

**TO BE APPROVED AT THE NEXT REGULARLY SCHEDULED
MEETING**

STATE INSURANCE & RISK MANAGEMENT BOARD

Minutes of Meeting No. 330

September 15, 2020

9:30 A.M.

The Three Hundred Thirtieth meeting of the State Insurance and Risk Management Board was held on Tuesday, September 15, 2020. Due to the COVID-19 pandemic, the meeting was a teleconference meeting.

Chairperson Donatelli presided.

The following members were in attendance:

State Insurance & Risk Management Board

Ms. Susan M. Donatelli, Chairperson
Mr. Seth T. Mahler, Vice Chairperson
Mr. Richard Boccaccio
Mr. Stephen Fontana
Mr. Scott Kuhnly
Ms. Marjorie F.B. Lemmon
Mr. Patrick Mahon
Mr. Michael T. McCormack
Mr. Chris T. Poulos
Ms. Martha Carlson, Deputy Comptroller

Mr. George A. Dagon was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Eileen G. McNeil
Mr. Jerry Lynn
Ms. Aleksandra Scott

Office of the Agent of Record

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

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1. Call to Order

The meeting was called to order at 9:36 A.M.

2. Approval of Minutes of Meeting No. 329 held on June 16, 2020 (Exhibit 2)

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

VOTED: To approve the minutes of Meeting No. 329 held on June 16, 2020.

3. SIRMB Budget - Review and Discussion (Exhibit 3)

a) FY2019-2020 Budget Update as of June 2020

Ms. Donatelli advised the Board that after receiving a Financial Advisory Committee (FAC) transfer of \$2.4 million its General Fund budget, it lapsed approximately \$8,500 in the General Fund and \$197 in the Special Transportation Fund in FY19/20.

b) FY2019-2020 Expenditures for June 2020

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

VOTED: To approve the expenditures from June 2020.

c) FY2020-2021 Budget Update as of August 2020

Ms. Donatelli reviewed the FY2020/21 expenditures to date. Mr. Tanguay added that it is very early in the fiscal year and there has only been one month of claim payments.

d) FY2020-2021 Expenditures for July-August 2020

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

VOTED: To approve the expenditures from July 2020.

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

VOTED: To approve the expenditures from August 2020.

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4. Updates (Informational & Discussion)

a) Risk Manager Recruitment

Ms. Donatelli informed the Board that the deadline to apply for the Risk Manager position was on August 28, 2020. She will be discussing with Ms. Wilson the process for screening the applications and scheduling the interviews.

b) CT Transit Contract

Ms. Donatelli received a memo from DOT in response to Mr. McCormack's memo. The memo was distributed to the Board members prior to the meeting. DOT stated that they will clarify the contract to carve-out the claims process when the agreement renews on December 31, 2020. Mr. McCormack requested a copy of the policy and endorsements. Ms. Donatelli stated that she has requested this information from DOT and will distribute them to Mr. McCormack when it is received.

5. Insurance Renewals (Discussion & Approval)

a) 8/1/20 – UConn Basic Athletic Injury - Confirming (Exhibit 5a)

Mr. Tanguay advised that the date of this policy cannot be changed. All athletic injury policies in the nation renew on August 1, 2020. He noted that UConn reimburses the premium for this policy. He also noted that since it is uncertain whether or not UConn will be playing winter sports, the company only billed 60% of the premium. The insurance company will readdress the policy in November and if UConn still does not plan on playing winter sports, an adjustment to the premium will be made.

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

VOTED: To confirm coverage be placed with QBE Specialty at an annual premium of \$238,034.

5. b) 9/18/20 State Police Aircraft (Exhibit 5b)

Mr. Tanguay stated that this policy covers the two helicopters and three Cessnas owned by the Department of Emergency Services and Public Protection (DESPP). The policy was extended to September 18, 2020 to coincide with the Board meetings. Mr. Tanguay reviewed the four proposal options. After some discussion, Mr. Poulos suggested contacting DESPP to discuss renewal options for possible premium savings. The Board can then evaluate the proposals and decide whether or not the hull and/or liability coverage can be dropped. In the meantime, a motion was made by Mr. Mahon, seconded by Mr. Fontana and

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5. b) 9/18/20 State Police Aircraft (Cont.)

