

STATE RISK MANAGEMENT COMMITTEE MEETING MINUTES

May 10, 2017

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, Mike Anderson, Julie Ouzts, Cathy Meidinger, Kristie Rhodes, Jennie Younkin, Gordon Amsbaugh, Taylor Schatz, and Kirk Barfuss. Brett had staff members introduce themselves to the committee and welcomed the group.

Risk Management Committee Member Attendees: Chelsi Bay, Suzanne Snow, Janet Strandberg, Kim Dallas, Leah Tietz, David Brammer, Stormy Tuffield, Lenore Adams, George Harris, Stephanie Boudreau, Peter Schaefer, Brenda Lambert, Erin Ricci, Kara Sperle, Barb Kain, Bruce Giulio, David Gregory, Monica Birlut, Marlys Stark, Rob Virts, Kathy Krebsbach, Dennis Lee, Val Hartman, Carlee Norbeck, Debbie Smithson, Lance Zanto

[Agenda](#)

[Slide Presentation](#)

[Handout Attachments](#)

Claims Activity-Jennie, Gordon, Kirk

Jennie began with an overview slide of the property/casualty statistics of all line of coverages. She explained why some of the years had an increase in claims. The increase was due to increased road construction from 1999-2001.

She explained how to log in and see those reports for yourself.

There have been 4 Cyber claims so far in FY17 and only \$40 was the total paid.

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. 215 general liability claims have been received and \$86,651 has been paid out.

FY17 has seen 313 Auto Liability& Comp/Collision claims and a total of \$508,997.73 has been paid out.

Kirk states that deer and vehicle accidents are very common here in Montana. Please stay alert

Look behind you and be aware when backing up in parking lots. A lot of damage has occurred from hitting poles and other things in parking lots.

Prevent distracted driving to avoid rear end collisions. If you find yourself in an accident notify law enforcement and exchange driver and insurance information. Do not claim fault. Gordon begins by discussing large loss incidents for FY17. He began with the UM apartment fire. The large loss alone cost \$690,395.19 from one cigarette.

The next large loss incident was a leak from a hose that was attached with a zip-tie and not a hose clamp. The water leak was on the third floor of the building and flowed to the basement destroying very expensive lab equipment. The preliminary reserve was \$1,700,000.00.

Property/Casualty Insurance Fund 2018 Biennium Approved Rates-Brett

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.

Large, unpredictable losses (current and historical) impacted the division's operational costs. Catastrophic events worldwide resulted in commercial insurance increases and higher state deductibles

The Montana legislature approved the division's HB 2 rate increase from the \$18.8 million present law base last biennium to \$23.7 million each year of the 2019 biennium. The rate increase was necessary due to another \$25 million Libby Asbestos Settlement.

Brett discussed the predicted changes in revenues, expenses and reserves that would result from the rate increases. As of now, there would be unfunded liabilities but with the rate increase by FY19 there would no longer be unfunded liabilities.

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 FY2012 to FY2016. She stated that for auto, for every \$100 incurred, it is per 100 vehicles. This applies to general liability also.

Kristie 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. Please call Kristie if you have questions on rates. They will be posted to the RMTD website.

Loss Prevention-Mike and Julie

Julie first went over the Loss Mitigation Expense Program and explained 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 Program Application](#)

There were 33 applications turned in for FY18 totaling \$637,661.46 requested. Agencies will be notified the second weekend of June if their application was approved or denied.

Mike discussed the 5 classes that RMTD offers free to state of Montana employees and University System students.

Trainings can be added if your agency needs one. Just contact Mike or Julie to set one up.

Loss Prevention Property Loss Management-Aric

Aric started out with discussing Property Loss Management Discount and the current program concludes with submittal of program binders before June 1st. 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 2018 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.

Our insurance brokers are happy with values that were reported for our buildings so they are not asking for appraisals or adjustments.

If you would like an estimate of replacement cost, please use the [Property Valuation Matrix](#).

No appraisals are scheduled or needed but if you would like one contact Aric.

Aric then discussed that adding a water detection system could help prevent many high dollar claims from water leaks.

FY2018 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 5,100 properties, 22,000 state and university employees and 6,300 vehicles

The property insurance renewal is slightly better than last year. We have taken a higher deductible to bear more of the risk. Markets are 'soft' because of no large worldwide catastrophes.

Moderate investment returns are forcing underwriters to be more circumspect in risk taking.

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.

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

[Automobile Insurance Premium Discount Programs](#)

[General Liability/Cyber Premium Discount Programs](#)

[High Deductible Premium Discount Programs](#)

[Property Loss Management Premium Discount Programs](#)

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 (FY2018).

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

Meeting adjourned.