

# STATE RISK MANAGEMENT COMMITTEE MEETING MINUTES

May 9, 2018

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, Kristie Rhodes, Jennie Younkin, Gordon Amsbaugh, Kirk Barfuss, and Kylie Lindeman. Brett had staff members introduce themselves to the committee and welcomed the group. Denise King, Administrator of the Montana Historical Society, introduced herself and gave a brief talk on a few articles of the museum. Brett gave the new members a chance to introduce themselves as well.

Risk Management Committee Member Attendees: Chelsi Bay, April Grady, Heidi Sampson, Chloe Katsilas, Errolyn Lantz, Russ Fillner, Denise King, Jackie Luhrsen, Lenore Adams, Peter, Schaefer, Donna Schmidt, Jantina Holds The Enemy, Debbie Smithson, Ashley Winchell, Dan Archer, Paige Tabor, Staci Litschauer, Marlys Stark, Rob Virtz, Michele Wheeler, Tom Nichols, Stephanie Boudreau, Dennis Lee, Kurstin Adamson, Monica Birlut, Connie Griffith, Malia Soyland, Stacy Leipheimer, Russ Fillner, Michele Wheeler, Tracy Morano, Sundi West

[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 for all agencies. A snapshot view of FY 2016-FY 2018 claims, loss adjustment expenses and RMTD's legal obligations. She explained why some of the years had an increase in claims. RMTD received 780 in FY 2016, 716 claims in FY 2017 and 552 claims in FY 2018 but that will probably increase. The number of comp/collision claims is always high due to hitting wildlife.

FY 2016 has seen 140 auto liability claims and a total of \$375,369.74 paid out while comp/collision claims numbered 304 with a total of \$826,711 paid out. While the number one comp and collision claim is always animal damage, the second is vehicle accidents. We have not been able to determine if majority is due to the use of cell phones while driving. FY 2018 had 42 snowplow hits all due to speed. Thanks to the agencies for getting their people out to attend the defensive driving classes.

Jennie and Gordon gave the group some "R" and "R" - random reminders concerning flooding and water damage and the importance of preserving the evidence, "bag and tag", so that claims can be verified. Water damage is the number one type of property claims. Gordon discussed

the damages of the flooding at MSU and the process they followed so that their claim was resolved quickly. They recommended using tarps and sand bags for flooding and be proactive - take action.

They gave an overview of using rental car companies. Kirk stated Hertz and Enterprise are the preferred rental agencies. Using the state procard when renting vehicles offers a 2<sup>nd</sup> line of coverage through the state procard/visa automatic insurance coverage. If not, they will be responsible for the \$250.00 deductible.

Kirk reminded the attendees to 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. Please be mindful of your surroundings. If you think your vehicle has sustained \$1,000 or more in damages a police report must be filed. Any time there is personal injuries a report must be filled out. There is a separate form that can be filled out if you are in a remote area and cannot contact the police. Don't take it upon yourself to try to get your vehicle out of the ditch, call a tow truck. RMTD would rather pay the towing expense than the damages from drivers trying to do it themselves. Also, if you are taking a state vehicle home let family members know as they may not realize there is an extra car in the driveway and back into it.

Gordon began by discussing the accident forms that should be in every state vehicle and how they help in large loss incidents. 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 and gather all pertinent information. Some people do not realize that the state is self-insured. He also discussed the difference between volunteers and temp agency personnel. Due to contracts, temp personnel are not covered under the auto insurance policy. Brett reminded them they need to ask before letting a temp service employee drive a state vehicle. There are other options that may be available.

### **Property/Casualty Insurance Fund-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 fund other operational expenditures.

Large, unpredictable losses (current and historical) impact 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 \$18.8M present law base last biennium to \$23.7 million each year of the 2019 biennium. The rates have not changed. The past couple years we have experienced some unpredictable losses. UM experienced housing complex fires. There was a second Libby Asbestos settlement, but we hope to see some of the funds returned. We have a \$2M deductible on catastrophic property losses.

The rates are up across the board mainly due to the Libby settlements and we have had larger losses that were unpredictable.

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 in FY 2019 there would no longer be unfunded liabilities.

### **Loss Cost Information by Agency/University-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 losses from FY2013 to FY2017.

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 larger agency. Auto liability for MDT and MSU were the highest followed by FWP, Justice and DPHHS. MDT is high due to their mission of maintaining state highways. She went over top agencies and their general liability claims and property claims. The University System are higher than most. FWP are also very high due to number of structures throughout the state. Montana State Prison and the Capitol Complex also made the list. Again, it is the mission of the agency that drives the numbers.

