

State Risk Management Committee Agenda
February 27, 2008
State Capitol, Room 172
9:00 a.m. to 12:00 p.m.

Brett Dahl, Administrator of Risk Management and Tort Defense (RMTD) thanked everyone for coming to the meeting. Brett asked the RMTD staff to introduce themselves.

RMTD Staff: Brett Dahl, John DuezabouD, Kristie Rhodes, Margie Adams, Jennie Younkin, Aric Curtiss, Cathy Meidinger and Deb Lopuch were in attendance.

State Risk Management Committee Attendees: Denise Gjerde, Agriculture, Teri Juneau, Commerce, David Hamer, DEQ, Mark Bruno, Governor's Office, Russ Fillner, Helena College of Technology of UM, Denis King, Historical Society, Beth McLaughin, Supreme Court, Patti Forsness, Justice, Diane West, Labor & Industry, Erv Kent, Military Affairs, Carleen Layne, Montana Arts Council, Marilyn Cameron, Montana Tech of the UM, Ed Binkley, Montana Tech – Great Falls, Christy Aamold, MSU-Billings, Colleen Hebert, MSU-Bozeman, Sharon Caven by telephone, MSU-Northern, Bob Levitan, DNRC, Julia Dilly, Office of Public Instruction, Carleen Green, Public Defenders Office, Sandy Lang, Revenue, Ray Eby, DOT, Kathy Benson, U of M, Tom Nichols, Western Montana College of UM.

New Member: Sarah Pallis, Secretary of State.

Others in Attendance: Cathy Doyle, Public Defenders Office, Donna Adlrich, FWP, Dan Archer, MSU, Darlen Gilchrist, FWP, Diane Piotrowski, Justice, Lenore Adams, Legislative Branch, Kristin Jacobson, Secretary of State, Mary Hunt, Agriculture, Lee Harbour, DEQ and Angus McPhearson, U of M.

*Please click on document image to view the document in its entirety.

Agenda Item 1.

Loss Prevention: John Duezabou

John explained how to access the Risk Management and Tort Defense Division's web page to register for any upcoming classes offered by RMTD. To register and view classes and dates go to:

http://rmtd.doa.state.mt.us/pls/rmtd/RMTD_CTIS_TRAINING.training_list

The web site has the option to print a one page flyer that can be printed out and put on a bulletin board.

There are two main classes that RMTD is conducting for the next few months. The first class is Brett Dahl's "Reducing Risk Exposure in Contracts." This class is for employees that negotiate or approve contracts or want to learn about contracts to minimize the risk to the agency. RMTD is in the process to get the class approved for Continuing Education Credits. The State Bar of Montana sent a form to fill out and submit. This will allow agency attorneys to get CLE credits for the class. Class is a three hour class and will be held in various cities. The class is not taught every year; only every other year.

John is starting to teach the two hour "Preventing Distracted Driving". RMTD won a national award in 2007 for the class. The class was developed by John. Seventeen cities in Montana have requested that they can teach the class themselves. RMTD has given the course materials to them. The class qualifies for RMTD's auto insurance discount program. If 5% of employees in an agency take one recognized defensive driving class in a fiscal year the agency will get the 5% discount on the following fiscal year. Transportation saved over \$22,000.00 last year and \$40,000.00 the year before. Claims are down so insurance premiums have dropped. Recent studies indicated that 80% of all car accidents happen within three seconds of a distracted driving event.

If a class on the website says "Restricted" that indicates a particular agency has requested RMTD conduct the class exclusively for them and it is up to that agency to allow other agency employees to attend the class. Contact John if you have an employee you want to attend a restricted class and he will contact the host agency.

The 6 Hour Defensive Driving class will resume when the two hour Preventing Distracted Driving classes are completed. This will be late April or early May through the end of June. After that the Preventing Workplace Violence class will be conducted.

John will work with agencies if they want a class for employees that is not being taught. The Workplace Violence class is the only one that does not work well to teach for a single agency/work group. Past experience has shown that there could be resistance for the portions of the class that role playing is done.

Agenda Item 2.

Property Loss Management – Aric Curtiss

Every year RMTD does appraisals throughout the state at various sites.

