

STATE INSURANCE & RISK MANAGEMENT BOARD
Minutes of Meeting No. 334
September 14, 2021
9:30 A.M.

The Three Hundred Thirty-Fourth meeting of the State Insurance and Risk Management Board was held on Tuesday, September 14, 2021. 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. George A. Dagon
Mr. Brian M. Farrell
Mr. Stephen Fontana
Mr. Scott Kuhnly
Ms. Marjorie F.B. Lemmon
Mr. Patrick Mahon
Mr. Matthew S. Necci
Ms. Martha Carlson, Deputy Comptroller

Mr. Seth T. Mahler, Vice Chairperson was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Eileen G. McNeil
Ms. Jolita Lazauskas
Mr. Paul Felix
Mr. Jay Yasensky

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 9:33 A.M.

2. Approval of Minutes

Meeting No. 333 held on July 13, 2021 (Exhibit 2)

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

VOTED: To approve the minutes of Meeting No. 333 held on July 14, 2021.

3. SIRMB Budget - Review and Discussion

a) FY2021-2022 Budget Update as of August 31, 2021 (Exhibit 3a)

Ms. McNeil reviewed the budget as of August 31, 2021 noting that there have only been two months of expenditures since the fiscal year began. She stated that the Board's requested General Fund budget was reduced by \$2.9 million and the requested Special Transportation Fund budget was reduced by \$1.9 million. Mr. Tanguay noted that we will have a better idea where we stand with this year's budget in early January, once the casualty policy renews. He also noted that the reductions were taken out of the Board's claim budget.

3. b) FY2021-2022 Expenditures for July 2021-August 2021

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

VOTED: To approve the expenditures from July 2021.

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

VOTED: To approve the expenditures from August 2021.

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

VOTED: To renumber the exhibits to coincide with the agenda.

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4. Insurance Renewals (Discussion and Approval)

a) UConn Athletic Injury Insurance (Expires 8-1-21) (Exhibit 4a)

At the last Board meeting, the Board agreed to defer this vote until today's meeting since UConn was in the process of reviewing the proposals. UConn reimburses 100% of the premium.

Mr. Tanguay advised the Board that UConn opted for the proposal with a \$5,000 deductible option. A motion was made by Mr. Fontana, seconded by Mr. Mahon and unanimously

VOTED: To place coverage as outlined in Exhibit 4a, with a \$5,000 option at an annual premium of \$222,308.

4. b) Aircraft Liability (Expires 9/18/21) (Exhibit 4b)

Mr. Tanguay stated that last year he and Ms. Donatelli met with Sergeant Hurley from the State Police Aviation Unit regarding this policy. Sergeant Hurley explained how the aircraft and helicopters were utilized and confirmed that there is a need for this coverage. A motion was made by Mr. Fontana, seconded by Mr. Mahon and unanimously

VOTED: To place coverage as outlined in Exhibit 4b, at an annual premium of \$88,329.

4. c) Metro-North Rail Liability (Expires 9/24/21)

Mr. Tanguay explained that in 2018/19 the ridership was 40 million. Last year, due to COVID-19 the ridership was 9 million. The projected ridership in 2021/22 is 20 million. Mr. Tanguay advised that last year the Board voted to reduce the limits from \$100 million excess \$25 million SIR to \$50 million excess \$25 million SIR, in order to keep the premium down. He noted that when this year's budget was prepared the projected premium was prepared assuming \$100 million limits. The coverage also includes terrorism.

The Board reviewed the two proposals. The first proposal was for \$50 million excess \$25 million SIR. The second proposal was for an additional \$25 million excess of \$50 million excess of \$25 million SIR. A motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 4c, with total limits of \$50 million excess of \$25 million SIR, at an annual premium of \$1,991,000.

The Board then discussed the additional \$25 million excess \$50 million excess \$25 million SIR limits. Subsequently, a motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

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4. c) Metro-North Rail Liability (Cont.)

VOTED: To withdraw the original motion to purchase \$50 million limits excess of \$25 million SIR.

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

VOTED: To place coverage as outlined in Exhibit 4c with limits of \$50 million excess of \$25 million SIR at an annual premium of \$1,991,000; to place coverage with limits of \$25 million excess \$50 million excess \$25 million SIR at an annual premium of \$625,000. Total premium \$2,616,000.

4. d) Student Malpractice/Allied Health (Expires 9/25/21) (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. The premium is 100% reimbursable.

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

VOTED: To place coverage as outlined in Exhibit 4d, Proposal #1 at an annual premium of \$106,045.

4. e) CT DOT Rolling Stock (Expires 10/1/21) (Exhibit 4e)

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

VOTED: To place coverage as outlined in Exhibit 4e, Proposal 1, at an annual premium of \$205,766.

