

Risk Matters

Department of Administration

RMTD



RISK MANAGEMENT AND TORT DEFENSE DIVISION

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State Auto Liability Insurance Rates That Can't Be Beat!



By comparison, state agencies and universities pay \$97 annually, on average, for auto liability insurance for a passenger car and even less for most other vehicles (see chart top of page 4).

At a time when the cost of auto insurance is on the rise for many, state agencies and universities are the beneficiaries of extremely low auto liability insurance rates.

Help us keep it that way by implementing effective risk management practices such as driver record checks, vehicle inspections, and defensive driver training.

To learn more, visit our website at <http://rmtd.mt.gov/training/defensivedriving4hour.mcp>.

There are many things about Montana that make it the last best place..... vast blue skies, rolling hills, rugged mountains, and friendly faces. Now you can add low auto liability insurance rates for state and university vehicles to that list.

Self-insurance, effective loss prevention programs, proper claims handling practices, and safe drivers are the reason for state auto liability rates that are far below the average charged by commercial insurance carriers.

A quick survey of national insurance companies found the lowest cost for auto liability insurance for a passenger car to be approximately \$645 per year and some quotes were as high as \$983 per year.





The Disaster Toolkit!

A “tool” is a device that is used to produce an item or achieve a task. Given that definition, Belfor Property Loss Restoration Services is indeed a valuable tool in the state’s disaster recovery toolkit!

Now under contract to the Risk Management & Tort Defense Division, Belfor has global resources to assist the state and its agencies/universities with the adjustment, restoration, and recovery of vital assets after an insured property loss.

Belfor has been involved in every major disaster in the United States for the past 25 years and has loss restoration offices worldwide and working relationships with domestic and international insurance carriers.

After a major property loss, please notify your facilities managers and RMTD. RMTD may engage Belfor to supplant or supplement recovery efforts including,

but not limited to, power generation, heating, air conditioning, decontamination, dehumidification, and debris removal. Belfor is also renowned for its expertise in the restoration of properties, furnishings, electronics, machinery, books, and vital records.

We remind state agencies that the property owner is responsible for the initial response after a disaster and is required to take reasonable steps to mitigate damage.

However, Belfor’s Recovery Solutions enables RMTD to obtain effective and responsive assistance, as well as expertise, resources, and equipment after a disaster.



Spring Flooding, FEMA, and State Insurance

It Could Have Been Worse!

Historic spring flooding resulted in damage to state properties in Miles City (Data Center), Helena (Law Enforcement Academy), Billings (Office of Public Assistance), Pryor (Chief Plenty Coup Museum), and Zortman (DEQ reclamation equipment).



Montana Law Enforcement Academy
Flood damage

In most instances, damage was limited to cleanup expenses, carpeting/flooring, temporary labor for sandbagging, equipment, and building contents.

Total damage from spring flooding is estimated to be \$250,000.

All things considered (i.e. water table levels, historic snowpack, extended spring rains, etc.), it could have been much worse!



Zortman—DEQ Reclamation
Equipment Flood Damage

We appreciate the cooperation and assistance of state agencies and universities that were affected by spring flooding or involved in disaster response/coordination.

Your efforts to mitigate damages by sandbagging, relocating equipment, removing standing water, and preventing mold, saved taxpayer dollars.

FEMA and State Insurance

During a FEMA public assistance briefing in July, state agencies were reminded that FEMA public assistance does not replace state insurance.

State insurance covers buildings, contents, vehicles, and equipment; whereas FEMA public assistance typically covers outdoor property such as dams, irrigation systems, bridges, roads, and tunnels etc.

For questions about state insurance, please contact Jennie Younkin or Gordon Amsbaugh, RMTD, at (406)444-2421.

For questions about FEMA public assistance, please contact the Disaster & Emergency Services Division, Military Affairs.