For a structural appraisal to be conducted, the building has to be a state owned building, not a leased building. For leased offices, only the contents are insured by RMTD, the structure is insured by the owner of the building. RMTD will re-appraise a property every five years. Appraisals are done within a geographic

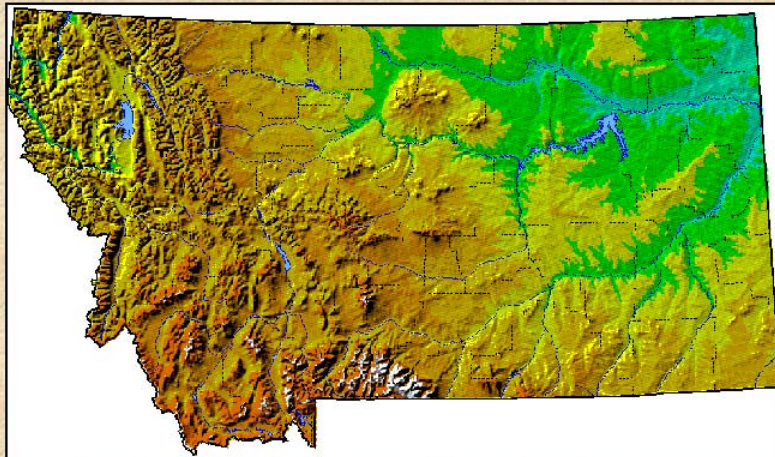
area to cut down on travel costs for the appraisers. Agencies can request RMTD to have an appraisal done and Aric will work to fit it into the schedule. There are two types of appraisals: Standard and Historic. A separate company conducts historical building appraisals. If a building is over one million, that will be on Aric's list to be appraised within five years. Less than one million buildings will be appraised on request. Historic buildings valued over one thousand, will be appraised. Under that, they won't be appraised because one thousand is the deductible.

Appraisals include the replacement cost of the structure and an estimated cost to replace the contents of the building. Appraisal does not include special contents (library books, inventory in a warehouse). Does not include fine art, aircraft or vehicles, they are insured under a different policy. Does not include the price of the land purchase, the cost of an architect or engineer to replace the building, or improvements to the land.

Out buildings or separate storage buildings on the property are a separate appraisal.

Last appraisals in June 2007, included 113 historic buildings in Virginia City. In November 2007, there were 111 standard buildings appraised. Some buildings may never been appraised, this is the first five year cycle. Some had been appraised around 1996, and others about three years ago.

RMTD be conducting appraisals in 2008 around the state and will include standard and historical structures.



Commercial Property Appraisal Activities

Since Last Risk Management Committee meeting (June 13, 2007)

Loss control recommendations: In the last six months, 230 recommendations were given. Common recommendations included inspecting the fire sprinklers in buildings, flammable fuels and liquids in buildings (cans of gasoline, etc.) and not in a storage shop. Remove all flammable liquids from computer rooms. Put protection around gas meters on the outside of buildings, seal holes in buildings with fire proof materials; smoke and fire will travel faster if there are holes in buildings. Use metal safety cans for fuel, not plastic cans. Fire extinguishers should be inspected monthly. This includes checking the hose for obstructions, check the pressure level, lift it up to see if there is enough powder in it. The person signs and dates the tag on the extinguisher. On an annual basis they should be serviced by a qualified contractor. This includes shaking up the powder or replacing it, service the extinguisher and check the pressure. The inspector will replace the card on the extinguisher at that time. Do not hang anything from the overhead sprinkler systems.

Property Loss Management Program: If an agency does their own loss control inspections and maintenance, they get a 10% discount on their property insurance. Agencies must elect to participate on an annual basis, which ends June 1st of every year. There is a binder sent to the agency and they complete the items listed and return to Aric prior to June 1st to be eligible for the discount.

Brett Dahl spoke about insurance risks and how John and Aric's presentations focused on how agencies can reduce their insurance risks. John focuses on auto loss risks. State owns about 9,400 vehicles and training makes a difference. Appraisals are critically important. Brett attended a conference in Baton Rouge, Louisiana, and learned that the State of Louisiana did not have a list of their state buildings and did not know what they were worth. Brett stressed that all of classes offered are free to the agencies and a service RMTD offers.

Agenda Items 3.

Claims Issues:

a. Turnaround Trends – Margie Adams

RMTD has a report reflecting the time from when RMTD receives a claim until the claim is resolved. It is important that a claim is reported promptly to RMTD to mitigate damages and to resolve claims as quickly as possible. Overall, for the past year it was about 24 days for claims to be reported to RMTD which is an improvement from 33 days the previous year. This year, the average time for a claim to be paid was 33 days, last year it was 59. Report shows the average days to resolve a claim, which is about 60 days.

STATE OF MONTANA
Risk Management & Tort Defense Division
Days Turnaround Schedule

Prior 4 Years as of 2008

SUMMARY			
Fiscal Year	Average Days Received *	Average Days Paid **	Average Days Resolved ***
2007	335	7	7
2006	22	17	18
2005	9	23	23
2004	5	49	67
Grand Average:	56	31	39

* Avg. Days Received is the average time the Risk Management & Tort Defense Division received the claims from the time the loss occurred.

