

Musings of the Former International Insurance Committee Chairman

by Anthony E. Fienberg, CPCU, ARe, RPLU



Anthony E. Fienberg, CPCU, ARe, RPLU, holds a Bachelor of Arts degree in economics and has more than 15 years' experience in the insurance and reinsurance industries, both in the United States and Europe. Speaking numerous languages, he is very active in promoting insurance knowledge within the insurance industry and beyond. Fienberg is an active member of the CPCU Society, the International Insurance Interest Group and the Europe Chapter.

A Bit of History

At the 2006 CPCU Society Annual Meeting and Seminars in Nashville, Tenn., I promised the International Insurance "Section" chairperson at the time, **Gail B. Burns, CPCU, CIC**, that I would stop by and sit in on the executive committee meeting. I did go to that meeting, and it changed the course of my life — Gail announced that she would be doing a long-term mission in the Middle East and needed a temporary replacement for the rest of her term and on to another full term.

There were six of us around the table, and the other four looked at each other, bewildered, so I raised my hand. Little did I know that I would be the only one to throw his or her hat in and that the committee would actually vote me into the position of chairman, which I officially held from 2007 to 2010 — and proudly so.

Gail really did all the "heavy lifting" at the time, but with some great committee members who decided to stay on, we built up what is now the International

Insurance "Interest Group" (3iG) Committee to a leadership group that teeters on 20 official members from across the world, literally. This includes representation from each of the chapters 3iG considers "international" (Bermuda, Europe, South Korea and Japan), as well as members sitting across 12 time zones (if we add Pacific-time and Hawaii, it would almost be around the world).

Wisdom

I am humbled by the amazing reach that CPCU has across the world, plus the quality of the knowledge and contributions CPCUs are willing to make. I do not know if there is anything I can add in these pages, other than to thank the committee members for their tireless commitment to putting our interest group on the CPCU Society map (or radar) for not only the wonderful initiatives on which we have embarked (ourselves and the Society), but also for the working relationships and eternal friendships that have been established over the last four years. I am confident that under the guidance of our new chair,

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Mickey Brown, CPCU, ARM, 3iG can be taken to new levels of excellence and bring additional value to all CPCU Society members, both current and future.

Achievements

It is useless to reiterate our Circle of Excellence achievements — one silver and two gold during my tenure. But a profound event was when the Board of Governors decided to emphasize the Society's intrinsic global essence in all Society internal and external communications. It will take time for people to wean themselves from using the term "national," but now we can really talk about an organization that is poised to take on the challenges that the international insurance market poses — and they are many!

The national leadership mid-year gig is now the Leadership Summit. The years 2008 and 2009 brought two successive non-U.S.-born class spokespersons to CPCU conferment ceremonies (**Patrick Nsereko, CPCU, AAI**, in 2008, and 3iG's own **Anthony J. Hughes, CPCU,**

AIC, ARe, AU, in 2009). Also in 2009 was the first Annual Meeting presentation made in a foreign (well, multiple) language(s). And 2010 brought a keynote speaker (former U.S. Secretary of State **Madeleine K. Albright**) who specifically addressed international political issues. We are making huge strides. Way to go CPCUs!

Some great initiatives have been underway with our group, and I'd like to share some of them with you here. If you were at the 2010 Annual Meeting and Seminars in Orlando, you saw our mini-flag display of every country where there is a CPCU. We put on our first official Society webinar this past August, which focused on international underwriting, and held a less sophisticated Web presentation on Lloyd's in July 2010.

We held two seminars at the Orlando Annual Meeting, including our very first one that offered continuing education (CE) credit — and 45 people attended. The tradition at Annual Meetings is for us to host some sort of social event, and this year we put together a sort of

informal "happy hour" at one of the hotel bars — more than 50 people showed up and stayed on for more than three hours. And this is just the tip of the iceberg. Way to go 3iG!

Across Borders

I'm just a guy who grew up in St. Paul, Minn., and Pittsburgh, Pa., who happens to live in Paris. 3iG has the same issues with which most of the other interest groups are grappling, including not holding "physical" meetings to deal with committee issues. Unlike certain groups that can use trade fairs to meet up, we only meet in person twice a year (Leadership Summit and Annual Meeting). The rest of the time, we use e-mail and phone. Before the age of the Internet, it might have been difficult to communicate with each other. Most folks have PDAs that receive e-mail, and Web-based phoning costs \$0.02 per minute, although if you are in certain countries, like in France, a phone subscription includes free calls to the U.S. and 130 other countries. So, "borders" are more of a mentality, than an actual barrier. ■

*Warm wishes for a season
bright with special happiness*



Global Integrated Risk Programs — Considerations for Insureds

by Anthony “Tony” W. Reynolds

Anthony “Tony” W. Reynolds is a managing director with Marsh’s U.S. Casualty Practice.

