

RISK MANAGEMENT ADVISORY COMMITTEE (RMAC)

Meeting Minutes

July 19, 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 Knowlton, Administrator, Division of Insurance and Internal Support, Department of Administration
Representative John Gannon
Senator Linda Wright-Hartgen (via Webex)
Christine Starr, Chief of Staff, Idaho Department of Correction
Kat Kapuscinski, System-wide Risk Manager, Office of the Idaho State Board of Education
Janelle White, Administrator, Division of Human Resources (via Webex)

Members Absent and Excused:

Dave Tolman, Idaho Transportation Department

Others Present:

Max Dunn, Loss Control Manager, Department of Administration
Jessica Carr, Risk Management Analyst, Department of Administration
Kris Coffman, Risk Management Program Supervisor, Department of Administration
Jenni Stoy, Risk Management Administrative Assistant, Department of Administration
Frances Lippitt, Budget and Policy Analyst, Legislative Services Office
Kim Rau, Department of Administration

Via Webex:

Carry Salonen
Nancy Spink

Welcome

Director Bailey

Approve the January 18, 2024, Meeting Minutes

MOTION: Ms. Knowlton moved, and it was seconded by Ms. Starr that the minutes of the January 18, 2024, Risk Management Advisory Committee meeting be approved as written. The motion passed unanimously.

Financial Review

Jessica Carr, Risk Management Analyst

- FY23– FY25 Cash Analysis Report, ending 06/30/24:

Ms. Carr provided a cash analysis report highlighting FY25 projections, FY24 actuals through 06/30/24, and FY23 actuals.

- FY23 Actuals: The FY23 ending balance is 15,439,833.
- FY24's actual ending balance is \$14,176,161. Agency receipts, interest, transfers, and miscellaneous receipts this year are at \$ 15,813,292. Expenses and claims paid out this year are \$(11,821,192) and insurance premiums paid out this year are \$(5,255,771). The total program is \$1.2 million under the projected cash balance, with the primary driver of this being the property

and auto physical damage claims. There is also frequently a timing variance between when the Expenses and the Claims are paid and when the funds from the restitution and subrogation payments come into the fund.

- FY25 Projections: An ending balance of \$18,422,492 is projected for FY25. Agency receipts, interest, transfers, and miscellaneous receipts this year are at \$19,380,679. 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

- Inland Marine Coverage Change FY25:

Ms. Knowlton shared that Effective July 1, 2024, Inland Marine coverage will be changing to cover declared items with a value equal to or less than \$5,000. All other property in excess of \$5,000 should be valued under Major Property contents or stock and supply, depending on the nature of the item. This change was made to cover the gap in coverage that was created when the deductible for Major Property was increased to \$5,000.

Items that can be covered under the optional Inland Marine coverage are small portable items at risk of being stolen or damaged. The agency deductible under Inland Marine is increasing to \$250.00 per occurrence. Coverage begins on the date the item is entered into Origami and ends on the date the item is removed.

Following are items not eligible for coverage under the Inland Marine program:

- real property (land & buildings)
- automobiles or any vehicle licensed for the road
- motorized equipment of any nature (ATVs, motorcycles, riding lawnmowers, golf carts, etc.)
- consumable items (paper, pencils, ink, chemicals, etc.)

For agencies who participate in the optional inland marine program, there is no need to remove any items out of Origami that are under the new \$250 deductible.

- FY25 Changes to Retained Risk Coverage:

Changes in Retained Risk Document Effective 7 /1 /24:
Under General:

- A.1.g) Clarified coverage for non-profits and their employees
- D.) Clarified Subrogation and responsibilities of covered entity.
- 15. Clarified occurrence definition to include Security and Privacy Liability
- 20. Clarified definition of practicum to mean "for credit" to put it in line with current statute

Under Account

- A.2. i) Clarified definition of excluded damages.
- A.2.l) Updated wording
- A.2.m) Updated wording
- A.2.o) Clarified in-flight definition.
- D.2) Clarified coverage and exclusions applicable to advertising versus CGL.

