

RISK MANAGEMENT ADVISORY COMMITTEE MINUTES
Public Service Commission – Bollinger Room
August 23, 2000

Members present: Ray Eby, **Transportation**; Forest Farris, **Environmental Quality**; Laura Calkin, **Public Service Commission**; Linda Lawrence, **Secretary of State**; Kathy Battrick, **DPHHS**; Ken Willett, **University of Montana**; Rod Sundsted, **Office of the Commissioner of Higher Education**; Mike Krings, **Administration**; Barb Charlton, **Commerce**; Bernie Hewitt, **State Fund** and Lawrence Hubbard, **State Fund**. Attending from Risk Management and Tort Defense Division were Brett Dahl, Aric Curtiss, Kristie Rhodes, Marjie Adams and Carol Berger.

Brett introduced Aric Curtiss, the new Loss Prevention Specialist, and Kristie Rhodes, the new Risk Finance Specialist for RMTD. Brett asked for any new members to introduce themselves. Linda Lawrence from the Secretary of State's Office stated she was attending in Della Moyer's absence.

The minutes of the July 20, 1999 meeting were approved as circulated. An agenda was circulated to those in attendance.



RMAC800.doc

Responsibilities of RMAC

Brett gave a brief overview of the responsibilities of the Risk Management Advisory Committee, which was created by executive order and consists of one representative from each state agency.

Budget/Rates for FY2002/2003

Kristie offered a power point presentation and explained commercial insurance and self-insurance coverages and how rates are determined for each agency through source data reports and loss experience data. The Office of Budget and Program Planning distributes the insurance rates to all state participants, and after approval, state participants are billed for their budgeted amounts for all lines of insurance at the beginning of each fiscal year. The FY2001 billings were mailed to each agency on July 25, 2000 and currently over 50% of the premiums has been collected.

The division submitted two funding alternatives for the 2003 biennium for consideration by OBPP this year. In FY2000 the division expended \$7.2 million for

settlements, judgments and verdicts, which was the division's worst loss year since 1986 when \$5.4 million was expended. The OBPP selected funding alternative #1, whereby the FY2002 premiums will increase by 28% and the FY2003 premiums will increase by 38% from the FY2000 base.

Kristie distributed a summary of limits and deductibles for major coverages for reference. She reminded everyone that the schedule is a summary only and is not all-inclusive of limits and deductibles. Complete coverages may be found on the RMTD web page.



FY0203
budget-rates.ppt



FY2001 Defensive
Driving Disco...

Vehicle Use Policy Update

A draft of the Vehicle Use Policy was distributed. Brett explained that the policy has been a long time in the making because of some complex legal issues. He requested that everyone distribute the draft to supervisors and affected employees for their input prior to administrative rulemaking by October 1, 2000. Specifically, the division is interested in feedback on minimum driver requirements and approved personal uses. A decision will have to be made on whether implementation should be retroactive or prospective, especially as this policy affects eligible driver requirements. A draft of the vehicle use policy may be found on the division's website under 'policies.'

Claims Audit

Marjie Adams explained that Michael Patterson, a highly experienced auditor from PMP Risk, recently completed an audit of the division's claims on only non-litigated investigations. His report indicated that the division's work is within industry standards, and that RMTD is very responsive to state agencies. She stated that RMTD would be making some improvements, such as consistency in quality of the adjusters we use, and improvement of the data in the Oracle database. Brett added that the state would now be covering secondary roads as well, so there will be an increase in claims.

Insurance Bid 2001

Brett explained that the state's insurance carrier has been the same for years, and this year the state went out to bid to give all brokers a chance to compete for our business.

The procedure started with a Request for Qualifications from local and out-of-state brokers on February 15, 2000 and ended with Brokers submission of response to Request for Proposal in June 2000. Brokers were selected by an evaluation committee on the basis of expertise, coverages, and pricing of coverages. The result was that as of July 1, 2000 we have new carriers for Aircraft, Airports, Boilers & Machinery, Fidelity Bond, Fine Arts and Property insurance, with the same or better coverages, and a total savings of approximately \$150,000.



Insurance
Renewal00.doc

Workers' Compensation Insurance – State Fund

Lanny Hubbard and Bernie Hewitt were invited to the meeting to provide information on the reorganization of State Fund. Mr. Hubbard stated he was previously legal counsel for State Fund, and on November 1, 2000 a new corporate structure will come into being and his position will be Vice President for Operations.

Brian Bent's team will handle state agencies with a "loss-sensitive plan" that will show after 42 months how the agencies perform as a group. For managed care, an Early Return to Work Program will provide timely treatment and referral to specialists if need be, and get employees back to work as soon as possible. Herb Byers is the Loss Control Consultant who works with state agencies on repetitive motion problems and ergonomics. A "claims kit" was distributed to the members.

Mr. Hewitt distributed a handout on experience mods for each state agency, and stated more are available if needed. He reported that in the last five years premiums have decreased about 49% and there is no increase for this year. In 1999 losses were greater than the premiums. He showed how the loss-sensitive plan works. It encourages agencies to have safety plans. The State Fund uses a "sliding scale" of return distribution, and agencies may even be able to receive two returns. Some of the ways to get a return through loss prevention and loss reduction are through safety training, new employee safety orientation, active safety committee, early return to work programs, prompt reporting of claims and accident investigations. The returns will be used as a credit on your premium.



State Review
82300.ppt



STATEAGENCY
modifiers revised ...



State Agencies
Retention 01.xl...

RMTD Website

Brett explained the website's e-groups, access and security, and gave a demonstration on the structure and organization of the website – insurance and policy issues. He mentioned that we hope to have the policies on the website by October 1, 2000.

Telecommuting and State Insurance Coverage

The Department of Administration has provided a policy, which was effective September 1, 2000, on Telecommuting and Insurance Coverage for property of state agencies in the care, custody and control of state employees. The policy outlines coverages that are provided under the state's self-insured property/casualty plan and specifies deductibles, policy limits, and responsibilities of state employees who are allowed to use state equipment while they work from or out of their homes. Brett explained the policy and said a copy of the policy should be placed in the Risk Management Program Binder, Section XIV. A copy of the division's telecommuting policy may be downloaded from the division's website under the section entitled 'policies.'

Oracle Database – User's Guide

A copy of the database user's guide, named "CARISMA," for "Claims and Risk Information System – Management Applications" was distributed to members. The guide explains external reports available to state agencies, the loss, cause and damage codes, and definitions of terms used in the reports. The CARISMA program developed by the Department of Administration is designed to provide statistical summaries and customized reports for purposes of financial reporting, claims reporting, insurance premium allocation, and loss trend analysis. The division believes that this system will ultimately help agencies identify the costs associated with their claims as well as ways to better manage their risks. The database user's guide may be downloaded from the division's website under the section entitled 'publications.'

Comprehensive/Collision Insurance Coverage

Kristie offered a powerpoint presentation and a handout on auto liability insurance coverage and full coverage (liability/comprehensive/collision) for state owned vehicles. She explained that full coverage is available by written request for vehicles leased, loaned, owned or rented by state employees for use in conducting official state business. Certain information on the vehicle is required to be provided on the Source Data Reporting Form or when additional coverage is requested. At the request of a

number of state agencies, RMTD will be instituting a new program within the next year to provide full coverage for motor pool vehicles used for less than 30 days.



Auto Coverage.ppt

Goals and Objectives for FY2001

On a parting note, Brett asked members to let him know of any goals or objectives they are interested in reaching in FY2001. A summary of the division's goals and objectives may be found on the division's website (home page).

The meeting was adjourned at 11:45 a.m.