.
Shannon Devane, Social Programs	<ul style="list-style-type: none">Responsible for the social events. Shannon has been instrumental in the organization of an Event Planner for social events which will also facilitate credit payment for upcoming ORIMS events.

TO PROMOTE AND ADVANCE EXCELLENCE IN RISK MANAGEMENT

INSIDE THIS ISSUE

1

President's Message

2

From The Courts
– Why Cyber-Risk It?

3

The Misconceptions of
Equipment Breakdown
Insurance....

4

Certificates Of Insurance
– Do they offer Insurance or
misleading assurance?

6

Canadian Banks can Leverage
Receivables Insurance....

7

By-Law Changes....
– How They Affect Your
Chapter

8

Chapter Events
ORIMS Volunteers

Why Cyber-Risk It?



By: **Ian Gold and Joshua E. Thon**, Thomas Gold Pettingill LLP

Risk management is a tricky business at the best of times, but cyber risk presents a special set of challenges. When it comes to confronting these challenges, risk managers must take the proverbial bull by the horns or risk being trampled. This requires properly identifying the source of the threat and then assessing the risk of exposure. While there are many risk management techniques at your disposal, it may be time to consider insuring against cyber risk to prevent the substantial losses which may result from a privacy breach.

The challenges posed by cyber risk begin with the very definition of the term “privacy breach”. Privacy breaches are defined as the unauthorized collection, use or disclosure of personal information. But what constitutes “personal information” and when is its collection, use or disclosure “unauthorized”?

Personal information includes any information about an identifiable individual, with some limited exceptions carved out for the name, title, business address or telephone number of an employee. Interestingly, the Federal Court of Appeal has held that personal information need not be recorded, expanding the scope of the term to include oral conversations, biological samples and real time video surveillance: *Morgan v. Alta Flights Inc.*, (2006) FCA 121, affirming (2005) FC 421.

Activity is deemed “unauthorized” when it contravenes privacy legislation. This includes numerous federal, provincial and sector-specific acts, most of which are hopelessly out of date. The main source of concern for the private sector is the Personal Information Protection and Electronic Documents Act (“PIPEDA”), which passed through Parliament in 2001. Despite having been in force for just over a decade, PIPEDA pre-dates Facebook, Twitter and cloud computing. The current rate of technological progress is such that any legislation meant to keep pace will be rendered obsolete before its date of publication.

Understanding the term “privacy breach” is an important first step to confronting the challenges posed by cyber risk, but risk managers must also determine the type of privacy breach their firm is most likely to encounter. Human error, mechanical error and malicious attacks all figure



prominently among the root causes of a privacy breach. A company with numerous employees with access to large stores of personal information may be most susceptible to human error. Meanwhile, a company whose interaction with the public is largely automated may be most susceptible to mechanical error. Malicious attacks are more problematic, as the perpetrator’s motives can vary wildly from spying, extortion or sabotage.

Once the threat of a cyber risk is properly identified, the risk of exposure must be determined. In its present form, PIPEDA simply shames the private sector into compliance with the Act. However, risk managers may soon find that violating PIPEDA will result in more than a reputational risk.

Jennifer Stoddart is currently serving her tenth and final year as Privacy Commissioner. Her status has permitted her to speak with unprecedented candour about privacy legislation in Canada. In her last report to Parliament, she made the following impassioned plea:

[W]e have fallen too far behind. While other nations’ data protection authorities have the legal power to make binding

orders, levy hefty fines and take meaningful action in the event of serious data breaches, we are restricted to a “soft” approach: persuasion, encouragement and, at the most, the potential to publish the names of transgressors in the public interest.

Ms. Stoddart encouraged Parliament to take a more aggressive approach to protecting personal information in the private sector, which would grant the Privacy Commissioner the right to make binding orders and levy hefty fines. It is unclear whether Parliament intends to implement Ms. Stoddart’s recommendations any time soon, but given global trends it may only be a matter of time.

