

RISK MANAGEMENT ADVISORY COMMITTEE (RMAC)

Meeting Minutes

January 19, 2023

A meeting of the State Risk Management Advisory Committee was held on this date in the West Conference Room of the JRW Building, Boise, ID

Members Present:

Keith Reynolds, Director, Department of Administration and Committee Chair

Faith Cox, Administrator, Division of Insurance and Internal Support, Department of Administration
Representative John Gannon

Christine Starr, Chief of Staff, Idaho Department of Correction (IDOC) (via teleconference)

Kip McBean, Boise State University (BSU) (via teleconference)

Dave Tolman, Idaho Transportation Department (ITD)

Members Absent and Excused:

Lori Wolff, Administrator, Division of Human Resources (DHR)

Others Present:

Steve Bailey, Deputy Director, Department of Administration

Tami Humiston, Chief Financial Officer, Department of Administration

Kris Coffman, Risk Management Program Supervisor, Department of Administration

Will Villwock, Risk Management Claims Adjudicator, Department of Administration

Elaine Noot, Risk Management Analyst, Department of Administration

Sandra Hammons, Risk Management Claims Technician, Department of Administration

Jenni Stoy, Risk Management Administrative Assistant, Department of Administration

Parley Bates, Risk Management Program Specialist, Department of Administration

Frances Lippitt, Budget and Policy Analyst, DFM (via teleconference)

Kim Rau, Program Specialist, Department of Administration

Welcome and Overview of the RMAC

Chairman Reynolds

Approve the June 30, 2022, Meeting Minutes

MOTION: Ms. Starr moved, and it was seconded by Mr. Tolman that the minutes of the June 30, 2022, Risk Management Advisory Committee meeting be approved as written. The motion passed unanimously.

Financial Review

Tami Humiston, CFO

- FY22– FY24 Cash Analysis Report, ending 12/31/2022: Ms. Humiston provided a cash analysis report highlighting FY24 projections, FY23 actuals through 12/31/2022, and FY22 actuals.

FY22 Actuals: The FY22 ending balance is \$17,267,503.

A healthy ending balance is projected for FY23 at \$18,777,075 which is higher than recommended reserves. Agency receipts, interest, transfers, and miscellaneous receipts this year

are at \$13,472,698. Expenses and claims paid out this year are \$8,412,688 and insurance premiums paid out this year are \$3,550,438.

FY24 Projections: An ending balance of \$18,504,742 is projected for FY24. Agency receipts, interest, transfers, and miscellaneous receipts this year are at \$13,136,730. Expenses and claims paid out this year are \$9,013,872, and insurance premiums paid out this year are \$4,179,069.

Programs are in line with projections except for Property and Liability. With the Property line the committee made two decisions last meeting to raise the agency deductible to \$5,000 for claims under \$50,000 and \$10,000 for claims \$50,000 and more. We will continue to monitor the cash balances. For the Liability line, we have seen higher expenses than projected but we have a sufficient cash balance.

Updates from Statewide Risk Manager

Faith Cox, Statewide Risk Manager

- Property Renewal Update: Ms. Cox reminded the Committee that at the June 2022 meeting, Ms. Cox had shared that the State's property renewal carrier of over 17 years did not renew our policy, although they did give the State a 60 day extension through September 1, 2022. During that period, the State was able to negotiate a new property carrier relationship with FM Global, who extended a 2 year policy with the same rate structure. This is highly unusual and very welcome, with coverage beginning September 1 through July 1 of 2023. The next period of coverage will begin July 1, 2023 and go through June of 2024. Ms. Cox shared some of FM Global's background. FM Global will have expectations like implementing some basic safety programs that should be in place, such as documenting "hot work", which is work that can create a fire hazard, such as welding. Risk Management staff will train the agencies regarding the new expectations.
- Reinsurance Renewal Update: Ms. Cox gave an overview of the states reinsurance coverage. Only the state can draw on this, it is not excess insurance coverage. Over the past several years, this has been a difficult line of coverage for the State to secure. Fortunately, the State has secured a reinsurance policy renewal with favorable terms, due in large part to a large gathering of data and an outline of all the exposures in the State that was put together and provided by our Loss Control Manager and our Underwriting Analyst. We will continue to track and allocate charges to individual Agencies for additional premium related to contract negotiations and events that require higher liability limits. The increased charge will be allocated on the FY24 Premium Allocation. The charge per additional certificate is \$8,547 which is reflective of the higher premium as a base.
- Risk Forum Topics (Nov 2023): Due to lack of staffing, Ms. Cox shared a summary of proposed topics for the upcoming Risk Forum, which will be held in November in the Lincoln Auditorium of the Idaho State Capitol building.
- Auto Policy Revisions: Ms. Cox provided the Auto Physical Damage Self-Funded Coverage Document to the Committee, which outlines any changes in the policy. One clarification made is

in regard to water damage due to purposefully driving a vehicle into a body of water. Discussion ensued.

- Self-Funded Liability Revisions: Risk Management staff thoroughly reviewed the policy and made a coverage clarification in the document. There are specific exclusions where risk management does not cover declaratory or injunctive relief, and other sorts of actions that the agency staff attorney normally cover or the attorney general's office would normally defend. Risk Management covers the damages piece of a claim but not injunctive relief. Clarification was added so agencies understand its percentage of the cost to defend claims that are intermingled with covered and uncovered causes of loss.
- 3- Year Claims History Update: Ms. Cox presented a Statistical Information on Claims document for claims to date for Fiscal Years 2020, 2021, and 2022. This document is presented to the Committee to identify trends and what is being done to mitigate some of the trends identified. FY2020 had 871 claims, FY2021 had 880 claims, and FY2022 had 857 claims to date. Discussion ensued regarding higher costs of auto parts, building materials, etc., which result in higher claim amounts.
- Loss Control Update: Two Top Initiatives
 - Defensive Driver Training: Max Dunn is working on a statewide DDT. At least 70% of driving accidents are preventable and could be avoided. Training is being done specific to Idaho. DHR will assist with a training video for state employees.
 - EFT Transactions: Risk met with SCO and Treasurer's Office to discuss and identify potential financial losses. Based on SCOs best practices, a 7-10 minute training module will be available for financial staff to learn how to identify any red flags associated with financial transactions.
- Action Item: Cyber Insurance Multi-Factor Authentication (MFA): Ms. Cox shared that the State's first cyber insurance policy was purchased in 2015, with the intent to eventually be self-covered. Two years ago, the state became self-funded. The insurance industry is making changes to cyber coverage and is now requiring MFA on all devices. For security purposes, everyone within the State employment should have MFA on State devices that access PII (Personal Identifiable Information), PHI (Personal Health Information), or PCI (Personal Credit Card Information). Luma will require MFA. The Committee would like more information on this to review before agreeing to this proposal. This Action Item is tabled until the next meeting.

Other Business: Next Meeting of the Committee: June 29, 2023

Adjournment

MOTION: Ms. Star moved, and it was seconded by Mr. Tolman that the January 19, 2023 meeting of the Risk Management Advisory Committee be adjourned at 2:45 pm. The motion passed unanimously.

Kimberly Rau, Program Specialist

Department of Administration