

NEWSLETTER Brought to you by the RIMS CANADA COUNCIL

Celebrating Community at the 2017 RIMS Canada Conference

he reviews are in—the 2017 RIMS Canada Conference in Toronto was a success! This year's theme of "Community" was felt throughout the conference.

Festivities began on Sunday evening with a Community Celebration that featured a special performance by Juno Award winner Colin James. On Monday, the conference got down to business. The theme of the conference was clearly visible in all aspects, including the Toronto Police Chiefs Ceremonial Unit Colour Guard, and flag bearers from each of the provinces and the United States. After a performance by the local Common Thread Community Chorus and a warm welcome from Toronto's Deputy Mayor Denzil Minnan-Wong, recognition was given for the two top awards in the industry. RIMS Canada Council Chair Rieneke Lips presented the Fred H. Bossons Award for excellence in the field of risk management to Deborah Moor, vice president of HIIG Underwriters Agency (Canada) Ltd. Tina Gardiner, president of the Ontario Risk & Insurance Management Society along with Valerie Fox, special advisor to ORIMS, presented Tony Lackey, director of risk and insurance at Carleton University in Ottawa, with the Donald M. Stuart Award.

Opening keynote speaker Ted Childs, a 39-year veteran at IBM, spoke about diversity in the workplace and the importance in connecting community with the place people work. Plenary speakers included catastrophic risk management expert Dr. Erwann Michel-Kerjan, economist Jeff Rubin and Sachi Kurl, executive director at Angus Reid Institute. The CEO Panel Plenary on Wednesday featured Chris Lay of Marsh Canada, Ulrich Kadow of Allianz, Heather Masterson of Travelers Canada, Sean Murphy of Lloyd's Canada, Brian Parsons of Willis Towers Watson and Dr. Philip Wassenberger of Munich Re Canada.

Professional development sessions were available on a wide variety of risk management topics and attendees also had the opportunity to visit trade booths in the Exhibit Hall and enjoy networking with their peers. This was also the first year for the RIMS Marsh Community Pride event, an inclusive event that fosters understanding and full inclusion in all people and cultures.



Our sincere thanks and appreciation to Conference Co-Chairs Karin McDonald and April Savchuk, and the Local Organizing Committee for their hard work in producing a successful conference! See you next year in St. John's, Newfoundland on September 23-26. ■

ATTENDEES HAD THIS TO SAY:

"I can't remember a better RIMS Canada Conference. The programming, the exhibit hall, the food, the entertainmentthey were all amazing.'

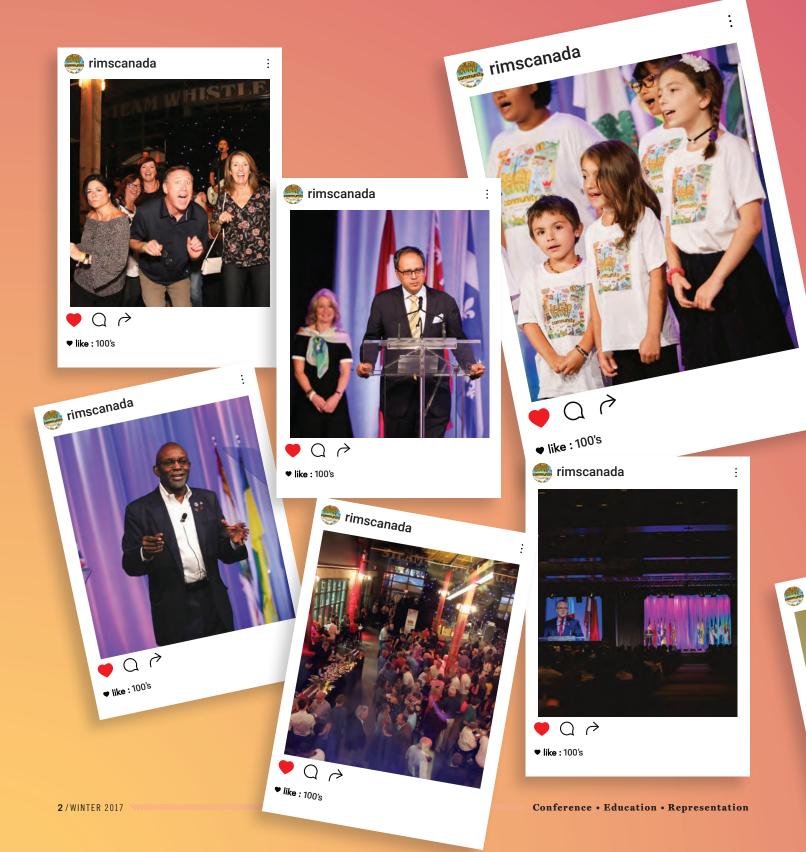
"Excellent job, well done!" "The opening celebration was adored by all, the education and keynotes were stellar, and the event was really beautiful."