Part of what makes assessing the risk of exposure to privacy breaches difficult is that we are currently in the infancy of privacy legislation. While this would normally place us in the pre-natal stage of jurisprudence, we are actually further along on the jurisprudential front. Upon reviewing numerous cases at the Superior Court level, the Ontario Court of Appeal recently found it fit to recognize the right to bring a civil action for damages for the invasion of personal privacy: *Jones v. Tsige*, 2012 ONCA 32.

Risk managers will be relieved to learn that the Court limited non-pecuniary losses for the invasion of personal privacy to a maximum of \$20,000.00, but must recall that pecuniary losses may greatly exceed that sum. For instance, a company that loses its proprietary information to a competitor due to a mechanical malfunction may suffer a significant and quantifiable loss.

Insurers have begun to offer comprehensive cyber risk coverage to compensate companies for losses stemming from a privacy breach. Such losses could prove substantial, making cyber risk coverage an essential part of your risk management practice.

Thomas Gold Pettingill LLP is a preeminent litigation law firm assisting corporate policyholders obtain insurance coverage for a wide variety of claims. The firm also represents insurance companies in the defence of significant property and liability claims as well as corporations in complex commercial disputes. Situated in Toronto, the lawyers at Thomas Gold Pettingill LLP have developed a Canada-wide reputation in insurance law.

The Misconceptions of Equipment Breakdown Insurance

Uncovering the benefits of smart coverage

By **Louis Vattrt**, Vice-President, Equipment Breakdown Insurance at RSA Insurance

Running a successful business is not possible without having all of the necessary elements in place: a strong leadership team, dedicated employees and fully functioning equipment. Without the proper tools, even the strongest teams will be unable to reach their full potential and an otherwise thriving operation risks falling behind its competition.

The potential impact of major damage or loss to your equipment can surpass expectations, therefore it is vital to be prepared should your resources be put in jeopardy. While you may think you are ready for a situation involving equipment breakdown, you may not be fully aware of the associated risks and the benefits having the right insurance can provide. For example, while a standard property insurance policy will protect your business against losses related to natural disasters, it does not cover the sudden and accidental breakdown of any equipment. This misconception can have a costly outcome, but there are measures you can take to protect yourself and your business.

Investing in Equipment Breakdown Insurance is a worthwhile tactic to support your business strategy, however there are many fallacies regarding what it entails. The following is an overview of the common misconceptions surrounding this important investment and what you need to know in order to keep your operation running efficiently and effectively.

#1: If I don't have a boiler on the premises, I don't need Equipment Breakdown Insurance.

This thinking steers many business owners away from purchasing Equipment Breakdown Insurance, but the coverage is not confined to boiler explosions. It also protects against the breakdown of mechanical, electrical and production equipment; giving you and your company the security blanket you need should the unexpected happen.

Until recently, Equipment Breakdown Insurance was known as boiler and machinery insurance and was perceived as a specialty line of coverage too complicated and inaccessible for mainstream needs. However, the terms "boiler and machin-

ery" have evolved and resulted in the gradual understanding that Equipment Breakdown Insurance is a safety net for accidents ranging from mechanical, electrical, and production equipment failures, in addition to steam boiler explosions. Further, Equipment Breakdown Insurance includes important loss-control services such as scheduled on-site inspections that can point out dangers before they become major problems.

Overall, do not think of this insurance as a one-trick pony; its protection is far reaching and is designed to help you avoid a number of incidents.

#2: If I have a warranty, I don't need Equipment Breakdown Insurance.

Though warranties are designed to protect your purchases, they seldom have the breadth of coverage necessary to serve you in the long term. Their limitations typically mean that if an outside factor is the cause of your loss such as temperature extremes, dusty conditions or improper installation, you may be on the hook for paying for the necessary replacements. Moreover, when warranties are applicable, they still may not cover the cost to remove faulty equipment from your property and the installation required to get the replacement up and running. Instead, Course of Construction Equipment Breakdown Insurance will provide operational insurance during the construction or installation phase of a project, meaning you will be protected from the get-go.

