

editorial

The Risk Management Program

By Lance Atkins, P.E., CASE Chairman



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Editorials are provided by the leadership and staff of the STRUCTURE Editorial Board, NCSEA, CASE and SEI on a rotational basis.

A new program has been initiated within CASE, driven by a group of structural engineers that are passionate about improving their chosen profession. It is called the Risk Management Program. It provides a unique and timely approach to improving the profession through management, education and technical peer reviews.

Before going into the actual program, a brief history of how we got here is important. In the 1980's, errors and omissions insurance rates reached a critical point, averaging approximately seven percent of a firm's gross income. Some small firms were forced to substantially reduce the amount of coverage or, worse yet, go without insurance. Many firms, realizing a need for coverage, took a more aggressive posture and asked the question of their insurance provider: "How can we lower our rates?" The answer came quickly and pointedly to the profession: "Lower your claims."

In response, CASE was formed and within it, the Insurance Option Committee, which was dedicated to reducing insurance costs and increasing the quality of the profession. Other committees within CASE took on the task of writing standard form contracts and practice guidelines for structural engineers. At approximately the same time, (opinions vary as to who was first) the Structural Engineers Risk Management Council (SERMC) was formed under the wing of DPIC and the Insurance Option Committee was quickly absorbed into SERMC. Mutual cooperation between CASE and DPIC existed for many years, sharing contracts and information. SERMC established a practice program that ranged from assessing a client and their projects potential liability risks to the day to day operation of a firm. Paramount in the SERMC program was the technical peer review. This review provided an independent evaluation of a firm's practice, including suggested guidelines for improvement. The funding of this program was financed by DPIC and operated by its insured. As a result of the financial downturn in 2001, SERMC lost its support. Talented professionals willing and able to assist in risk management and improve the practice standards of our industry found themselves without a home.

The CASE Risk Management Program (RMP) Committee was formed on May 11, 2004 at the ACEC annual meeting in Colorado Springs after months of discussions, proposals, drafts and meetings between dedicated professionals representing SERMC/DPIC insured, CASE, SEI and NCSEA members. This new program has the support of CASE's parent ACEC and that of our partnering organizations, SEI and NCSEA.

The RMP will be augmented in steps to insure a solid foundation. The first step was the formation of the RMP Committee and that has been accomplished. The next activity of the new Committee is the solicitation of support, which is ongoing at the present time. Firms are being contacted to become a Founding Donor for CASE-RMP's First Convocation scheduled for November 5 and 6, 2004.

The November Convocation will include speakers, programs, panel discussions, mock peer reviews, and interactive sessions that will bring awareness to all attendees of the basics of the RMP and how it will improve your firm's practice. Following the Convocation, the program will be further developed with publications and individual firm contacts along with news bulletins to keep you informed of improvements and refinements in the program.

During the past months some engineers have questioned "what is in the RMP for my firm?" The fundamental answer is that it will improve the quality of your firm's practice by providing an understanding of how your fellow engineers conduct business and offer their services to the public. Understanding the risks associated with our profession and having the knowledge of how our peers are practicing will better prepare us for what lies ahead.

I wish to thank all of you for selecting me to lead CASE through this challenging and developing period. I look forward to my participation in helping to improve risk management in our profession. I especially want to thank the numerous people that have provided their invaluable time and effort in developing this program, and allowing it to become a part of CASE. ■