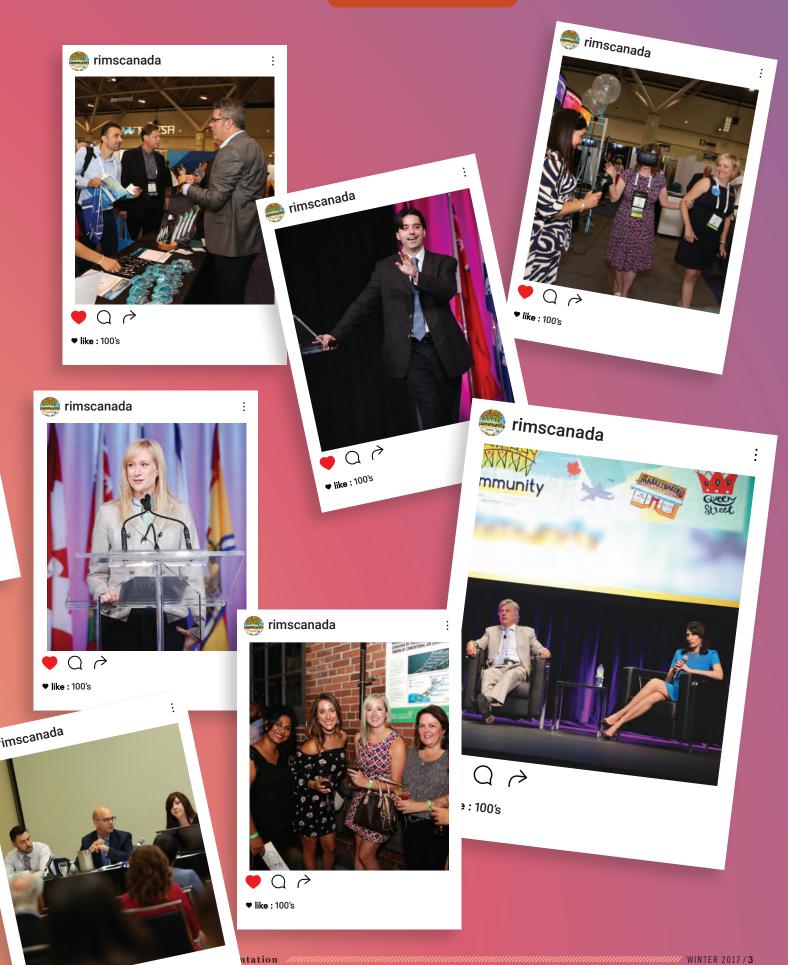


"From the beginning to the end everything was run very professionally, and I enjoyed all of the workshops that I attended. I networked with some wonderful professionals, and I am sure a few I will have an ongoing connection with some of them going forward."

CONFERENCE SNAPSHOTS

The 2017 RIMS Canada Conference was an exciting event for all who attended. Here are just a few of the scenes from Toronto.





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Canada's Top Industry Honour Celebrates Higher-Education Risk Management Maverick

t the 2017 RIMS Canada Conference, RIMS Ontario Chapter presented the Donald M. Stuart Award to Tony Lackey, director, risk and insurance services for Carleton University in Ottawa. Widely recognized as Canada's highest honour within the risk management field, the Donald M. Stuart Award has been bestowed annually since 1979 by the RIMS Ontario Chapter (ORIMS) to celebrate Canadians who have made outstanding contributions in the risk management profession.

