

American Risk and Insurance Association
Board of Directors Meeting
Sunday, January 8 2012 Minutes
Chicago, IL

Meeting Note: The Board meeting was scheduled to coincide with the ASSA meeting which concluded at noon on Sunday, January 8. Because of the late start and travel constraints, the Board meeting was abbreviated and did not follow its normal course. Pressing items received priority discussion. More complete information about the status of the organization is available in the Executive Director's Report which is attached to the minutes.

I Opening

1. Call to Order
 - The meeting was called to order at 12:10 PM by President David Sommer.
 - Board members Present: Patty Born, Jeff Brown, Marty Ellingsworth, Gene Lai, Bill Panning, Andreas Richter, Jennifer Wang, George Zanjani
 - Board Members Connected via Skype: Laureen Regan, Paul Thistle
 - Board Members Absent: Bob Hartwig
 - Others Present: Tony Biacchi

II Pressing Issues

- JRI Editor Search
 - The announcement of the position opening and a Request for Proposal was conveyed to the membership through listserv e-mail.
 - Rob Hoyt heads the search committee.
 - Those interested in the position were asked to announce their intentions by January 15, 2012.
 - Proposals are due February 15, 2012.

II Finances

- 2011 Finances
 - ARIA received \$20,776 as its share of the surplus from the 2010 World Congress. The funds were deposited in ARIA's investment portfolio.
 - Preliminary accounting for the 2011 annual budget conducted in November 2011 showed a possible loss of \$12,360.
 - Much of this loss could be offset by interest income earned by ARIA's investment portfolio and 2011 royalty payments which are expected in April 2012.
 - Any budget deficit for 2011 will likely result from the high costs associated with the annual meeting.
 - Direct costs totaled \$107,069.
 - Costs for speaker gifts, travel reimbursement, President's symposium, and development of the electronic registration and associated transaction fee increased the cost to \$119,216.
 - Costs exceeded the \$96,238 of income by \$22,978.
 - The Board does not anticipate increasing the annual meeting registration fee.
- 2012 Preliminary Budget
 - The preliminary budget for 2012 projects a balanced budget with annual meeting expenses again approaching \$120,000.
 - Higher royalties due from Wiley-Blackwell will contribute to the anticipated balanced budget.
- Awards
 - The Board continued discussion about funding its award obligations.
 - More than \$100,000 is earmarked for restricted obligations that include various awards and travel stipends.

- Each award is expected to be self-sustaining.
- Awards are funded through separate investment vehicles which eliminate co-mingling of award money and keep these funds separate from ARIA's unrestricted investments.
- While restricted and unrestricted investment funds should remain separate, the value of individual award funds is dependent on the annual return for a particular fund, some of which are supported by bonds and others by more aggressive mutual funds.
- Patrick Brockett and Arnold Shapiro solicited \$23,500 to fund the Brockett-Shapiro Actuarial Journal Award which will make its initial award announcement at the August 2012 annual meeting.
- Financial Policy
 - The Board continued its discussion of the need to consider an overall investment policy that addresses multi-year funding for various projects and initiatives.
 - Ultimately, the budget should be consistent with the mission of the organization.
 - Cost overruns, particular those for the annual meeting, should result from activities intended to further the interests of the organization.
 - Still, the Board agrees that the social aspects of the annual meeting are important networking and relaxation activities.

III Member Services

- Annual Meeting
 - Laureen reported three calls for papers were distributed to date.
 - Papers are due February 18.
 - Confirmed plenary sessions include:
 - The Affordable Care Act: Implications for Insurers, Employers, and Regulators
 - Sustainability in the Insurance Industry
 - Topics for proposed plenary sessions are:
 - Enterprise Risk Management: Implications for Insurers and Non-financial Services Firms – waiting for confirmation
 - Microinsurance – in initial proposal stage
 - The Role of Federal Insurance – in initial proposal stage
 - The Board emphasized the need to place annual meeting papers on the web before the annual meeting.
 - Increasing costs for A/V services continue to be a concern when negotiating meeting arrangements.
- Other Annual Meeting Items
 - The 2012 meeting will be held at The Depot Renaissance Hotel in Minneapolis from Sunday August 5 to Wednesday, August 8.
 - In recognition of ARIA's 80th anniversary, Andreas suggested the Executive Office look into a dinner-type activity that possibly extends the evening beyond the typical 9:00 PM closing.
 - The site of the 2013 annual meeting is the Washington Court Hotel, Washington, DC. The contract states that A/V cost will approximate \$20,000 presuming no changes are made to the arrangements.
 - ARIA's insurance agent suggested the association consider its exposure to host liquor liability. George motioned and Marty offered a second that the Executive Office pursue liquor liability coverage as part of annual meeting planning. The motion passed unanimously.
 - Each year annual meeting attendance approaches 185, although San Diego attendees numbered 198. The Board discussed means to increase non-member and new member participation in the annual meeting.
 - Discussion included:
 - New and non-member presentation of a concurrent session
 - Discounted registration for first-time attendees.
 - No specific actions were taken,
- Website
 - The Executive Office is continuing contract talks with The Institutes' website consultant to update ARIA's website.

