



State Risk Management Committee

May 6, 2015



Welcome

- ▶ Introduction of RMTD Staff
- ▶ Introduction of New Members
- ▶ Introduction of Special Guests
- ▶ Agenda
- ▶ Logistics
 - Restrooms
 - Refreshments
 - Emergency Alarms and Procedures



Claims Activity FY15

Jennie Younkin
Gordon Amsbaugh
Kirk Barfuss

FY15 Claims

MONTANA STATE GOVERNMENT
CLAIMS & LAWSUITS ACTIVITY

Agency Id		Classification		Coverage Code		Claims Received, Claims Resolved, Claims Open, and Claims for which payments were made during Fiscal Year 2015 as of 04/28/2015							
All Agencies		Claim		All Lines of Insurance									
REPORT PARAMETERS													
						NUMBER OPEN	NUMBER RECEIVED	NUMBER RESOLVED	REQUESTED AMOUNT	INDEMNITY RESERVE AMOUNT	TOTAL RESERVE AMOUNT	LOSS ADJUSTMENT EXPENSE	INDEMNITY
STATE AGENCIES						286	465	468	2,177,438.00	1,049,803.82	1,049,803.82	805,298.32	31,727,154.74
UNIVERSITY SYSTEM						60	86	93	407,050.12	497,816.78	497,816.78	39,581.85	1,428,558.33
TOTALS						346	551	561	2,584,488.72	1,547,620.58	1,547,620.58	844,880.17	33,156,711.07

FY Claims Turnaround

STATE OF MONTANA
 Risk Management & Tort Defense Division
 Days Turnaround Schedule
 Classification: Claim
 Prior 1 Years as of 2015

SUMMARY

Fiscal Year	Average Days Received *	Average Days Paid **	Average Days Resolved ***
2015	22	48	59
Grand Average:	22	48	59

FY15 Auto Trends

		INDEMNITY PAID	LOSS ADJUSTMENT EXPENSES PAID	TOTAL PAID EXPENSES
AUTOMOBILE LIABILITY				
STRUCK OBJECT	10	35,668.78	596.25	36,265.03
STRUCK OTHER VEH.-BACKED INTO	8	11,713.19	.00	11,713.19
STRUCK OTHER VEHICLE - HEAD ON	1	13,882.45	1,787.11	15,669.56
STRUCK OTHER VEH.-SIDE IMPACT	9	35,767.79	1,643.63	37,411.42
STRUCK OTHER VEH.-REAR END	9	9,011.66	427.18	9,438.84
STRUCK OTHER VEHICLE - PARKED	7	8,253.33	136.90	8,390.23
STRUCK OTH. VEH. WIND. W. OBJ.	27	4,502.02	.00	4,502.02
STRUCK OTH. VEH BOD. W. OBJ.	14	14,413.43	.00	14,413.43
HIT VEH. BODY/WIND. W.OBJECT	13	24,526.43	2,912.56	27,438.99
STRUCK BY OBJECT	18	5,153.73	.00	5,153.73
STRUCK BY OTHER VEHICLE	4	3,371.83	1,135.15	4,506.98
OBSTRUCTING TRAFFIC	1	.00	.00	.00
AUTOMOBILE LIABILITY - SUBTOTAL	121	166,264.64	8,638.78	174,903.42

FY15 Comp/Collision Trends

		INDEMNITY PAID	LOSS ADJUSTMENT EXPENSES PAID	TOTAL PAID EXPENSES
COMP/COLLISION VEHICLE		101,326.59	249.60	101,576.19
STRUCK ANIMAL	43	69,583.60	.00	69,583.60
STRUCK OBJECT	51	2,170.27	.00	2,170.27
STRUCK OTHER VEH.-BACKED INTO	3	12,519.40	.00	12,519.40
STRUCK OTHER VEH.-SIDE IMPACT	4	8,308.11	.00	8,308.11
STRUCK OTHER VEH.-REAR END	6	3,842.91	.00	3,842.91
STRUCK OTHER VEHICLE - PARKED	2	57,994.74	.00	57,994.74
STRUCK BY OBJECT	23	16,291.14	125.00	16,416.14
STRUCK BY OTHER VEHICLE	29	2,050.80	.00	2,050.80
OBSTRUCTING TRAFFIC	1	13,929.14	.00	13,929.14
VANDALISM	17	17,327.92	.00	17,327.92
THEFT	1	.00	.00	.00
FLAT TIRE	1	.00	.00	.00
FREEZING	1	1,196.90	.00	1,196.90
EQUIPMENT FAILURE	1			
COMP/COLLISION VEHICLE - SUBTOTA	183	306,541.52	374.60	306,916.12

FY15 General Liability Trends

GENERAL LIABILITY					
ASSAULT - PHYSICAL	2	OTHER DESIGN	1	EXPOSURE TO HAZARDOUS MATERIA	4
BAD FAITH	4	OTHER MAINTENANCE	2	NO CODE	5
CIV. RIGHTS-STAT./CONSTIT.	6	PAROLE/PROB./RELEASE-SUPERVIS.	1	UNSAFE CONDITION	5
CONSTRUCTIVE DISCHARGE	1	QUASI-JUDICIAL - JUDGES	1	EQUIPMENT OPERATION	3
CONTRACTUAL LIABILITY	76	QUASI-JUDICIAL - OTHER	1	HIGHWAY DESIGN-OTHER	2
FRAUD	1	REGULATORY ACTIVITIES	1	FAIR LABOR STANDARDS ACT	1
HARASSMENT	1	SIDEWALK DESIGN	1	UNSPECIFIED LOSS	4
HIGHWAY MAINTENANCE - DEBRIS	1	SIDEWALK MAINTENANCE	4		
HWY. MAINT.-OIL/TAR/PAINT	5	TRESPASS	1	GENERAL LIABILITY - SUBTOTAL	187
HIGHWAY MAINTENANCE - POTHOLE	8	USE OF FORCE	1		
HWY MAINT.-RD./BDGE/RAILRD./	7	WRONGFUL DISCHARGE	4	INDEMNITY	
HIGHWAY MAINTENANCE - ROCK	1	WRONGFUL DETENTION - INMATE	5	PAID	
HIGHWAY MAINTENANCE - SIGN	2	SPECIAL EVENTS	1		
LIBEL/SLANDER	2	STUDENT ACTIVITIES	4	16,312.84	
MEDICAL MALPRACTICE	5	INTERFER.-BUSIN. RELATIONSHIP.	1		593.01
NEGLIGENT SUPERVISION	11	DISCIPLINARY ACTION	1		
					16,905.85

