

STATE INSURANCE & RISK MANAGEMENT BOARD

Minutes of Meeting No. 326

September 24, 2019

9:30 A.M.

Susan M. Donatelli
2-19-20

The Three Hundred Twenty-Sixth meeting of the State Insurance and Risk Management Board was held on Tuesday, September 24, 2019.

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. George A. Dagon, via phone
Mr. Stephen Fontana
Mr. Daniel J. Friedman, via phone
Mr. Scott Kuhnly
Ms. Marjorie F.B. Lemmon

Mr. Wallace J. Irish was unable to attend.
Mr. Patrick Mahon was unable to attend.
Mr. Michael T. McCormack was unable to attend.
Mr. Chris T. Poulos was unable to attend.
Ms. Martha Carlson, Deputy Comptroller was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Daria J. Cirish, Risk Manager
Ms. Eileen G. McNeil
Ms. Jennifer Frazier
Mr. Jerry Lynn
Ms. Aleksandra Scott
Ms. Carol Wilson

Office of the Agent of Record

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

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1. Call to Order

The meeting was called to order at 9:39 A.M.

2. Approval of Minutes of Meeting No. 325 held on June 11, 2019 (Exhibit 2)

Mr. Mahler asked that on Page 2, Item 2, the word "obtained" be corrected to read "abstained". Mr. Mahler also noted that he did not abstain from voting on Item #2, therefore, the minutes should be corrected to reflect his vote.

Mr. Friedman asked that his attendance be corrected since he did attempt to call in, but there were technical difficulties.

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

VOTED: To approve the minutes as amended of Meeting No. 325 held June 11, 2019.

Mr. Dagon abstained from voting.

3. Reconciliation of and Review of Premium Payments, Informal Bids Processed by the Board since the Last Approval (Exhibit 3)

Ms. Donatelli changed the format of the budget spreadsheet so that it would be easier to understand. Mr. Tanguay noted that some of the claims that were anticipated to settle last fiscal year, had trials that were pushed into the current fiscal year. Mr. Lynn noted that with the Commissioner's help, the funds that were left in GF and STF from FY 2019 were approved by OPM to be carried forward to FY 2020.

After a review of the FY 2019 payments, a motion was made by Mr. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To approve the FY 2018/19 premium, deductible payments and informal bids processed by the Board since the last Board meeting totaling \$2,441,022.46.

After a review of the FY 2020 payments for July and August, a motion was made by Mr. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To approve the FY 2019/20 premium, deductible payments and informal bids processed by the Board since the last Board meeting totaling \$1,708,642.07.

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4. Votes

A) UConn Athletic Injury – Confirming (Exhibit 4A)

Mr. Tanguay explained that the NCAA provides a catastrophic athletic injury policy for student athletes with a \$90,000 deductible. This coverage is primary coverage purchased to cover the \$90,000 deductible obligation and the premium is reimbursed by UConn. UConn opted for Proposal #1 because of the exceptional services provided by the TPA and coverage was bound on 8/1/19.

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

VOTED: To confirm coverage be placed as outlined in Exhibit 4A, Proposal #1 for a total premium of \$228,034.

4. B) CSCU - Community Colleges Athletic Injury – Confirming (Exhibit 4B)

Mr. Tanguay stated that the limits and rate remained the same, but the number of students increased from last year resulting in a slightly higher premium. CSCU reimburses for this premium.

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

VOTED: To confirm coverage be placed as outlined in Exhibit 4B for a total premium of \$56,145.49.

4. C) DOT Metro-North Rail Liability (Exhibit 4C)

Mr. Tanguay distributed a revised exhibit. He noted that rail liability premiums have increased worldwide as a result of several train derailments and other accidents. He explained that because of the current market, some companies are offering lower limits for same premium as expiring. For this renewal, Lexington Insurance Company will only offer \$15 million limits instead of the expiring \$25 million for almost same premium. Mr. Tanguay also obtained quotes for lower limits as outlined in the exhibit.