"Risk professionals continue to be seen as vital contributors to achieving strategic goals and the key to unlocking great potential for the organization," said Tina Gardiner, president of RIMS Ontario Chapter. "Individuals like Tony Lackey demonstrate the undeniable value we can deliver. Not only is he an exceptional risk manager, he is selfless and passionate about advancing this profession. It is an honour to present him with the Donald M. Stuart Award."

Upon joining Carleton University in 2001, Lackey assumed responsibility for the University's risk management program that included the development and implementation of its annual enterprise risk assessment, the management of operational risks, as well as its risk financing and business continuity programs. Additionally, he serves as co-chairman of the University's Joint Occupational Health and Safety Committee.

One of the first universities in Canada to implement enterprise risk management practices, Lackey and his team have been involved in its continuous implementation and improvement. He also developed the university's operational risk management manual, an essential tool that enables the university to successfully complete over \$240 million in new construction projects, effectively manage reputation risks, while protecting the well-being and safety of more than 26,000 full- and part-time students and 3,000 staff members who partake in academic endeavors around the globe.

"I am truly overwhelmed by being the Donald M. Stuart Award winner this year," Lackey said. "Over my career, I have seen risk management evolve, and am very honoured that my efforts in promoting risk management through education and my participation with RIMS has been recognized with such a prestigious award from my peers."

Lackey became a member of RIMS in 2001 and immediately volunteered on the board of directors of the Canadian Capital chapter. He has held various board positions with the chapter including serving as its president from 2003 to 2007. Lackey maintains a position on the chapter board and is credited for forging its strong relationship

with Carleton University's Sprott School of Business to promote and administer CRM programming. Lackey also served as co-chairman of RIMS Canada Conference Program Committee in 2011.

Lackey has been a strong supporter of and proponent for insurance and risk management education. After obtaining his Associate of the Insurance Institute of Canada (AIIC now CIP), he became an instructor, teaching the CRM course at the



Sprott School of Business. He has been a guest lecturer of risk management topics at key industry events including RIMS Canada Conference, Ontario Higher Education Risk Management Symposium, Chartered Professional Accountants of Ontario, Bank of Canada and others.

DEBORAH MOOR RECEIVES 2017 FRED H. BOSSONS AWARD

The annual Fred H. Bossons Award was presented to Deborah Moor, vice president of HIIG Underwriters Agency (Canada) Ltd. The awards honours the risk management professional who earns the highest average mark on the three examinations required to attain the Canadian Risk Management (CRM) designation.

The CRM designation is a widely-recognized qualification that provides

ment and proficiency. ■

risk professionals a foundation of knowledge and skills needed to identify, assess, monitor and limit risks. Recognized by RIMS and awarded by the Global Risk Management Institute (GRMI), the designation demonstrates a high level of professional commit-



How to Sell Enterprise Risk Management to Your Organization

by Donna Curran

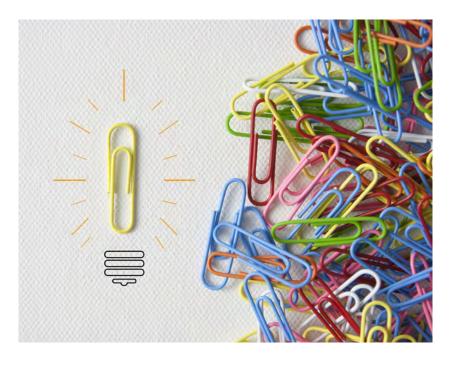
here have been many discussions around the value of enterprise risk management as of late. Some individuals may feel as if having a risk manager on board completes the check box and the company has met their obligations. Others may feel that enterprise risk management is the start and end to all their challenges and if things do not work out as expected, the risk manager is to blame. So where does that leave the risk manager? Perhaps a little frustrated?