Editor’s note: Tony Reynolds revised this article from its original version, which he wrote for *Marsh Insights: Casualty*, a newsletter published by Marsh. It is reprinted with permission. © 2010 Marsh Inc. All rights reserved.

An integrated risk program (IRP) is a multiline risk transfer solution that includes two or more major lines of coverage, such as umbrella/excess liability, property, employment practices liability (EPL), fidelity and fiduciary liability. Occasionally, professional liability or directors and officers (D&O) liability may be included. Typical integrated risk programs are multiyear programs that can be written on a global basis for a one- to three-year policy term.

A properly designed IRP can yield significant administrative and external cost efficiencies beyond those available in the present soft market. IRPs can dramatically reduce the number of

renewal transactions and take advantage of the enhanced volume buying power. In addition, insureds can benefit from the portfolio effect: When multiple lines are written under one program, the odds of the insurer experiencing a bad underwriting result is less than when only a single line is written. In other words, results under a group of policies are less volatile than a single policy so insurers are more likely to provide discounts or other premium savings.

There are several potential advantages associated with an IRP. These include:

- Premium efficiencies of 10 to 25 percent or more over the cost of conventional annual monoline policies. (Note individual program savings are based on each company’s individual characteristics and may vary from this range.)
- A significant reduction in client time spent on insurance program renewals.
- Stable pricing and terms for up to three years (depending on individual policy terms), regardless of company losses or changing insurance market conditions.

- An enhanced ability to customize policy wording to meet individual program needs.

Companies considering integrated risk programs must also consider the potential pitfalls of such a program design. Market capacity for an IRP may be insufficient for some companies. As a result, they may require placement of excess monoline coverage to fill out the limits needed. Dovetailing IRP and monoline placements can be difficult and quite challenging, requiring the skills of a knowledgeable broker with specific experience in the IRP space.

Additionally, there is a somewhat greater risk of limits erosion with the IRP capacity shared by multiple years and coverage lines. Events that might result in limits erosion could include a fire in a crowded shopping mall, an explosion in a manufacturing plant resulting in significant bodily injury and damage to property, or a terrorist attack at a hotel or office building. However, this erosion risk can be greatly reduced through careful risk identification, comprehensive program analysis and design, and proper program placement.

It is important to note that workers compensation and certain primary liability lines, such as motor (automobile) liability are not typically included in an IRP due to regulatory restrictions that usually require individual, annual policies. Additionally, although global D&O can be included in an integrated risk program, it is often placed separately due to directors’ and officers’ discomfort with sharing limits.

At present there are a limited number of insurers willing to participate in the IRP space. Zurich leads the marketplace, offering limits up to \$60 million per occurrence, \$120 million annual aggregate and \$180 million three-year



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term aggregate. Swiss RE will offer limits of up to \$75 million per occurrence and \$150 million annual and three-year term aggregate. Additionally, Munich RE, Berkshire Hathaway, Endurance, Alterra, XL, Chubb and AWAC will consider writing an IRP program, although they have widely varying appetites and limits. Other insurers may also consider participating on rare occasions.

Companies that wish to consider whether an integrated risk program is best for them should consider taking the following steps:

- (1) Conduct a comprehensive review of current insurance programs, including terms, conditions and limits, making special note of gaps in coverage or special coverage needs.
- (2) Work with a qualified insurance broker to identify your company's risks and exposures and required levels of insurance to adequately manage these risks.
- (3) Compare IRP terms and conditions to current insurance programs and previously identified exposures to ensure proper coverage.
- (4) Consider which monoline excess policies will have to be placed in addition to IRP.
- (5) Determine the cost to purchase each line of coverage and use the IRP limits for more expensive lines. Coverage lines that are cheaper to insure may be best purchased as a monoline policy.

Due to the complexity of such alternative insurance programs, in selecting an insurance broker in the IRP space, pay careful attention to their prior experience in designing and placing IRPs. The broker should ideally be a dedicated IRP expert, possessing the unique capabilities to manage such transactions. ■

Single Layer Integrated Risk Program Conceptual Structure

Multilayer programs with higher IRP limits are available in the market.



*Per occurrence limits for Auto Liability are negotiable
Potential to add Professional Liability, Cyber Risks and other coverages

Sample Monoline Insurance Program Structure

Multiple Individual Renewals Every Year



Fish Heads, Fellowship and Fun!