VOTED: To place coverage as outlined in Exhibit 5b, Proposal #1 at an annual premium of \$81,137.

Mr. Kuhnly, Ms. Lemmon and Mr. McCormack opposed. Mr. Boccaccio abstained.

5. c) 9/24/20 CTDOT – Rail Liability/Metro-North (Exhibit 5c)

Mr. Tanguay advised the Board that the current coverage is \$75 million excess a \$25 million S.I.R. He stated that this is very difficult coverage to place and that the insurance markets have continued to harden. In order to keep within the budgeted premium, Mr. Tanguay obtained alternative quotes. Option A offers limits of \$50 million excess a \$25 million S.I.R. Option B is a quota-share option. Mr. Tanguay spoke to DOT to let them know the premium proposal for the current limits increased by more than \$1 million. He asked DOT if they could supplement the premium increase between the \$50 million and \$75 million layers. DOT advised that they would like to retain the current limits, but they do not have the funds to supplement the difference in the premium. Mr. Tanguay shared this information with the Director of Rail Operations, but he has not as yet received a response.

After much discussion, Mr. Fontana commended Mr. Tanguay for providing options to keep the premium within the budgeted amount. Mr. Poulos made a motion to select Option A, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 5c, Option A, with limits of \$50 million excess of a \$25 million S.I.R. at an annual premium of \$1,900,000.

5. d) 09/25/20 Student Malpractice/Allied Health Program (Exhibit 5d)

Mr. Tanguay stated that this is a medical malpractice policy purchased to cover allied health students while they are doing off-site clinical work. The policy is 100% reimbursable. The proposed rate and number of students decreased from last year.

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

VOTED: To place coverage as outlined in Exhibit 5d at an annual premium of \$105,843.

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5. e) 10/01/20 UConn Co-Gen Plant (Exhibit 5e)

Mr. Tanguay advised that this coverage is purchased because there is an inter-connection agreement between Eversource and UConn. UConn is contractually required to purchase this specialized coverage. He noted that because UConn reimburses this premium they chose Proposal #3. A motion was made by Ms. Carlson, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 5f, Proposal #3 for a total annual premium of \$259,268.

5. f) 10/1/20 CT Transit – Rolling Stock (Exhibit 5f)

Mr. Tanguay stated that this policy provides property damage coverage on the CT Transit buses while they are parked in garages and parking lots in Stamford, Hamden and Hartford. A motion was made by Mr. Mahon to place coverage including terrorism coverage (TRIA) with the Hartford. A discussion ensued regarding dropping TRIA. It was the consensus of the Board to drop TRIA coverage. A modified motion was made by Mr. Mahon, seconded by Mr. Mahler and

VOTED: To place coverage as outlined in Exhibit 5f, without the TRIA coverage for a total annual premium of \$202,876.

5. g) 10/15/20 Statewide Property Policy (Exhibit 5g)

Mr. Tanguay noted that this policy covers over 3,000 buildings with total values of over \$20 billion. He explained that the property market has hardened in the last twelve months and is predicted to continue hardening until the end of calendar year 2021. F.M. Global's quote with coverage as expiring, except lowering the aggregate Named Storm (Wind) limit from \$250 million to \$100 million, is almost \$2 million more than what was budgeted. Mr. Tanguay negotiated with F.M. Global requesting alternative coverages/premium savings options.

These options included discontinuing the terrorism coverage, raising the flood sublimit, \$500,000 and \$1 million deductible options for certain locations, a 5% participation share for agencies after reaching the deductible and an increased flood deductible tiered by location.

Mr. McCormack asked Mr. Tanguay if he had received quotes for lower limits. Mr. Tanguay responded that he did and resulted in a very minimal impact on the premium savings.

