

Protecting and Preserving  
Montana State Government's  
Vital Assets & Resources



Department of Administration

# Risk Matters



Spring 2010



RISK MANAGEMENT AND TORT DEFENSE DIVISION

## Discount Applications Deadline June 15th

### Auto Insurance Premium Discount

- Receive a 10% auto insurance discount by sending 5% of your agency's employees to safe driver training.
- Safe drivers save lives, time, and money.
- To learn more, visit our website at <http://rmtd.mt.gov/insurance/autoinsdisc.asp>.

### High Deductible Insurance Premium Discount

- Receive 5% to 20% discounts depending on the deductible level selected by your agency.
- State agencies are financially responsible for claims that fall under the higher deductible.
- For additional information, please go to <http://rmtd.mt.gov/insurance/highdeddisc.asp>.

### Property Insurance Premium Discount

- Receive a 10% discount by establishing a property loss management program.
- Protect your agency's vital physical, financial, and human resources.
- Here's what you need to know <http://rmtd.mt.gov/insurance/proplossmgmtdisc.asp>.

To apply for a discount, please contact your Risk Coordinator at

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

### Property/Casualty Insurance Premium Facts and Figures

- ◆ \$4,285,947 = The amount of property/casualty insurance premium reductions given to state agencies since 2006.
- ◆ >\$2,000,000 = The amount of property/casualty insurance premium discounts given to state agencies since 2006.
- ◆ 20% = The percentage of total insurance premium discounts that were not earned by state agencies in FY10 (i.e. agencies did not apply or did not qualify).



# Billings Armory Flood Claim

On May 1, 2008, National Guard Staff at the Armory in Billings arrived at work to find a foot of water and mud throughout much of the building.

Water was shut off immediately, damages were assessed, and loss mitigation efforts were initiated.

Further investigation revealed that a water main coming into the building (built 10 years prior) failed/broke and created a large 'void'

under the building. There was even some concern that the building could sink!

The story has a happy ending.....emergency construction/repair began within a couple weeks through an executive order issued by the Governor.

Happily, there was no business interruption expense and repair of this facility came in under budget at \$1.3 million.

At times we grumble about insurance and wonder whether the cost is worth the benefit.

However, these events remind us that without it, our homes, lives, or businesses could be seriously disrupted!



# Oh Deer!

State employee, Fictitious Frank (name was changed to protect the accused), had just attended a business meeting in Kalispell and was returning home to Helena. Visibility was dim as daylight turned to dusk.

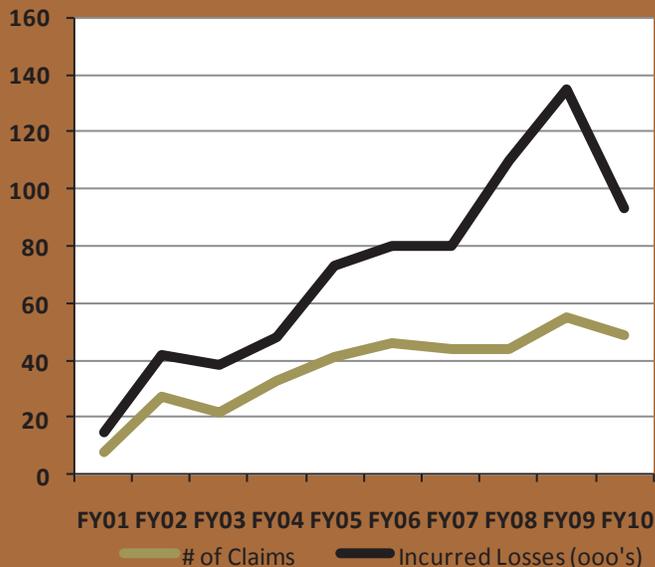
Suddenly, a dark object moving at a high rate of speed crossed from the shoulder of the road into the path of Frank's vehicle. Frank's vehicle struck the deer.

Fortunately, Frank didn't do anything heroic such as steering right to avoid hitting the deer or crossing into the passing lane. Instead, Frank remembered what he learned in defensive driving and stayed in his lane while attempting to slow down. Luckily, no one was injured.

However, there was extensive vehicle damage. Encounters of the "deer kind" are rising and so are costs (graph). You can save lives, time, and money by driving in a defensive manner:

1. Be alert and attentive at all times while driving.
2. Use peripheral scanning to detect deer to the sides of, and in front of your vehicle.
3. Keep your lights on low beam. High beam causes deer to 'freeze' and increases the chance of an accident.
4. **REDUCE YOUR SPEED**, especially at dawn and dusk, when animals are the most active.

