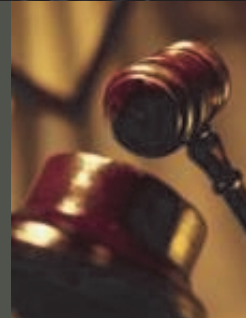




Department of Administration

# Risk Matters



Summer 2010



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## TORNADO SLAMS STATE PROPERTIES IN BILLINGS!

The swirling funnel cloud that cut through Billings at 5:00 p.m. on June 20, 2010, produced high winds, heavy rain, and golf-ball sized hail.



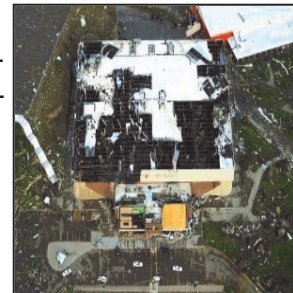
Trees and telephone poles were snapped and insulation and metal roofing strewn for hundreds of yards.

The tornado lasted one hour and 42 minutes, dropped 2.24 inches of rain, and generated wind speeds between 111 and 135 mph.

Fortunately, no serious injuries were reported. However, the Department of Fish Wildlife & Parks sustained \$30,000 in hail damage to their vehicles and buildings.

In addition, Montana State University Billings realized \$40,000 in flood damage losses at university housing and campus structures.

According to a Billings resident, the funnel cloud picked up the Metra roof as if it were a piece of paper.



Billings Metra

In the aftermath, city officials had to deal with power outages, flooding, and traffic control.

State resources were also impacted as MDT maintenance crews worked into the night repairing traffic signals and signs and alleviating flood damage. The National Guard helped secure property in damaged areas as well.

Fortunately, many local business and governmental agencies purchased insurance and are now taking steps to recover from this unexpected disaster.

# Loss Mitigation Grant Helps Protect State Information Technology

With the help of a \$59,000 loss mitigation grant, the Department of Administration's Information Technology Services Division (ITSD) has installed innovative technology to protect \$8.3 million in computer equipment at the new Helena State of Montana Data Center (SMDC) from earthquake damage.

The Helena SMDC was designed to handle a Richter scale magnitude 8.0 earthquake, about the size of the 1906 quake that leveled San Francisco.

Traditional equipment protection methods such as structurally stiffening computer cabinets or bolting them to the floor actually transfers force to delicate equipment and can cause even more severe damage.

The unique system deployed by ITSD minimizes such transfer, keeping cabinets relatively stationary when the floor below them moves during a quake.



Platform before cabinet installation

WorkSafe Technologies' ISO-Base system places each cabinet on two stacked platforms separated by large ball-bearings in slightly concave depressions.



Platform under cabinet

When the floor and lower platform shift laterally during a quake, the upper platform and cabinet remain stationary because the bearings roll.

When the tremor stops, the bearing automatically rolls back to the low center of the depression, returning the cabinet to its pre-quake position.

The bearings also act as a "white-noise filter," isolating the cabinet from damaging vibrations.

We are confident that this new ISO-Base system will mitigate potential earthquake damage to the computer equipment as well as provide better protection for the electronic data media that is stored at SMDC.

"This is exactly what we look for in a grant application," said John Duezabou of the Risk Management & Tort Defense Division (RMTD), "it has a high potential for savings and the agency is willing to put some of its own funds into the project."

ITSD supplied half the funds, with the other half coming from loss mitigation grants offered through RMTD.

We congratulate ITSD for their pro-active and innovative approach to managing the state's technology risks.

## *Business Interruption Insurance 101*

Business interruption insurance, also known as "BI" insurance is a form of property insurance.

When physical damage from a catastrophic loss like an earthquake, prevents an income generating operation from realizing revenue, BI insurance covers the net earnings.

Net earnings are gross earnings from fees, grants, rental income, sales of goods, and tuition, less expenses that cease after a catastrophic loss such as merchandise

sold, consumable supplies, and contract services. The basic premise is that BI insurance covers lost net revenue streams until such time that the operation can reasonably be restored to its pre-loss condition.

RMTD currently insures 124 revenue generating operations with insured net annual revenues of approximately \$200 million. Tax revenues are not covered.

To obtain or verify coverage, please contact your risk exposure reporting contact at <http://rmtd.mt.gov/insurance/insuranceprocurementadministration.asp>.

# Hot Spots

The Risk Management and Tort Defense Division is pleased to offer yet another valuable loss prevention service to state agencies and universities; infrared thermographic surveys.

Infrared thermographic surveys are conducted using a special camera that detects a broader spectrum than the naked eye can see.

Electrical systems and mechanical equipment can be photographed to identify hot spots which, if undetected, could lead to property damage.

Figure 1 (below) shows a typical electrical panel in a recent survey. The door and cover panels to the breaker box are removed to allow access.

