Adventist Heritage

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Providing Risk Management Solutions for the Seventh-day Adventist Church

By Bob Kyte, President of Adventist Risk Management*, Inc.
2012 - A Year of Progress for Adventist Risk Management

The year 2012 saw many opportunities for Adventist Risk Management (ARM) to expand its services for the Seventh-day Adventist Church. The growth ARM has experienced during 2012 followed a difficult year for our affiliated company—Gencon Insurance Company of Vermont (GICV). Tornados and severe storms across the United States took their toll. Due to heavy losses, especially in the property line, GICV suffered underwriting losses during 2011, even though our operating company ARM was profitable.

Reflection at year-end is always helpful for future planning. During 2012, ARM addressed a number of challenges in order to continue the mission of providing quality services for our clients.

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Reflection at year-end is always helpful for future planning. During 2012, ARM addressed a number of challenges in order to continue the mission of providing quality services for our clients.
One of ARM’s strategic priorities is to provide exceptional client experience. While many companies aspire to such goals, ARM takes this challenge seriously. We look for ways to enhance the client experience through the products and services provided and through the response to the needs of clients. One area that has continued to be a critical part of this service is how claims are handled. Current statistics show a strong level of client satisfaction with the handling of claims, including the timeliness of turn around. We continue to look for ways to improve this important service. The use of the 24/7 reporting hotline in the United States has been a great benefit, especially for any major incident that occurs on weekends and after-hours.

There were few major storms and disasters in 2012 until Hurricane Sandy passed through Jamaica, Cuba, and along the Eastern seaboard of the United States. The total impact of this storm to the church is still unknown. Over 85 claims are now in process. Although this will have an impact on GICV, it is good that this type of entity in place to assist the church with losses caused by the winds and resulting damage.

Four actions were implemented for the year 2012 to help address the 2011 losses suffered by GICV.

**Four Actions Implemented**

1. Risk Management Education was given greater emphasis. This was done with the expansion of our education programs and collaboration with other church entities. The goal was to help educate our client base on loss prevention and mitigation when incidents occurred. Arthur Blinci, ARM Vice President/Chief Risk Management Officer, led these efforts.

   ARM sharpened its focus to address the specific types of claims church entities filed. This collaboration brought ARM together with other partners, such as the North American Division (NAD) Department of Education. Seminars presented at the NAD Teachers Convention provided practical information and training to Adventist educators at all levels within the Adventist school system.

   Two International Risk Management Conferences were also conducted. Over 250 church leaders from around Africa and other parts of the world, gathered in Cape Town, South Africa. The ARM South America team conducted the second conference in Santiago, Chile.

2. Competitive pricing reflecting market hardening was carefully implemented. For a number of years the insurance market has been a soft pricing market. Over the last year market pricing has hardened in response to the catastrophic losses around the world. The 2011 Japan earthquake along with other natural disasters influenced the insurance prices worldwide, including in the U.S. domestic market. Reinsurers, such as those used by GICV, must adjust pricing to remain viable. GICV was careful in this pricing of its products to reflect the market pricing it faced in its reinsurance and losses on its portfolio.

3. ARM reduced its 2012 operating costs and passed these savings on to its affiliated company, GICV. Operated under an administrative contract with ARM, GICV has no staff. In a direct effort to positively impact the loss situation of GICV, ARM reduced its administrative costs to GICV by about $750,000. It should be noted that this reduction will continue in 2013, with an
additional reduction of approximately $500,000 in administrative costs.

4. A major assist to GICV has been bringing the church’s health care stop-loss program in house. Prior to 2012, this insurance was placed in the market. By moving this insurance coverage to GICV, the church has stabilized its pricing from the increases that were being implemented by the outside carriers. This has turned out to be a win-win for the church and GICV.

Prior to the end of December 2012, the transition for life and disability coverage for denominational employees in North America will be completed. Our previous insurance provider had announced significant increases for 2013. Through a rigorous proposal process, ARM has reduced costs of this program by $1 million annually.

Another area of coverage that is being expanded is in equipment breakdown. Needs for equipment coverage, especially as high-tech equipment is becoming more a part of building systems, is growing. By including this product seamlessly with our GICV property coverage, this will be more fully met.

Personnel changes occurred in three vice president positions in 2012, due to retirements or job transitions of former ARM leadership. Steve Blackburn serves as our Chief Financial Officer; Tim Northrop is the Chief Insurance Officer. Carol Jaqua holds the position of Chief Information Officer, and provides leadership to the growing challenges of technology needs for ARM. During 2012 we saw significant investment in the implementation of new systems, which will expand even more in 2013.

ARM South America is an exciting part of our worldwide ministry. In 2012 under the leadership of Jabson da Silva, we launched a wide range of risk management and risk financing programs for the South American Division. The use of centralized funds for property and auto and student accident financing are all part of the overall plan being developed with the South American Division leadership to enhance the resource protection for the church.

Much has been done but more opportunities remain to build ARM and its affiliated insurance entities into a greater service ministry for the Seventh-day Adventist Church. ARM is blessed with a committed team of risk management and insurance professionals who live and breathe the statement—“Our ministry is to protect your ministry.”

By Bob Kyte,
President of Adventist Risk Management®, Inc