

Insurance Update

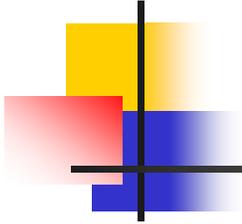
Fiscal Year

2011

April 14, 2010

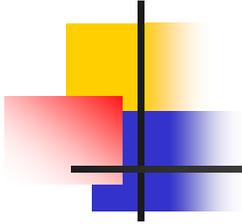
Prepared by:

The Risk Management & Tort Defense Division



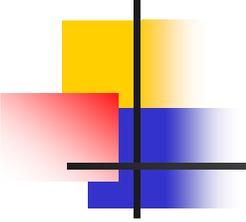
**Commercial reinsurance rates at the
January 1, 2010 renewal were stable.**

Source: State Brokers



**Commercial reinsurance rates at the July 1,
2010 renewal are predicted to be stable**

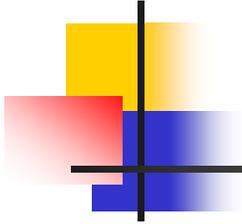
Source: State Brokers



Market Factors

- Losses on investment assets and uncertainty in financial markets is a reality.
- Pricing trends for some public entities may be impacted by the earthquakes in Haiti and Chile.
- Program-specific loss histories will affect rates.

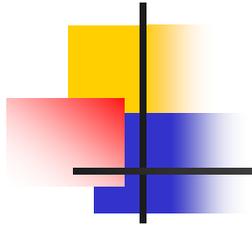
Source: State Brokers



STATE OF MONTANA COMMERCIAL EXCESS PROPERTY
LOSS HISTORY/RATIO ANALYSIS
FY07 - FY10

<i>POLICY YEAR</i>	<i>TIV</i>	<i># LOSSES</i>	<i>DEDUCTIBLE</i>	<i>NET LOSS</i>	<i>PRIMARY PREMIUM</i>	<i>LOSS RATIO</i>
FY 07	3,421,000	0	250,000	0	108,000	0%
FY 08	3,691,000	3	250,000	2,596,000	128,000	2926%
FY 09	4,196,000	1	250,000	339,000	816,000	42%
FY 10	4,654,000	0	500,000	0	1,049,000	0%
TOTALS	15,962,000	4		2,935,000	2,101,000	140%

Property Deductible Alternatives FY 11 Renewal



Deductible Level

Premium Increase

\$250,000

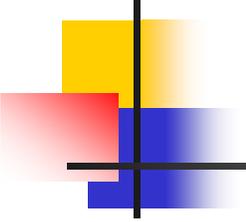
10% (\$100,000)

\$500,000 (Current)

0%

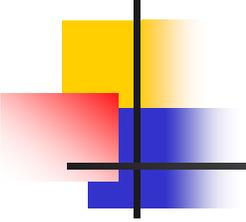
\$1,000,000

-5% (\$50,000)



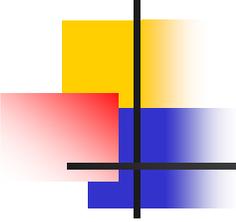
On the Table for Discussion Next Renewal (07/01/11)

- Increase in business interruptions limits from \$100 million to \$200 million.
- Increases in contingent business interruption limits from \$3 million to \$10 million.
- Aggregate deductible of \$2 million to \$5 million.
- 2% to 5% insurance premium discount for no loss history.



Telework

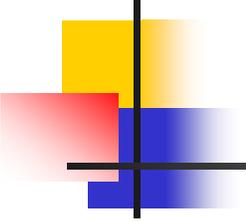
"Telework" means a flexible work arrangement where a designated state employee may work from home within The State of Montana or an alternative work site within the State of Montana one or more days a week instead of physically traveling to a central workplace. See §2-18-101(25), MCA.



Telework Insurance

Liability

- State employees who are authorized to telework are covered in accordance with §2-9-201, MCA, through §2-9-305, MCA, of the state's insurance plan.
- Under §2-9-305(6), MCA, the state's liability insurance plan does not cover claims that arise from an employee's oppression, fraud, malice, criminal activities, or other activities outside the course and scope of employment.
- Additional information about the state's liability insurance program may be obtained at <http://rmtd.mt.gov/insurance/tortliability.asp>.

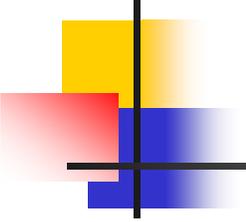


Telework Insurance

Property

- The state property insurance program covers computers, software, furniture, office supplies, and state property in the employee's care, custody or control as a teleworker, excess of coverage provided under the employee's homeowner's insurance. The first \$1,000 of any property loss is the agency's responsibility.

- The property insurance program does not cover:
 1. Personal property of state employees.
 2. Damages that were within the state employee's ability to prevent, but were not. Examples include, but are not limited to, failure to protect state equipment from intentional damage inflicted by residents of the home, and failure to protect state property from additional damage caused by a covered peril (e.g. flood) after the loss occurred.
 3. Damages where adequate security for the property was not provided. Examples include but are not limited to leaving the home unlocked, or leaving valuable state property in an open vehicle.
 4. Additional information may be obtained at (<http://rmtd.mt.gov/insurance/propertysummary.asp>)



Foreign Insurance

<http://rmtd.mt.gov/insurance/foreigninsurance.asp>