In order to have a healthy enterprise risk management program, all risk managers need to take a course in sales. People in the field of risk management tend to be very passionate about their vocation, however not everyone may be buying into this concept. The first step to selling your risk program is to find a champion. This person should be on your executive team, and preferably be the CEO. You need a strong voice in your organization that will support the change that an enterprise risk management program can bring. It is also a good idea to have support

from the board of directors and handy to keep the internal auditor in your back pocket. When building your risk team, keep in mind that the end goal is to have all employees of the organization support and apply risk management to their day to day challenges. The more risk champions you can find, the better your program will be advertised and supported.

Once you have completed your public relations campaign by finding your risk champion, the next step is find a common language everyone can understand. Ensure the risk terminology used within your organization is consistent and understood. Once people begin to speak the same language, conversations should begin to flow.

The third step is to make sure you have a sound product. Building a comprehensive risk framework and process that fits your culture is a good sales feature. There are many frameworks to choose from such as the Australian model, COBIT, COSO, to name a few; however one size does not always fit all. Use the components from the models that best suit the culture of your company. Be sure that when you introduce your



framework and process that you gain approval from both the executive team and your board.

Finally it is time to make the sale. Have a risk workshop with your executive but be sure to come prepared. Have a thorough understanding of the company's strategic objectives. The risks identified through your process should align with the company's overall goals.

Another sales initiative is to conduct risk scenarios. This is a great exercise to further embed risk management practices into the organization. Creating a scenario that requires the application of the risk management process always helps to bring the theory to life. It also allows the participants to learn together as they work together.

One final sales tip: The most important aspect in selling enterprise risk management to your company is patience and planting those seeds. Eventually with enough nurturing, your risk program will thrive. Donna Curran, CISA, CRISC, CICA, ITIL, is director of audit and risk management services at Celaro

Is Your Cyber Coverage Providing Full Protection?

by Bruno De Vita



any of you no doubt carry insurance coverage to address potential losses caused by cyber crimes and fraud generally. In a recent decision of the Alberta Court of Queen's Bench, the first decision in Canada on the subject of cyber insurance coverage, the court upheld a denial of coverage under a commercial crime policy issued by Chubb Insurance. In The Brick Warehouse v. Chubb Insurance Company of Canada, 2017 ABQB 413, the court considered whether the following facts would give rise to coverage under the funds transfer fraud insuring agreement set out in the Chubb policy. The case is instructive.

In August 2010, The Brick's accounts payable department was contacted by an individual claiming to be an employee of Toshiba, a supplier to The Brick. The caller advised that he was missing some payment details. He further indicated that he was new to Toshiba. The Brick employee, in an attempt to be helpful, faxed some payment documentation to a number provided by the caller.

A number of days later, a different individual in The Brick accounts payable department received an email from a person purporting to be "R. Silbers" under what appeared to be a Toshiba email address. The individual claimed he was the controller of Toshiba Canada and advised that Toshiba had changed banks from the Bank of Montréal to the Royal Bank of Canada. The email stated that all payments of Toshiba accounts should be made to the new account. The caller provided all the necessary information to effect the money transfer.

The Brick employee subsequently changed Toshiba's bank information on The Brick's payment system to reflect the new Royal Bank account information. The employee followed The Brick's standard practice in changing account information and the paperwork was reviewed by another Brick employee. However, no one from The Brick ever contacted the two banks or Toshiba to verify the change in bank accounts. Had they done so, the fraud would have been revealed.

As a result of the change in banking information, payments that should

have gone to Toshiba's Bank of Montreal account were deposited into the Royal Bank account held by the perpetrators of the fraud. Ten Toshiba invoices were paid amounting to a total of \$338.322.22. Although a portion of the funds was eventually recovered, The Brick suffered a loss of over \$224,000. It sought recovery of this sum under the Chubb policy.

The policy of insurance provided indemnity for "funds transfer fraud by a third party." The term, "funds transfer fraud" was defined in the policy as follows:

"Funds transfer fraud means the fraudulent written, electronic, telegraphic, cable, teletype or telephone instructions issued to a financial institution directing such institution to transfer, pay or deliver money or securities from any account maintained by an insured at such institution without an insured's knowledge or consent."