FY15 Property Trends

PROPERTY INSURANCE		INDEMNITY PAID	LOSS ADJUSTMENT EXPENSES PAID	TOTAL PAID EXPENSES
COLLAPSE	1	.00	.00	.00
ELECTRICAL	2	3,509.09	.00	3,509.09
EXPLOSION	2	16,774.42	2,217.81	18,992.23
FIRE	1	.00	.00	.00
FREEZING	5	7,870.69	2,011.32	9,882.01
HAIL	1	2,978.00	.00	2,978.00
LEAKAGE	5	14,581.37	.00	14,581.37
TRANSIT OR MOVING	1	.00	.00	.00
VANDALISM	1	.00	.00	.00
WATER DAMAGE	14	76,392.25	8,288.86	84,681.11
WIND OR WINDSTORM	2	6,330.00	1,164.76	7,494.76
MISSING PROPERTY	12	8,214.45	220.00	8,434.45
CARE, CUSTODY, CONTROL	2	6,771.50	.00	6,771.50
STRUCK BY VEHICLE	5	.00	.00	.00
PROPERTY INSURANCE - SUBTOTAL	54	143,421.77	13,902.75	157,324.52

ACCIDENT FORM

► **For your use at accident scene**



Accident Form

Risk Management & Tort Defense Division
1625 11th Avenue Middle Floor
PO Box 290124 • Helena, MT 59630-0124
(406) 444-2421



DON'T COMMENT
Do not make any statement concerning the assumption of liability.
Give out only that information required by authorities.

ACCIDENT INFORMATION

Date: ____ - ____ - ____ Time: ____: ____ AM/PM

Location: _____

Weather Conditions: _____

STATE VEHICLE (VEHICLE #1)

Driver's Name: _____

Issued Citation: YES NO Explain: _____

Department: _____ Phone: _____

Vehicle Owner: _____

Use of Vehicle: _____

Vehicle: _____ Make _____ Model _____ Year _____

VIN: _____

Plate Number: _____ State: _____

Description of Damage: _____

Accident Form:



DON'T COMMENT
Do not make any statement concerning the assumption of liability.
Give out only that information required by authorities.

Department: _____ Phone: _____
 Vehicle Owner: _____
 Use of Vehicle: _____
 Vehicle: _____ Make _____ Model _____ Year _____
 VIN: _____
 Plate Number: _____ State: _____
 Description of Damage: _____

WHO WHAT WHERE WHEN

<p>OTHER VEHICLE (VEHICLE #2)</p> <p>Driver's Name: _____ Phone Number: () - _____ Issued Citation: YES NO Explain: _____ Vehicle: _____ Make _____ Model _____ Year _____ Vehicle Owner: _____ Plate Number: _____ State: _____ Description of Damage: _____</p> <p><i>Please use additional cards/paper for additional vehicles.</i></p>	<p>OTHER PROPERTY DAMAGE INFORMATION</p> <p>Owner: _____ Phone Number: () - _____ Address: _____ City _____ State _____ Zip _____ Object Damaged: _____ Nature of Damage: _____</p>
<p>POLICE INFORMATION</p> <p>Were the POLICE notified: YES NO Officer's Name: _____ Badge Number: _____ Written Report: YES NO Department: _____</p>	<p>WITNESS INFORMATION</p> <p>Name: _____ Phone: () - _____ Address: _____ City _____ State _____ Zip _____</p> <p><i>Please use additional cards/paper for additional witnesses.</i></p>
<p>INJURED PERSON(S) INFORMATION</p> <p>Name: _____ Phone: () - _____ Age: _____ Address: _____ City _____ State _____ Zip _____</p> <p>The injured person was: In my car In other car A pedestrian</p> <p>Nature of Injury: _____</p> <p><i>Please use additional cards/paper for additional injuries.</i></p>	<p>DIAGRAM ACCIDENT</p> <p><i>Please draw the accident to the best of your ability.</i></p> <p>↑ N ↓ ← →</p> <p><i>Circle vehicle position.</i></p>

Proof of Insurance



DESCRIPTION OF ACCIDENT

STATE EMPLOYEE DRIVER'S SIGNATURE

Signature
CALL RISK MANAGEMENT AND TORT DEFENSE DIVISION
(406) 444-2421

CERTIFICATE OF INSURANCE

2-9-108, MCA (Statutory Coverage, in lieu of Commercial Policy Number)
Motor vehicles that are owned, rented, leased, or loaned and operated for business purposes are covered by auto liability insurance limits of \$750,000/claim; \$1,500,000/occurrence per State of Montana Statute 2-9-108, MCA and authorized by RMTD.



