

RISK MANAGEMENT ADVISORY COMMITTEE (RMAC)

Meeting Minutes

May 14, 2019

A meeting of the State Risk Management Advisory Committee was held on this date in the Senate Majority Caucus Room, Statehouse, 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
Josh Tewalt, Director, Department of Correction
Senator Dean Mortimer
Susan Buxton, Administrator, Division of Human Resources

Others Present:

Keith Reynolds, Deputy Director and Chief Financial Officer, DoA
Kay Christensen, Outgoing Chief, Contracts and Administrative Law, Office of the Attorney General
Andy Snook, Incoming Chief, Contracts and Administrative Law, Office of the Attorney General
Kris Coffman, Risk Management Program Supervisor, ORM
Max George, Program Specialist, ORM
Kristie Fields, Technical Records Specialist, ORM
Colleen Tarlas, Claims Technician, ORM
Tim Erickson, Claims Adjudicator, ORM
Joan Compton, Risk Analyst, ORM
Jill Randolph, Analyst, Legislative Services Office
Diane Blume, Program Specialist, Department of Administration

APPROVAL OF MINUTES

MOTION: Ms. Cox moved, and it was seconded by Senator Mortimer that the minutes of the January 19, 2019 Risk Management Advisory Committee meeting be approved as written. The motion passed unanimously.

Chairman Mooney welcomed Susan Buxton as the Committee's newest member and thanked her for her participation.

FINANCIAL REVIEW

Cash Analysis Report

The cash analysis report, which is a high-level review, was put together last fall when projections were made for FY20 agency billings, Mr. Reynolds explained. It shows FY19 actuals through March 31st but the numbers do not clearly illustrate where the program is at certain points throughout the year. He pointed out that agency receipts for FY19 of \$9.95 million are \$50,000 to \$60,000 less than projected due to the fact that Eastern Idaho Technical College became a community college and no longer was billed for coverage. Expense, Claims and Premiums totaled \$8.29 million in FY19

leaving a cash balance at March 31st of \$12.65 million, which is about \$2 million more than projected for the beginning balance of FY20, and with three months left in the fiscal year.

Budget-to-Actual by Line of Coverage

Mr. Reynolds distributed a new report designed to provide a review of how each line of coverage is tracking to projections by month. Total numbers as of March 31st for all lines of coverage show the beginning cash balance of \$10,750,290. Projected interest, transfer, and miscellaneous receipts was \$10,029,128; however, actuals were \$9,953,320 leaving a variance of \$80,810. As mentioned earlier, he said, the variance is due to Eastern Idaho Technical College becoming a community college and no longer paying premiums. Projected expenses and claims were \$8,351,197 but actuals were \$8,292,759 resulting in a positive variance \$63,439. He then went through the same analysis broken-down by specific line of coverage as well as administration costs as of March 31st.

Senator Mortimer asked that future reports for each line of coverage breakout cost of claims from expenses. Chairman Mooney also asked that future reports include the top ten largest claims.

UPDATE FROM STATEWIDE RISK MANAGER

April Renewals

The Foreign Liability and Aviation lines of coverage are typically renewed in April, Ms. Cox explained; however, the bulk of coverages are renewed in July. Premiums for Foreign Liability remained about the same per employee even though there was an increase in employees travelling out of the country. Aviation covers aircraft and drones, she said. Drones have become an increasing exposure as about ten agencies now own and operate them. About ten years ago the cost for coverage was \$1,400 per drone but this year the renewal cost was \$162.50 per drone. Coverage is for liability only.

There are currently 104 state-owned drones, but there is no state drone use policy, which creates an exposure for the state, she said. Typically, the aviation board's minimum standards are followed. She proposed forming a subcommittee, composed of representatives from the agencies that own drones, to form a policy that could be applied to all agencies. Senator Mortimer stressed that it is imperative that the state have a policy because over time there are going to be many more in use.

MOTION: Senator Mortimer moved, and it was seconded by Ms. Buxton that the State of Idaho adopt a drone use policy in coordination with users of drones within the state. The motion passed unanimously.

Ms. Buxton commented on the importance of accountability on behalf of employees to meet certain standards. Mr. McGrath noted that although ITD only has two drones at this time, its Division of Aeronautics is leading an effort to develop a state drone program. He volunteered a staff member who is also a pilot to participate on the subcommittee. Ms. Cox volunteered to head up the group and will reach out to all ten agencies that own drones soliciting volunteers. The Military Division is becoming extremely active in the use of drones, Senator Mortimer added, and it would be his recommendation that this entity be included.