- Portions of the contract work scope were eliminated which reduced the initial cost proposal by \$800 to \$2,875.
- The Board questioned if a teaching resources committee is still needed. Could one person handle the responsibilities?
- Tony will ask Kathleen McCullough for her thoughts.
- The chair of the strategic web committee reported no additional responses were received for the website survey which was shared during the annual meeting and through listserv.
- Journals of Risk and Insurance
 - Article submissions (without resubmissions) numbered 146, slightly higher than the 141 submissions in 2010
 - The 97 international submissions represented 66 percent of the 2011 total.
 - 59 accepted papers are in backlog compared to 41 in 2010.
 - Five special issues of the JRI are in the planning stages.
 - The page count for JRI will increase to 1200 in order to accommodate both the special issues and the article backlog.
- Risk Management and Insurance Review
 - Twenty-five new submission plus 11 resubmissions were received in 2011 compared to 20 new submissions and 16 resubmissions in 2010.
 - The journal editor signed a new contract through December 2013.
 - The RMIR assistant editor will receive a monthly stipend of \$500.
- Academic Awards
 - Most of the committee chairs have formed their groups and will begin the work of advertising their awards in the next few weeks.
- Newsletter
 - The editor noted that preparations are underway for the spring 2012 edition.
 - The spring edition will contain articles about:
 - The forthcoming annual meeting
 - The 2012 Board meeting
 - Steve D'Arcy
 - The benefits of ARIA members
 - Also in recognition of ARIA's 80th anniversary, Diana would like to receive some "fun" facts from the membership.

IV Governance

- Board meeting and conference calls
 - The Board held a conference call in-between the August annual meeting and the current January meeting. The call eliminated several housekeeping tasks that take up time at the January meeting.
 - The Board discussed the need for more time to address strategic planning at the two sit down meeting, very likely its most important responsibility.
 - More time is needed to review world events and their affect on ARIA, and its mission
 - More time is needed to establish the organization's priorities.
 - The Board would like the January and August meetings to focus more on strategic planning and initiatives, and to reserve the procedural issues to conference calls.
 - A conference call will be scheduled prior to the August 2012 meeting procedural matters.
 - With more time for strategic thinking, the Board hopes to leave the August 2012 meeting with a direction the organization will take during the next administrative year.
- Increased insurance coverage
 - In addition to pursuing annual meeting host liquor liability coverage, the Board accepted the insurance agent's suggestion to increase D&O coverage to \$2 million. Tony will work with ARIA's agent.

V Adjournment

- With no further business and on a motion from George and seconded by Jeff, and with no objection, the meeting adjourned at 3:05 PM.

Respectfully submitted,

Tony Biacchi
ARIA Executive Director

Addendum to the January 8, 2012 ARIA Board Meeting Minutes

Executive Director's Report To The ARIA Board of Directors Chicago, IL January 8, 2012

Overview

Financial accounting for the World Congress funds was finalized. Money held by ARIA and due to the Singapore College of Insurance was returned; ARIA's remaining share of the surplus was deposited in a money market account. The Brockett-Shapiro Actuarial Journal award is now fully funded as a result of continuing donations. ARIA's investment portfolio increased to \$458,500 at year's end. Membership rose to 560, a 12.5 percent increase over 2010. Subscriptions to ARIA's journals decreased slightly; the trend toward online subscriptions continued. Both membership and journal subscription fees will increase in 2012. Per the contract agreement with The Institutes, the rental portion of the executive office administrative fee will increase to \$42,000 in 2012.