PHOTOS HELP



WE ALL HAVE LOTS TO DO



Report of Incident

 STATE OF MONTANA RISK MANAGEMENT & TORT DEFENSE DEPARTMENT OF ADMINISTRATION P.O. BOX 200124 • HELENA, MT 59620-0124 (406) 444-2421 FAX (406) 444-2592		
REPORT OF INCIDENT		
Reporting Person:	Job Title:	
Department:	Division:	Phone:
Date/Time of Incident:	Location of Incident:	
<small>COMPLETE ONLY THE SECTION THAT APPLIES TO YOUR LOSS</small>		
VEHICLE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> PROPERTY DAMAGE <input type="checkbox"/> CYBER DATA SECURITY/OTHER INCIDENT <input type="checkbox"/>		
VEHICLE		
ACCIDENT INFORMATION		
Motor Vehicle Number: <input type="text"/>	Police Department Name: <input type="text"/>	
Investigating Officer's Name: <input type="text"/>	Investigative Officer's Phone Number: <input type="text"/>	
Were Citations Issued? <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> STATE Violation Code: <input type="text"/> OTHER Violation Code: <input type="text"/>		
Weather Conditions: Clear <input type="checkbox"/> Rain <input type="checkbox"/> Snow <input type="checkbox"/> Other <input type="checkbox"/> Describe: <input type="text"/>		
Roadway Conditions: Dry <input type="checkbox"/> Wet <input type="checkbox"/> Ice <input type="checkbox"/> Snow packed <input type="checkbox"/> Other <input type="checkbox"/> Describe: <input type="text"/>		
Light Conditions: Daylight <input type="checkbox"/> Darkness <input type="checkbox"/> Dusk <input type="checkbox"/> Dawn <input type="checkbox"/> Describe: <input type="text"/>		
Vehicle Speed: STATE Vehicle? <input type="checkbox"/> OTHER Vehicle? <input type="checkbox"/>		
License No. <input type="text"/>	Attachment No. <input type="text"/>	Attachment No. <input type="text"/>
Eq. Reg. <input type="text"/>	Eq. Reg. <input type="text"/>	Eq. Reg. <input type="text"/>
Describe Accident Incident in detail: <input type="text"/>		
<small>INDICATE NORTH BY ARROW</small>		
		
<small>Use Blank space for additional information</small>		
Signature of Driver: <input type="text"/>	Date: <input type="text"/>	
STATE VEHICLE INFORMATION		
Department Operating Vehicle: <input type="text"/>	Phone No. <input type="text"/>	
Driver's Name: <input type="text"/>	Phone No. <input type="text"/>	
Plate No. <input type="text"/>	VIN No. <input type="text"/>	Make/Model/Year: <input type="text"/>

DPHHS CYBER INCIDENT

- ▶ May 15, 2014
- ▶ DPHHS detected suspicious activity on one of the main servers.
- ▶ DPHHS immediately took the server offline and began a thorough investigation.

DPHHS CYBER INCIDENT

- ▶ There was no evidence that any data on the server was ever accessed.
- ▶ DPHHS along with RMTD prepared to notify individuals whose information was potentially accessible on the server.

DPHHS CYBER INCIDENT

- ▶ 1.3 million people were notified.
- ▶ 23,085 individuals signed up for free credit monitoring.
- ▶ 7,535 people contacted the call center.

Cyber/Data Information Security

What are the Risks?

- ▶ Theft, loss, or unauthorized disclosure of personal information (i.e. names, social security numbers, financial account information, health-related information, etc.).

General Categories of Personal Information

1. **Protected Health Information (“PHI”) – individually identifiable information related to treatment, health condition, or payment for health care services; and**
2. **Personally Identifiable Information (“PII”) – Information capable of uniquely identifying an individual**
Name plus one non-public identifier (e.g., SSN, DL number, date of birth, financial account information)
Even without a name, 87% of US citizens individually identifiable with gender, zip code, and date of birth

Personal Information Under Montana Law

- ▶ **First name or first initial and last name of an individual in combination with any one or more of the following data elements when the name and the data elements are not encrypted:**
 1. Social Security number or tax identification number;
 2. Driver's license number, state identification number or similar identification number issued by any state, district or territory;
 3. An account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to a person's financial account.

How Do Data Breaches Occur?

- ▶ Employee loses an unencrypted portable device (Mobile Device, laptop, thumb drive or portable backup drive)
- ▶ Theft
- ▶ Inside job (employee steals information, particularly upon separation with agency)
- ▶ Stray faxes, emails
- ▶ Phishing / Malware / virus attacks (especially when working remotely on an unsecured network)
- ▶ Failure to purge/scrub computing devices scheduled for destruction
- ▶ Weaknesses in "Cloud" security

When an "Incident" Becomes a Data Breach

In Montana, "data breach" means the:

“unauthorized acquisition of computerized data that materially compromises the security, confidentiality, or integrity of personal information maintained by a state agency or by a third party on behalf of a state agency and causes or is reasonably believed to cause loss or injury to a person. Mont. Code Anno., § 2-6-501(1)”.

Cyber Incident Response

Notify RMTD

- ▶ Upon discovery or notification of the potential release of personal information, the state agency that maintains the personal information should notify the Risk Management & Tort Defense Division immediately at 406-444-2421.
- ▶ The immediate supervisor should assure that the 'Report of Incident' form is accurately completed, signed, and sent to the Risk Management & Tort Defense Division within two business days.

Cyber Incident Response

- ▶ Do not contact individuals whose information may have been released in the incident.
- ▶ In written correspondence, try to refer to the situation as an "incident" and not "a data breach."



Questions?

State Risk Management Committee

January 8, 2015

2017 Biennium
Rates, Financials, and Benchmarks

Brett E. Dahl, Administrator
Risk Management & Tort Defense Division
P:(406)444-3687
E-mail: bdahl@mt.gov



Funding Overview

- 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.