Furthermore, there is a lot of costly equipment that is part of any given operation including air conditioning, electrical systems, underground cables, heat and hot water; it is important to ensure that these items critical to your business are covered for an extended period of time. They must also have the backing to get you up and running again as soon as possible in the event of a disruption.

#3: I don't need to worry about ongoing maintenance if I have Equipment Breakdown Insurance.

Preventative maintenance and proper personnel training are important to help

extend the longevity of your equipment. While regular upkeep may help to temporarily defer costs, the future implications can be crippling. Failing to keep up with regular maintenance can lead to higher wear and tear so your equipment is increasingly at risk of becoming ineffective. Your maintenance regimen should include a regularly scheduled preventive program that uses detailed logs to track inspections and updates and your goal should always be to prevent equipment failures before they occur.

As with any business, you also run the risk of needing to replace a part that has been discontinued or that is not easily obtained; this additional cost as productivity comes to a standstill could be an exceptional financial burden. For this reason,

it is important to take special care when selecting your equipment, the people who will operate it and the plan that will cover it. Reliable products, well-trained operators and a comprehensive insurance plan are essential to preventing costly setbacks. Ultimately, regular maintenance is far more manageable and affordable than replacing your entire fleet.

#4: Equipment Breakdown Insurance is too costly an investment.

Equipment Breakdown Insurance is just that: an investment. Since you're spending a lot of money on your equipment and because your operation depends on its functionality, it is also a worthwhile ex-

Continued on page 7...

Coming Through For You!



**THE PROPERTY RESTORATION SPECIALISTS
WITH SERVICE LOCATIONS ACROSS CANADA**

WINMAR®

**24 HOUR ASSIGNMENT/EMERGENCY RESPONSE
TOLL FREE 1-866-4-WINMAR (494-6627)**

Proud to be Canadian owned and operated.



For more information visit www.winmar.ca

Certificates of Insurance – Do they offer insurance or misleading assurance?

By: **Susan Saksida**, CIP, CRM ,Risk Management
and Insurance Consultant, at Cameron & Associates

As any Risk Manager will attest it is rare circumstance for a contract for goods, services, performance or consideration to not require evidence of insurance of some type, be it property, various liability covers, errors and omissions and so on. Whether the insurance requirements are negotiated between the parties or asserted unilaterally by one party over the other, once the terms are established the next step is to produce evidence of insurance.

The accepted method of doing this is by way of a certificate of insurance, issued by a broker, or perhaps the insurer to a certificate holder. This one or two page document is used for any imaginable purpose, be it a single event such as a golf tournament or a concert, continuing services such as winter snow plowing, construction projects, manufacturing, retail, hospitality and the list goes on. Interestingly there is no mandatory form of certificate for use in Canada. Some brokers use a version of Accord which is commonly used in the United States and which allows little to no modification, whereas others have designed their own certificate forms which can be customized for their clients' needs. All versions are perfectly acceptable as long as it is executed by a party with the insurer's authority to do so.

Frankly, managing certificates of insurance is no-one's idea of a good time. Volume is high; there can be some urgency in receiving the document and depending on the flexibility of the certificate form, requesting any change may prove difficult. It is not unusual for emails to bounce back and forth between several parties before an acceptable version is produced; I often refer to these as casting calls as new names are added to list of recipients purportedly to move the process along. Eventually all issues resolve one way or another, but not without some frustration along the way.

Given all this effort to obtain it, how important is the certificate in the grand scheme of managing risk? The answer depends on its purpose. A boiler plate certificate wording posted to the internet might not be considered very important

as it contains minimal detail and confers no rights to anyone viewing it. However in the case of a multi-million dollar construction project the certificate takes on considerable importance, as without acceptable proof of insurance furnished to the financier or the owner of the project, the start date will be delayed.