## Animal Claims



**Q:** How will my agency's auto liability insurance premiums for the 2013 biennium be calculated?

**A:** Your agency's 2013 auto liability insurance premiums will be based upon changes in your agency's loss experience and changes in your agency's exposure (i.e. vehicles) from the 2011 biennium relative to all other state agencies. Losses that are more than 30% higher than last biennium are capped and shared among all agencies so as to produce premiums that are relatively stable from year to year.

## SAFE RECYCLING

More state agencies and universities are recycling than ever before! Helena area employees alone diverted 602,000 pounds of paper products from the landfill last year by shredding documents and recycling paper products.

Hundreds of thousands of pounds of other products are recycled by state agencies and universities in all corners of Montana. Recycling conserves natural resources and saves money. Don't forget to manage your recycling risks!

Recent inspections of state properties indicate that at some locations highly combustible paper products are stored in large quantities until enough material is accumulated to warrant a trip to the recycling center. Many state facilities were not designed to accommodate such stockpiles.

On March 8, 2010, occupants were evacuated from a four story Lewistown building (not a state building) as emergency fire-fighters responded to the alarm of smoke billowing from the building's basement.



The fire was fueled by shredded paper stored in the basement awaiting recycling. Fortunately, there were no reports of injuries

However, the occupants were dislocated for quite some time in order for the smoke and debris to be cleared from spaces on all floors of the building.

Do NOT store paper products:

- ◆ in boiler/furnace rooms;
- ◆ within 36" of electrical panels;
- ◆ near electrical cords or surge protectors;
- ◆ where they may interfere with vents and ventilation to appliances;
- ◆ where they may accumulate in hallways or routes of egress; or
- ◆ in stairwells designated as fire exit routes.

## Free Auto Insurance

"There ain't no such thing as a free lunch". Most of you are familiar with that phrase. However, it isn't always true!

Some things in state government are free! Like insurance offered through term contracts administered by the State Procurement Bureau:

### Travel Accident Insurance

When you pay for your entire travel fare with your state purchasing card (VISA), you receive.....

- ◆ \$500,000 free accident coverage if caused by a common carrier (i.e. bus, coach, plane, etc.).
- ◆ Free collision damage coverage. (Do not purchase collision or liability insurance from the rental car company).

### Collision Damage Waiver/Liability

When you rent a car from Enterprise or Hertz you receive.....

- ◆ Free collision damage insurance.
- ◆ Free vehicle liability coverage to \$1,000,000 per occurrence for bodily injury or property damage.

### Other Related Services

- ◆ Travel emergencies and roadside assistance.
- ◆ Secondary Baggage Insurance.

Note: A brief summary of coverage offered under state term contracts is provided above. Coverage is subject to all contract terms and conditions.

Help us save money by utilizing this free insurance whenever possible!

To learn more, please visit our website at <http://rmtd.mt.gov/insurance/auto/freesummary.asp>.

# Why Facility Use Agreements?

State agencies and universities are the owners of valuable properties including buildings, land, and recreational sites!

Many public and private organizations outside of state government request permission to use these facilities for official functions or recreational purposes.

In some situations, use of a state facility poses little risk of harm especially where use is consistent with the facility's intended purpose.

In these situations, an agreement may simply involve outlining the timeframes when the facility will be utilized and the general policies that apply to that location.



In many other situations; however, the use of a state facility by a third party may pose significant risk of personal injury or property damage.

In fact, the state may be sued

for claims that arise from a third party's use of state facilities.

Please help us avoid costly claims by clearly spelling out the user's responsibilities in a written facility use agreement.

Usually, state agencies should require users of state facilities to purchase



insurance and name the state as an additional insured on the user's insurance policy.

The user must provide a certificate of insurance and an endorsement that evidences insurance coverage prior to the use.

Call us if you have questions or need sample facilities use agreements!

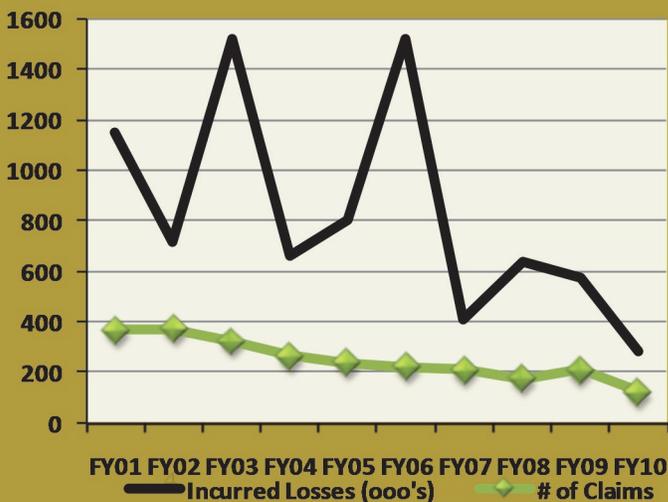


## State Auto Losses Decline! Loss Prevention the Key

State auto losses are trending downward. So, it appears, are loss costs (see graph below)! While there are any number of explanations for the decline, the most plausible is the ongoing efforts of many state agencies to send their employees to safe driver training sponsored or approved by the Department of Administration, Risk Management & Tort Defense Division (RMTD).

