

RISK MANAGEMENT ADVISORY COMMITTEE (RMAC)

Meeting Minutes

January 18, 2024

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:

Steve Bailey, 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)

Kat Kapuscinski, System-wide Risk Manager, Office of the Idaho State Board of Education

Kip McBean, Boise State University (BSU)

Dave Tolman, Idaho Transportation Department (ITD)

Members Absent and Excused:

Senator Linda Wright-Hartgen

Others Present:

Bailey Peterson, Chief Financial Officer, Department of Administration

Kris Coffman, Risk Management Program Supervisor, Department of Administration

Will Villwock, Risk Management Claims Adjudicator, Department of Administration

Jessica Carr, Risk Management Analyst, 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, Legislative Services Office (LSO)

Peggy Birk, Department of Administration

Welcome

Director Bailey

Approve the January 19, 2023, Meeting Minutes

MOTION: Representative Gannon moved, and it was seconded by Ms. Starr that the minutes of the January 19, 2023 Risk Management Advisory Committee meeting be approved as written. The motion passed unanimously.

Financial Review

Bailey Peterson, CFO

- FY23– FY25 Cash Analysis Report, ending 12/31/2023: Ms. Peterson provided a cash analysis report highlighting FY25 projections, FY24 actuals through 12/31/2023, and FY23 actuals.
 - FY23 Actuals: The FY23 ending balance is 15,439,833.
 - An ending balance of \$9,866,201 is projected for FY24. Agency receipts, interest, transfers, and miscellaneous receipts this year are at \$4,951,315. Expenses and claims paid out this year are \$(5,739,437) and insurance premiums paid out this year are

\$(4,785,509). Ending balances reflect a slow incoming cashflow from agencies. These numbers will improve upon receipt of monies from state agency billings.

- FY25 Projections: An ending balance of \$13,728,866 is projected for FY25. Agency receipts, interest, transfers, and miscellaneous receipts this year are at \$18,997,013. Expenses and claims paid out this year are \$(10,237,862), and insurance premiums paid out this year are \$(4,896,486). We are below projections at this point in the year but expect to be on track in the next reporting period.

Updates from Statewide Risk Manager

Faith Knowlton, Statewide Risk Manager

Insurance Renewals (Property, Reinsurance, Bond & Crime, etc)

- Property Renewal Update: Ms. Knowlton shared a client service plan with the Committee from our property carrier FM Global, which was renewed with a flat rate in July, no increase. The Client Service Plan is designed to identify our shared goals for the year ahead. The desired outcome is that we can work together throughout the year to achieve the objectives included in the plan. Nicholas Grumbles from FM Global joined the meeting to provide a presentation to the Committee.
- Reinsurance Renewal Update: Ms. Knowlton gave an overview of the state's reinsurance coverage. Only the state can draw on this, it is not excess insurance coverage. The market is seeing increases between 20-40% while the State is around 8%. We had a really good renewal in July.
- 3- Year Claims History Update: Ms. Knowlton presented a Statistical Information on Claims document for claims to date for Fiscal Years 2021, 2022, and 2023. This document is presented to the Committee to identify trends and what is being done to mitigate some of the trends identified. FY2021 had 880 claims, FY2022 had 896 claims, and FY2023 had 1035 claims to date. Discussion ensued regarding higher costs of auto parts, building materials, etc., which results in higher claim amounts. There is a significant uphill trend in the payout of auto physical damage claims.
- Actuarial Report and Impact on Agency Projections: Because of the recent losses we've been seeing, there are significant changes in the premiums and cost allocations in FY25 with the biggest area of increase seen in the liability line of coverage. Premium allocation are at about 250% of the prior year's allocation. In FY25, auto liability allocation to agencies will go up to 1.5 million from last year's liability of .5 million. Overall, we are going from the allocation of 14.1 million in FY24 into FY25 allocating 18.25 million.
- Loss Control Update: Property reporting from agencies isn't always reported correctly, with reports of increases in property value. The replacement value of the property is what needs to be reported in order to determine valid property values.

Other Business: Next Meeting of the Committee: Thursday, January 16, 2025 @ 2:00 PM

Adjournment

MOTION: Ms. Starr 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.