International Travels as a CPCU Officer

by James L. Britt, CPCU



James L. Britt, CPCU, the 2007–2008 CPCU Society president and chairman, is the managing partner of Charlotte-based Britt Leadership Partners LLC, specializing in working with clients that are stakeholders in the distribution of risk and insurance services. An engaging and inclusive style has become Britt's trademark for his client workshops and seminars. He is known for his effective teamwork as well as individual mentoring and coaching. These leadership skills have helped develop multigenerational and multilevel talent in the agent and broker, underwriting, administrator and risk management communities. Previously, Britt was a managing director with Marsh. He is the author of *Building Leaders One on One*.

American families would likely be familiar with the lazy Susan. This large, round rotating tray atop the dining table at the well-appointed Taipei restaurant seemed a bit out of context with the aura of the establishment. But there we were. It was July 12, 2008, the eve of the 44th Annual Seminar of the International Insurance Society (IIS).

Peter L. Miller, CPCU, The Institutes president and CEO, was the gracious host of a dinner for a group of participants in the Institute for Global Insurance Education (IGIE) program earlier in the day. I had served as a facilitator for a leadership discussion at the meeting, a comfortable assignment for me. However, I was clearly way over my head in deep water regarding the emerging evening menu.

My wife, Lisa, sat to my right, and to my left was an internationally traveled Frenchman. It became apparent that his taste in food was as diverse as his travels. I was following his lead on selections for my plate. It would have been better if I had not inquired about the details of our fare — fish brain cubes sauté.

As the meal progressed, the lazy Susan rotated back and forth, finally coming to rest with a large plate adorned with a sizable fish head staring me in the face. **James R. Marks, CPCU, CAE, AIM**, CPCU Society CEO, assured me that this was an indication of an “honored guest.” Oh, what tales people tell!

International Insurance Society

Since Pete and Jim are standing members of the IIS, the attendance of the sitting CPCU Society president and chairman, changing on an annual basis, is done in a well-coached environment. The meeting in Taiwan, R.O.C., attracted 550 registrants from 36 nations. The mix of educational sessions and social settings provided numerous opportunities

to broaden my global perspectives. I personally found the emerging markets issues to be especially interesting. All sessions were presented in English, so I did not need to use the available translation headphone.

In addition to its educational and networking features, the IIS embraces the Insurance Hall of Fame. There were several new Laureates introduced at the Taipei meeting during the elegant formal annual awards evening. In addition to the posthumous recognition of champions from earlier centuries, the 20th and 21st century Laureates are the global who's who of innovation, vision and leadership in the insurance world.

The late **John S. Bickley, Ph.D.**, legendary professor of insurance at The University of Alabama and an insurance education leader, founded the Insurance Hall of Fame in 1957 and the IIS in 1965. To honor Bickley, the Culverhouse College of Commerce at The University of Alabama has a Hall of Fame Laureates' portrait gallery on the walls of its major lecture hall. I was blessed to have been able to speak there as the CPCU Society's 2008–2009 immediate past president.

During my talk, I had the unique opportunity to be able to connect the IIS Laureates' event of several months earlier. I was referring to my mentor of many years, **Thomas S. Carpenter III, CPCU**, as one who exemplified ethical leadership. His uncle, boyhood guardian and former chairman of Aetna, the late **Henry S. Beers**, is a Laureate. His portrait was conveniently positioned near the podium to help me make a key point in my presentation.

CPCU Europe — The French Connections

As president and chairman, I followed the pattern established by my two immediate predecessors and participated in the

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Fish Heads, Fellowship and Fun!

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spring meeting of the Europe Chapter. The chapter meets semi-annually, rotating the venue among major cities. The April 2008 gathering was in Paris. My host for the weekend event was **Anthony E. Fienberg, CPCU, ARe, RPLU**, an American who has personally and professionally embraced Paris, the native home of his lovely wife. Like many members of the chapter, Anthony has an interesting mix of American and European professional work.

The chapter also has outstanding European natives, such as chapter leader **Daniel Hess, CPCU, ARM**, of Zurich. He always provides energy to a gathering and can converse in superb English about his New York City experiences like a native of one of the five boroughs. He is a regular at the CPCU Society Annual Meeting and Seminars. Be sure to connect with him to have an inside look at the work of an entrepreneurial MGA in the Swiss market.

Much to my delight, all the discussions, both business meetings and social events, were conducted in English. The same was true of the employer Connections visits that Anthony, Daniel and I made leading into the weekend chapter events. The Europeans were more than generous in favoring the language of their guest.