Training is free of charge for state and university employees. Your agency may qualify for an insurance premium discount by sending 5% of your employees (including those who have had an accident) to any safe driver course sponsored or approved by the division. Vehicle accidents don't just happen! They are caused and can be prevented!

For upcoming classes and registration information, go to <http://rmtd.mt.gov/training/default.asp>. Contact John Duezabou, Loss Prevention Consultant, RMTD (444-0195) for additional information.



# Property In-Transit

*Agencies that are re-locating, shipping state property, or shipping property of others after conducting state business are insured on a worldwide basis to \$1,000,000 per occurrence for property 'in-transit', except for transport by ocean marine vessels or shipments by mail after delivery to the U.S. Postal Service.*

## Transit Insurance

If you're wondering whether to purchase 'moving insurance', 'shipping insurance', or 'breakage insurance' for that next move or shipment, wonder no more!

By any other name, this type of insurance coverage is commonly known as 'in-transit' insurance coverage. And.... yes, your agency's property is covered by the state property/casualty insurance plan.

Before you sign that dotted line and agree to have us insure your property, here are some timely reminders:

- ◆ Do not agree to insure state property when another party to a contract has a contractual obligation to insure said property either until it arrives at your location or their location.
- ◆ Do not agree to insure equipment, furniture, or other property when the cost of insurance is included in the purchase price.
- ◆ Hire transit companies (use state term contracts where possible) with experience appropriate to the type of property being transported. In other words, do not hire a furniture mover to move fine art that requires special packaging.



- ◆ Shipping, moving, and breakage insurance can be expensive if your agency buys it from a common carrier or a moving company.
- ◆ The State of Montana has negotiated favorable insurance rates for property in-transit. Therefore, do not purchase this coverage unless prior approval is obtained from the Risk Management & Tort Defense Division.
- ◆ Your coverage is subject to a \$1,000 deductible to be paid by your agency.

All other policy conditions and exclusions apply (see <http://rmtd.mt.gov/insurance/propertysummary.asp>).

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&  
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# Upcoming Training

## Spring 2010

**RISK MATTERS** is a publication of the State of Montana, Department of Administration, Risk Management & Tort Defense Division, 1625 11th Ave., Helena, Montana 59620-0124. Phone: (406)444-2421.

**This publication was distributed in an electronic format to all agencies of state government in the executive, legislative, judicial branches, and the university system at no cost.** Reprinting, excerpting, or plagiarizing any part of this publication is fine with us.

Alternative accessible formats of this newsletter will be provided on request. Persons who need an alternative format should contact the Risk Management & Tort Defense Division, Department of Administration, 1625 11th Ave., Helena, Montana 59620-0124. Phone: (406) 444-2421. Those using a TTY may call through the Montana Relay Service at 711.

Visit us on the web at <http://rmtd.mt.gov>.



## Van Safety

<a href="#">05/04/2010</a>	Missoula	9:10 a.m. - 12:00 p.m.	OPEN
<a href="#">05/13/2010</a>	Missoula	9:10 a.m. - 12:00 p.m.	OPEN
<a href="#">05/17/2010</a>	Butte	9:00 a.m. - 12:00 p.m.	OPEN
<a href="#">06/16/2010</a>	Butte	9:00 a.m. - 12:00 p.m.	OPEN
<a href="#">06/17/2010</a>	Missoula	1:10 p.m. - 4:00 p.m.	OPEN

## Preventing Distracted Driving

<a href="#">05/12/2010</a>	Helena	10:00 a.m. - 12:00 p.m.	OPEN
<a href="#">05/12/2010</a>	Helena	1:00 p.m. - 3:00 p.m.	OPEN

## Defensive Driving 4-hour

<a href="#">05/05/2010</a>	Helena	10:00 a.m. - 3:00 p.m.	CLASS FULL
<a href="#">05/06/2010</a>	Great Falls	10:00 a.m. - 3:00 p.m.	CLASS FULL
<a href="#">05/27/2010</a>	Helena	10:00 a.m. - 3:00 p.m.	OPEN
<a href="#">06/02/2010</a>	Helena	10:00 a.m. - 3:00 p.m.	OPEN

For additional information about training, please visit our website at [http://rmtdweb.doa.mt.gov/rmtd/RMTD CTIS TRAINING.training\\_list](http://rmtdweb.doa.mt.gov/rmtd/RMTD_CTIS_TRAINING.training_list) and click on the training links provided there.