

The Corporate Insurance Executive

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Japan Disaster

Japan Disaster Highlights the Need for Supply Chain Insurance

March 28, 2011 | A.M. Best Company, Inc.

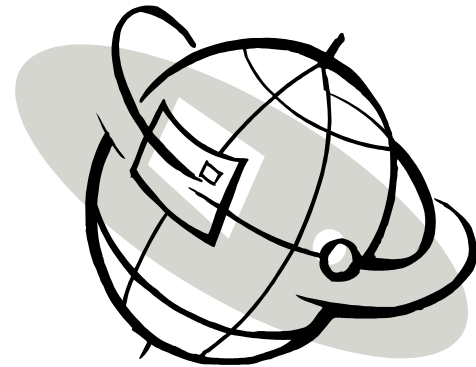
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Source:

A.M. Best Company, Inc.

The recent catastrophe in Japan may highlight the need for a relatively new product: supply chain insurance, industry leaders said.

"There is a renewed interest in supply chain insurance and supply chain risk management," said Duncan Ellis, leader of Marsh's U.S. property practice.



Linda Conrad, director of strategic business risk management for Zurich Services Corp., said there's been an increase in the number of calls from people interested in Zurich's supply chain risk management and insurance products.

"This policy helps when things are outside your control," Conrad said. "You can't manage a tsunami."

Ellis estimated 90% of Marsh's clients have some form of contingent business interruption coverage, which comes into play when an insured's client or supplier suffers a physical loss from a covered peril that impacts the insured's bottom line. The remainder of this article can be found at InsuranceNewsNet.com <http://insurancenet.com/article.aspx?id=253643>

Japan Disaster - insights

Based on some estimates, insured property losses could reach \$200B or higher. The World Bank said damage might reach \$235 billion.

Most commercial insurance programs normally do not cover nuclear contamination. As

a result, it is likely there may be some level of uninsured property damage to residential & commercial properties alike.

Also, in situations where some victims have earthquake insurance but not flood insurance (and

vice-versa) it should prove challenging for insurers to identify, measure and adjust the two different loss types.

It appears likely this event will have a hardening effect on the global earthquake insurance market, and result in higher premiums

Japan Disaster – commentary (continued)

for many companies as well as for individuals.

This event has also highlighted the need for all companies to have a well documented and tested business resiliency program in place before disaster strikes.

As further developments occur, they will be mentioned in future bulletins.

“It appears likely this event will have a hardening effect on the global earthquake insurance market...”

Risk Matrix Tool for Risk & Insurance Managers

This brief sample tool should be completed at least once per year, and reviewed quarterly or more frequently depending upon the velocity of changes taking place in the insured’s business. A Risk Matrix Tool like this can be used to help organizations maintain insurance in forms and amounts deemed adequate by management to cover unforeseen losses. This tool can also be useful for communicating risk management concepts to non-insurance line or staff management. Better understanding results in better risk information and more efficient insurance programs.

Risk	Risk Magnitude Estimates	Insurance Limits per Loss	Uninsured Exposure Estimates
1. Fire, Wind, Water, Explosion, Lightning	\$10 million/loss	\$7.5 million	\$2.5 million
2. Customer/Supplier Business Interruption	\$2 million/loss	Nil	\$2 million
3. Power Interruption	\$100k /day	\$25k	\$75k

Note: this matrix is only an incomplete sample. An actual matrix would include many risks/exposures; e.g., cargo, product liability, etc, and could be several pages in length.

Market Highlights

Commercial Insurance Prices Remain Flat for Eighth Consecutive Quarter, According to Towers Watson Survey

March 24, 2011 | Business Wire, Inc.

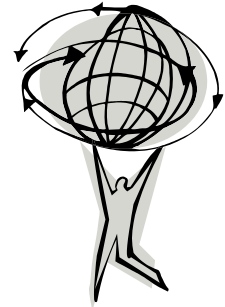
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Source: Business Wire, Inc.

Accident-year loss ratios deteriorated versus the same year-ago period

NEW YORK--(BUSINESS WIRE)-- Commercial insurance prices were relatively flat for the eighth consecutive quarter, while

accident-year loss ratios deteriorated relative to the same period in the prior 12 months, according to global professional services company Towers Watson's (NYSE, NASDAQ: TW) most recent Commercial Lines Insurance Pricing Survey (CLIPS). The remainder of this article can be found at InsuranceNewsNet.com

<http://insurancenewsnet.com/article.aspx?id=253364&type=propertycasualty>



Risk Retention Reform Coming Back to Congress

March 21, 2011 | A.M. Best Company, Inc.

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Sources: A.M. Best Company, Inc.

Legislation to allow risk retention groups to cover commercial property may be back before the U.S. Congress soon, supporters say.

The Self-Insurance Institute of America is working with members of the Senate and House of Representatives on draft legislation. Sen. John Tester, D-Mont., announced his intention to introduce a

bill at a SIIA's recent legislative/regulatory conference in Washington. The group, a longtime supporter of updating the Liability Risk Retention Act, hopes to have bipartisan co-sponsors in both houses lined up soon.

The remainder of this article can be found at InsuranceNewsNet.com

<http://insurancenewsnet.com/article.aspx?id=252748&type=propertycasualty>

A.M. Best FAQ Points to Catastrophes as Primary Threat to Insurer Solvency

March 25, 2011 | NewsRx

Copyright: (c) 2011 Leisure & Travel Business via VerticalNews.com

Source: NewsRx

A.M. Best Co. views catastrophes as a primary threat to insurers' solvency because of the significant, rapid and unexpected impact that can occur, according to an exclusive FAQ that appears in this

week's BestWeek U.S./Canada and in BestWeek Europe. Accordingly, A.M. Best considers companies' ability to effectively manage this risk as an important component of the rating assignment. Article continued at <http://insurancenewsnet.com/article.aspx?id=253438&type=propertycasualty>

“Legislation to allow risk retention groups to cover commercial property may be back before the U.S. Congress soon, supporters say.”

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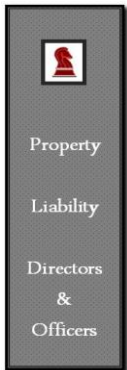
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Joseph Rinaldi has over 35 years experience aligning insurance & risk control strategies to organizations and their unique challenges.

He specializes in the design and implementation of value-added corporate risk and insurance programs.

Some available services are:

- Broker selection
- Risk identification
- Property conservation
- Product liability
- Cargo
- Captives
- Directors & Officers



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