The Board discussed the risk of purchasing lower limits in light of the recent derailments and overall exposure and felt it was necessary to retain the limits/coverage as last year.

Mr. Fontana made a motion to approve renewal of the coverage with the existing limits, recognizing that it will be \$174,000 over the allocated budget. Ms. Lemmon seconded the motion.

VOTED: To place coverage as outlined in Exhibit 4C with limits of \$50m XS \$25 m XS \$25m SIR at an annual premium of \$1,902,050.

Mr. Mahler abstained from voting.

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4. D) Student Allied Health – Malpractice (Exhibit 4D)

Mr. Tanguay stated that this is a medical malpractice policy purchased to cover allied health students while they are doing off-site clinical work. He noted that the premium increased by 9% and the number of students increased by 2%. After a review of the proposals, a motion was made by Mr. Fontana, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 4D, Proposal 1 for an annual premium of \$110,366.

4. E) UConn Co-Generation Plant (Exhibit 4E)

Mr. Tanguay explained 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 UConn reimburses this premium.

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

VOTED: To place coverage as outlined in Exhibit 4E, Proposal 1 with Option 2 for the first layer at an annual premium of \$209,550.

4. F) CT Transit Rolling Stock Property Policy (Exhibit 4F)

Mr. Tanguay advised 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. He stated that the values increased significantly from last year because new buses were acquired as well as values being underreported last year.

Ms. Lemmon asked if Mr. Tanguay could get quotes for a higher deductible to keep the premium at the budgeted amount.

After some discussion, a motion was made by Mr. Mahler, seconded by Mr. Kuhnly and unanimously

VOTED: To direct Mr. Tanguay to back to the market to obtain a quote with a higher deductible. If the premium comes in at \$190,000 or less, the Board agrees to bind coverage.

4. G) Property Policy (Exhibit 4G)

Mr. Tanguay stated that the insured values increased by almost \$1 billion from last year. The current insured values are now \$20 billion. He noted that because the overall property insurance market has gotten hard and because the rate increased, the premium went up by almost \$1 million from last year. He also noted that F.M. Global offers outstanding engineering services which keeps the overall losses down.

Mr. Tanguay reviewed the alternative proposals with higher deductibles, however, there was not much savings.

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4. G) Property Policy (Cont.)

Ms. Cirish explained the State does not have an asset management system, therefore the values reported by the agencies are not accurate. Mr. Tanguay agreed that the State needs to have appraisals done on certain buildings so that values are accurate and the necessary construction, occupancy, protection and exposure information is captured. Ms. Cirish stated that she is working with Ms. Wilson to see if the Board can piggyback on an existing contract with a company that already provides asset management services to the State. Ms. Wilson will research the contract and see if there are additional licenses available. She will report back to the Board at its December 10, 2019 meeting.

After discussion, it was moved by Mr. Kuhnly, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 4G, with coverage as expiring at an annual premium of \$6,791,143.

4. H) Excess Named Windstorm (Exhibit 4H)

Mr. Tanguay explained that F.M. Global has a \$250 million sublimit on named windstorm coverage. In the past the Board decided to purchase excess wind coverage. Mr. Tanguay advised that this year's premium proposal increased by \$20,000. After much discussion, the Board agreed not to purchase the excess limits because of the Board's fiscal position and because F.M. Global does an outstanding job with their engineering services which should cut down on the wind losses.

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

VOTED: Not to renew coverage on the Excess Named Windstorm Policy.

Mr. Boccaccio was opposed.

4. I) Library/Museum Fine Arts (Exhibit 4I)

Mr. Tanguay noted that the policy insures \$286 million of values at the State Library and Museum.

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

VOTED: To place coverage as outlined in Exhibit 4I, with coverage as expiring at an annual premium of \$164,775.23.

4. J) UConn XL Center – Basketball & Hockey (Exhibit 4J)

Mr. Tanguay advised that this policy is purchased to satisfy a contractual requirement. UConn reimburses the premium for this policy and opted to bind with Option I, with coverage as expiring.