Mr. Poulos questioned whether the lower losses are attributable to the great engineering services provided by F.M. Global. Mr. Tanguay advised that F.M. Global is very proactive. They perform 50-60 inspections a year which has a positive impact on keeping the losses down.

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5. g) 10/15/20 Statewide Property Policy (Cont.)

Mr. Boccaccio suggested that Mr. Tanguay obtain a quote for a \$2 million deductible. Ms. Carlson stated that to go from a \$250,000 deductible to a \$2 million deductible would put a huge financial burden on state agencies and that the Board would have to OPM to have to advise the agencies. After much discussion, a straw vote of the alternative proposals was taken with results as follows:

Alternative Proposal A: 3 yeas, 7 nays; Alternative Proposal B: 9 yeas, 1 nay; Alternative Proposal C - \$500,000 deductible: 3 yeas, 6 nays, 1 no vote; Alternative Proposal C - \$1 million deductible: 6 yeas, 3 nays, 1 no vote; Alternative Proposal D: 9 yeas, 1 nay; Alternative Proposal E: 7 yeas, 3 nays. A straw vote was also taken to pursue a quote for a \$2 million deductible option: 2 yeas, 8 nays.

A motion was made by Ms. Carlson, seconded by Mr. Mahon and

VOTED: To place coverage as outlined in Exhibit 5g with Alternative Proposals B, C (\$1 million deductible), D and E.
Proposal Premium \$8,727,370 less Reduction Options \$879,902.
Approved Premium \$7,847,648.

Mr. McCormack and Mr. Boccaccio opposed.

The \$7,847,648 premium does not reflect approximately \$500,000 of reimbursements.

5. h) 10/15/20 State Library Museum Fine Art Policy (Exhibit 5h)

Mr. Tanguay stated that this policy covers \$286,691,262 of fine art at the State Library Museum, the Old State House and the Library's warehouse. The Board reviewed the two proposals and discussed whether or not TRIA coverage should be dropped. After some discussion, a motion was made by Ms. Carlson, seconded by Mr. Kuhnly and

VOTED: To place coverage with Lloyd's of London including TRIA coverage for an annual premium of \$172,969.

Mr. Maher and Mr. McCormack opposed.

5. i) 11/01/20 UConn Athletics/XL Center

Mr. Tanguay advised that as of today, UConn is not renewing this policy since they will not be playing any winter sports. If winter sports are resurrected, this policy will be readdressed.

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5. j) 11/08/20 UCHC Cyber Policy (Exhibit 5j)

Mr. Tanguay noted that Beazley is increasing the retention on this policy from \$100,000 to \$250,000 due to a \$1 million loss that remains open. He advised that since this policy is 100% reimbursed by UConn Health Center they requested that coverage be bound.

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

VOTED: To place coverage with Lloyds (Beazley) at an annual premium of \$245,000.

6. Committee Reports

a) Claims Committee Report (Patrick Mahon)

Mr. Mahon stated that the Claims Committee met with the T.P.A., Constitution State Services on September 11, 2020 to review 21 large claims. The committee granted settlement authority on five claims. Mr. Mahon noted that all civil and bench trials have been deferred to 2021 due to court closings during the COVID-19 pandemic.

7. Any Other Matters to Properly Come Before the Board

Mr. Poulos made a motion to resurrect the Risk Management Committee resurrected. Mr. McCormack seconded. After some discussion, Mr. Poulos agreed to be the Chair of the Risk Management Committee. Mr. Boccaccio, Mr. Kuhnly, Ms. Lemmon and Mr. McCormack agreed to serve as members of this committee. Mr. Poulos will work with Ms. McNeil to establish a meeting schedule.

8. Date and Location of Next Meeting

The next Board meeting will be held on December 15, 2020 at 9:30 A.M.

9. Motion to Adjourn

It was moved by Mr. Boccaccio, seconded by Mr. Kuhnly and unanimously

VOTED: The meeting be adjourned. The meeting adjourned at 12:12 P.M.