The certificate provides basic information. It identifies the broker issuing the document, the named insured and confirms that the insured has an in-force policy with the insurer(s) listed. It provides policy number(s), policy term and limits, including any aggregate and sub-limits and deductibles. It offers a minimal description of coverage and possibly some exclusions. It may confirm the certificate holder is as an additional insured, a mortgagee or loss payee. A notice of cancellation may be included.

Certificates of insurance are known by other names such as "proof of insurance", "evidence of insurance" or even "confirmation of insurance", all of which suggests a high level of veracity. I suggest that Black's legal dictionary offers by far the best name for certificates, calling these "a snapshots of basic coverages and limits at the time of issuance". I'm not sure that "snapshot of coverage" will become a catchphrase for the insurance industry anytime soon, yet for all its representations, a certificate is essentially information captured at a single point in time, and which can immediately change thereafter, including being cancelled the very next day; all of this happening without the knowledge of the certificate holder.

While a certificate of insurance does confirm current coverage information, what it does not do is offer any representation that the policy conforms to the insurance provisions in the contract or that the coverage will not change during the policy term or that the insurer will respond to a claim in the manner anticipated by the certificate holder. In fact every effort is made to warn the certificate holder of the certificates limitations. Just like any ladder you buy today is covered in decals warning the user to not stand on the top step or place near power lines, the certificate is chock full of disclaimers. It contains



a warning that the certificate provides information only, that it is not an insurance policy and that it confers no rights to the certificate holder unless the rights are contained in the policy and that the policy terms, conditions and exclusions govern.

The principle of good faith is a term frequently used by the insurance industry usually in the context of policy contracts between an insured and an insurer; however the words "honest intention" or "sincere motive" applies to certificate issuance as well. For the majority of certificates issued the brokers' objective is to present information accurately. However whenever speaking on the subject of certificates of insurance I warn of the paradox. "What you think you see may not be what you actually get." A certificate can never convey in sufficient detail what a policy provides, it was not designed for this purpose and unless the certificate holder actually reads the policy's conditions and exclusions, they too will never know what the policy provides.

There is another legal concept known as "legal fiction" which really has nothing to do with certificates of insurance except that the definition perfectly describes a process which takes place when a certificate is issued. A "legal fiction" is an assumption that "something has occurred or something exists which in fact, is not the case". Upon receiving the certificate, a

certificate holder makes the assumption that the certificate accurately reflects the policy. Which leads to the question, "what comes first, the certificate or the endorsement"? Consider the example of a lender requesting a certificate confirming they are a loss payee under the borrower's policy and within the hour, a certificate is returned to them confirming this to be the case. The lender makes the assumption the policy includes their status as loss payee but this is wrong because back at the broker's office the endorsement remains to be issued. This discrepancy is typically short lived as brokers do execute the necessary changes in a timely manner, but there could be a situation where due to inadvertence or mistake the broker does not follow through and months go by without anyone noticing the mistake. If a large loss occurs, the insurer not knowing of the lender's interest would pay the insured directly and at that point the lender would learn of their wrong assumption.

Actions for coverage have been commenced against insurers and brokers alleging misleading certificates of insurance, but these cases are rarely successful because the courts have held the disclaimers provide sufficient warning and if the certificate holder wants to be assured of coverage, they should request more conclusive proof, such as the

Continued on page 5

Certificates of Insurance

... from page 4

policy or an endorsement. This is not the outcome in every case. For example, when a certificate indicates the certificate holder is as an additional insured and there is a suit where the named insured and the additional insured are both named, but the allegations arise solely from named insured’s work, the courts have held the insurer must also defend the additional insured although not endorsed to the policy.

<http://www.ontariocourts.ca/decisions/2012/2012ONCA0506.htm>

The subject of duty to defend a certificate holder under the terms of the contract is worthy of its own article and not one which I will continue here.