Based on the plain wording of the definition set out above, the court determined that in order for The Brick to be successful, it would have to show that the bank transferred funds out of The Brick's account through fraudulent instructions issued to the bank by a third party. Chubb relied on a decision of the U.S. District Court for the Central District of California in Taylor and Lieberman v. Federal Insurance Company. In that case, emails were sent to a company employee who then acted upon them, transferring money out of the insured's account. The emails were fraudulent. The court held that the insurer was not liable because the employee requested and knew about the transfers. Based on this decision and the plain wording of the insuring agreement, Chubb argued successfully that since the instructions provided to the bank came from an authorized employee of the insured and not from a fraudulent third party, coverage was not triggered. In other words, the instructions provided to the bank were not "fraudulent," even though the email that prompted the delivery of those instructions was fraudulent.

Further, the definition of funds transfer fraud required that the transfer be made "without an Insured's knowledge or consent." Applying the plain and ordinary meaning of the words "knowledge or consent," the court found that since the transfer was made on instructions given to the bank by a Brick employee and not by a third party, the transfer was done with The Brick's knowledge and consent. Implicit in the reasoning of the trial judge was that the intent of the insuring agreement was to provide coverage in circumstances where the insured suffered a loss that was beyond its control. Here, the loss was preventable had the insured taken steps to contact its customer or the two banks.

This decision points to the clear distinction drawn by the courts in the United States and now in Canada between loss caused as a result of direct fraudulent instructions given to a financial institution by a third party and loss caused by authorized transactions that have been prompted through fraudulent means (i.e., social engineering fraud). The former is covered under Fund Transfer Fraud policies whereas the latter is not. In order to protect against the type of risk encountered in case of The Brick, a social engineering fraud rider can be purchased. Regardless of the extent of your coverage, all companies are well advised to follow up with vendors and suppliers, preferably by telephone, where instructions have been received to redirect payments to a different financial institution.

Bruno De Vita, QC, is managing partner at Alexander Holburn Beaudin + Land LLP.

Spotlight on Opis

Opis - The RIMS Information Network, is a resource that allows RIMS members to access content, exchange information, collaborate, and strengthen skills. This smart technology can recommend customized content and connections to you based on your skills, interests, and experiences. Opis is available to all RIMS members, and over 6,500 risk and insurance professionals have logged on and participated in our hundreds of online communities.

In 2017 alone, there have been almost 500 conversations and 1,200 posts on Opis on topics ranging from drone usage, to



cybersecurity and employee motor vehicle usage. Connecting with like-minded RIMS members is one of your most important member benefits, and Opis serves as a platform and community for you to share experiences, ideas, and learn more about what to do and how to do it, from some of the industry leaders.

Opis is also a central hub for all RIMS content and resources. Here you can find the latest whitepapers, surveys and articles so you can stay on top of industry developments and trends. You can also see what is going near you and register to attend one of our many chapter, regional

and national RIMS events and workshops. You can seamlessly connect to Opis-Ed, the RIMS education network and host to all RIMS digital education offerings. It is easy to get involved with your local chapter through Opis too, as all of our Canadian chapters have hosted communities on Opis. Want to learn more? Visit www.rims. org/opis to log on, complete your profile and start interacting with your peers. And if you have any question, email opis@rims.org.

Recognizing Risk Managers

The Global Risk Management Institute (GRMI) is responsible for overseeing and administering the Canadian Risk Management (CRM) designation. The CRM is a widely-recognized qualification that provides risk manager a foundation of knowledge and skills needed to identify, assess, monitor and limit risks.

To be eligible for the CRM designation, applicants must complete three foundational courses (Risk Management Principles and Practices, Risk Assessment and Treatment, and Risk Financing) at a participating institution and pass a standardized exam for each course. Once an individual has passed each of the three courses and exams and has applied for the designation, GRMI awards them the CRM, which includes one year of GRMI membership. GRMI membership must be renewed every year for a CRM holder to be considered in "good standing." More information on the CRM and GRMI can be found www.rims.org/grmi.