Kristie then talked about the spreadsheet for the fixed costs that departments can view in IBARS. The budget office uses this to set the fixed costs for premium allocation. Please call Kristie if you have questions on rates. They are posted on the RMTD website.

### **Loss Prevention-Mike and Julie**

Julie reviewed 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. The program's goal is for agencies to take preventative measures to avoid losses. Each year a committee will review the requests and either approve or deny.

#### **[Loss Mitigation Expense Program Application](#)**

There were 33 applications submitted for FY 2018 totaling \$637,661.46 of funds requested. Agencies will be notified the second weekend of June if their application was approved or denied.

Mike discussed the five classes RMTD offers free to state of Montana employees and University System faculty, staff and students. He encourages the winter driving class which is a two-hour course and covers ice, traction and defensive winter driving among other topics. Many attendees have relocated from out of state and have never driven in the snow but always a good refresher course for those that have always lived in Montana. If you have to drive in the winter, be prepared.

Julie went over viable tips for defensive driving and the classes offered for work place violence and violence in the field. Julie and Mike can work with each agency to design appropriate training for each agency's needs. Contact Mike or Julie to set one up.

### **Loss Prevention-Aric**

Aric discussed several product recalls. When notified, he will e-mail the Risk Management Committee Members and it will be up to them to get that information out to their people. Take recall notices seriously. If they don't pertain to your agency, disregard them but check into the possibility that it just may affect their employees so share when appropriate. He gave the website to check for updates. Property Loss Management Discount 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 2019 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. Make sure the contact person is available because they will be the key point of contact. After Aric and Mike do an inspection on a building, they will issue a report with recommendations for issues they found that could cause a loss or is a hazard. Global Risk Consultant is the company RMTD uses to conduct the inspections. They will also review building plans to see if there could be some changes prior to the structure being built and what risks they may encounter both with the structures and equipment within. RMTD inspects over 5,000 state owned buildings and many buildings that aren't even listed in the database. RMTD uses a well-known worldwide company, "Belfor", for many different services. Aric can schedule Belfor visits for the agencies and the amenities that they provide one of which is the Familiarization Service. Response plans should be in place including listing priority items.

There is \$700,000 in discounts available for the PLMP. Agencies can receive up to a 10 % discount based on nine different sections, but all may not apply to every agency or university. The committee will evaluate which sections apply to each agency. They can do their own building inspections and shouldn't wait for RMTD if needed. Be preventative. Aric also brought up appraisals and their purpose. In FY 2018, 63 appraisals were performed. Identical buildings get one appraisal and the value is applied to each building which is an estimate of a building's replacement cost which insurance carriers require. Contact Aric with any questions or if you have property that needs an appraisal.

### **FY2019 Property/Casualty Insurance Renewal-Brett**

Brett began by discussing his upcoming meeting in Whitefish. He is always looking at long term preventative measures for managing risks and ways to mitigate expenses we incur due to the large catastrophic events for our property insurance. The \$100 billion losses worldwide from the earthquakes, wildfires and hurricanes will affect the market for our policy holder rates. The losses for Montana this past year have remained under \$2 million. We work with very large, competitive and best rated insurance companies. He thanked the staff who do such a terrific job which makes our program work so well.

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 5,400 properties, 23,000 state and university employees, over 6,000 vehicles, and \$800 million of standard building content. He spoke about replacement value and market value and strategic ways to ensure we have the best programs. We administer 19 commercial insurance programs and four self-insured programs, many of which people are not aware we administer.

Legislature approved the division's HB 2 rate increase from \$18.8 million to \$23.7 million each year of the 2019 biennium. The Libby Asbestos claim had another settlement totaling \$25 million so rates are up across the board.

### **Insurance Premium Discounts-Kristie**

There are four discount programs. Kristie discussed the differences and similarities and gave an overview of each program and reminded the group that it is all voluntary. SANS training is the same for cyber discounts as the driving courses are for the auto discounts and must be completed every year.

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

[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 15<sup>th</sup> to participate, and they need to be signed by upper management. Please read the forms carefully to understand what the requirements are to get the discounts.

For the high deductible discount program, the agency assumes more monetary responsibility. Kristie indicated smaller agencies with fewer vehicles and properties may not want to opt for a higher deductible. This discount program is the only one that is effective for the upcoming fiscal year (FY2019). Each form indicates the RMTD staff member they need to be returned to.

Meeting adjourned by Brett.