

STATE RISK MANAGEMENT COMMITTEE MEETING MINUTES

May 6, 2015

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

Historical Society Auditorium

225 North Roberts

Helena, MT

Risk Management and Tort Defense Division Attendees: Brett Dahl, Aric Curtiss, Julie Ouzts, Cathy Meidinger, Kristie Rhodes, Jennie Younkin, Gordon Amsbaugh, Deb Lopuch, and Kirk Barfuss. Brett thanked everyone for coming to the meeting and introduced the staff.

Risk Management Committee Member Attendees: Lenore Adams, Larry Alheim, Joan Anderson, Kimberly Anderson, Dan Archer, Mark Barry, Kathy Battrick, Stephanie Boudreau, Mark Bruno, Chris Catlett, Kirby Fugle, April Grady, David Gregory, Joe Hamilton, George Harris, Mary Hunt, Barb Kain, Sandy Lang, Brenda Lambert, Dennis Lee, Staci Litschauer, Libbi Lovshin, Joe McNally, Linda McKinney, Tom Nichols, Brandi Pierson, Donna Rae, Caroline Rand, Peter Schaefer, Janet Simon, Rob Smith, Debbie Smithson, Marlys Stark, Leah Tietz, Rob Virts, Craig Woods, Lance Zanto.

[Agenda](#)

[Slide Presentation](#)

Claims Activity-Jennie, Kirk, Gordon

Jennie Younkin explained that for FY 2015 claims activity, she did not add any Tort claims. RMTD has 336 open claims to date and have received 551 for FY 2015. The claims adjustors will set a reserve amount on every claim based on what they think the claim will end up costing.

RMTD has 120 days to resolve a claim after it is received in the office. Average days before RMTD receives a claim after the incident occurs is 22 days. Average days claims are resolved is 59 days and 48 days for average claims are paid.

Jennie explained auto claims are ones from third parties; rock chips from snowplows, state drivers hit them, etc.

There are 183 comp/collision claims for state owned vehicles. 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.

Water damage is the main reason for state property claims.

Gordon next talked about the forms to be used to report accidents. The first one is the accident form that is in all state vehicles gloves boxes. This is to be used only at the scene of the accident. RMTD does not need or want that form. There is also a certificate of insurance

on the back. Photos at the scene are also useful. To handle the claim, RMTD needs the incident report. It can be used for vehicles, property, general, and cyber incidents. Try and submit it as quickly as possible to begin the claims process.

DPHHS Cyber Incident-Kirk

Kirk indicated that cyber incidents affect everyone, whether it is personal or at the state level. There is a link on the RMTD website that outlines the cyber insurance. He discussed the Health and Human Services incident from 2014. The investigation revealed no personal information was accessed. Over 1 million people were notified of the potential incident and over 23,000 signed up for the free credit monitoring thru the cyber insurance program. Over 75,000 called the call center for any questions or concerns they may have had.

Kirk explained that a risk can be a theft, loss, or an unauthorized disclosure of personal information. This includes names, social security numbers, account numbers, driver's license number, and any health related information. There are two types of disclosures, health information and personal information. Under Montana law, there must be the person's name and either a social security number, driver's license number, etc., to be considered a personal breach. Be sure and lock your computer when you are not at your desk. Losing a thumb drive, theft of a computer, are just some examples how data incidents can occur. Be sure and notify RMTD if you believe there was an incident. It is best to call first and then complete the incident report.

Brett added there is annual cyber training mandated by the Governor. He also said the cyber insurance RMTD has purchased has good coverage and did work the way it should have, the call center was set up and the letters were sent timely.

Property/Casualty Insurance Fund 2017 Biennium Approved Rates-Brett

Brett stated there have been catastrophic events worldwide that affect RMTD's rates. There are not a lot of commercial insurance carriers that want to take on the risks RMTD faces. There are over 1 billion in state buildings and assets in Helena alone. The state faces earthquakes, floods, and other large loss events. The deductible is now 2 million for property per occurrence. The losses the state has had are over 300 percent over the past five years. This includes Bannack state park, a large hail loss in Bozeman in 2010, and the data center loss in 2011 in Helena are three examples.

This past legislative session, RMTD asked for 13.4 million supplemental and they gave us 6 million. The money RMTD collects for premiums is how the program is funded. The rates for auto went up 20 percent, aviation stayed the same since there have been no losses, general liability is up 34 per cent and property rates 25 percent for the FY 2017 biennium. RMTD has recommended a 25 per cent increase for property rates. Overall, the rates increased 29 per cent each year of the next biennium.