Loss Prevention Update

About 16 years ago, Idaho had a statewide loss control employee within the Office of Risk Management who made recommendations to agencies on safety issues and how to correct them. With the state owning \$9 billion of property,

this is a very important position, she said. Agencies have been forced to create their own plans, and many don't have the manpower or ability to do so.

Idaho Code section 67-5773 states that with available funds and personnel, periodic inspections are to be made, she pointed out. Building appraisals are currently being done, but they don't make recommendations how to improve conditions. The statute also indicates that Administration is to make recommendations to agencies how to minimize risk and create savings to the state. For example, she relayed that the State Fire Marshal recently reported that there have been about 30 fires in state facilities recently due to changing over to LED bulbs. She explained she does not have a staff member available to help her create communications to all agencies about the hazard and together with the Division of Building Safety and the State Fire Marshall follow up with agencies. It's a major life safety issue, she stressed.

To make up for the lack of a loss control program, she said, she has been leveraging services as much as possible with Travelers to test agencies' fire sprinkler programs, for example. This was arranged after discovering that agencies were not testing sprinklers adequately. Travelers also sent an expert to conduct training sessions at Idaho State University, University of Idaho, and in the Capitol Mall to over 100 maintenance personnel on the proper way to test sprinklers.

The committee agreed to recommend that the department request an FTP and funding to pursue a loss safety control position as soon as possible. This position would coordinate with the Division of Building Safety, State Fire Marshal, and other officials regarding loss potential or deficiencies in building maintenance.

Mr. Reynolds explained a request for an additional full-time employee plus funding can be included in the department's FY21 budget request, due September 1st. The request will be reviewed with this committee at its meeting in September and the committee can take formal action in support of the position at that time.

Statewide Driving Policy

Ms. Cox distributed draft copies of an annual vehicle use certification and a new hire vehicle use agreement/driver's license record check. Staff is in the process of implementing these documents for the Department of Administration and she posed to the group that similar documents be implemented statewide. One single policy would not work for all state agencies, she explained, but a consistent template could be made available for agencies to adapt to their own needs.

Since the last meeting of this committee, she said, she polled 95 agencies, boards, and commissions inquiring of the type of driving policy they had in place. Responses were received from 40 agencies of which 28 had some sort of policy in place and most of those mirrored the minimum requirements of the Board of Examiners. Those requirements state that drivers must have a valid driver's license, not transport anyone who is not a state employee, and not use the vehicle for personal use. Ten agencies reported they verify driving records.

With 8,000 state vehicles on the road, Chairman Mooney said, the state is putting itself at risk by not setting expectations for its drivers. It's good government policy to keep state employees and citizens safe.

MOTION: Ms. Buxton moved, and it was seconded by Director Tewalt that the Statewide Risk Manager form a subcommittee to come up with a statewide vehicle use policy. The motion passed unanimously.

New Risk Management Information System

Mr. Reynolds reported that the Request For Proposal (RFP) process is complete and two bidders responded. One was deemed non-responsive and the contract was presented to the other bidder. This company asked for changes in the terms and conditions and the Division of Purchasing is now working through those requests.

Updates on Important Cases

A current trend of litigation in Idaho shows that juries are awarding amounts unusual for the state, Ms. Cox said. She gave the committee updates on three significant cases currently underway.

The first one is the gender reassignment surgery case for an inmate within the Department of Correction system. The state has appealed the federal court's decision to allow for the surgery, and the Ninth Circuit Court will be hearing the case this Thursday.

Secondly is a Title VII claim of gender-based discrimination also with the Department of Correction. It was taken to federal court and the jury awarded \$1.8 million but that amount will be reduced to \$300,000 plus the plaintiff's attorney fees. The state is now negotiating those fees.

Finally, there is an employment-related case involving Idaho State Police. The jury awarded \$1.5 million, but the state has a tort cap of \$500,000 per occurrence, she pointed-out. The other side argued that there were three occurrences involved and the state argued there was only one. The judge split the difference and awarded two. This case was argued in the Supreme Court in February and the outcome is still pending.

OTHER BUSINESS

Ms. Christensen, who is retiring next month, thanked the committee for inviting her involvement over the years. She introduced her replacement, Mr. Andy Snook.

The next meeting is scheduled for Tuesday, September 17th at 1:30 pm

ADJOURNMENT

Representative Gannon moved that the May 14, 2019 meeting of the Risk Management Advisory Committee be adjourned at 2:30 pm. The motion passed unanimously.



Diane K. Blume, Program Specialist
Department of Administration