** Avg. Days Paid is the average time the Risk Management & Tort Defense Division made initial payment on the claim (indemnity only) from the time the claim was received.

*** Avg. Days Resolved is the average time the Risk Management & Tort Defense Division resolved the claim from the time the claim was received.

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TurnaroundSched

b. Occurrence Trends – Jennie Younkin

This report shows the month, day, and the time of day an accident occurs. Jennie has brought each agency their report. If an agency would like a report contact Jennie or Margie and they can run the report. This could reflect trends on when accidents occur and agencies can look at changing either the time of day meetings or out of town travel is scheduled or the day of the week. It is important to put the time of the incident on the Incident Reporting Form.

MONTANA STATE GOVERNMENT
Loss, Cause, Damage Trends by Day of Week and Time of Day
All Claims Received During the Prior 2 Fiscal Years as of 02/26/2008

REPORT PARAMETERS				
Agency Id	Classification	Coverage Code	Report By	Query Date
RE	All (Claims, Potential Claims and Lawsuits)	All Lines of Insurance	# Claims *	ReceiveDate from 07/01/2005 to 02/26/2008

ALL AGENCIES								
FY TIME	TIME OF DAY	MON	TUE	DAY OF THE WEEK		FRI	SAT	SUN
				WED	THU			
FY2008 ALL MONTHS								
AUTOMOBILE LIABILITY								
	02:00 PM _ 03:00 PM							1
	SUBTOTAL:							1
COMP/COLLISION VEHICLE								
	05:00 AM_ 06:00 AM	1						
	08:00 AM_ 09:00 AM	2			1			
	12:00 PM _ 01:00 PM	1						
	01:00 PM _ 02:00 PM			1				
	02:00 PM _ 03:00 PM					1		
	05:00 PM _ 06:00 PM					1		
	06:00 PM _ 07:00 PM		1					
	08:00 PM _ 09:00 PM					1		
	10:00 PM _ 11:00 PM	1						
	SUBTOTAL:	5	1	1	1	3		
	2008 TOTAL:	5	1	1	1	4		

* # Claims = Number of Losses based on occurrence date.

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TimeLocationTrends

c. Revised Accident Form – Deb Lopuch

MSU – Bozeman developed a form for their university forms and RMTD adopted the format. Form is smaller and easier to write on to record the incident. The form is available on RMTD's website to print out and complete. Contact RMTD to request forms. Form is also available to print out at:

<http://rmtd.mt.gov/claims/incaseaccidentform.asp>

Agenda Item 4.

Insurance Market Outlook 2008 – Brett Dahl

There are two components that comprise an agencies insurance premiums. One is the self-insured portion .RMTD funds below the deductible and the commercial excess. This comprises what the premium is for the agency. RMTD administers four insurance areas for agencies: 1. Auto , 2. Aviation, 3. General Liability and 4. Property. For commercial property, every four to seven years, RMTD does insurance bids with insurance companies through a competitive broker process. This allows the state to get the best insurance premium rates. Marketing for insurance policies begins in November timeframe for the following fiscal year. A binder with losses and property appraisals is submitted for the insurance broker

process. The state is fully self-insured. Catastrophic insurance is not purchased, except for aviation purposes. Trends and the outlook for property insurance is favorable because there has not been recent catastrophic incidences such as Katrina. Commercial insurance premiums are based on the structure value. The rates should be steady for the fiscal year 2009.

Agenda Item 5.

Insurance Exposure Reporting Issues – Kristie Rhodes

The role of the agency coordinator is to assist the exposure reporting person go over data and look for new things that need to be reported. Deadline for reporting data is March 15, 2008. Contact Kristie with any questions or issues.

New reporting issues: Vehicle Comprehensive Coverage, state vehicles parked on state premises have catastrophic coverage for physical damage, so report them as special contents on the building property schedule they are located at. Comprehensive/Collision damage is separate from the catastrophic insurance. For leased buildings add vehicles to the special contents section.

INSURANCE EXPOSURE REPORTING ISSUES

February 27, 2008

VEHICLE COMPREHENSIVE/COLLISION COVERAGE

- State vehicles parked on state premises have catastrophic insurance coverage for physical damage, however, they must be reported as 'Special Contents, Vehicles' in the Commercial Property section of PCIS in order for coverage to apply. Only report vehicles at locations whose cumulative value exceeds \$50,000. Do not report each vehicle separately.
- Vehicles are not insured while they are off-state premises unless vehicle comprehensive/collision coverage is selected and reported for each vehicle in PCIS.