Attendees at the 2011 annual meeting numbered 196. The amount of sponsorship reached an all-time high, but the meeting still experienced a financial loss. Negative financial results could continue as the cost for hotel services increase. Insurance coverages and premiums were discussed with ARIA's agent. The executive director signed an agreement to hold the 2013 annual meeting at the Washington Court Hotel in Washington, DC. The start date for work on ARIA's website redesign is Tuesday, January 10.

Financials

At the end of 2010, ARIA’s investment portfolio totaled \$380,850. ARIA also held \$8,200 in a Vanguard Money Market account on behalf of the Risk Theory Society and an additional \$33,582 in a TIAA–CREF account on behalf of the World Congress.

In the fall, ARIA sent a check for \$12,807.67 to the Singapore College of Insurance, the World Congress Secretariat. The remaining \$20,777.27 was retained by ARIA as its share of the meeting’s surplus. The surplus funds were withdrawn from TIAA–CREF and deposited in ARIA’s Vanguard Prime Money Market fund. The TIAA–CREF account now holds a zero balance; all ARIA funds now reside in portfolios managed by either Fidelity or Vanguard.

At the end of 2011, ARIA’s portfolio held \$459,000 and it managed an additional \$7,100 for the Risk Theory Society.

The Brockett–Shapiro Actuarial Journal Award is now funded at \$23,000 as a result of continuing contributions from the two sponsors. \$11,500 was deposited in ARIA’s money market account. The remaining \$11,500 resides in ARIA’s checking account and will be deposited in the Vanguard Money Market account.

ARIA’s investment portfolio was valued at \$459,000 with the close of calendar year 2011. Restricted obligations of roughly \$105,000 represented 23 percent of the portfolio and were allocated as follows:

Award	Funding Instrument	Amount
Hedges	Vanguard Intermediate Term Bond	\$21,100
Strickler	Fidelity Spartan 500 Index	\$19,800
Witt	Vanguard Balanced Index	\$23,350

Brockett–Shapiro, Hagen, and Long funds were co–mingled into the non–restricted Vanguard Prime Money Market account. These obligations represented 37 percent of the fund’s \$110,000 and are individually valued at:

- Brockett–Shapiro: \$11,500 (additional \$11,500 to be deposited from checking account)
- Hagen: \$17,000
- Long Symposium: \$12,300

The task at hand is to determine if a particular award should be funded through a specific investment vehicle, or if the restricted monies should be co–mingled into one pot. ARIA’s yearly award obligation is approximately \$5,500, with the Brockett–Shapiro, Hagen, Hedges, Strickler, and Witt award recipients receiving \$1,000 each, and no more than \$1,500 per year allocated to the Hagen travel award. As noted, ARIA still has a \$12,300 obligation to the Long Symposium.

The \$110,000 held in the Vanguard Prime Money market account yields a limited return. Should some of that money be allocated elsewhere?

The annual meeting was a programmatic success; the \$44,000 in sponsorship money was an all-time high. Expenses of slightly more than \$119,000 exceeded the \$96,000 received from registrations and sponsorship and resulted in a loss of approximately \$23,000. Specifics are provided in the financial portion of the Board packet. Monetary awards made at the annual meeting amounted to \$4,272.

ARIA will close the year with a checking account balance of approximately \$13,000. In the later part of January, Wiley-Blackwell will send ARIA \$42,000 representing advanced payment for 2012 membership.

Membership

ARIA membership for 2011 numbered 560. The count represents a 12.5 increase over the 497 registered members at the end of December 2010. Both regular and student memberships increased in 2011.

Membership Type	2011 Count	2010 Count
Regular Members	471	430
Retired Members	27	26
Student Members	62	41
Total	560	497

International membership showed a substantial increase in 2011. Year over, the international count grew from 194 to 238, a 23 percent increase. Most likely the reduced international membership fee contributed to the increased participation. 42.5 percent of ARIA's members reside outside the United States.

Date	Total Membership	International Members	International Percentage
December 2011	560	238	42.5
December 2010	497	194	39.0

ARIA members live in 37 countries. The largest contingent lives in the USA, 238. Counts for the next five countries are:

- Germany – 60
- Canada – 32
- Australia – 17

- Taiwan – 17
- Switzerland- 15

Relationship with Wiley-Blackwell

Margot Morse continues in capacity of ARIA’s service representative. A new production manager has worked with ARIA’s two journals for the last six months. The production manager is located in Singapore, but the distance has been transparent to both of ARIA’s editors.