Before heading to London on the “Chunnel” early the following week, Lisa and I had an opportunity for a one-day road trip to the Normandy coast. My father had landed at Omaha Beach with his U.S. Army artillery unit in August 1944, about 10 weeks after D-Day. It was an historical site I did not want to miss. My only regret was that he had passed away in 2002 and was not there to share the experience.

My gleeful surprise was that the actual name of the beach village at “Omaha” is Saint-Laurent-sur-Mer. My mother was of French lineage, and I had been given her mother’s maiden name as my middle name — Laurent. The peaceful town and beachfront was as if the sand, stones



The American cemetery at Colleville/Saint-Laurent-sur-Mer above Omaha Beach.

and bluffs above were themselves quietly honoring the many brave men who had perished on that fateful day — June 6.

We concluded our day in Normandy at the Allied cemetery, which sits on high ground above the beach. You may recall the opening scene of the film *Saving Private Ryan*. We, too, were drawn to tears for the thousands who gave the ultimate in the Battle of Normandy for the liberation of Europe.

Lloyd’s and CII

The second leg of our European trip was London. As much as I had heard and read about the Chunnel train journey, I was still amazed at the speed of our ride from Paris to London. We spent our first afternoon walking about the West End. The hotel recommendation we had was ideal for the walking tours we charted over several days.

I had arranged a private visit to Lloyd’s with one of my U.K. associates. We started with an early meeting at his office for introductions to the North American property team at Marsh. Their space had

a prime view overlooking the Tower of London. By 11 a.m., we were at Lloyd’s mingling during the morning session.

Being an amateur historian, I am intrigued by unique traditions. My host made note for me of the “waiter” in our area, a regally uniformed gent whom we might otherwise call a valet. This position, however, continues to carry the title, just as if he were a waiter at Edward Lloyd’s Coffee House. Lloyd’s is living tradition and is still the mystical brand in world insurance circles.

Time at the Chartered Insurance Institute (CII) was also pre-arranged for me. The classic Tudor-style building that is CII’s headquarters is just a few blocks from Lloyd’s. Much like the original estate home on The Institutes’ campus in Malvern, Pa., space and technology needs often leave grand architecture behind.

The CII, like The Institutes, offers the leading senior and associate credentials in its nation as well as a number of other countries. Differing from our model, there is no separate “society” like we have for CPCUs. I experienced the traditional London insurance community’s long and generous late midday meeting meal with my CII hosts. I would not do well with my weight control if that were my everyday habit.

International Opportunities

Being a CPCU Society international ambassador was a uniquely enjoyable aspect of my presidential year. As we continue to experience the growth of the designation in the global market, our Society connections to international chapters will be increasingly important.

As you have an opportunity to travel in your business or for a vacation, be sure to look for opportunities to connect with fellow CPCUs. They will enjoy your interest in them and you will grow professionally and culturally. ■

Green Project — Tokio Marine Nichido Style

by Ronald J. Kovanis, CPCU



Ronald J. Kovanis, CPCU, is the assistant branch manager of Tokio Marine Management, located in Atlanta, Ga. He has a bachelor's degree with a double major in risk management insurance and real estate from Florida State University. Kovanis has more than 30 years' experience in the insurance industry.

Earlier this year, I was fortunate to attend the 12th annual reforestation project put on by our parent company. You may know Tokio Marine from its purchase of the Kiln Group in London or its purchase of the Philadelphia Insurance Company in the U.S. Both represented a major leap for a Japanese company to spread its writings from its Japanese borders in a major way. The latest "green project" provided me with the opportunity to meet other people from our vast array of companies and spend quality time learning about new cultures. It was an action-packed trip.

This was the first time that Tokio Marine invited participants from the U.S. I knew that our annual report traditionally had an excerpt and pictures of mangroves contained within its confines, but I never took the time to fully understand or appreciate the story behind the pictures. I volunteered and then had to go through a selection process, not realizing the daunting task that faced the participants. The theme for 2010 was to help plant 20,000 mangroves in Ranong, Thailand.

We achieved our goal on the third day of planting, and this left plenty of time for other scheduled activities.

In 1999, to celebrate its 120th anniversary, Tokio Marine made a 100-year commitment that it called "Mangrove Reforestation Activity." The basic idea was to help reforest areas that suffered from the depletion of mangroves. To date, a total of 5,901 hectares of mangroves have been planted. Activities have occurred in seven countries, predominately throughout the Indo-Pacific Region. It was an ambitious commitment initially and still is, proving to be a worthwhile endeavor to help various areas in need.