2017 Biennium Rate 'Wrap-Up'

- Catastrophic events worldwide (northeastern floods) resulted in commercial insurance increases and higher state deductibles (\$2,000,000 vs. \$1,000,000).
- The Montana legislature reduced the division's HB 3 appropriation from \$13.4 million and to \$6 million and merged it into HB 2.
- Rates are up 'across the board'.



2017 Biennium Final Approved Rates

	FY 2014	FY 2016	FY 2017	FY 2017 \$	FY 2017 %
				Change from FY 2014	Change from FY 2015
Auto	1,248,500	1,498,200	1,498,200	\$249,700	20%
Aviation	169,961	169,961	169,961	\$0	0%
General Liability	8,100,000	10,824,476	10,824,476	\$2,724,476	34%
Property	5,040,000	6,300,000	6,300,000	\$1,260,000	25%
Total	14,558,461	18,792,636	18,792,636	\$4,234,176	29%



Risk Management & Tort Defense Division

Historical Changes in Budgeted Premiums, Expenses, Assets, Liabilities, and Reserves
For the Period Ending June 30th

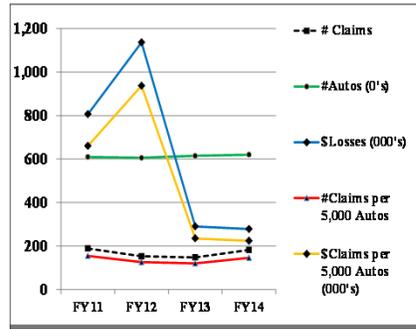
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Budgeted Premium	12,881,898	12,900,022	12,297,451	12,297,451	12,297,451	12,297,451	14,558,461	14,558,461	18,792,636	18,792,636
Total Losses and Expenses	14,858,682	13,068,802	10,713,239	10,527,499	43,531,523	13,451,021	17,364,359	15,436,348	15,492,707	15,764,397
Total Assets	24,888,123	25,849,151	26,670,977	32,031,223	3,509,251	15,429,481	13,269,929	18,467,922	21,256,896	23,774,181
Total Liabilities	18,189,123	17,617,151	18,121,977	19,036,223	20,172,543	17,782,481	18,423,914	18,591,148	19,318,321	20,076,220
Reserves	6,699,000	8,232,000	8,549,000	12,995,000	(16,663,000)	(2,353,000)	(5,153,985)	(123,227)	1,938,575	3,697,961
Actuarial Target Funding Ratio: Total Liabilities to Reserves										0>Target<2.00
Actual Funding Ratio Achieved:	2.72	2.14	2.12	1.46	-1.21	-7.56	-3.57	-150.87	9.97	5.43
Actuarial Reserve Funding Target										10,038,110
Actuarial Reserve Target Overage (Shortfall)	-3,339,109	-1,806,110	-1,489,110	2,956,890	(26,701,110)	(12,391,110)	(15,192,095)	(10,161,337)	(8,099,535)	(6,340,149)



Auto Liability Trends

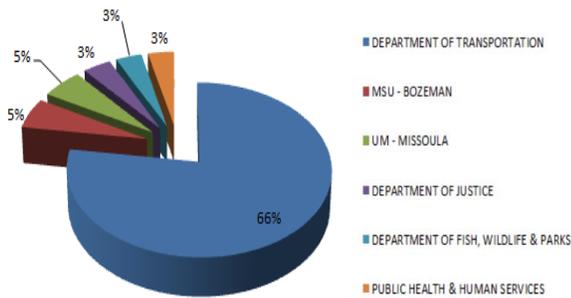
Auto Liability Claims Trends
as of 06/30

Fiscal Year	# Claims	#Autos (0's)	\$Losses (000's)	#Claims per 5,000 Autos	\$Claims per 5,000 Autos (000's)
FY11	189	610	806	155	660
FY12	153	606	1,136	126	937
FY13	148	615	290	120	235
FY14	182	620	278	146	224