The number of JRI/RMIR subscription bundles (multi-year contracts) continues to decrease, now 497 and down from 531 in 2010. The 94 percent renewal rate still represents a higher percentage than the industry average.

On the other hand, online subscription licenses continue to grow, increasing from 296 in 2010 to 312 in 2011. Print subscriptions decreased from 158 to 122.

Full text downloads of JRI and RMIR articles continue their upward trajectory.

	2009	2010	2011 (thru November)
JRI	18,045	28,012	41,563
RMIR	8,197	10,836	13,241

The JRI will expand to 1,200 pages in 2012 in order to decrease the backlog of accepted articles.

Through November 2011 Wiley-Blackwell generated \$326,904 of ARIA-related income compared to income of \$345,086 for all of 2010. Several income sources have yet to be reported. Given the delay in report some income sources and ARIA’s portion of the revenue share increasing from 25 percent to 35 percent after payment to the journal editors, ARIA’s service rep indicated royalties of no less than \$77,000 should be forthcoming in April 2012.

Domestic and international dues will increase slightly in 2012. The Board approved Wiley-Blackwell’s suggested increases in the spring 2011. Subscription rates and membership fees for 2012 are shown below.

2011 and 2012 Wiley-Blackwell Subscription and Membership Fees

Subscription Fees									
2011 Prices	NA	UK	ROW	EUR	2012 Prices	NA	UK	ROW	EUR
	\$	£	\$	€		\$	£	\$	€
Print only JRI	418.00	322.00	629.00	408.00	Print only JRI	444.00	342.00	667.00	433.00
Online only JRI	418.00	322.00	629.00	408.00	Online only JRI	444.00	342.00	667.00	433.00
Print + online JRI	481.00	371.00	724.00	470.00	Print + online JRI	510.00	394.00	768.00	499.00
2011 Prices	NA	UK	ROW	EUR	2012 Prices	NA	UK	ROW	EUR
	\$	£	£	€		\$	£	\$	€
Print only RMIR	176.00	137.00	268.00	174.00	Print only RMIR	187.00	146.00	285.00	185.00
Online only RMIR	176.00	137.00	268.00	174.00	Online only RMIR	187.00	146.00	285.00	185.00
Print + online RMIR	216.00	168.00	328.00	214.00	Print + online RMIR	216.00	168.00	328.00	214.00
Membership Fees									
2011 Prices	NA	UK	ROW	EUR	2012 Prices	NA	UK	ROW	EUR
	\$	£	£	€		\$	£	\$	€
Student/ Retired Members Online	29.00	19.00	£19.00	29.00	Student/ Retired Members Online	30.00	20.00	£20.00	30.00
Student/ Retired Members Print & Online	56.00	36.00	£36.00	46.00	Student/ Retired Members Print & Online	58.00	38.00	£38.00	48.00
Members Print & Online	135.00	100.00	£100.00	125.00	Members Print & Online	140.00	103.00	£103.00	129.00

Member Services:

A statement of work to redesign ARIA's website was shared with the Board during the November conference call. The web consultant was presented a list of design questions generated during the call. Following clarification of several issues and agreeing to a shorter research and analysis time frame, the initial cost estimate for the web design project was reduced to \$2,900. The agreement and the consultant's responses to the Board's questions are presented in the Board packet. The 16 week project will begin on January 10, 2012. The website redesign will employ a content management approach. Kathleen McCullough, Teaching Resources chairperson and Randy Dumm, Strategic Web chairperson, will be asked to assist in monitoring the project. Password protection of a personal information database remains an issue.

The executive office collaborated with Kristina Narvaez, a consultant for RIMS, to announce a survey of college and universities that offer RMI education. The survey was intended to identify audiences to receive information about Spencer Foundation scholarships.

Mid-year reports from committee chairpersons indicate their groups are formed and timelines are established to initiate and/or complete their work. Award announcements/criteria received as part of a committee report will be distributed to the membership via listserv.

