

RISK MANAGEMENT ADVISORY COMMITTEE (RMAC)

Meeting Minutes

January 15, 2019

A meeting of the state Risk Management Advisory Committee was held on this date in the LBJ Building, Conference Room #155, 650 W. State Street, Boise, Idaho. Chairman Mooney called the meeting to order at 1:30 p.m.

Members Present:

Bryan Mooney, Director, Department of Administration (DoA) and Committee Chair

Faith Cox, Statewide Risk Manager, Office of Risk Management (ORM)

Travis McGrath, Chief Operations Officer, Idaho Transportation Department

Theresa Chrisman, Assistant to the VP for Finance and Administration, Lewis-Clark State College (via conference call)

Representative John Gannon until 1:45 pm

Josh Tewalt, Director, Department of Correction

Absent and Excused:

Senator Dean Mortimer

Others Present:

Keith Reynolds, Deputy Director and Chief Financial Officer, DoA

Kay Christensen, Chief, Contracts and Administrative Law, Office of the Attorney General

Tami Humiston, Principle Financial Specialist, DoA

Kris Coffman, Risk Management Program Supervisor, ORM

Max George, Claims Technician, ORM

Kristie Fields, Technical Records Specialist, ORM

Colleen Tarlas, Claims Technician, ORM

Tim Erickson, Claims Adjudicator, ORM

Joan Compton, Risk Analyst, ORM

Brad Wagner, Health and Safety Specialist, Department of Lands

Diane Blume, Program Specialist, Department of Administration

APPROVAL OF MINUTES

MOTION: Ms. Cox moved, and it was seconded by Representative Gannon that the minutes of the September 10, 2018 Risk Management Advisory Committee meeting be adopted as written. The motion passed unanimously.

FINANCIAL REVIEW

Cash Analysis Report

Mr. Reynolds shared with the committee a cash flow analysis, which is the document used for setting premiums that are assessed agencies for the following year. For the next meeting, he indicated, he will prepare a monthly forecast which will provide more meaningful financial information for the committee to review.

All in all, he said, the state is having a good year in all lines of coverage, especially property. Almost all funds spent this year for property coverage (\$2.3 million) has been for premium costs. Very little has been paid out in claims.

Expense Analysis Report

The expense analysis report compares where the state is as of December 31st to annual projections. Typically, agency receipts balance to zero at the end of the year, he said. This year, however, one of the agencies projected in the receipts, College of Eastern Idaho, became a community college and was no longer eligible for the state's insurance. Nevertheless, there is no negative variance between actual and projected expenses. Last year at this time, he pointed out, the state had already been in a negative variance for property.

UPDATE FROM STATEWIDE RISK MANAGER

Inland Marine Coverage (Inflation)

Ms. Cox explained the state's optional inland marine insurance covers items valued up to \$2,000 with a \$50 deductible for items easily pilfered or breakable. This level of coverage has remained the same for several decades with no inflation increase. Therefore, she proposed that the value of items covered under this plan be increased to \$2,500 with a \$100 deductible which would be more in line with market, she added.

Mr. Reynolds indicated that claims have been so favorable that for the last five years or so, premiums have not been charged to agencies. It's projected this year that about \$22,000 will be paid out on claims.

MOTION: It was moved that the Committee approve increasing agency coverage for Inland Marine to \$2,500 with a \$100 deductible effective July 1, 2019. The motion passed unanimously.

October All-Agency Risk Forum

The forum last October was the third annual training opportunity provided free to all agencies and funded by the state's broker, Ms. Cox continued. This committee was instrumental in helping to identify topics for the training agenda. She shared feedback from attendees and listed the average scoring on specific topics ranging from 1 (lowest) to 5 (highest).

Idaho Human Rights Commission Process	4.71
Idaho Cyber Liability	4.09
Decrease Workers Compensation	4.55
Start Drivers Safety Program	4.21
Best Practices/Working with Risk Management	4.35
Idaho Claim Trends	4.79

There were about 100 attendees, she said, ranging from deputies attorney general, department directors, financial staff, as well as human resources personnel. To prepare for the next October forum, she said she will bring topic ideas and have the committee help decide on an agenda.

Fleet Safety

A common comment received at the October forum, she pointed out, is that few state agencies have drivers' safety programs. She distributed a spreadsheet showing Auto Property Damage Claim Trends for the last five years.

Auto Property Damage Claim Trends				
Fiscal Year	Total Vehicle	APD Accidents	Preventable APDs	% Preventable
2015	6644	321	137	42.68%
2016	6706	343	142	41.40%
2017	6657	320	140	43.75%
2018	6906	321	130	40.50%
YTD 2019	6976	141	66	46.81%

The column listing preventable claims includes incidents of backing into stationary objects, for example. The number of preventable accidents is very high, she added, and indicates that drivers were distracted. ITD has some of the lowest rates and that is likely because it administers a drivers' safety program.