This year's activities were held in conjunction with the Ministry of Natural Resources and Environment of Thailand and the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) in Thailand. Ranong is located on the Western portion of Thailand, which is the closest area to Myanmar (Burma). Ranong is known for its record amount of rainfall.

The only time of the year that it does not actively rain is February, so this was when the trip was planned. The area selected along the Kra-buri Delta was also previously planted in 2002 and 2009. Each day's activities would normally start from



Thailand, Southeast Asia.

the Ranong Biosphere Reserve, which was specifically devised to help the local inhabitants manage their local resources.

This particular area had large tracts of land that had been defoliated of mangroves by the local inhabitants to produce charcoal and firewood. Some of the reasons provided to replant the mangroves are as follows:

- Erosion control.
- Protecting the land from natural disasters.
- Providing a habitat for small fish and crustaceans.
- Helping to control global warming.
- Providing local employment.

Tokio Marine & Nichido Fire Insurance Co. Ltd. (TMNF) supplied 44 people for this project. Participants came from Japan, Thailand, England and the United States. We were paired with Malayan and Thai school children, as well as OISCA staff and locals who are paid to maintain the mangroves. Our Corporate Social Responsibility (CSR) Department did a wonderful job coordinating the trip and planning each day's activities.

Even though it was more than 90 degrees Fahrenheit during the plantings, you could tell that each of the volunteers vigorously partook of the activities. I must admit, it gave me a new perspective about green projects and made me proud that I was part of the 2010 plantings. It also gave me a new perspective about my employer and its long-tailed vision of trying to make the world a better place. I made new friends from around the world, visited and embraced new cultures, and participated in a worthy project.

Something as simple as planting mangroves will have long-lasting, positive effects for generations of people. So, a take-away message would be to get active, get involved and support any green projects that you might encounter. There is no telling how much personal gratification can be had from your participation. ■

Reflections of 30 Years in the USA and Georgia — Views from a Japanese

by Tom Yamamoto



Tom Yamamoto retired in 2005 from Murata Mfg. Co. Ltd., in Kyoto, Japan, after 41 years of service in finance, sales/marketing, manufacturing and general management, including having served as president & CEO of Murata Electronics North America Inc. In 2005, he started TYamamoto & Associates LLC, a consulting business, and also joined Deloitte Touche Tohmatsu as a senior advisor. In 2009, he rejoined Murata Electronics North America Inc. as a senior advisor. He currently serves as a vice chairman to the Japanese Chamber of Commerce of Georgia (JCCG) and Japan-America Society of Georgia (JASG).

Editor's note: Excerpted and reprinted with permission from its original version, which appeared in the Spring 2010 edition of The Japan-America Society of Georgia newsletter.

1970–1980 (Pre-JASG Days)

Murata Electronics US started its manufacturing operation in Georgia in 1973. I visited Atlanta to help establish the plant, as I was already working in New York at the time, after being transferred from Murata, Kyoto. Murata is one of the most successful electronics component manufacturers and has contributed greatly to the developments of the electronics industry. The reasons Murata chose Georgia for the site were friendly people, mild weather, reasonable cost of living and Atlanta's Hartsfield International Airport, among others. We first hired an American president with an engineering background for the operation and let him pick the most ideal manufacturing location in the U.S. He came back with the recommendation of the suburbs around Atlanta. Murata and YKK were the first two Japanese manufacturing companies in Georgia. (The only other Japanese manufacturing operation in the U.S. at the time was Kikkoman Soy Sauce in Wisconsin.) The operation was not that easy for Murata for the first few years. The oil shock recession in 1974 hurt the operation. Cultural differences and the poorly written instructions for Japanese-made machinery were the other main problems. I was here in Georgia until May 1977 and went back to Japan, not knowing I would be back in Georgia six years later.

Metropolitan Atlanta then was still a small southeastern U.S. region, with a population of about 1.8 million (vs. 5.8 million today), and with a limited number of high-rise buildings in downtown and almost nothing outside of the city except a thick forest. There was only one authentic Japanese restaurant, Nakato, which has been well respected for its high professional standards for the cuisine, facility and furnishings. Metropolitan Atlanta, however, was already one of the fastest growing regions of the country. It was not

showing any sign of hesitation under the 1974 recession, and just kept going on its vigorous industrial, commercial and residential developments.