**Figure 1**

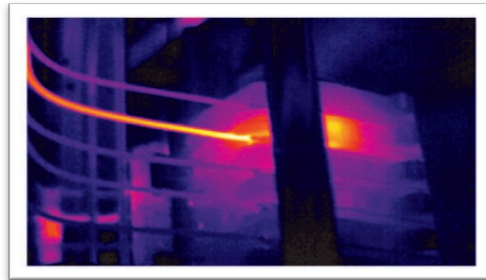


The picture shows clean and professional work done by the electrician. On the surface, a facility manager might look at this scenario and have few concerns.

However, our loss prevention consultants recently took a closer look at this same panel using an infrared thermographic camera.

A photograph from this camera is pictured in Figure 2 (below) and indicates a wire connection that measures at over 105°F and is considerably hotter than the ambient temperature.

**Figure 2**



This condition most likely is caused by a loose connection and may be remedied by simply having a qualified electrician tighten the screw connecting this wire to the switch.

Failure to remedy the condition, could cause damage to the equipment connected to the circuit, or the wire could ignite the plastic insulation and produce a fire.

Equipment, such as a motor to circulating pump (Figure 3 below), can also be evaluated.

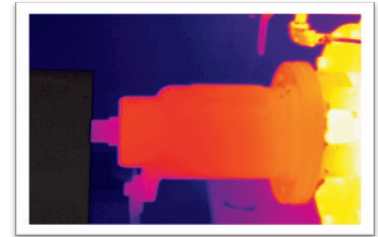
**Figure 3**



The manager had concerns about this particular piece of equipment because it was making odd noises and vibrating abnormally.

The thermographic survey indicated that the bearings of the pump assembly were considerably hotter than the ambient temperature (Figure 4 below).

**Figure 4**



The heat source could be caused by bearing failure on the pump or the motor.

With this knowledge, the manager can now obtain the correct replacement parts and quickly and efficiently make the repair before the abnormal condition leads to a catastrophic failure.

Agencies that are interested in scheduling an infrared thermographic survey may contact Aric Curtiss, Loss Prevention Specialist, Risk Management & Tort Defense Division (406)444-3486.

These surveys are included with your insurance coverage at no additional cost!

## A Surety Bond Thing

A surety bond is a contract between an obligee, a principal, and a surety.

The bond guarantees that a financial institution will pay the obligee if the principal fails to perform under the contract.

State agencies are occasionally required to provide evidence of bid bonds, performance bonds, or fidelity bond.

It's a surety bond thing! Please call us at (406)444-2421 if you need assistance!

## From Catalytic Converters to Cash

Twenty vehicles at the State Motor Pool and 10 vehicles from two car dealerships in Helena were vandalized recently and their catalytic converters removed.

Why catalytic converters you ask? According to law enforcement agencies, catalytic converters are being stolen because they contain precious metals such as platinum, palladium, or rhodium.

Depending on which metal is used, platinum being the most common, the metal can be sold to a recycler for \$20-\$200.

Stealing a catalytic converter isn't that difficult.



Usually, all that is required is a wrench or a reciprocating saw to unbolt it or cut it out.

A good thief can accomplish the task in just a few minutes. To some, catalytic converters are as good as gold!

Experts say that the average converter contains 1 to 2 grams of platinum, palladium and rhodium.

That equals about 0.07 of an ounce, meaning 14 or 15 converters are needed to equal one ounce of the metals.

Unfortunately, you're left with a disabled vehicle and repair bills that can range from \$500 to \$2,500 or more.

If you experience a theft, be sure to call local authorities and our office immediately.

Here are some tips that may help you to minimize a catalytic converter theft!



1. Be aware that vehicles with high ground clearance are easy targets.
2. Stow your vehicle in a garage, if possible.
3. Park in well-lit areas or close to buildings after business hours.
4. If your agency owns a fleet of vehicles, block the high-clearance vehicles with your low clearance vehicles.
5. Install additional lighting.
6. Purchase the 'CatClamp', a cable cage designed to surround your converter with an aircraft grade stainless steel that is virtually impossible to cut.

## Did I Say That?

- ◆ "Going to work at 7:00 a.m. this morning, I drove out of my driveway straight into a bus. The bus was 5 minutes early."
- ◆ "I started to slow down but the traffic was more stationary than I thought."
- ◆ "The car in front of me hit the pedestrian, but he got up so I hit him again."
- ◆ "My car was legally parked as it backed into another vehicle."
- ◆ "The faster you drive through a red light, the smaller the chance you have of getting hit."
- ◆ "Gee, Officer! That's terrific! The last officer only gave me a warning, too!"

Fortunately, none of these statements were made by state employees. However, they are examples of what was actually said at accident scenes.

Remember, a simple "I'm sorry" can be interpreted as an admission that the driver caused the accident when all they meant was that they were sorry that the accident happened, no matter who caused it.

**The "who pays"** decision often depends on who caused the accident. Statements made by drivers at the scene are powerful evidence.

When a driver blurts, "I'm sorry. I didn't see you!" such a statement may be considered as strong evidence that the driver caused the accident. Maybe they did... but, maybe not!

