

STATE RISK MANAGEMENT COMMITTEE MEETING MINUTES

May 4, 2016

9:00 a.m. to 12:00 p.m.

Historical Society Auditorium

225 North Roberts

Helena, MT

Risk Management and Tort Defense Division Attendees: Aric Curtiss, Mike Anderson, Cathy Meidinger, Kristie Rhodes, Jennie Younkin, Gordon Amsbaugh, Taylor Schatz, and Kirk Barfuss. Kristie had staff members introduce themselves to the committee and welcomed the group.

Risk Management Committee Member Attendees: Chelsi Rife, Julie Balsam, Craig Woods, Suzanne Snow, April Grady, Carla Trueblood, Leah Tietz, Stormy Tuffield, Lenore Adams, Stephanie Boudreau, Peter Shaefer, Marilyn Cameron, Brenda Lambert, Ken Bailey, Maila Soyland, Kathy Battrick, Bruce Giulio, David Gregory, Janet Herold, Dennis Lee, Marlys Stark, Rob Virts, Kathy Krebsbach, Tom Nichols, Matt Chambers, Joe McAnally, Gordy Higgens, Keith Reeder, Debbie Smithson, Larry Alheim, Maia Zelenak, Joe Filson, Janet Strandberg, Shelly Grandy

[Agenda](#)

[Slide Presentation](#)

Claims Activity-Kirk, Jennie, Gordon

Kirk explained that in FY 2016 auto liability and comp/collision claims received so far was 333 and total paid claims equaled \$683,795.39.

RMTD has 120 days to resolve a claim after it is received in the office. The average days before RMTD receives a claim after the incident occurs is 26 days. Average days claims are resolved is 63 days and 43 days for average claims are paid.

The main reasons for comp/collision claims are for striking an object or hitting animals.

General claims are slip and falls, and the majority of general claims are contractor claims. RMTD does not pay those; they tender them to the contractor doing the road work. 197 general liability claims have been received and \$31,571.22 has been paid out.

Water damage is the main reason for state property claims. 51 property claims have been received and \$320,406.39 has been paid out.

Jennie then spoke about large loss incidents and discussed how high winds are the main culprit. 40 large trees were destroyed and 10 of those were fully uprooted.

She also mentioned that if more than one agency is affected by these wind storms then the affected agencies can split the deductible.

Gordon then touched on vehicle rentals and the state has a contract called Western States Contracting Alliance (WSCA). Enterprise/National and Hertz all have special codes that correspond with the price agreement with WSCA. Also, when renting a car use your state issued Pro Card. Using your card also includes free collision damage coverage. The name on the rental agreement must match the name on the Pro Card.

Gordon also discussed how and when to report cyber security 'incidents' not to be confused with 'breaches'. These types of claim shall be referred to incidents and not breaches until a final determination has been made.

For purposes of reporting potential incidents to RMTD, 'breach' means the unauthorized acquisition of data/information that: materially compromises the security, confidentiality, or integrity of the personal information maintained by a state agency, university, or a third party on behalf of a state agency or university, uniquely identifies an individual and may be of a sensitive nature.

Personal Information per Montana code:

social security number; driver's license number, state identification card number, or tribal identification card number; account number or credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account, medical record information; a taxpayer identification number; or an identity protection personal identification number issues by the United States internal revenue service.

Do not contact potential victims and do not contact law enforcement until you notify RMTD.

Property/Casualty Insurance Fund 2017 Biennium Approved Rates-Kristie

The Risk Management & Tort Defense Division operates an internal service fund.

There are four HB 2 rates: Auto, Aviation, General Liability, and Property.

The Montana Legislature authorizes funding for insurance in agency budgets each biennium. Insurance proceeds are used to pay claims, purchase insurance, and to fund other operational expenditures.

Large, unpredictable losses (current and historical) impacted the division's operational costs. Catastrophic events worldwide resulted in commercial insurance increases and higher state deductibles

The Montana legislature reduced the division's HB-3 appropriation from \$13.4 million to \$6 million last biennium in the aftermath of the Libby Asbestos settlement.

Losses by Agency for Auto Liability, Auto Physical Damage, General, and Property-Kristie

Kristie asked those in attendance to look at the handout along with her. She explained what each line meant and how to view the sheets. It covers from FY 2011 to FY 2015. She stated that for auto, for every \$100 incurred, it is per 100 vehicles. This applies to physical damage vehicles also.