The Japanese economy was booming throughout the 1950s and 1960s, remembered as the “Japanese Post-War Economic Miracle,” and was gaining its industrial might into the 1970s. During this time, we received various help from the U.S. and learned a great deal on technologies and management. Japanese products started to gain popularity and respect in the U.S. market, which inevitably started to cause trade frictions. At the top of the '70s, the U.S. government suddenly declared and implemented the suspension of convertibility of U.S. dollars into gold, and the departure from the fixed exchange rate system to a floating system. The Japanese yen immediately moved from ¥360/\$1 to ¥300/\$1. There was also an indication of import restrictions for some industrial products.

This situation pushed Murata to make a decision to start a manufacturing operation in Georgia. Pressure was mounting politically, and in 1975, a trade mission headed by Mr. Hasegawa, then chairman of Sumitomo Chemical, was dispatched by the Japanese Government to the U.S. The Japan-Southeast United States (SEUS) Association was established. The following year, the first SEUS-Japan Association meetings were held in Atlanta. The Association and its meetings helped promote direct investments from Japan and the bilateral trade between the Southeast and Japan.

1980–2000 (JASG Heyday)

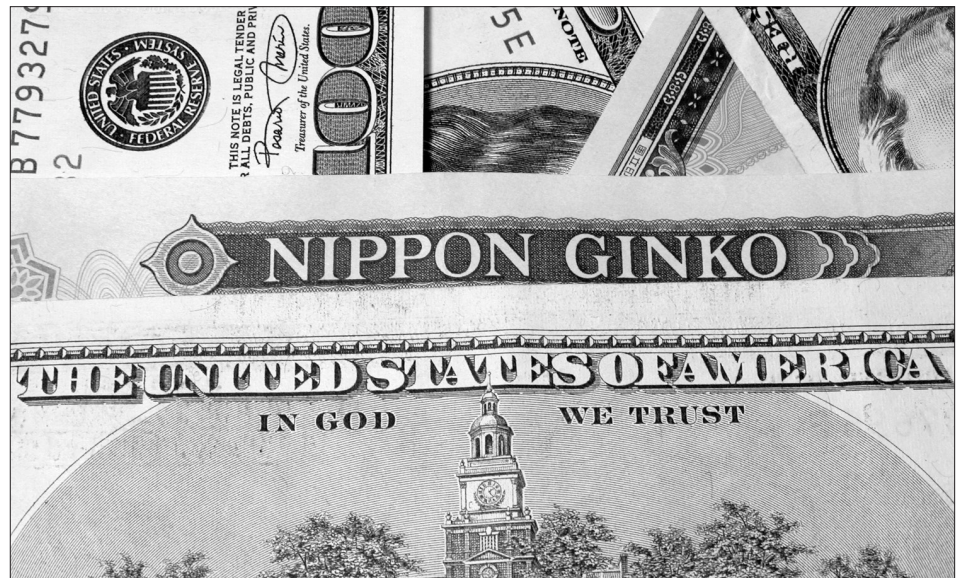
I came back to Atlanta again in 1983 and stayed until 1989. Murata acquired Erie Tech Inc. in 1980, which expanded Murata's U.S. operation to eight locations in North America, including Canada and Mexico. **Fred Chanoki**, then president of Murata U.S., brought me back here from Japan. He was a great leader and

was respected in and out of the company. He was contributing greatly to the establishment of the Japanese community in Georgia. He was a smart delegator, too, and no wonder I was busy in managing Murata U.S. while he spent more time helping the Japan-America Society of Georgia (JASG) and the Japan Chamber of Commerce of Georgia (JCCG).

By the mid-1980s, the Japanese industries, particularly electronics and automotive, were gaining more market shares in the U.S., and thus causing more serious trade frictions between the two countries. The yen rate was already around ¥240–¥260, and then came the “September 1985 Plaza Accord,” which pushed the exchange rate to ¥160 by the middle of 1986, and to ¥120 at the end of 1987. (The yen eventually went to ¥79 in 1995. Today, \$1 = ¥86). The Japanese economy and industries looked so powerful, and in fact, it was called “Japan as No. 1” during the latter part of the 1980s.

Many Japanese companies came to visit Atlanta as their choice of U.S. operations during this period. Having been established in the manufacturing operations since early the 1970s, YKK and Murata had many Japanese visitors (almost one every week at one time). I was there to help answer their questions about cost of living, labor situation, public services, housing, weather, schools, Japanese restaurants, shopping and on and on. The fact that we already had the JASG, the JCCG and the Japanese Saturday School certainly made it easy for them to choose Georgia as their operation sites. (We told newcomers that they must join the JASG and the JCCG for them to be good corporate citizens.) The rest is the history.