FY 2011 Loss Mitigation Grants

The Risk Management & Tort Defense Division's loss mitigation grants program celebrated its fourth anniversary! What better way to celebrate than to keep on giving. We were very pleased to award 13 grants and \$292,000 during FY 2011 (next column).

What began on a trial basis in FY 2008, has evolved into a program that presently commits approximately \$300,000 per agency/university year towards projects, equipment, or training that reduce the likelihood and/or severity of potential auto, aviation, and property claims.



If your agency or university has special projects or requires equipment or training that may prevent or mitigate claims, we may be able to provide financial assistance. To apply for a loss mitigation grant, please visit the division's website at <http://rmtd.mt.gov/safetylosscontrol/lossmitigationgrants.mcp.x>.

Note: Grant awards are subject to available funding.

FY 2011 Loss Mitigation Grants		
Requestor	Project	Approved Funding
Agriculture Grain Lab	Correct drainage	\$ 35,000
Corrections	Replace large vans	\$ 50,000
Banking Financial Institutions	Record scanning	\$ 21,220
General Services	Cold weather precautions	\$ 2,686
General Services	Cold weather precautions	\$ 2,862
General Services	Cold weather precautions	\$ 2,862
Historical Society	Collection preservation	\$ 9,967
Historical Society	Collection security	\$ 3,000
Information Technology Services	Seismic stabilizers at the Helena Data Center	\$ 22,000
State Library	Earthquake bracing	\$ 1,500
University of Montana	Fine Art spray booth	\$ 10,000
University of Montana	Cold weather precautions	\$ 6,000
University System	Replace large vans	\$ 125,000
Totals		\$ 292,097



Large Vehicle Risks



Large vehicles come in all sizes, shapes, and colors. Some are new.....some a little older! Buses, vans, light trucks, heavy trucks, tandem axles, and special utility vehicles.

What is certain is that state agencies and universities own and operate large vehicles that are used for diverse purposes including, but not limited to, transporting clients, fire fighting, or highway maintenance and design.

One size does NOT fit all! Every large vehicle cannot be driven the same way! Each vehicle has different handling characteristics that vary based upon vehicle size, vehicle design, weather, and road conditions.

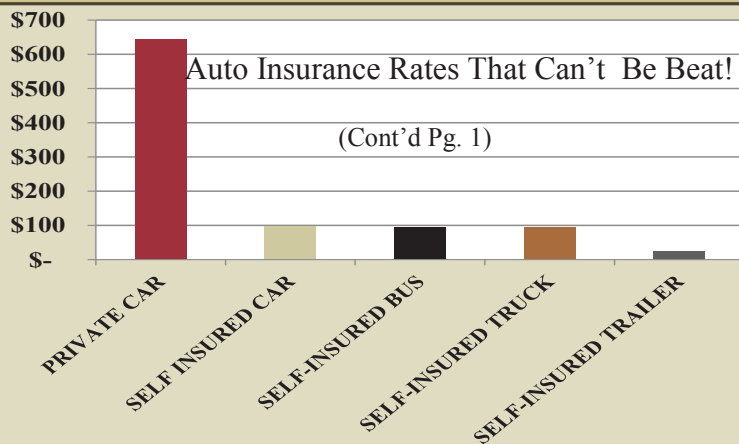
State drivers can prevent large vehicle accidents by understanding these variables and adjusting their driving behaviors accordingly.

Last year, the Montana University System Board of Regents decided to phase out 12 and 15 passenger vans in favor of other large vehicles such as mini-vans or buses that are safer and, in many cases, more cost effective.

The Risk Management & Tort Defense Division supported the decision and our loss prevention staff developed a large vehicle safety training program to assist various campuses with the transition. To date, over 400 university employees have attended training. Feedback has been very positive!

For additional information about large vehicle safety training, you may visit our website at <http://rmtd.mt.gov/training/largevehiclesafety.mcp.x> or contact John Duezabou at (406)444-0195.