If there is even a remote possibility that the certificate holder will have to litigate for coverage; why accept a certificate in place of a policy? One reason is that there are few options to do otherwise. The certificate can be issued quickly, is easier to keep track of, has universal acceptance and usually satisfies the company’s internal compliance requirements. On the other hand, policies may not be received for weeks or months and in some cases are not received at all. Given that issue of policy inadequacy only arises when there is a claim and the insurer fails to respond in a manner anticipated, and as there are far fewer claims reported than there are certificates issued, the odds favour nothing going wrong, making the certificate a perfectly acceptable document.

However playing the odds is not the best risk mitigation strategy, so here are some

are included “just in case”. When insurance provisions are aligned to the subject matter of the contract, the higher is the probability that the other party already has in place, or can procure the insurance you want. Also for long term contracts revisit the insurance provisions from time to time to ensure these remain current.

If one of your provisions is to be notified of any material change to the policy, define what you mean by “material change” and ensure that it is relevant to your interests. Insurers are generally loath to agree to provide this notice, but even more so when the request is vague. Assess why you require this notice at all, for instance do you want to be notified if property limits are increased or only if they are reduced?

Policy wordings only provides for notice of cancellation to the named insured and if identified the loss payee or mortgagee. If this is not your status then the policy will have to be endorsed for you to receive this notice. Remember the cancellation notice is worded to notify you if the insurer cancels the policy, not if the insured cancels mid-term or if the insurer does not offer renewal.

If you have requested additional insured status but have not specified by endorsement, you should request a copy of the policy wording on contractual liability or blanket additional insureds to determine how the policy would respond to a claim involving both you but arising out of the operations of the named insured.

In conclusion, although a certificate provides a certificate holder some assurance that there is an insurance policy, it does not follow that the insurance policy will provide any benefit to the certificate

holder when called upon to respond. Of the two documents, a certificate or a policy, it is the heavy-weight insurance policy which will trump the lightweight insurance certificate in almost every case. If there is any doubt about adequacy of insurance, request a copy of the policy wording, including any endorsements you require.

....

Susan Saksida, CIP, CRM is a Risk Management and Insurance Consultant at Cameron & Associates and can be reached at susan@cameronassociates.com or her direct line 416-350-2774.



tips to prevent an unfavourable outcome if you are a certificate holder.

Make certain your insurance provisions are relevant. Too often I review contracts which contain a laundry list of coverage wants, many of which afford no additional protection to the certificate holder relative to the scope of the contract, but

XL Group Insurance

Fair

er

er

Fair

Fair. Squared.

When you boil it down, insurance is pretty simple — it’s a promise. You pay a premium. If you suffer a covered loss, XL Group promises to settle the claim fairly.

That’s a promise we take seriously.

When you experience a covered loss, we will investigate and process the claim as quickly as possible. If the loss is covered, we won’t hide behind policy language. We’ll settle it fairly and get you back to business.

After all, we made a promise, right?

Learn about our award-winning XL GlobalClaim™ system at xlgroup.com/insurance/claims

MAKE YOUR WORLD GO

XL and MAKE YOUR WORLD GO are trademarks of XL Group plc companies. XL Group is the global brand used by XL Group plc’s insurance subsidiaries. In Canada, coverages are underwritten by XL Insurance Company Limited—Canadian Branch. Coverages not available in all jurisdictions.

Canadian Banks can Leverage Receivables Insurance with Clients for Mutual Success



Canadian bankers take note: Business clients with receivables insurance can access other cost-effective financing solutions that boost your bottom line

By **Mark Attley**, Receivables Insurance Association of Canada

"Are you already a policy holder with one of the major receivables insurers in Canada?" This is the first question your banker may ask when your company approaches the banker looking for financial management solutions and increased access to capital.