Many Japanese companies launched their operations here, including seven general trading companies, such as Mitsubishi Corp, Mitsui & Co, Itochu, Sumitomo Corp, Marubeni and 13 banks, such as



IBJ, Bank of Tokyo, Fuji, Sumitomo, Daiichi Kangyo and Daiwa. In 1986, Japan Airlines launched its direct flight between Tokyo and Atlanta. Japanese executives of those firms were generally sophisticated in the international business arena and had a great command of English. They were here to promote trade, investments, finance and relationships. They also played the role of guardianship for those manufacturing companies that had not had much experience outside Japan.

The mighty Japanese economy was able to support their activities fully. Their business priority was to get to know people and to develop relationships. “Let’s worry about the return later.” They regularly sponsored receptions and seminars — 20 of them having at least two events a year meant one event a week. Each brought its own clients as well, and that made those receptions more interesting. I remember that some evenings there were two receptions going on concurrently, and I had to participate in both! We had a ball. The JASG, the JCCG, the Japanese Consulate and the Japan External Trade Organization (JETRO) were all involved. It was not just fun, but also was educational. And

everybody benefited from the resulting business, networking and friendship.

In the 1980s and 1990s, politically it was a difficult period for most Japanese due to the trade war. In Georgia, and the Southeast in general, however, people seemed to have had an appreciation for the trade with Japan and the direct investments from Japan that were creating jobs and stimulating the economy. I have never felt any animosity from the people here toward me.

We are celebrating the 25th Anniversary of the JapanFest next year. The objective of the event is to promote the knowledge of Japan, its people, culture and business among the local public and to promote friendships among everybody. The event came a long way to be recognized as one of the most successful events in the Southeast, thanks to many people. Now we have 15,000–20,000 people come to visit Georgia and enjoy the weekend festival every September.

The JASG had an invitation-only, exclusive ladies club called the Tomodachi Club. (It was believed

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Reflections of 30 Years in the USA and Georgia — Views from a Japanese

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to be that way among the Japanese wives, then.) You have to be a wife of an executive of a member company to become the member of the Club, and you need to be invited by the Club to join, which I thought was a clever marketing idea. The Tomodachi Club was a craving social club for many of the wives of the Japanese executives. The wives instigated their husbands to become a member of the Society.

At one time, I was a co-chair of the annual Friendship Golf Tournament. We always selected an exclusive country club for the event. We did not have to do much to attract participants. All we had to worry about was to make sure we had enough door prizes for the 140–160 golfers. The Friendship Golf Tournament offered another wonderful opportunity for networking and enhancing friendship.

In August 1989, I moved to State College, Pa., to head up Murata's main U.S. factory. The Endaka helped this factory to grow to 1,300 people. I had fun. Penn State University asked me to come and talk to its students about the difference in the management style between the U.S. and Japan. Many

students wanted to join Murata. I came back to Atlanta in August 1993 after exactly four years in Pennsylvania. Fred Chanoki promoted me to president of Murata U.S. right after my return to Atlanta.

In the late 1980s, the Japanese economy started to experience an "Asset Price Bubble," and the bubble had accelerated toward 1991. At the time, it looked as if all the money of the world came to Japan. Then came "The Burst of Economy Bubble." The Japanese banks and the trading companies suffered the most in the process of the asset price evaporation. Everybody was forced to cut back its budget, to clean up bad debts and to improve the balance sheets. The whole economy started to contract. The "Lost Decade" began in 1993.

New investments from Japan decreased dramatically, and there were some withdrawals of investments as well. Most of the 13 banks, and the seven trading firms decided to withdraw from Atlanta, but many stayed until the 1996 Olympics. JAL stayed until 1999. (Bank of Tokyo Mitsubishi UFJ is the only bank still active here in Atlanta, and certain others

in a much reduced scale.) As the banks and trading companies were closing their doors here, the JASG/JCCG started to suffer for the loss of their main members, sponsors and supporters.

2000–2010

While Japan was deep in the "Lost Decade," the U.S. economy was growing throughout the 1990s. After a little recession of the "IT Bubble" between 2000 and 2001, the U.S. economy started to grow again until 2007. During this period, Japanese investments, primarily automotive related, resumed coming to Georgia and the Southeast. The investments, which amounted to \$4 billion by 2000, have reached to the cumulative \$9 billion, and now it employs about 35,000 Georgians, contributing greatly to the local economy. However, those glittering days of the 1980s and the 1990s are over. The world has changed dramatically, and the recession seems to be lingering.