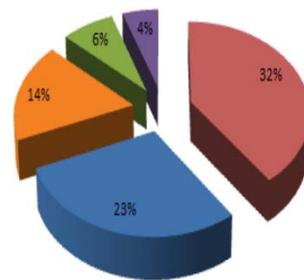


Auto Liability Trends

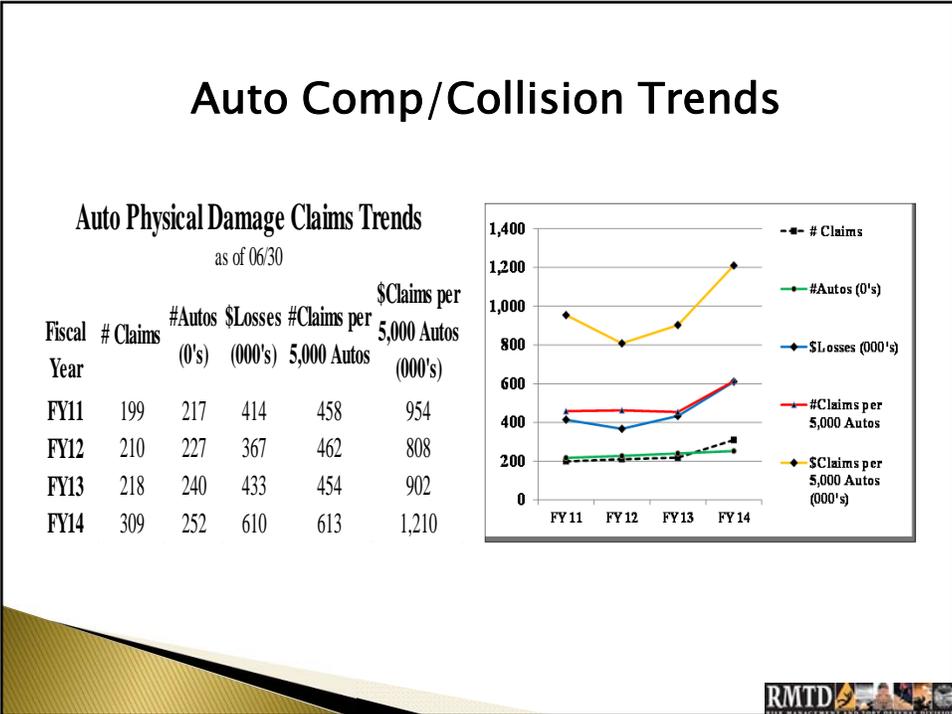
% of Total Claims - Top Agencies



% of Total Incurred Losses - Top Agencies



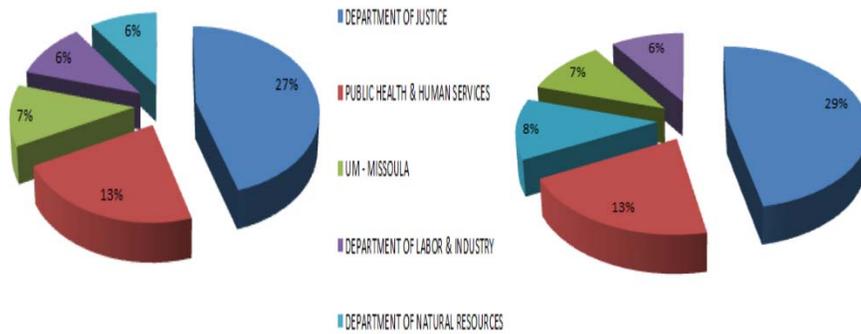
Auto Liability Loss Cost Handout



Auto Comp/Collision Trends

% of Total Claims - Top Agencies

% of Total Incurred Losses - Top Agencies



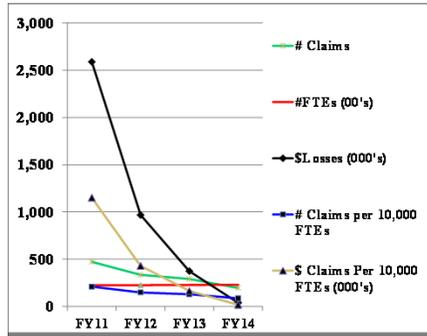
Auto Comp/Collision Loss Cost Handout

General Liability Trends

General Liability Claims Trends

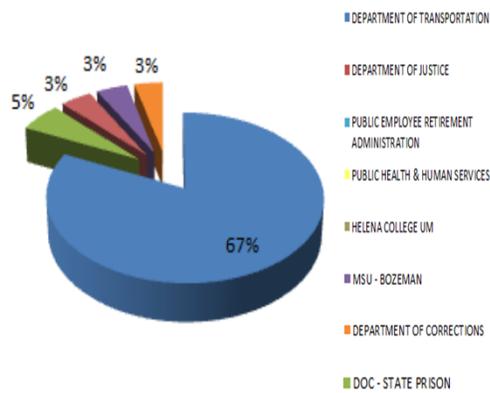
as of 06/30

Fiscal Year	# Claims	#FTEs (00's)	\$Losses (000's)	# Claims per 10,000 FTEs	\$ Claims Per 10,000 FTEs (000's)
FY11	472	225	2,589	209	1,151
FY12	334	225	968	148	430
FY13	291	227	373	128	164
FY14	196	229	39	86	17

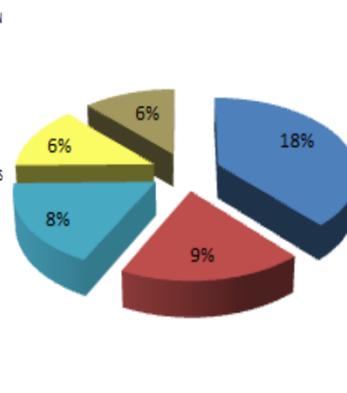


General Liability Trends

% of Total Claims - Top Agencies



% of Total Incurred Losses - Top Agencies

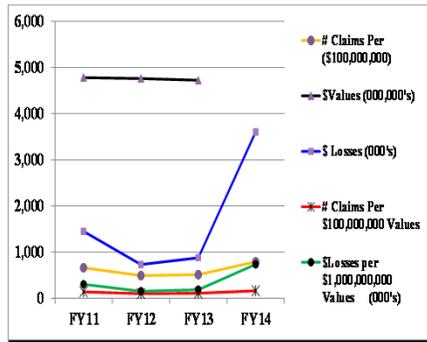


General Liability Loss Cost Handout

Property Trends

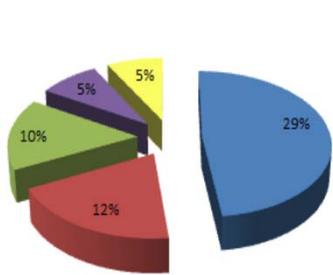
Property Claims Trends
as of 06/30

Fiscal Year	# Claims Per (\$100,000,000)	\$Values (000,000's)	\$Losses (000's)	\$Losses per	
				# Claims Per \$100,000,000 Values	\$1,000,000,000 Values (000's)
FY11	660	4,781	1,447	140	302
FY12	490	4,761	729	100	153
FY13	510	4,723	878	110	185
FY14	790	4,908	3,602	160	733