Kristie told the group that if some agencies have higher losses, it could be based on the fact they also have higher risks and may be a large agency.

[Auto Liability loss cost handout](#)

[Auto Comp/Collision loss cost handout](#)

[General Liability loss cost handout](#)

[Property loss cost handout](#)

Kristie then talked about the spreadsheet for the fixed costs agencies can view in IBARS. The budget office uses this to set the fixed costs for insurance premium. [FY 2017 Rates Handout](#) Please call Kristie if you have questions on rates. They are posted to the RMTD website.

Loss Prevention-Mike

Mike first went over the Loss Mitigation Expense Program and explained it is no longer called a grant program, it is an expense program. There are now two categories of expenses. Category one is for emergencies where a loss is imminent or the risk may be catastrophic. Category two is for non-emergency situations. For these, a committee will review the request and either approve or deny it. [Loss Mitigation Expense Program Application](#)

Mike then proceeded to discuss what classes are offered and the main objective of each course.

Loss Prevention & Property Loss Management-Aric

Aric started out with discussing Property Loss Management Program. The current program year concludes with submittal of program binders before June 1st. Total Property Insurance Premium Discount available this year is \$607,195 and the discounts will be applied to premium invoices to be sent in July. To participate in the program, the form must be completed by June 15th every year. This has been in place for several years, so agencies should be aware of the program and deadlines. The form for the discount for FY 2018 is already available and it is not too early to turn it in. Agencies can earn up to a 10 percent discount on their property premiums. After Aric and Mike do an inspection on a building, they will issue a report with recommendations for things they found that could cause a loss or is a hazard. Global Risk Consultant is the company RMTD uses to conduct the inspections with Aric and Mike. They will also review building plans to see if there could be some changes prior to the structure being built.

Fire sprinkler control valves should be inspected and assured that they are in the on or open position. Each valve should be inspected regularly and codes should be checked to see if they specify other inspection guidelines. Most control valves are Post Indicator Valves (PIV's). If you see the post the valve is open. Roll up fire doors should be inspected so that there is no blockage of the tracks and nothing is stored under them. These separate areas when there is a fire so there are free passage areas.

Look for Factory Mutual Red Tag systems and disregard. They are obsolete and cause confusion.

No appraisals are scheduled or needed but if you would like one contact Aric.

Gary Valkenaar came and spoke about Belfor and what they do. They are not a first contact company. First contact RMTD and report the claim. If Belfor is needed RMTD will contact them and give them the updates.

FY 2016 Property/Casualty Insurance Renewal-Kristie

The insurance program covers 57 agencies and 8 universities as well as boards, councils and commissions. We work with underwriters after collecting extensive data from all agencies/universities for properties and vehicles. There are 4,900 properties, 22,000 state and university employees and 6,000 vehicles

The property insurance renewal is slightly better than last year. We have taken a higher deductible to bear more of the risk. Markets are 'soft' because of no large worldwide catastrophes. Moderate investment returns are forcing underwriters to be more circumspect in risk taking.

Certificates of Insurance-Kristie

If an agency is using a non-state building, they are often asked for a certificate of insurance. There is also a certificate for auto liability for state vehicle. [Certificate of Insurance Handout](#)

The certificate holder is the outside party requesting the certificate. The risk management committee member needs to sign the request form. That way, they will know what is being requested and what activities are going on.

Insurance Premium Discounts-Kristie

There are four discount programs. Brett sent an email earlier with the forms and the links to the website to obtain them.

There is auto, general (cyber), property, and high deductible discount forms. There is a separate form on the general (cyber) for the universities.

[Automobile Insurance Premium Discount Programs](#)

[General Liability/Cyber Premium Discount Programs](#)

[High Deductible Premium Discount Programs](#)

[Property Loss Management Premium Discount Programs](#)

All forms need to be received by June 15th, and must be signed by upper management.

Please read the forms carefully to understand what the requirements are to earn the discounts.

For the high deductible discount, the agency assumes more monetary responsibility. Kristie indicated smaller agencies with fewer vehicles and properties, may not want to opt for the higher deductible. This discount program is the only one that is effective for the upcoming fiscal year (FY 2017).

Each form indicates the RMTD staff member they need to be returned to.

Meeting adjourned.