In closing, we are fortunate we have the consul general of Japan's office here in Atlanta. Since we lost our powerful private-level diplomacy (the trading companies and the banks) in the late 1990s, we have inevitably increased our dependency on the consulate. I am honored to have been able to associate myself with the successive consul generals of Japan, [Messrs Urabe, Hisaeda, Ogawa](#) and currently [Consul General Hanatani](#). ■

The Orlando Wrap-Up

by Donald M. George, CPCU, MBA, ARM, ACU, AU

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With a mission to educate fellow CPCUs about international insurance, the International Insurance Interest Group (3iG) had myriad activities at the recently completed CPCU Society 2010 Annual Meeting and Seminars, held in Orlando, Fla., Sept. 25–28. Events included two sponsored seminars, a happy hour, a co-sponsored program/dinner and a trip to an international insured's local worksite.

After the rousing conferment ceremony, the 3iG welcomed new designees from around the globe at a happy hour, where they networked with international members and learned about the many benefits the 3iG provides Society members, including free webinars, newsletters, and access to its website's resources — all the while enjoying a drink at the hotel's sports bar. The discussions raged well past the end time, but the crowd, engrossed as it were in international insurance particulars, continued into the night — well worth it!

Seminars were held on Monday, Sept. 27, or, as it seemed to us, "International Day." The morning started off with a companion program to last year's successful "International Insurance Perspectives — Oops ... My Client Has Gone International." This follow-up seminar, "Oops 201! ... My International Client Is Growing," which in a university setting would be defined as a 200-level offering, provided an overview of what insurance professionals should know about international insurance and proceeded to address how to implement



More than 40 attendees filled the classroom for "Oops 201! ... My International Client Is Growing."

the coverage structures chosen, with an emphasis on Controlled Master Programs.

Attendees who had a basic knowledge of what is available were now able to grasp how international coverages are underwritten and implemented, as well as what goes on behind the scenes with cross-border premium and risk transfer. Also addressed were "captive fronting," an important program structure in international insurance programs. The seminar instructors are titans in their fields — **Mickey Brown, CPCU, ARM**, from Marsh-Atlanta; **Michael A. Leinenbach, CPCU, ARM**, from Zurich North America-New York; and **Anthony E. Feinberg, CPCU, ARE, RPLU**, from Paris, France. They recounted the pitfalls and advantages of international coverages and how to do it the right way for the insured.

The afternoon session, which was the corollary to underwriting/claims, was titled "Oops 202! ... Your International Claim Is Covered, but I Can't Pay It." This seminar, which, like its morning predecessor would be defined as a 200-level offering, educated the audience on the complexities of adjusting claims that occur outside the insured's home country, had cross-border coverage implications or had to be adjusted under an international insurance program.

This session was designed for insurance, claim and risk management professionals across the industry who need to know — or just want to know — how the claims adjustment and payment process works when there are cross-border transactions. **Daniel Hess, CPCU, ARM**, of Abraxas Insurance AG-Zurich, Switzerland; **Harry Brett** of Wilson Elser-New York; and **Thomas L. Berlin, CPCU, ARM**, of RSA Insurance Agency-Charlotte, regaled the audience with stories of claims gone wrong and how to avoid the traps that pop up in international claims but not for those solely in the U.S.

Lastly, the 3iG co-hosted a "Meet Market" with the Agent & Broker and Personal Lines Interest Groups. This was a program that included networking opportunities with international insurers, coupled with a rousing talk from **Gregory G. Deimling, CPCU, ARM, AMIM**, a principal of Malecki Deimling Nielander & Associates, on the value of relationships, and ending in a scrumptious meal.

All in all, the 3iG networked with attendees from France, Switzerland, the U.K., Bermuda, Japan, Korea, India, Mexico, Canada and the U.S. The knowledge-sharing benefited all who took an active interest! ■



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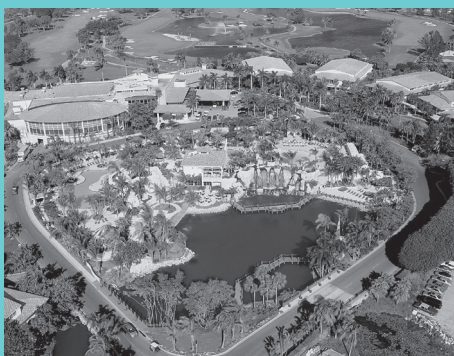
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Questions? Contact the Member Resource Center at (800) 932-CPCU (2728) or e-mail membercenter@cpcusociety.org.

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