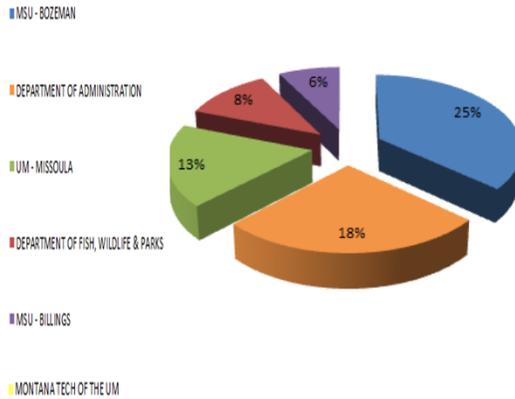


Property Trends

% of Total Claims - Top Agencies



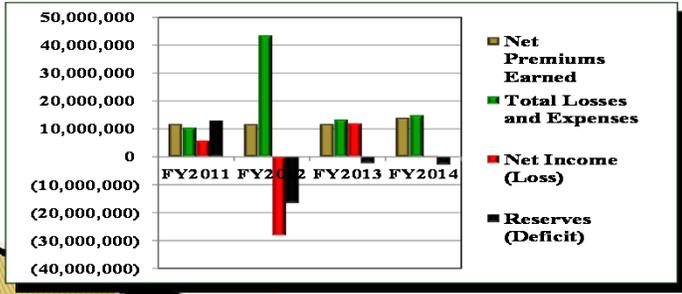
% of Total Incurred Losses - Top Agencies



Property Loss Cost Handout

Property/Casualty Insurance Fund

	FY2011	FY2012	FY2013	FY2014
Net Premiums Earned	11,738,304	11,726,818	11,778,212	13,969,094
Losses Incurred	4,072,486	36,367,067	5,943,809	6,236,027
Loss Expenses Incurred	1,704,892	2,251,389	2,053,918	2,366,296
Operations	1,826,034	2,064,298	2,379,616	3,040,016
Commercial Insurance Premiums	2,924,087	2,848,769	3,073,679	3,330,266
Total Losses and Expenses	10,527,499	43,531,523	13,451,021	14,972,604
Net Income (Loss) Before Investments	1,210,805	(31,804,705)	(1,672,810)	(1,003,511)
Net Investment Income Earned	94,834	29,425	6,834	6,834
Supplemental Appropriation			13,400,000	
Insurance Recoveries	4,469,913	3,622,467	230,749	1,267,029
Net Income (Loss)	5,775,552	(28,152,812)	11,964,773	270,353
Prior Years Assets	26,670,977	32,031,223	3,509,251	15,429,481
Aggregate Write-Ins	(415,306)	(369,160)	(44,543)	301,420
Total Assets	32,031,223	3,509,251	15,429,481	16,001,254
Non-Claim Liabilities	1,074,000	876,000	873,000	1,305,000
Claims Liabilities	17,962,223	19,296,543	16,909,481	16,001,254
Total Liabilities	19,036,223	20,172,543	17,782,481	18,855,914
Reserves	12,995,000	(16,663,000)	(2,353,000)	(2,854,660)



Questions & Answers

Brett E. Dahl, Administrator
 Risk Management and Tort Defense Division
 444-3687
bdahl@mt.gov



Loss Prevention

Handouts for this section include:

- HB 354
- Loss Mitigation Expense Program Application
- Upcoming Training
- Responsibilities of Risk Management Committee Members

Julie Ouzts



HB 354– Loss Mitigation Expense Program Update

By Brett Dahl
and Julie Ouzts

Julie Ouzts



Upcoming Trainings and Locations

By Julie Ouzts

Julie Ouzts



Responsibilities of Risk Management Committee Members

By Brett Dahl

Julie Ouzts



Cell phone use (HB 297)

By Brett Dahl

Julie Ouzts

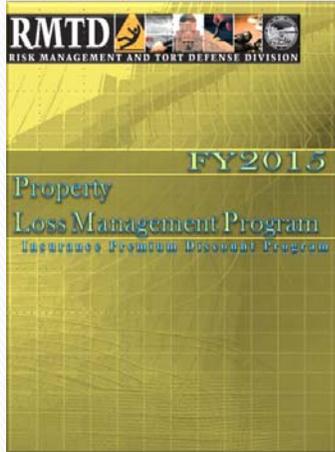


Loss Prevention Property Loss Management

Aric Curtiss
Mike Anderson



FY2015 Property Loss Management Program



Never* too late to participate

Earn up to 10% discount applied against budgeted property insurance premium in FY2016

* Program submissions due by June 1



6-Year Program Results (FY2009 - FY2014)

Average Earned
Premium Discount
per participant per year
\$15,379



6-Year Program Results (FY2009 - FY2014)

Average Earned
Premium Discount
per participant per year
\$15,379



Average Unrealized
Premium Discount
per participant per year
\$1,256



FY2016 Property Loss Management Program

Notice of Election Form
FY 2016 Property Loss Management Insurance Premium Discount Program
Risk Management & Tort Defense Division
Department of Administration

Purpose & General Provisions:
The Risk Management & Tort Defense Division (RMTDD) offers a property insurance premium discount of up to 10% to one eligible and uninsured that qualified and received a participation and election Property Loss Management Program. The discount shall be applied against the participant's budgeted property insurance premium in FY 2016.

Eligibility and Documentation:
Participants must be up to 10% will be based on participant's completion of the following during FY 2016:

- 1) Design Agency Service: Your Resident, Commercial District (or equivalent) property, auto, and other that Notice of Election Form to Risk Center, RMTDD by June 15, 2016. Participants will receive a Program Guide by July 15, 2016.
- 2) Review property claim activity and develop a plan to address the occurrence of property claims.
 - By October 1, 2016, establish a goal to review one property claim activity report for the past three years identifying property loss management opportunities for mitigation during FY 2016 and forward. Assistance may Program Guide for mitigation.
 - Forward a brief plan to address the occurrence of property claims.
 - Forward copies of the annual report of plan, and other to Risk Center, RMTDD by October 30, 2016.
- 3) Submit the following within documentation to Risk Center, RMTDD by June 15, 2016. Documentation should be organized within the Program Guide provided to RMTDD.
 - Certificate of participation commitment completed for loss mitigation during FY 2016.
 - Checklist for self-inspection completed as per guidance during FY 2016.
 - Photos and procedures for fire work, equipment testing of fire protection equipment, per fire management planning and risk mitigation provisions as per during FY 2016.
- 4) Submit mitigation, plan and specifications for maintenance or any construction activity or offering for inspection review within annual budgeting.
- 5) Submit signed written response to communication received in Property Loss Management letter issued by RMTDD with the necessary. Response must indicate that a reasonable effort to comply with communication is made.