Major receivables insurance companies and brokers in Canada are members of the Receivables Insurance Association of Canada - aiming to grow a \$200 million premium market to \$350 million within five years. The association claims that a lack of receivables insurance coverage represents the biggest unidentified and uninsured exposure facing Canadian businesses today.

Michel Leblanc, who is Senior Manager, Business Development, Supply Chain, Financing Solutions (International) at the National Bank of Canada (NBC), regularly asks the receivables insurance question of his clients, and if he gets an answer of "no", his next step is to explain Supply Chain Financing Solutions offered by his bank. NBC is a market leader in taking advantage of the vastly under-insured state of corporate receivables across the country - and other financial institutions can and should create mutually beneficial opportunities for their clients.

The Receivables Insurance Association of Canada's research shows that less than 10,000 companies among the country's 1.1 million employer businesses currently use receivables insurance products. Although the usage is low in Canada, a banker can capitalize on the association's knowledge and use of receivables insurance to increase the bank's top line through additional product offerings such as supply chain

financing solutions, which are tied to receivables insurance.

Since receivables insurance reduces risk on working capital loans, and factored receivables for that matter, the vast majority of companies that do not use it are inhibited from accessing the full range of financing solutions and can also face higher interest rates because of the increased risk. Financing solutions that integrate receivables insurance offer a better and more secure way for a business to get increased access to capital.

Working with Receivables Insurance Association of Canada members has been a key part of the success of the National Bank of Canada's Supply Chain Financing Solutions program. Now that the new Association exists, there is greater opportunity for financial institutions to network with the most influential executives at the major Canadian broker and underwriter firms and provide a venue where members and partners of Receivables Insurance Association of Canada can voice and address their concerns and needs.

Only a few banks in the country offer financing solutions that integrate receivables insurance. Under these programs, a bank's client has effectively sold specific accounts receivable to the bank that allows the client to access funds quickly, without added debt. Having purchased its client's receivables, the bank manages its risk by taking advantage of the client's insurance contract, if they have one, or insuring the risk under the bank's own receivables insurance policy.

The Receivables Insurance Association of

Canada is pleased to assist financial institutions seeking to develop their own receivables insurance solutions. Improving cash flow by selling its insured receivables to the bank benefits a growing business and delivers competitive advantages because:

- The company doesn't take on increased costs of borrowing or more debt
- The company receives interest / administration savings
- The company gets immediate capital to finance expansion to new markets
- The company can extend to its buyers better credit and terms of payment while eliminating credit risk associated with these more favourable (to the buyer) conditions

The NBC team generally serves clients with an annual receivables volume rang-



ing from \$1 to \$100 million. Ideally, this business model calls for the purchase of at least 20% of an enterprise's receivables. Commission fees for supply chain financing contracts vary from .5% for large volume clients to 2% for small clients.

Bankers have another option

Once the uses and benefits of receivables insurance are understood, there are numerous business models that can lead to more successes like NBC's.

And when a bank chooses its business model, bankers can easily comply with Bank Act regulations regarding promoting the sale of insurance by simply providing general insurance advice on the benefits of receivables insurance based on their customized solution. Then they can direct clients to the Receivables Insurance Association of Canada Web site to find a suitable broker.

Canadian bankers should visit the Association's For Bankers Web page to learn more about how insurance can help increase business loans without added risk.

It all starts with that first question - "Are you already a policy holder with one of the major receivables insurers in Canada?"

....

Mark Attley is President of the Receivables Insurance Association of Canada (www.receivablesinsurancecanada.com).

Bylaw Changes Approved by RIMS Board of Directors

How They Affect Your Chapter

By: **Mark Prysock**, General Counsel, RIMS (New York)

Late last year and early this year, the RIMS Board of Directors considered several membership-related changes to the Society's Constitution & Bylaws. First, they approved several name changes to the Society's current membership classes. Second, they agreed to expand the participation rights of the Society's Retired Members. Third, they agreed to moderately expand the rights of Associates of the Society. All of these amendments were approved by the Board in January and ratified by the House of Delegates during its meeting at the Annual Conference in Los Angeles, California.