Maybe the other driver wasn't seen because he/she ran through a red light or he/she didn't have his/her headlights on when they should have -- and they were as much at fault as the one admitting responsibility.

**What you say can make a difference**, only it may not be the outcome that you intended. Be brief and stick to the facts! Let us do the investigating and the talking.

## Am I Insured?

We often receive phone calls from state employees who ask if a particular employee or activity is covered by the state liability insurance program.

These are good questions! Keep calling! You're right to ask! In summary, state employees are covered while acting in the course and scope of employment §2-9-305, MCA.

Coverage does not apply if the conduct of the employee constituted oppression, fraud, malice or the employee refused to cooperate in the defense of a claim or settled the claim without consent of the division §2-9-305, MCA.

## We've Got Your Back

Yes, we've Got You Covered.....For equipment rentals and leases that is!

- ◆ Digital Production Equipment
- ◆ 500 amp Webber Generator Rental
- ◆ Leased Hematology Analyzer
- ◆ Remote Weather Stations
- ◆ Leased Photocopier

The Risk Management & Tort Defense Division covers this equipment and many other kinds of state equipment.

It doesn't matter whether the equipment is owned or leased by the state, RMTD's property insurance program provides coverage for the replacement of damaged or destroyed equipment.

Please report items valued at over \$250,000 to Kristie Rhodes at Ext. 4509 so that she can make sure that appropriate insurance endorsements are in place.



## Grandma's Antique Vase!

The antique vase that your great-great grandmother brought with her to the Americas in the 19<sup>th</sup> century might look fabulous on the bookcase in your office.

However, we recommend that personal items such as these be left at home. Why? State employee's personal property, including valuable family heirlooms, are not covered by the state property insurance program.

The state doesn't collect a premium from state agencies or employees to pay for personal affects. In addition, homeowners insurance usually covers personal property.

However, tools required by union contract or personal property required by a state supervisor under a prior written agreement with RMTD, are covered.

Call us at Ext. 2421 if you have additional questions.

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# Upcoming Training

## Summer 2010

**RISK MATTERS** is a publication of the State of Montana, Department of Administration, Risk Management & Tort Defense Division, 1625 11th Ave., Helena, Montana 59620-0124. Phone: (406)444-2421.

This publication was distributed in an electronic format to all agencies of state government in the executive, legislative, judicial branches, and the university system at no cost. Reprinting, excerpting, or plagiarizing any part of this publication is fine with us.

Alternative accessible formats of this newsletter will be provided on request. Persons who need an alternative format should contact the Risk Management & Tort Defense Division, Department of Administration, 1625 11th Ave., Helena, Montana 59620-0124. Phone: (406) 444-2421. Those using a TTY may call through the Montana Relay Service at 711.

Visit us on the web at <http://rmtd.mt.gov>.



### VAN SAFETY

[08/19/2010](#) Missoula 9:10 a.m. - 12:00 p.m. OPEN

[08/31/2010](#) Dillon 12:00 p.m. - 3:00 p.m. OPEN

### PREVENTING DISTRACTED DRIVING

[08/24/2010](#) Havre 3:00 p.m. - 5:00 p.m. OPEN - RESTRICTED\*

[08/25/2010](#) Havre 3:00 p.m. - 5:00 p.m. OPEN - RESTRICTED\*

### DEFENSIVE DRIVING - 4 HOUR COURSE

[07/27/2010](#) Helena 10:00 a.m. - 3:00 p.m. OPEN

[08/05/2010](#) Billings 10:00 a.m. - 3:00 p.m. CLASS FULL

[08/10/2010](#) Great Falls 10:00 a.m. - 3:00 p.m. OPEN

[08/12/2010](#) Missoula 10:00 a.m. - 3:00 p.m. OPEN

[08/16/2010](#) Bozeman 10:00 a.m. - 3:00 p.m. OPEN

[08/17/2010](#) Deer Lodge 10:00 a.m. - 3:00 p.m. OPEN

[08/25/2010](#) Havre 9:00 a.m. - 2:00 p.m. OPEN - RESTRICTED\*

[08/26/2010](#) Havre 10:00 a.m. - 3:00 p.m. OPEN - RESTRICTED\*

[09/08/2010](#) Miles City 9:00 a.m. - 2:00 p.m. OPEN

[09/09/2010](#) Billings 10:00 a.m. - 3:00 p.m. OPEN

[09/17/2010](#) Helena 10:00 a.m. - 3:00 p.m. OPEN

[09/23/2010](#) Kalispell 10:00 a.m. - 3:00 p.m. OPEN

[10/06/2010](#) Glasgow 8:00 a.m. - 12:00 p.m. OPEN

\*You must contact RMTD before attending a restricted course if you are not from the agency sponsoring the course.

For additional information about training, please visit our website at [http://rmtdweb.doa.mt.gov/rmtd/RMTD CTIS TRAINING.training\\_list](http://rmtdweb.doa.mt.gov/rmtd/RMTD_CTIS_TRAINING.training_list) and click on the training links provided there.