“Special Events” Require “Special Insurance”

Concerts, athletic events, banquets, art festivals, parades, receptions, dog shows, and weddings...not your typical state affairs.



Nevertheless, public or private organizations often request permission to use state or university facilities for these events and other activities.

Some activities do not pose risk and, therefore, do not require special events insurance.

However, other activities such as sporting events or galas may present “special” risks that could result in claims or lawsuits.



For those so called “special risks”, state agencies/universities should require tenants/users to purchase state-sponsored special events insurance.



RMTD staff can help your tenants/users obtain special events insurance only if the facility use is consistent with a state/university mission and approved by facilities management prior to the use.

For additional information about special events insurance, please visit RMTD’s website at <http://rmtd.mt.gov/insurance/tulip.mcp> or call us (406) 444-2421.



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Leased Labor Not Covered by State's Fidelity Insurance



Many state agencies/universities rely on leased labor from temporary service firms in order to meet seasonal work demands or vacancy savings requirements.

State agencies/universities are reminded that temporary service firm workers are not covered by the state's fidelity insurance. In other words, acts of fraud or embezzlement committed by temporary service firm workers are not insured by the Risk Management & Tort Defense Division and commercial insurers.

If there are specific situations where temporary service firm workers MUST manage money/funds, please contact Kristie Rhodes, Risk Management and Tort Defense Division (Ext. 4509). We may be able to obtain a special insurance endorsement to cover these workers on a 'case by case' basis.

Bottom line.....RMTD strongly discourages state agencies/universities from allowing temporary service workers to take money to the bank, make deposits, or handle cash.

Does that mean that temporary services workers are less honest than state employees? Of course not! However, it does mean that acts of fraud and embezzlement committed by temporary service firm workers are not insured.

Please contact our office with questions or concerns. *"Money often costs too much."* - Ralph Waldo Emerson

Fraud Prevention Training

White collar crime is growing at an alarming rate, with annual estimated losses as high as \$660 billion in the United States.

While state agency accounting and fiscal staffs are well trained on fraud prevention and internal controls, managers often don't realize how important it is to understand such procedures and enforce them.

To that end, RMTD is sponsoring a seminar on fraud prevention for state and university managers on November 8, 2011.

A nationally renowned authority on fraud prevention, Ralph Q. Summerford, has been selected to present the training. Mr. Summerford is the president of Forensic/Strategic Solutions, PC, in Birmingham, AL.

Mr. Summerford has served on the Board of Regents of the Association of Certified Fraud Examiners and has been an expert witness at both federal and state fraud trials.

Mr. Summerford will present the training to a live audience in Helena and at 10 other locations around the state through SummitNet, the state's teleconferencing system.

Stay tuned for additional registration information!



Somewhere in Montana!

The Risk Management & Tort Defense Division administers a comprehensive plan of property/casualty insurance protection in behalf of state agencies and universities.

Across the vast expanse of Big Sky country that we call Montana, the division insures some 35,000 state and university assets including aircraft, airports, boilers & machinery, buildings and contents, employees, financial instruments, fine art, revenue streams, and vehicles.

It takes a lot of effort, a devoted underwriting staff, modern technology, AND, most importantly, cooperation and assistance from state agencies and universities to effectively report and insure these assets.

RMTD relies on an insurance coordinator at each agency/university <http://rmtd.mt.gov/insurance/insuranceprocurementadministration.mcp> to collect information from their agency that RMTD can use to report to commercial insurance carriers.

Assets that are not properly reported may not be covered by state insurance! So.....the next time that your insurance coordinator asks you to verify the location of your properties or provide information about the values or whereabouts of financial instruments, step up and assist them!

Somewhere in Montana, among a populace approaching 1,000,000, where wildlife and domestic livestock outnumber citizens 3 to 1, are some 35,000 assets that must be properly accounted for and insured.

We Appreciate Your Assistance!



Risk Management Network

Summer 2011

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 our website at <http://rmtd.mt.gov/default.mcp.x>.



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