COMMERCIAL PROPERTY

- Contractors and other parties who request to be named as "Loss Payees" for their interests in property that is in the care, custody, and control of the state must first submit a written request to the State Risk Manager. Certificates of insurance for all Loss Payees will be issued by the state's property insurance broker.
- The state's property insurance program provides protection for state properties against a broad array of perils including, but not limited to, earthquake, fire, flood, wind, and property in transit. The state's master policy also covers property of others in the care, custody, and control of the state which the state is contractually obligated to insure.
- Unscheduled landscaping, tees, sand traps, greens, and athletic fields are automatically covered to \$1,000,000 per occurrence for perils named under the state's excess property insurance policy and do NOT need to be reported. If the cumulative value exceeds \$1,000,000, however, the values must be reported in order for coverage to apply. Coverage is subject to a maximum limit of \$5,000,000 per occurrence.
- Values must be reported as "special contents", "outdoor property" by category on the specific building record for the building most proximate to the outdoor property. For example, trees, shrubs, and plants should be cumulatively reported by category as "special contents", "outdoor property", "trees". Landscaping, tees, sand traps, greens, and athletic fields are subject to \$25,000/25 gallon maximum per tree limit.
- Unscheduled tunnels, bridges, dams, catwalks, (except those not for public use), roadways, highways, streets, sidewalks, culverts, street lights, and traffic signals are automatically covered to \$500,000 per occurrence for perils named under the state's insurance program, excluding earthquake. Values exceeding \$500,000 must be reported as "special contents" by category in order for coverage to apply. For example, tunnels should be cumulatively reported by category as "special contents", "outdoor property", "tunnels".
- Power transmission lines, feeder lines, and underground pipes less than 1,000 feet away from a scheduled state premise are covered. Power transmission lines, feeder lines, and underground pipes more than 1,000 feet away from state premises are not covered unless the Risk Management & Tort Defense Division is notified in advance of a claim and approval is given by the state's insurance company. Power transmission lines, feeder lines, and underground pipes should be cumulatively reported by category as "special contents", "outdoor property", "power transmission lines", "underground pipes", etc.

QUESTIONS? Call Kristie Rhodes at 444-4509 or email krhodes@mt.gov

Agreements with contractors requesting to be named as a loss/payee for insurance, (renting copier, fax, etc.), contact RMTD to have a certificate of insurance issued.

Landscaping is insured up to one million dollars and does not need to be scheduled. For pipes it is based on location from the building; less than 1,000 feet does not need to be reported; over that it is reported.

Agenda Item 6.

New Procedures – Brett Dahl

Three policies: Insurance Procurement, Claims Administration and Risk Retention. Policies have been in place, this is a review to see if changes need to be implemented. <http://rmtd.mt.gov/aboutus/statutesrulespolicies.asp>

Insurance Procurement is done by RMTD. Claim reporting form is on the website and all claims can be reported on one form. Risk retention is what the state retains after agencies pay deductibles.


Claim Incident form is at: <http://rmtd.mt.gov/claims/reportincidentform.asp>

Agenda Item 7.

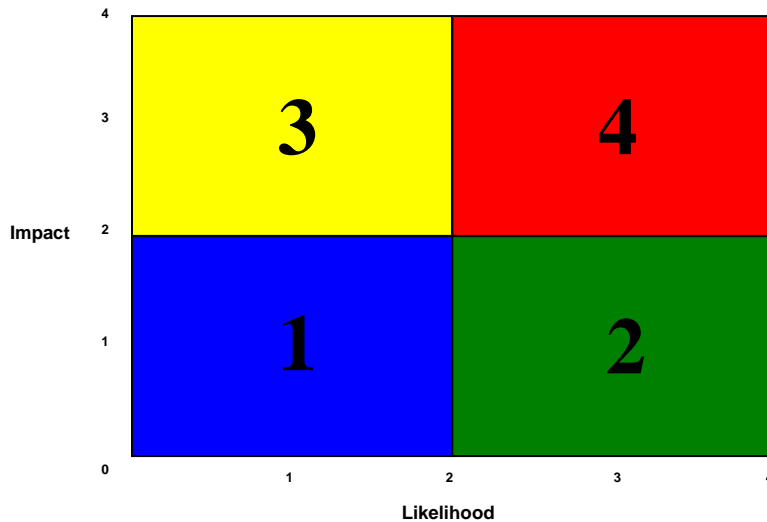
Enterprise Risk Management – Brett Dahl

Focuses on trends and losses, based on what has happened historically and operational exposures. Enterprise risk management focuses on things that are outside of the usual risk exposure experiences (Avian bird flu, investments, etc.)