A final report of expenditures for the 2011 annual meeting was prepared and is contained in the Board packet. Income totaled \$96,238, with \$52,238 originating from registrations and \$44,000 contributed by meeting sponsors. Direct expenses amounted to \$107,069 and additional expenditures increased total expenses to \$119,216. Overall, expenses exceeded revenue by nearly \$23,000. Looking to the future, cost increases for A/V and food services, gratuities of 22 percent or more, taxes, and charges for conference room rental suggest that future annual meetings will likely show a negative balance.

The 2012 annual meeting is scheduled for August 5–8 at The Depot Hotel in Minneapolis, MN. The executive office will begin detailed planning with the hotel according to any specifics outlined in the annual meeting program director's mid-year report to the Board. Institutes staff will conduct preliminary discussions with social venues in the near future. The 2012 meeting represents the organization's 80th anniversary. Does the Board want to recognize the occasion with a special activity or a commemorative gift? Information about several social activities is tabbed in the Board packet.

The executive director visited the Washington Court Hotel, Washington, DC. The hotel is delighted to accommodate ARIA's 2013 meeting. The hotel agreed to reduce the room rate to \$155 and will provide free in-room internet service. The initial A/V estimate for five meeting rooms and two luncheons is approximately \$20,000, which is a substantial improvement compared to the hotel's initial estimate of more than \$30,000. APRIA anticipates holding its 2013 meeting in New York City during the week before ARIA. The executive director contacted Jean Kwon for his thoughts about APRIA member attendance at ARIA. With some uncertainty about APRIA member attendance, the room block for the Washington Court Hotel will remain at 375 sleeping nights. The hotel was alerted that the room block might increase if APRIA attendance is anticipated. Unfortunately, the hotel cannot hold additional space in anticipation of an increased housing request at some time in the future.

Management of the Organization

ARIA's By Laws were amended in February 2010 to facilitate the election of eight (8) rather than six Board of Directors who would take office in August 2010. The amendment read:

“In considering candidates for the Board of Directors, the Committee on Nominations shall strive to maintain a reasonable balance on the Board as between: 1) members whose primary association with ARIA is through university or college activities and those whose association with ARIA is primarily through other organizations, and 2) members located in the United States and those located outside the United States.”

During the August 2011 Board meeting Andreas noted that directors who specifically represent the international membership are no longer needed. He suggested the international director positions could be eliminated. Andreas indicated he would not fulfill his third year of office and would step down at the August 2012 meeting; Jennifer will complete her term on the Board. Rather than reducing the number of directors as a result of eliminating the international director positions, the Board agreed that the spring 2012 election should present nominees for three director positions rather than the traditional two. International members can be placed on any of the three ballots for director. The proposed change in Board membership was brought before participants of the Monday, August 8, 2011 general membership meeting. Attendees supported the change in Board composition by voice vote with no objections.

ARIA’s Board must now determine how to structure the term of office for directors elected to ARIA’s Board.

The executive office continues to be staffed by an executive director, a part-time administrative assistance, and an additional Institutes staff member who assists in planning activities associated with the annual meeting. The 2012 rental fee for the executive office facilities will increase to \$42,000.

A preliminary budget for 2012 was prepared by the executive office and will be presented to the Board for comment at the January meeting.

ARIA renewed its insurance coverages for 2012. The premium was \$11,118. Coverages that are provided in the policies include:

- Property
- General Liability
- Inland Marine
- Crime
- Umbrella
- Publishers E & O

- Terrorism
- Directors and Officers Liability

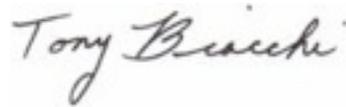
The carrier suggested ARIA should consider additional coverage for:

- Event cancellation – approximately \$700
- Liquor liability – approximately \$300 – \$400 on a scheduled basis
- Cyber security and privacy – to be addressed

The executive director contacted the insurance agent to question the premium, coverage related to valuable papers, and the value of increasing D&O coverage from \$1M to \$2M.

ARIA does not possess valuable papers since most records are electronic and are backed up by the journal publisher or The Institutes' IT Department. Valuable paper coverage will be removed from the policy. Many nonprofit organizations are now carrying at least \$2M of D&O coverage. Cyber security and privacy could become a concern if ARIA's website becomes more interactive. Event cancellation and liquor liability coverage are worth Board consideration.

Respectfully submitted,

A handwritten signature in cursive script that reads "Tony Biacchi".