

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
9:30 A.M.

The Three Hundred Fortieth meeting of the State Insurance and Risk Management Board was held on Tuesday, December 13, 2022. Due to the COVID-19 pandemic, the meeting was a Microsoft Teams meeting.

Chairperson Donatelli presided.

The following members were in attendance:

State Insurance & Risk Management Board

Ms. Susan M. Donatelli, Chairperson
Mr. Matthew S. Necci, Vice Chairperson
Mr. George A. Dagon
Mr. Brian M. Farrell
Mr. Stephen Fontana
Mr. Scott Kuhnly
Mr. Seth T. Mahler
Mr. Patrick Mahon

Ms. Martha Carlson, Deputy Comptroller was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Mr. Gene Burk
Ms. Melissa M. Frank
Ms. Eileen G. McNeil
Mr. Jay Yasensky

Office of the Agent of Record

Mr. Fred Tanguay, Senior Vice President
Ms. Doreen Lessard
Mr. Brian Tamms

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
Page 2

1. Call to Order

The meeting was called to order at 9:32 A.M.

2. Approval of Minutes

a) Meeting No. 339 held on September 13, 2022 (Exhibit 2)

A motion was made by Mr. Kuhnly, seconded by Mr. Fontana and unanimously

VOTED: To approve the minutes of Meeting No. 339 held on September 13, 2022.

b) Special Meeting held on October 7, 2022 (Exhibit 2b)

A motion was made by Mr. Kuhnly, seconded by Mr. Fontana and

VOTED: To approve the minutes of the Special Meeting held on October 7, 2022.

Mr. Dagon abstained.

3. SIRMB Budget - Review and Discussion

a) FY2022-2023 Budget Update as of November 2022 (Exhibit 3a)

Ms. McNeil reviewed the November budget stating that after today's Casualty renewal, all major policies will have been renewed. Mr. Tanguay noted that there will be a deficiency in the millions of dollars this year, especially in the Special Transportation Fund due to claims, and that there is a meeting on Thursday with the DAS/Business Office to discuss this deficiency. Mr. Tanguay and Mr. Tamms will be meeting with CSS on Thursday afternoon to discuss the timing of claim payments.

b) FY2022-2023 Expenditures for September 2022-November 2022 (Exhibit 3b)

After a review of the expenditures, a motion was made by Mr. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To approve the expenditures from September 2022.

After a review of the expenditures, a motion was made by Mr. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To approve the expenditures from October 2022.

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
Page 3

3b) FY2022-2023 Expenditures for September 2022-November 2022 (Cont.)

After a review of the expenditures, a motion was made by Mr. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To approve the expenditures from November 2022.

4. Insurance Renewals

a) CCSU Cyber Liability (renewed 12/12/22) Confirming Vote (Exhibit 4a)

Mr. Tamms explained that going forward this policy will be aligned with the Board meeting dates. The policy was extended 30 days and will now renew on 12/12/23. He noted that the expiring policy had \$2 million limits and a \$250,000 retention. Due to the increase in the renewal proposal, CCSU asked for quotes with higher retentions and higher limits. Ms. Frank presented the three alternate options to CCSU recommending that they retain the \$2 million limits with the \$250,000 retention, however, CCSU opted for Option I which offered \$2 million limits and a \$500,000 retention. A motion was made by Mr. Kuhnly, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 4a, Alternate Option I, at an annual premium of \$86,000.

4. b) Public Defenders Professional Liability (expires 12/18/22) (Exhibit 4b)

Mr. Tamms stated that this coverage is lawyers' professional liability for the 225 staff attorneys and 250 part-time contracted attorneys. The number of attorneys increased by approximately 10% which is in-line with the slight premium increase. A motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 4b, at an annual premium of \$73,867.

4. c) Casualty – Fleet, Highway, Bus (expires 12/31/22) (Exhibit 4c)

Mr. Tanguay advised that this policy is purchased because the State's sovereign immunity is waived for State vehicles and State highways. The State owns approximately 12,000 vehicles, 500 CT Transit buses and owns and maintains 4,000 miles of State highways and roads.

Mr. Tanguay stated that during this calendar year there was a \$9 million highway liability verdict against the State, but even with that verdict, Safety National proposed less than a 5% increase. Safety National provides the first \$5 million layer excess of a \$4 million retention. The excess

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
Page 4

4. c) Casualty – Fleet, Highway, Bus (Cont.)

carriers proposed less than an 11% increase. After reimbursements, the renewal is only \$230,000 over the current premium. Mr. Tanguay also noted that because the Property Policy renewed \$2 million under budget, the Board is at or under budget on the renewal premiums this year.

A motion was made by Mr. Fontana, seconded by Mr. Mahler and

VOTED: To place coverage as outlined in Exhibit 4c at an annual premium of \$4,202,218.

Mr. Necci abstained.

4. d) Automobile Physical Damage (expires 12/31/22) (Exhibit 4d)

Mr. Tanguay explained that this policy provides collision and comprehensive physical damage on scheduled State-owned vehicles with a value of \$100,000 or more. He noted that there are 175 vehicles that are insured under this policy. He stated that because the deductible is \$50,000, the loss experience is very good.

A motion was made by Mr. Dagon, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 4d at an annual premium of \$158,224.

4. e) UConn Cyber Liability (expires 1/15/23)

Mr. Tamms stated that Beazley, the current insurer for the primary layer, is very pleased with the policies and procedures that UConn has in place. As a result, Beazley's renewal quote for \$5 million limits with a \$250,000 retention is lower than expiring.

A motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To place the primary layer of coverage as outlined in Exhibit 4e at an annual premium of \$134,300.