69 groups of risk areas have been identified and mapped. Several agencies have common risks, such as car accidents, wrongful discharge, etc.. The map reflects low likelihood, high impact, high likelihood, high impact, high likelihood, low impact, low likelihood, low impact.

 Montana State Government Enterprise Risks 26-Feb-08							
Activity	Description	Risk(s)	# Claims (5 Yrs)	\$ Claims (5 Yrs)	Exposure Category*	Enterprise Risk Owner**	
1 Accounting & Financial Services	Accounting, auditing, bond issuance, budgeting, financial management, investments, tax collection, and treasury services.	Personal injury that may arise from errors & omissions, fiduciary negligence, and poor bond investments.			3	ALL	
2 Agricultural & Livestock Services	Agricultural development, animal health, blood management, brand enforcement, horse racing, housing, livestock inspections, meat control, milk control, pest management, seed management, soil & groundwater testing, and weed control.	Personal injury or property damage that may arise from negligent management of animal health, blood, meat, milk, poisons, seeds, soil, weeds, and other agricultural and livestock services.			1	AG, LV	
3 Airports	Locations owned or leased by the state where aircraft may land.	Personal injury or property damage that may arise from the negligent operation of an airport.			3	TR	
4 Athletic Events	Events where athletic training and competition are held.	Personal injury or property damage that may arise from improper equipment, improper practice, negligent supervision, and travel.			3	IE	
5 Automobile Parking Facilities	Locations utilized for automobile parking and storage.	Personal injury or vehicle damage that may arise to person or property of state employees or citizens while parked at state premises.			1	ALL	
6 Banking and Financial Institutions	The regulation of state banks and financial institutions.	Personal injury to citizens that may arise from failure to regulate. Personal injury to financial institutions that may arise from negligent regulation.			3	AD	
7 Boards, Councils, & Commissions	Organizations comprised of individuals appointed to oversee or conduct activities that fulfill state purposes.	Personal injury or property damage that may arise from negligent acts or omissions or fiduciary negligence.			1	ALL	
8 Building Construction	The construction, design, and/or renovation of state buildings.	Personal injury or property damage to state employees and citizens that may arise from negligent construction, worker equipment/practices, and contractual liability.			3	AD, US	
9 Building Maintenance	The maintenance of state buildings and contents through housekeeping, landscaping, and other maintenance practices, including construction.	Personal injury or property damage that may arise from housekeeping, landscaping, and other maintenance practices.			2	ALL	
10 Camps	Outdoor areas owned or leased by the state that are designated for overnight use.	Personal injury or property damage to clients, employees, or guests that may arise from negligent management of activities, equipment, food preparation, maintenance, and supervision.			3	FW, MA, NR, PI, US	
11 Commerce and Economic Development Services	Business resources, economic development, energy infrastructure/promotion, Montana promotion, and trade/international relations.	Personal injury or property damage that may arise from negligent acts or omissions.			1	AG, CO, GO	
12 Concessions	The distribution of food, beverages, and other products at state activities.	Personal injury or property damage that may arise from the preparation, distribution, and storage of beverages, food, and products.			1	CO, FW, PI, TR, US	
13 Containment Areas/Dams/Dikes/Ditches/Levees	Natural or man made structures designed to contain or divert water.	Personal injury or property damage that may arise from negligent construction, management, or diversion of water.			3	FW, NS, TR	
14 Contracts	Written agreements between state agencies and other parties.	Personal injury or property damage that may arise from breach of contract or improper contract language.			3	ALL	
15 Convalescent Homes/Shelters	Facilities that house and treat individuals with special needs.	Personal injury or property damage that may arise from negligent management, improper medical treatment, and poor supervision.			3	PH	
16 Correctional Services	The administration of programs to manage individuals who are in the Montana criminal system.	Personal injury or property damage that may arise from the negligent supervision of staff or individuals incarcerated or on parole.			4	CR	
17 Consulting/Placement Services	Professionals who offer advice and consulting services for state purposes.	Personal injury or property damage that may arise from improper counseling.			3	AD, CR, LI, PH	

Montana State Government Enterprise Risk Map



Agenda Item 8.

Client Visits – Brett Dahl

Conducted every other fiscal year. Purpose is to discuss claims insurance, risks, trends and to meet with agency people and see what their concerns are. They will be conducted beginning in March 2008. Coordinators need to contact agency head and see who needs to attend. Coordinators will contact the RMTD team person that will do the client visits, advise RMTD the number of staff that will be at the client visits, and arrange the meeting place for the visit.

Meeting adjourned at 11:30 a.m.