Many Chapter leaders have asked a straightforward and perfectly reasonable question: How do these changes impact my Chapter. The answer is two-fold. Some of the recently-adopted bylaw amendments can simply "flow through" to each Chapter's bylaws, meaning they can be directly incorporated into the Chapter's bylaws without requiring the Chapter to follow its formal amendment process. Other amendments will require each Chapter to decide – by the formal amendment process – whether to approve the amendment at the Chapter level. I'll

try to clarify below.

Most of the recently-adopted bylaw amendments can simply flow through to the Chapter's bylaws, meaning the Chapter Secretary (or other officer) can simply incorporate the changes directly into the Chapter's bylaws. These include changing the term "Corporations or Other Legal Entities" to "Organizational Members"; changing the term "Deputy Member" to "Professional Member"; and changing the term "Affiliate Member" to "Transitional Member." Other flow through amendments include modified membership requirements for Professional, Educational, and Student Members.

Another significant flow through amendment concerns the participation rights of Retired Members. The Board concluded that Retired Members not only bring a wealth of knowledge and experience to the Society, but also often have additional time that they can volunteer at the Chapter level. Given this, the Board adopted an amendment that permits Retired Members – at the Chapter level only – to vote, hold office, and/or serve as Chapter committee chairs and vice chairs.



The Board adopted one significant bylaw amendment that would require formal adoption by each Chapter. This amendment permits Chapters to decide for themselves whether to allow Associates to serve on (and potentially Chair) Chapter committees, and to have a vote solely within the scope of those committees. In short, this Society-level bylaw amend-

ment authorizes each Chapter to weigh the merits of permitting Associates of the Society to take a more active role in Chapter-level committees. If the Chapter wishes to make this change, it must do so by following its formal bylaw amendment process.

So what are the next steps for each Chapter? First, a Chapter leader should incorporate the flow through amendments directly into the Chapter bylaws. Second, each Chapter should consider whether they want to amend their own bylaws to expand the participation rights of Associates as outlined above. Finally, the Society would greatly appreciate it if each Chapter could send us an electronic copy of their newly-revised bylaws so that we can maintain our corporate records.

I appreciate the opportunity to address these governance issues with the ORIMS Chapter, and sincerely hope that I have not further complicated matters. I would be happy to discuss these changes with anyone who has any questions or concerns. I can be reached by phone at +1 212.655.6592 or by email at mprysock@rims.org.

The Misconceptions of Equipment Breakdown Insurance....

...from page 3

pense. In addition, taking the necessary steps to ensure your coverage meets your needs will actually save you money in the long run if something goes awry.

This specialized insurance often provides protection against physical and financial loss resulting from the sudden and accidental breakdown of pressure, mechanical, electrical, electronic and production equipment. The total cost of a breakdown in the machinery itself and in the resulting business interruption can be tremendous. For instance, a standard property insurance policy typically excludes important coverage hazards that can trigger the ripple

effect that grinds your business to a halt, but investing in the proper coverage will pay off so you can continue to prosper.

#5: All Equipment Breakdown Insurance is the same.

Not all insurers are created equal, so it is important to shop around for the company that best meets your needs. Look for an organization that has demonstrated experience in this realm and that is known for its service standards. Talk to your broker and ask for an insurer with the expertise to offer solutions that will meet your specific business needs and the appropriate products to satisfy the wide-ranging requirements of national and multinational organizations. Your busi-

ness needs are unique and as such it's important to have access to tailored products and services with the support of experienced underwriters and risk control specialists who can provide loss prevention recommendations that will effectively protect your business.

Right now you may be feeling that there is a lot of information out there – and there is – so take the time to learn about your options and determine the best insurer for you. Equipment Breakdown Insurance spans a wide variety of industries because it is a necessity for any business that requires functioning equipment for its operations to remain profitable. When it comes to finding the right insurance policy, make sure you are dealing with an insurance broker

who understands the business you're in, as well as your specific needs.