The large payout settlement in FY 2012 depleted the amount in reserves and left a bit over 3 and ½ million in cash. Thru rate increases and the supplemental in FY 2013, assets increased

to 15 million. RMTD has slowly increased the assets by rate increases and supplemental appropriations.

Brett mentioned the annual report that is on the RMTD website. It is under the publications tab.

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 FY2009 to FY2013. She stated that for auto, for every \$100 incurred, it is per 100 vehicles. This applies to general liability also. [Losses by Agency Handout](#)

Brett 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.

Kristie then talked about the spreadsheet for the fixed costs that departments can view in IBARS. This just came out from HB2. The budget office uses this to set the fixed costs for premium allocation. [FY 2016 and FY 2017 Rates Handout](#) Please call Kristie if you have questions on rates. They will be posted to the RMTD website.

Loss Prevention-Julie

Julie walked the group through finding and registering for all the classes RMTD teaches. She indicated the schedule changes as classes are over and new classes are added. When a class is clicked on it brings up the registration page. When that is completed, the system will send a message that you are registered for the chosen class. You will then receive an email with the class details, location, parking, etc. You can also print the confirmation out.

[Training Registration Page Handout](#)
[Training Registration and Location Handout](#)
[Training Registration and Confirmation Handout](#)

Brett then got up to explain the roles/responsibilities of Risk Management committee members. [Risk Management Committee Handout](#) He stressed that the committee member is the conduit for communication with RMTD and their managers/staff for training, claims, loss prevention, etc. Members also work with management to participate in the insurance discount programs offered and participate in loss prevention activities. Brett thanked the committee members for all they do and also attending the meeting.

Another prevention program is the loss mitigation expense program. This past legislation HB354 was passed for the loss prevention program. The bill came about because of a legislative audit. [HB 354 Handout](#) The auditors looked at how the monies spent prevented/mitigated losses. Julie will carefully document all requests/expenses. Any grant request over 30,000 will be approved by the budget director.

Julie went over the loss mitigation expense application form. 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 Application Form](#) It is important to complete the form completely and accurately and have the correct signatures on the form. Julie said the agency needs to contribute funds when they request the loss mitigation money.

Loss Prevention Property Loss Management-Aric

Aric said Mike Anderson is also doing property loss activities as was assisting Julie with training. 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 2017 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.

One area that is overlooked and may not affect everyone, is the age of fire sprinklers in buildings. They should be looked at and someone should know when they were put in. After 10 years, they should be tested to make sure they still work. After 20 years, they should be tested again. At 50 years, they need to be tested every 10 years and at 75, every 5 years. [Sprinkler Age Issues Handout](#)

Aric indicated fuel cans are a big concern. A lot of agencies use the plastic ones instead of metal cans. There are standards for approved containers. The approved container is less than 5 gallons and should be a closed container. There should be a spring closing lid with a spout cover and a safety pressure relief valve. There is a screen in the container that will stop a spark from getting in the container and causing a blowup.

In 2014, 174 buildings with replacement cost values over 5 million were appraised. The reason only buildings over 5 million were appraised is because they represent most of the property value. The value increased by 3.66% after the appraisals were done.

FY2016 Property/Casualty Insurance Renewal-Brett

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 4,700 properties, 22,000 state and university employees and 6,000 vehicles. There are 19 lines of commercial insurance programs and 4 self-insured programs.

Brett stated Montana is one of the first states to obtain cyber insurance. RMTD will not bid on cyber insurance because of the large incident with DPHHS. Brett said for foreign

insurance he is looking at repatriation for non-political events. He is looking at an all risk limit at 1 billion because of the risk we are faced with.

For medical professional liability for students, he would like to see the limit per occurrence at 2 million and extended to outside of the United States. It is an error and omissions coverage.

The property insurance renewal is slightly better than last year. We have taken a higher deductible to bear more of the risk.

Underwriters are being more cautious with the risks they want to take because of weaker investment returns.

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 when an agency uses a non-state vehicle.

[Certificate of Insurance Handout](#)

The certificate holder is the requestor of the certificate and the agency/university. The risk management committee member needs to sign the certificate. 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. [Insurance Premium Discount Program Handout](#)

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

All forms need to be sent in by June 15th, and the need to be signed by upper management.

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

For the higher 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 (FY2016).

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

Meeting adjourned.