--Notice of Election--

Organization: _____, hereby elects to participate in RMTDD's FY 2016 Property Loss Management Insurance Premium Discount Program.

This notice pertains to the participant's _____.

Signature: _____ Date: _____

Print Name: _____ Title: _____

Submit this Notice of Election to RMTDD@state.gov with the question or for additional information.

Early participant will be notified of its eligibility by a letter by May 1, 2016 as indicated below.

RMTD USE

Comments: Statement Approved _____ % Discount Disapproved

STATE OF TEXAS - Notice of Election Form

Notice of Election is available now

Return to RMTD by June 15th

Eligibility Requirement:
1) Be assessed a property insurance premium



Loss Prevention Inspections / Surveys

Aric Curtiss
Mike Anderson



Inspections / Surveys

FY2014 was Record Setting Year:

- 215 properties surveyed
- 40 locations visited

FY2015 on track to New Record Year:

- Presently 279 properties surveyed
- Additional surveys scheduled May 11-15
- Predict 4x number three years ago



Inspections / Surveys

Our primary property loss control consulting firm has become overwhelmed by our activity

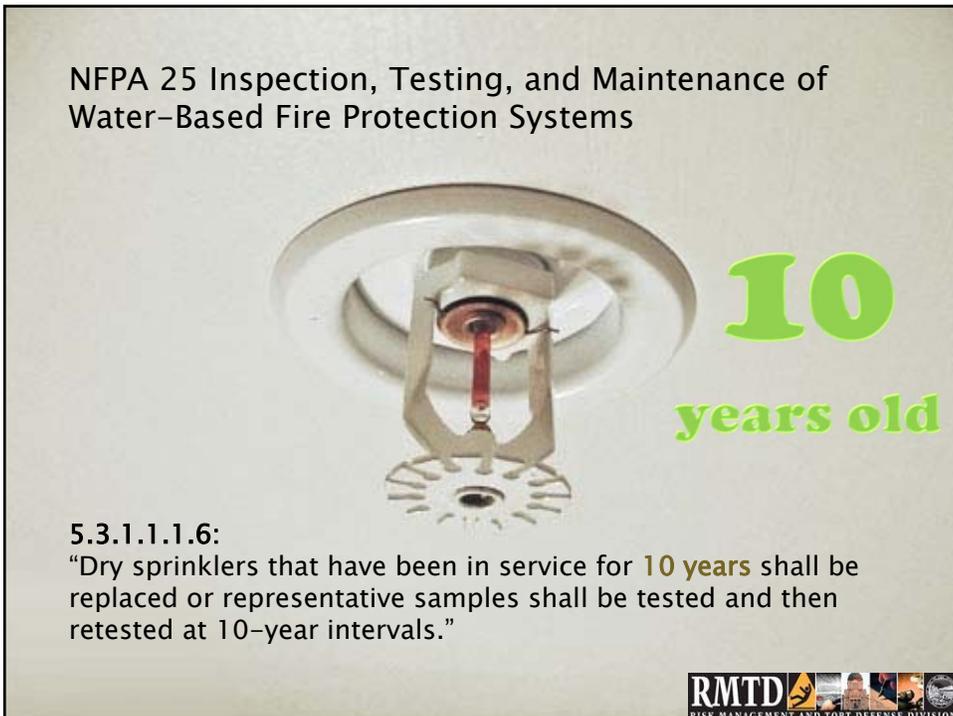


- ▶ One additional engineer assigned for underwriting surveys
- ▶ Existing account engineer devoting additional time for building plan reviews and general consulting
- ▶ One to Two additional thermographers assigned for infrared surveys



Trending Issues:





NFPA 25 Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems



20
years old

5.3.1.1.1.3:

“Sprinklers manufactured using fast-response elements that have been in service for **20 years** shall be replaced or representative samples shall be tested and then retested at 10-year intervals.”



NFPA 25 Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems



50
years old

5.3.1.1.1 & 5.3.1.1.1.1:

“Where sprinklers have been in service for **50 years**, they shall be replaced or representative samples from one or more sample areas shall be tested. Test procedures shall be repeated at 10-year intervals.”



NFPA 25 Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems



75
years old

5.3.1.1.1.5:

“Where sprinklers have been in service for **75 years**, they shall be replaced or representative samples from one or more sample areas shall be submitted to a recognized testing laboratory acceptable to the authority having jurisdiction for field service testing and repeated at 5-year intervals.”



NFPA 25 Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems



95
years old*

5.3.1.1.1.2:

“Sprinklers manufactured **prior to 1920** shall be replaced.”



NFPA 25 Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems



5.3.1.2 & 5.3.1.3:
Testing shall include 1% or a minimum of 4 heads.

If a single head fails testing all sprinkler heads shall be replaced.



NFPA 25 Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems



4.1.1:
“The property owner or designated representative shall be responsible for properly maintaining a waterbased fire protection system.”



Your fire protection system contractor can assist in determining age and style of individual sprinkler heads.

Local staff should maintain records and anticipate requirement timelines.

RMTD can be contacted for more Code requirements.

Local authority having jurisdiction determines specific requirements.