- E.3. Clarified coverage and exclusion applicable to Med Mal versus CGL.
- 2.j) Removed "unless payment is made" from Cyber-extortion definition
- 3.l) Added cyber extortion to exclusions

- 3- Year Claims History Update:

Ms. Knowlton presented a 3-year claims history report to the Committee. All agencies of the State of Idaho are covered by five core coverages: Liability, Cyber Liability and Auto Liability, Major Property, Boiler and Equipment, and Employee Bond & Crime. Two optional core coverages are available to agencies which select them: Auto Physical Damage, Inland Marine.

Claims are tracked by the date of loss, not the date of payments, or ultimate closure of any claim. New claims for a fiscal year may be received, or litigation may begin after the end of the fiscal year of the date of loss. Litigated claims may not close for several years. Information on the chart is valued as of 7-10-2024. Total amount paid to date includes deductions for restitution, salvage, and subrogation recoveries.

- Fiscal Year 2024, Dates of Loss 07-01-2023 to 06-30-2024, 900 claims to date
- Fiscal Year 2023, Dates of Loss 07-01-2022 to 06-30-2023, 1051 claims to date
- Fiscal Year 2022, Dates of Loss 07-01-2021 to 06-30-2022, 902 claims to date

- Building Appraisal Update:

This year, FM Global, our property carrier, conducted 600 property evaluations throughout the state. Totals haven't been finalized yet, but data shows the buildings, which were initially evaluated by the agencies and valued at \$3.3 billion, were re-evaluated by FM Global and valued at \$2.9 billion. That alone is going to save the state over a \$110,000. As more properties are appraised, there will be additional savings. FM Global will continue this process over the next three years. A request will be made to add an analyst position to the Risk Management team, who will be responsible for inputting data into the system for property appraisals to ensure data integrity and to save money in the long run.

- FY25 Allocations & FY26 Projections:

Ms. Knowlton provided an overview covering FY23-25. FM Global has kept rates very flat and which is unusual in the market like we're seeing right now. Typically, property premiums are going up anywhere from 10% to 40 %. We've had almost 0 % increase

FY25 Projections: Ms. Knowlton shared a document outlining what agencies will be paying for premiums. FY 26 projections are being worked on now.

- Loss Control Update:

Max Dunn, Loss Control Manager, provided a presentation to the Committee regarding loss control.

Completed 13 Loss Control Referrals:

- Contact Agency about specific claim, investigate circumstances, discuss actions to eliminate/reduce variables that can contribute to a reoccurrence of a similar type claim
- 13 Agency Contacts regarding specific claims
- Flooding
- Vehicle accidents
- Explosion

- Fraud
- Theft
- Cyber
- Liability

25+ Agency Contacts for a variety of reasons:

- Claims trends and to share Claims data
- Safety Discussions
- Training
- Participate in resilience discussions
- Participate in hazard assessment visits
- Assist in hazard mitigation planning
- Provide guidance to mitigate risk
- Contract language
- Collaborate to create training initiatives
- Idaho State Safe Driver LUMA Training
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Training material creation

- Collaborated with DHR to develop and deploy a State Safe Driver (defensive driver) training module that is now available in LUMA
- Created Several reference materials to assist agency contacts navigate new FM Global programs, ETAG, RedTag, website access and recommendation update & completion entry

Worked as Agency Liaison with FM Global (State Major Property Insurance Partner)

- Engineering visits: Visited 13 locations with an FM Global Engineer to identify hazards and help provide solutions to eliminate the identified risk
- Provided training to State Stakeholders
- In person meetings
- Web Meetings
- Resilience Truck
- Worked with State Agency Stake holders to reduce the loss expectancy associated with identified hazards to help reduce our risk
- Completed 63 Recommendations reducing our Loss Expectancy by \$242M

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

Adjournment

MOTION: Ms. Starr moved, and it was seconded by Ms. Knowlton that the July 19, 2024, meeting of the Risk Management Advisory Committee be adjourned at 3:01 pm. The motion passed unanimously.