A Message from RCC Chair Ren Lips

As my first year as chair for the RIMS Canada Council draws to a close, I have to commend all the volunteers that are part of this organization. From all our volunteers at the national and international level to those at the chapter level, volunteers are the heart and soul of RIMS and the RCC. This year the RCC bids farewell to Val Barber, who has been the RCC treasurer for the past two years, however, she will continue to volunteer at the National Conference Committee. We also say goodbye to Lynda Lyttle, who has been the RCC secretary for the past four years, and spent time on the National Education Committee before that. And last but not least,



Steve Matterson, chair of the National Conference Committee, has completed his term and will step down. I would like to thank all the members of the RCC and its subcommittees for their efforts in 2017.

And what a great year this was. In previous newsletters, I have discussed our planning meetings, the chapter anniversaries and the RIMS Conference and we also introduced our Conference newsletter in an electronic format in September, which was well received. I will address some of our great accomplishments as they relate to our strategic objectives:

1. Bring the Canadian risk

management community together, through a conference that delivers value professional development and networking opportunities. Amidst the hustle and bustle of the Invictus Games and the various police escorts and short term road closures, we had our annual RIMS Canada Conference, hosted by the Ontario chapter of RIMS. The weather definitely cooperated with us this year. The Ontario chapter volunteers did a fantastic job and the scarves were a hit. The Tuesday night pride event was also a first for the RCC and RIMS and it was

very well attended. With Colin

James kicking everything off

and our CEO panel closing the conference out, it was an action packed week to say the least.

2. Connect Canadian chapters

- to share resources and best practices, to improve the Canadian RIMS member and volunteer experience. In November, the RIMS Canada Council also hosted a workshop for chapter leaders where chapter volunteers from eight of our local chapters made their way to Toronto. Our volunteers learned about the RIMS tools and services available from RIMS, networked with their peers, and heard from Lowell Aplebaum, a facilitator and leadership developer brought in specifically for the event.
- **Provide Canadian members** with a distinctly Canadian perspective on risk management and RIMS, through communication on multiple platforms. We issue three newsletters

throughout the year and are active on twitter and LinkedIn as well. Our website hosts the past issues of the newsletters,

- provides the latest twitter feed, and has links to all the chapter websites and more. Follow us @RIMSCanada, join the RIMS Canada LinkedIn group, or visit us at rimscanada.ca.
- Develop a Canadian advocacy role for risk management in terms of policy and legislation. All Canadian members of RIMS received an invitation to participate in a survey on this very topic over the summer. The results have been reviewed and the Communication and External Affairs Committee will be working hard to put a plan together to address this part of our strategic objectives.

It is now time focus on 2018 and our work will continue. The winter planning and subcommittee meetings are set and I look forward to welcoming Stéphane Cossette as the secretary/treasurer for the RCC as well as our new volunteers that will be joining the RCC and its subcommittees.

> Rieneke (Ren) Lips, CPA, CMA, CIP

EDITORIAL POLICY

The RIMS Canada Newsletter is a publication of the RIMS Canada Council and is published periodically throughout the calendar year. The opinions expressed are those of the writers and volunteer members of the RIMS Canada Newsletter Editorial Committee Articles submitted to the RIMS Canada Newsletter for publication are subject to the approval of the RIMS Canada Newsletter Editorial Committee. Approval of such articles is based on newsworthiness and perceived benefit to the readership. All decisions of the RIMS Canada Newsletter Editorial Committee are final and not subject to appeal. Individuals submitting articles to the RIMS Canada Newsletter hereby acknowledge their acceptance of the RIMS Canada Newsletter Editorial Policy.

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Thank you to all of our newsletter contributors! If you are interested in writing an article for the RIMS Canada Newsletter, please submit the article to a member of the Editorial Committee for review. Any questions about the production or distribution of this newsletter should be directed to the Editorial Committee

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risk management resources, including conference and education information.

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As the world evolves and technology plays a more pivotal role in our daily lives, it is important keep informed about topics relating to risk management and the insurance industry Use #RIMSCanada and stay connected by following us on social media:

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