For FY19 this committee acted to increase the deductible for auto accidents with the intent that it would motivate agencies to better manage their drivers, but this has not shown to be the case, she said. Year-to-date the percentage of preventable auto property damage claims is almost at 47%. She shared percentages of the top seven agencies with the highest rates of preventable claims for FY18. Halfway through FY19 all seven, except for one, has already exceeded their total amount of preventable accidents in FY18.

She asked the committee for thoughts about creating a fleet management program for the state. Right now, there are no statewide parameters on vetting who can drive state vehicles. There is no disciplinary process for employees who have accidents, and there are no limitations for employees who have had DUIs. Many states have restrictions on who can and cannot drive, she said, and she proposed that Idaho establish minimum standards for drivers of state vehicles.

At one time Risk Management tried to implement a distracted driver's policy with the Division of Human Resources, she explained, but it was not well received. Ms. Christensen suggested the way to enforce a statewide vehicle safety program would be through a rule. DHR would need to be involved since it is statutorily responsible for disciplinary actions for state employees.

She further commented that individuals with DUIs are now unable to drive their cars without blowing into a breathalyzer. This has not been dealt with at the state level. Chairman Mooney said in his experience in the private sector, there was no tolerance for DUIs. He cautioned, however, that if consequences are so severe that an employee may not report an accident, that could be even more dangerous. He suggested the department request example policies from the state's insurance company and spend some time discussing them at the next meeting of this committee.

Ms. Chrisman pointed out that Lewis Clark-State College has a driver's safety policy including background checks every three years for employees, and background checks every year for students who drive state vehicles. If it is found that an employee or student has a driving violation within the last 24 months they must receive authorization from their supervisor if they drive, and most likely if they have a DUI they are not allowed to drive at all. All drivers must sign that they agree to the College's policy.

Director Tewalt cautioned that any rule considered be well thought out because there are operational challenges to driving agreements that could affect agencies, such as the Department of Correction.

Motion: It was moved by Ms. Cox and seconded by Director Tewalt that by the next meeting of this committee, staff will poll agencies about their current practices, what is working and not working, and work with the state's broker to gather sample policies from throughout the country for the committee to consider. The motion passed unanimously.

New Risk Management Information System

The existing system is not adequate, Ms. Cox explained, and has no ability to allow for analysis of data to aid in managing risk. Last year, funding was received for a new off-the-shelf system that will allow agencies to access their own information and conduct their own ad hoc reporting. Staff has been working on an RFP for several months and it is anticipated to be issued yet this month, she said, with contract award by May.

STRIMA 2020

The State Risk Insurance Management Association is an excellent organization involving about 42 states, she continued. It conducts a conference annually hosted by a different state each year. Included are round-table discussions where states discuss similar areas of interest and concern and share best practices. Recently, she said, she was elected to the Association's Board.

STRIMA has been trying to bring the conference to Boise for many years and it will finally happen in 2020. It will be a lot of work organizing this five-day event that also includes activities for spouses. She is now searching for an Idaho motivational speaker, and a live band.

3-Year Claim History

She distributed a document illustrating claims in progress and litigation for FY16, FY17, and FY18. It shows how many claims were filed in each of the lines of coverage, how many remain open, the number of claims in litigation, and the amount paid to date. She pointed out, for example, that in FY18 out of 403 total liability claims, 22 are in litigation, which is substantial, she said. In FY17 there were 507 total liability claims with 8 in litigation. In FY16 there were 468 claims with 15 in litigation. She pointed-out a recent trend where cases are going straight to litigation rather than negotiating with Risk Management in the Tort Claim stage to resolve, she said.

Important Case Updates

Currently, there are 86 current litigated claims going back to 2009. The top three agencies with most of these claims are the Departments of Correction, Juvenile Correction, and Health and Welfare.

One important case is a whistleblower case involving Idaho State Police where three separate occurrences were awarded. It is being appealed by the state and is now schedule at the Supreme Court next month, she said. Another one involves Juvenile Correction where the state is appealing the decision at the district court level that ruled that the statute of limitation did not apply. Other big profile cases underway include the case of gender reassignment at the Department of Correction.

Director Mooney suggested the Division of Human Resources Administrator, Susan Buxton, be invited to be a member on this advisory committee. The committee agreed.

PROPOSED 2019 MEETING SCEDULE

The following dates have been set for the upcoming RMAC meeting:

Tuesday, May 14th, 1:30 pm

Tuesday, September 17th, 1:30 pm

ADJOURNMENT

Chairman Mooney adjourned the meeting at 2:20 pm.

A handwritten signature in black ink that reads "Diane K. Blume". The signature is written in a cursive style with a prominent initial 'D'.

Diane K. Blume, Program Specialist
Department of Administration