

RISK MANAGEMENT ADVISORY COMMITTEE (RMAC)

Meeting Minutes
November 5, 2013
1:00 p.m.

This meeting of the Risk Management Advisory Committee was called to order in the LBJ Building, Conference Room 155, Boise, ID.

Members Present: Director Teresa Luna, Department of Administration, CHAIR
Kit Coffin, Risk Program Manager, Risk Management Program
Tanya Hellewell, Department of Lands
Representative John Gannon
Senator Dean Mortimer (participated by phone)
Theresa Chrisman, LewisClark State College (participated by phone)

Others Present: Jennifer Pike, Department of Administration
Keith Reynolds, Department of Administration
Joan Compton, Risk Management Program
Glen Goff, Risk Management Program
Kay Christensen, Office of the Attorney General
Robyn Lockett, Legislative Services Office

Members Absent: Jim Carpenter, Idaho Transportation Department

CALL TO ORDER by Director Luna at 1:05 p.m.

WELCOME – *Teresa Luna*

Director Teresa Luna welcomed the RMAC members, Risk Management staff and LSO staff in attendance.

APPROVAL OF MINUTES – *Teresa Luna*

MOTION: Sen. Mortimer made a motion to approve the minutes from the June 25, 2013 as written. The motion was seconded by Rep. Gannon. With no further discussion, all members voted in the affirmative to approve the minutes and the motion carried.

RISK MANAGEMENT 101 – *Teresa Luna*

Continuing the education forum the Committee started at the June meeting, Director Luna gave an overview of the topics that would be discussed, including further information about coverages, how coverages are placed, what is covered and some general numbers in the various claims categories.

Director Luna turned the meeting over to Kit Coffin, Risk Program Manager. (*See Attachment 1 for further explanation of types of coverages.*) Ms. Coffin explained that:

- Risk Management is statutorily responsible to determine the needs for and types of insurance for all State entities. Risk uses a mix of self-funded and commercially funded insurances to accomplish this responsibility.
- For example, for Major Property the State is commercially insured for up to \$250 million per occurrence within the policy year. Risk Management retains \$250,000 of that coverage per occurrence within the policy year. The retention, similar to a deductible, would be paid out of the Retained Risk Account.
- All state agencies receive four (4) basic coverages that are billed through the SWCAP and appropriations process. Those coverages are: Comprehensive Liability, Major Property, Boiler/Machinery and Crime/Employee Bond. Agencies may also choose to participate in two (2) optional coverages available through the SWCAP process: Auto Physical Damage and Inland Marine. Additional coverages are available outside of the SWCAP process such as Foreign Liability, Aviation, Media Professionals Liability (for universities only) and Out-of-State Workers Comp.
- Risk utilizes an actuary to determine the amounts needed for the retained amounts of commercial policies and self-funded amounts. For the commercial coverages, Risk utilizes a commercial broker.
- All agencies use the web-based reporting system for their property and vehicles. It is the agency's responsibility to keep this information up-to-date on a regular basis. This information is used during each renewal period to work with the carriers to determine premiums for the coming policy year. The renewal process begins months ahead of the actual renewal. For example, Risk began working on renewals in September for the coverages that were put in place the following July.
- Many factors can affect the numbers and types of claims Risk processes from year-to-year. Seasonal activities, weather conditions, age and infrastructure, and the variety of missions for the various agencies. Due to the variety of agency missions, it is not particularly helpful to compare the numbers and types of claims from one department to another.
- The life of claim from incident to filing to resolution can vary. There are specific time frames for filing a tort claims with a definite statute of limitations. Claims that go into litigation will likely prolong the life of the claim. Property and auto claims are typically resolved in a much shorter timeframe.
- A snapshot of claims at a given time can change from day to day as claim counts are derived from date of loss. Risk has seen a trend in increased Auto Physical Damage claims, with no direct cause to attribute to this increase. Auto Physical Damage coverage is self-insured with a deductible of \$500 per incident.
- Inland Marine claims have been relatively few in number with a \$50 deductible per incident. Property covered by this policy must have a value of \$2000 or less.

- Mistake in job performance is a general cause code for routine, clerical kinds of incidents. Employment claims can be found under a number of different cause codes such as wrongful termination or Title VII claims.
- The claims process for liability claims are governed by the provisions of the Idaho Tort Claim Act and risk management statutes. Risk provides defense for state employees within course and scope of employment, providing they acted without malice or criminal intent; the Idaho Tort Claims Act mandates this duty. Risk also manages defense for litigated tort claims, and defends and pays damages for covered causes of loss for which the state is legally liable or which were settled by a negotiation or compromise settlement such as auto accident claims.

Sen. Mortimer posed the question about whether increasing deductibles would motivate agencies to utilize Risk coverages more responsibly. Ms. Coffin explained that increasing deductibles for Inland Marine may have that desired effect, but less likely for the other coverages because the premiums and deductibles are not correlated the same as with your personal home or auto coverage where if you take a higher deductible, you may be able to get a lower premium.

Rep. Gannon inquired about the common causes of loss related to Department of Correction medical. Ms. Coffin explained that it's important to remember that even though the State can use a commercial enterprise to provide healthcare for inmates, the duties under the 8th Amendment are not delegable. The State still has an exposure to claims and lawsuits for those because the State has the oversight responsibilities. The bar to meet those responsibilities is fairly low, but the State still can be held accountable. The contractor would likely be responsible for the majority of the claims, but the State is not totally off the hook either. Risk will only pay for defense of the exposure to the State. Contract law is separate from what Risk Management does.

COMMUNICATIONS AND WEBSITE – Teresa Luna

Director Luna let the Committee know that Risk has made significant improvements to the current Risk Management Program website at www.adm.idaho.gov/risk to include information about coverages, tort claim filing instructions and more. Communications via the website, email and regular mail are continually being reviewed for improved efficiency and clarity.

Since the Committee last met, Risk has distributed billing information to agencies. The billing methodology was slightly different this year than in previous years at the direction of the Legislative Services Office (LSO).

NEXT MEETING – Teresa Luna

The next meeting will be held in late spring, date to-be-determined.

ADJOURNMENT

Sen. Mortimer moved that the Committee adjourn. With no objection or discussion, the meeting was adjourned at 1:55 p.m.

Jennifer Pike, Public Information Specialist
Department of Administration