Consider your broker your partner and make sure this person is willing to work closely with the insurance company in managing, mitigating and adequately transferring your risks. Seek out someone who has an intimate understanding of your industry and who is passionate about helping you to maintain a successful operation.

....

Louis Vatr has more than 30 years experience in the boiler & pressure vessel and machinery industry, with 16 of those years in the Boiler & Machinery insurance industry. Louis is a certified Power Engineer, commissioned Boiler & Pressure Vessel Inspector and holds a National Board Commission with an "A" endorsement.

Chapter Events



Professional Development Session

– September 10, 2013

There were 30 attendees at this first session of the year at the Board of Trade. Session 1 was presented by James Cameron of Cameron and Associates and dealt with Total Cost of Risk. Session 2 was presented by Robert Traves of Borden Ladner Gervais and Russell Brownlee of Giffin Koerth. Their topic was “The use of experts- pre and post loss and specifically what a forensic engineer” brings to the table.

Please be sure to sign up for the next Professional Development Session, Risk Management Annual Report on October 22, 2013 at the Board of Trade.

For all ORIMS Professional Development presentations, please visit the ORIMS website: <http://ontario.rims.org>.

ORIMS Volunteers

The Pulse is produced quarterly by volunteers that dedicate their time to contributing to the betterment of the Risk Management community. It is a great opportunity to get to know people in your community that work for a variety of entities in the corporate, municipal, service or manufacturing sectors, sometimes in

your sector of the economy, sometimes in sectors that you might otherwise not have the opportunity to work with. Are you interested in volunteering some of your time? If so, we would like to hear from you. There are opportunities to join the Pulse editorial team, or if your interests

lie in other areas, we can direct you to an ORIMS committee that could benefit from your expertise. Please contact me or anyone on the Pulse Editorial Committee for information on volunteer opportunities.

Mark A. Morency
Managing Editor

RIMSCANADA Conference

Join other risk and insurance professionals on a voyage of Discovery at the 39th Annual RIMS Canada Conference. October 6 - 9, 2013
The Victoria Conference Centre

With Plenary Speakers from the furthest depths of the Mariana Trench to the outer reaches of space



Dr. Joe MacInnis - Monday, October 7, 2013 Colonel Chris Hadfield - Tuesday, October 8, 2013

For more information visit www.rimscanadaconference.ca

2013-2014 Board of Directors

Suzanne Barrett	President
Paul Provis	Vice-President
David Beal	Past-President
Agata Jamroz	Secretary
Mark Cosgrove	Treasurer
Tina Gardiner	Professional Development
Julian Valeri	Education
Mark Morency	Communications
Sandra Alwazani	Public Relations & External Affairs
Glen Morato	Webmaster
Shannon Devane	Social Programs
Joe Costello	Membership



Editorial Policy

The PULSE is a publication of the Ontario Risk and Insurance Management Society and is published periodically throughout the calendar year.

The opinions expressed are those of the writers and the volunteer members of the PULSE Editorial Committee. Articles submitted to the PULSE for publication are subject to the approval of the PULSE Editorial Committee. Approval of such articles is based upon newsworthiness, and perceived benefit to the readership. All decisions of the PULSE are not subject to appeal. Individuals submitting articles to the PULSE hereby acknowledge their acceptance of the PULSE Editorial Policy.

Editorial Committee

Managing Editor/Director,
Mark Morency
mark.morency@rbc.com

Editor in Chief,
Suzanne M. Barrett
suzanne.barrett@rogers.com

Assistant Editor,
Paul Provis
paulprovis.orims@gmail.com

Article Co-ordinator,
Dino Zenarosa
Dino.Zenarosa@catlin.com

PULSE is produced on behalf
of ORIMS by,
PAPPLE GRAPHICS.