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

VOTED: To place coverage as outlined in Exhibit J, with coverage as expiring at an annual premium of \$53,486.

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4. K) UConn Health Center Cyber Liability (Exhibit 4K)

Mr. Tanguay distributed a revised exhibit since he just received the quote prior to the Board meeting. He noted that UConn Health Center had a substantial loss under this policy and therefore, the premium increased by almost \$75,000. This policy is 100% reimbursed. He informed the Board that he will be going to market to get quotes on higher retentions to try to decrease the premium. This will be a confirming vote at the December 10, 2019 Board meeting.

5. Committee Reports

A) Claims Committee Report

The Claims Committee did not meet since the last Board meeting. The next meeting will be on October 1, 2019.

5. B) Risk Management Committee Report (Susan Donatelli - Exhibit 5B)

Ms. Donatelli reviewed the minutes from the September 10, 2019 Risk Management Committee meeting. She reminded the Board that there was a question on why the Board is paying for CT Transit claims and expenses in light of the indemnification clause in the agreement between DOT and First Transit. She and Mr. Tanguay met with DOT and DOT advised that because of the relationship between DOT and First Transit, and notwithstanding the indemnity provision, these costs are considered part of the DOT's operating costs of the system and paid for out of the Special Transportation Fund.

The committee suggested that the indemnification language be amended or clarified in the next contract. The committee asked that this topic be brought to the full Board's attention. The Board agreed with the committee in that the language in the contract needs to be clarified.

The committee also reviewed a summary of automobile claims prepared by CSS for each State agency for the last three fiscal years. The committee wants to distribute this information to each State agency.

Ms. Donatelli stated that Mr. Winger who is the DAS/Fleet Safety Coordinator has done an outstanding job and the committee agreed to use him as a model to go by and present his accomplishments to the various State agencies.

Mr. Tanguay also stated that Mr. Salitsky of F.M. Global made a presentation and reviewed some risk management initiatives that the company is working on.

5. C) Agent of Record Selection Committee Report (Steve Fontana)

Mr. Fontana stated that he, Ms. Donatelli, Mr. Kuhnly and Mr. Poulos met with DAS/Procurement to go over the RFP process and review the one application that was received by the current agent, People's United Insurance Agency (PUIA). Mr. Fontana stated that the committee was very pleased with the proposal and the services provided by PUIA and after negotiations the contract was finalized and was effective August 1, 2019 to July 31, 2024. Mr. Fontana reported that PUIA reduced its fees and will save the State \$181,000 throughout the course of the contract. He stated that it is a very positive relationship.

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5. C) Agent of Record Selection Committee Report (Cont.)

Mr. Tanguay expressed his gratitude on behalf of everyone at PUIA and looks forward to continuing serving the Board for the next five years.

6. Cyber Liability (Executive Session)

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

VOTED: To go into Executive Session at 11:28 A.M.

Executive Session ended at 11:36 A.M.

7. Any Other Matters to Property Come Before the Board

Ms. Donatelli distributed a FOI request that DAS received from The Washington Post requesting information on open and closed claims. Ms. Donatelli advised that there is process for responding to an FOI request. Ms. Cirish contacted the DAS/Communication's Office and both she and Mr. Tanguay met with Mr. Barrera to go over the procedures. At this point the information is in the gathering stages. Most of the information is with the Third Party Administrator, CSS. Once the information is received, Mr. Barrera will review the information before responding to The Washington Post.

Ms. Donatelli reminded the members to set up their ct.gov email accounts so that their private email accounts are not subject to FOI.

Ms. Donatelli also noted that the Board's Digest of Administrative Reports to the Governor for FY 2019 is complete and will be part of the DAS Report. Once this report is finalized, it will be distributed to the members.

8. Date and Location of Next Meeting

The next Board meeting will be on Tuesday, December 10, 2019 at 9:30 A.M. at 450 Columbus Boulevard, North Tower, Conference Room J.

9. Motion to Adjourn

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

VOTED: The meeting be adjourned. The meeting adjourned at 11:45 A.M.