Mr. Tamms advised that Crum & Forster provides \$5 million excess the primary \$5 million layer and their renewal quote also decreased.

A motion was made by Mr. Mahon, seconded by Mr. Kuhnly and unanimously

VOTED: To place the excess layer of coverage as outlined in Exhibit 4d at an annual premium of \$114,070.

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
Page 5

5. Committee Reports (Informational)

a) Claims Committee Report

Mr. Mahon advised that the Claims Committee met with Constitution State Services on September 9, 2022 to review 14 claims. The committee increased settlement authority on seven claims and decreased settlement authority on one claim. The committee also met on December 1, 2022 to discuss two claims, but no additional authority was granted.

6. Director's Report (Exhibit 6)

Ms. Frank provided an update to the members regarding her endeavors since the last Board meeting. She highlighted some of the items from her report: Facilitated and participated in a meeting between DAS Construction Services and FM Global regarding the Plan Review process; met with several agencies to discuss insurance/contractual requirements and coverages maintained by the SIRMB; participated in discussions with the DOT regarding the Board's responsibilities regarding claims to clarify roles of the SIRMB, the Agent of Record, TPA, DOT and CT Transit; participated in a site visit to CT Transit garage facilities following the loss of an electric bus due to a fire and indicated that the loss will most likely be covered by the manufacturer.

7. Other Matters to Come Before the Board

7. a) Loss Prevention Funding – Discussion (Exhibit 7a)

Ms. Frank noted that at the last Board meeting the Board agreed to set aside funds to be used for Loss Prevention and would decide this amount at today's meeting. Ms. Frank advised that FM Global provided a \$1.3 membership credit and a \$445,000 resiliency credit. She noted that FM Global is expecting that the resiliency credit be used for climate/property risk improvements that would help agencies comply with its recommendations and make the facilities more resilient.

After some discussion, the Board agreed to set aside the \$445,000 resiliency credit to be used for these improvements. Ms. Frank will work with FM Global's Account Executive and Account Engineer to have them identify and prioritize which projects to complete. Once she is given the list of priorities, Ms. Frank and Assured Partners will work with the agencies to help them pay for the projects. She noted that most of the recommendations are for flood and wind improvements. The Board also agreed to use the \$1.3 million membership credit to reduce the Property Policy premium.

A motion was made by Mr. Kuhnly, seconded by Mr. Fontana and unanimously

VOTED: To set aside the \$445,000 resiliency credit received by FM Global to be used for completion of Loss Prevention recommendations.

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
Page 6

7. b) Property Insurance Alternative – Discussion (Exhibit 7b)

Mr. Frank stated that the Property Policy premium is approximately 50% of the Board’s budget and because of the upcoming appraisal effort, values will likely increase resulting in a higher premium. She advised that there is a Leased Captive Alternative that is available and asked the Board for feedback regarding exploring this alternative. She stated that FM Global has material that explains a Leased Captive Alternative. The Board requested that Ms. Frank distribute this material to them for their review before making a decision. Ms. Donatelli noted that a decision will have to be made relatively soon so that there will be time to pursue this option prior to the next renewal.

After some discussion, a motion was made by Mr. Mahon, seconded by Mr. Fontana and

VOTED: To request the material on a Leased Captive Alternative provided by FM Global so that the Board can review before making a decision.

Ms. Frank will email this material to the Board members after today’s meeting.

7. c) Insurance Policies under \$50K – Informational/Consent Listing (Exhibit 7c)

Ms. Frank noted that for years the Board required a formal approval for all policy premiums \$50,000 or more. She is proposing that the Board be provided an exhibit to the meeting agenda, listing all policies under \$50,000 that are coming up for renewal. The Board agreed that they would like the chance to review the list before the policies renew and would like to see this list quarterly.

7 d) Reimbursed Policies – Discussion (Exhibit 7d)

Ms. Frank presented options to the Board on those renewals that are wholly reimbursed asking if they still want to have a Special Meeting to discuss these renewals or if they want to confirm policies under \$125,000 at the next scheduled Board meeting.

Ms. Donatelli reminded the Board that Ms. Frank has authority to settle claims up to \$100,000 and asked if the Board would consider giving her authority to renew policies up to \$100,000.

A motion was made by Mr. Mahon, seconded by Mr. Farrell and unanimously

VOTED: To give Ms. Frank the authority to renew policies up to \$100,000 without a Board vote.

Ms. Donatelli asked Ms. Frank to update the Board procedures manual with this change.

7. e) SIRMB Priorities CY 2023 (See Exhibit 6A)

Ms. Frank outlined her goals for the 2023 calendar year (see Exhibit 6A).

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 340
December 13, 2022
Page 7

7. e) SIRMB Priorities CY 2023 (Cont.)

A motion was made by Mr. Fontana, seconded by Mr. Mahon an unanimously

VOTED: To approve the goals set by Ms. Frank for calendar year 2023.

7. f) Fred Tanguay's Retirement

Mr. Dagon asked that a public congratulations be given to Mr. Tanguay on his upcoming retirement. He thanked Mr. Tanguay for his hard-work and commitment to the Board over his many years of service. He stated that the State of Connecticut has benefited from Mr. Tanguay's diligence in saving the State substantial sums of money.

8. Meeting Schedule – Proposed Dates for Calendar Year 2023 (Exhibit 8)

After review of the dates, the Board members decided to hold meetings on the following dates: February 7, 2023, April 18, 2023, July 11, 2023, September 6, 2023, October 3, 2023 (Special Meeting) and December 12, 2023.

9. Motion to Adjourn

It was moved by Mr. Dagon, seconded by Mr. Fontana and unanimously

VOTED: The meeting be adjourned. The meeting adjourned at 10:48 A.M.