Fuel Cans



RMTD Recommendation

We recommend the use of approved safety cans for the storage and handling of flammable and combustible liquids such as gasoline, diesel, kerosene and other fuels.

Improper storage or handling of these liquids can greatly contribute to the risk, spread, and intensity of fire.



OSHA Standard 1926.152 states (paraphrased):

Only approved containers shall be used for storage and handling of flammable liquids. Approved safety cans shall be used for the handling and use of flammable liquids in quantities of 5 gallons or less.



What is an approved safety can?

(OSHA Standard 1926.155(l))

- ✓ closed container,
- ✓ not more than 5 gallons capacity,
- ✓ flash-arresting screen,
- ✓ spring-closing lid,
- ✓ spout cover, and
- ✓ designed that it will safely relieve internal pressure



Loss Prevention Appraisals

Aric Curtiss
Mike Anderson



2014 Appraisals

Through calendar year 2014 RMTD commissioned the appraisal of all state buildings estimated to have replacement cost values in excess of \$5,000,000.



2014 Appraisals

Through calendar year 2014 RMTD commissioned the appraisal of all state buildings estimated to have replacement cost values in excess of \$5,000,000.

174 insured buildings (3.7%)
\$3,324,704,016 insured value (77%)
12,331,374 square feet (40%)
35 unique locations



2014 Appraisals

Key Results:

Value of appraised buildings increased 3.66%

- Construction Cost indices over the past 4 years range from 1.5% to 4.5%.
- Equipment Cost indices for the same period range from 0.9% to 4.0%.

Results support:

- ✓ RMTD has applied effective inflation factors, and;
- ✓ PCIIS formulas are accurate.



Properties Not Appraised:

Buildings not appraised account for just 23% of the state's insured value.

When applied, RMTD inflations factors tend to be accurate and sufficient.

Buildings not appraised may be evaluated using RMTD's Property Valuation Matrix.



Questions & Answers:

Aric Curtiss

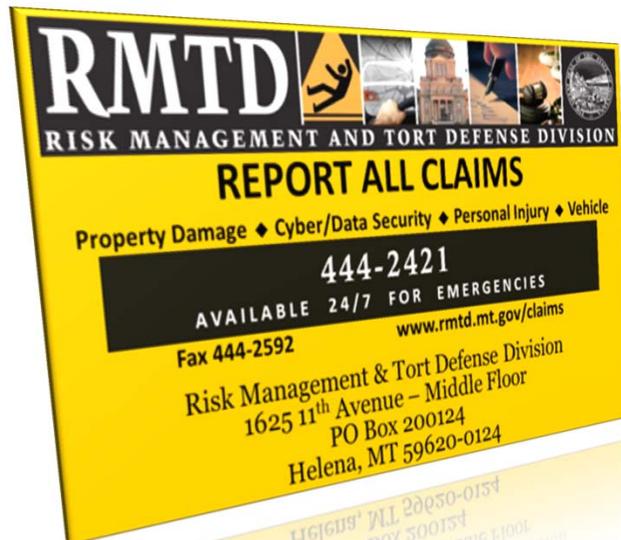
Risk Management and Tort Defense Division
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Mike Anderson

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mike.anderson@mt.gov



Magnets
are
Available



FY 2016 Property/Casualty Insurance Renewal

Brett Dahl



Overview

- Property/casualty insurance programs for 57 agencies, 8 universities, and hundreds of boards, councils, and commissions.
- Insure 4,700 properties, 22,000 state and university employees, and 6,000 vehicles.
- Cover \$220 million in revenue streams at state and university properties. Examples: parks, tuition, fees, bookstores, and cafeterias.
- Insure property values exceeding \$4.7 billion. Insure fine art values exceed \$385 million.
- Administer 19 commercial insurance programs and four self-insured programs.

84

Commercial & Self Insurance Programs (Summary)

<ul style="list-style-type: none"> ❑ Accidental Death & Dismemberment ❑ Aircraft ❑ Airports ❑ Auto ❑ Boilers & Machinery ❑ Crime (Fidelity) ❑ Cyber/Information Security ❑ Fine Art ❑ Foreign ❑ Foster Care ❑ General Liability 	<ul style="list-style-type: none"> ❑ HIPAA ❑ Inland Marine ❑ Motorcycle Accidental and Liability ❑ Notary Bond ❑ Pollution/Environmental ❑ Professional Liability (Student Interns) ❑ Professional Liability (Physicians) ❑ Property ❑ Surety Bond ❑ Special Events
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FY 2016 Marketing Plan

<u>Line</u>	<u>Approach</u>
<ul style="list-style-type: none"> ▶ Cyber (excess) 	<p>No intent to bid. Expecting a 30% rate increase.</p>
<ul style="list-style-type: none"> ▶ Foreign 	<p>Looking to add repatriation for non-political events with multiple carrier and deductible options.</p>
<ul style="list-style-type: none"> ▶ Property 	<p>Looking to push the all risk limit to \$1 billion.</p>
<ul style="list-style-type: none"> ▶ Medical Professional Liability (Student Interns) 	<p>Looking to push the per occurrence limit to \$2 million including extra-territorial risk.</p>

Property Insurance

- ▶ Worldwide catastrophes will have an impact on the cost of commercial excess insurance, however, the outlook is slightly better than last year.
- ▶ Weak investment returns for insurance carriers is adding to rate pressure as underwriters are required to be more circumspect in their risk taking.
- ▶ The State of Montana has taken a higher deductible and is, thus, bearing more risk.

Questions & Answers

Brett E. Dahl, Administrator
Risk Management and Tort Defense Division
444-3687
bdahl@mt.gov



Certificates of Insurance

Kristie Rhodes



Insurance Premium Discounts

Kristie Rhodes



Public Comment

Brett Dahl