4. f) UConn Co-Gen Plant (Expires 10/1/21) (Exhibit 4f)

Mr. Tanguay explained that this coverage is purchased because of an inter-connection agreement between Eversource and UConn. UConn is contractually required to purchase this specialized coverage. He noted that although the payroll increased by 19%, the premium only increased by 9%. A motion was made by Mr. Mahon, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 4f, at an annual premium of \$311,253.

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4. g) Property (Expires 10/15/21) (Exhibit 4g)

Mr. Tanguay stated that the property market is the second hardest market (second to the Cyber liability market). He noted that at last year's renewal the Board voted to increase the deductible from \$250,000 to \$1,000,000 for UConn, the CSCU system, CVH and the New Haven Rail Yard. He stated that it has been a few years since FM Global has offered a membership credit since they have not had good loss ratios. Mr. Tanguay noted that the State does not have accurate COPE (Construction, Occupancy, Protection and Exposure) or value information for its building inventories which makes it very difficult to sell the account. He also stated that in the past, the Board has discussed getting appraisals so that we have accurate values and COPE information. He stressed that is very important to get appraisals done prior to the next renewal. Ms. Carlson suggested contacting Gene Burk of DAS/Procurement to see if there is a master contract for appraisal services that the Board can piggyback on.

Mr. Necci asked what efforts are being made with the CSCU System to get them to comply with FM Global's outstanding recommendations. Ms. Donatelli advised that she, Mr. Tanguay and Mr. Burk have had a few meetings with Alice Pritchard, Chief of Staff, Keith Epstein, Ben Barnes, the OPM budget analyst for CSCU, the OPM budget analyst for DAS and Joe Salitsky and Ameya Sampat from FM Global.

Ms. Carlson offered to reach out directly to Alice Pritchard to stress to her the importance of getting CSCU to comply with putting money into making the improvements recommended by FM Global. Mr. Tanguay will send Ms. Carlson FM Global's spreadsheet highlighting the open recommendations that need to be addressed within the next 12 months and those that need to be addressed within the next 24 months. Mr. Tanguay advised that CSCU's portion of the total property premium is approximately \$3 million. If FM Global does not renew coverage for the CSCU system, a stand-alone policy for CSCU would cost approximately \$6 million. Ms. Lemmon agrees that if these recommendations do not get addressed, FM Global will non-renew like they did at Yale. Once Ms. Carlson receives the spreadsheet, she will reach out to Ms. Pritchard and report back to the Board at the next meeting.

Mr. Tanguay reviewed the FM Global proposal, noting that cyber property coverage is being reduced from \$1 million to \$10,000. Last year the Board opted not to purchase the terrorism (TRIA) coverage because the FM Global policy covered physical loss or damage to property covered by or resulting from terrorism. This year FM Global is not offering Fire Following TRIA coverage. Mr. Tanguay advised that the other change from last year is that this year, FM Global is offering rental insurance for the dormitories at UConn and the CSCU System as part of a separate quote. FM Global provided a quote for rental insurance for the dorms. The Board directed Mr. Tanguay to reach out to UConn and CSCU since they reimburse for insurance premiums for the dormitories.

The Board congratulated and thanked Fred for his hard work negotiating this policy with FM Global.

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4. g) Property (Cont.)

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

VOTED: To place coverage as outlined in Exhibit 4g at an annual premium of \$8,819,831 (with TRIA).

4. h) State Library Fine Arts (Expires 10/15/21) (Exhibit 4i)

Mr. Tanguay advised that FM Global provides \$25 million of coverage for the artwork at the State Library Museum and this policy provides excess limits.

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

VOTED: To place coverage as outlined in Exhibit 4h, Proposal #2, at an annual premium of \$144,560.

4. i) UCHC Cyber (Expires 10/25/21)

Mr. Tanguay indicated that the cyber liability market is extremely difficult. He explained that UConn Health Center has had a \$1 million claim. He is still working on obtaining quotes and should have quotes with various deductible options next week. Mr. Tanguay also stated that UConn Health Center reimburses the premium for this policy.

Mr. Dagon made a motion to table this vote until Mr. Tanguay receives the quotes. The motion was seconded by Ms. Carlson and unanimously

VOTED: To table this vote until quotes are received. The Board will then have a Special Meeting to vote on this renewal in early October.

5. Administrative Report to the Governor (informational) (Exhibit 5)

Ms. Donatelli stated that this is an annual report submitted to the Governor's Office and asked the Board members for their input for future reports. She will be working with Mr. Burk to try and condense this report in the future.

6. Risk Management Manual (Approval) (Exhibit 6)

Ms. Donatelli advised the Board that the State Auditors requested an updated Risk Management Manual. A draft was provided to the members. A motion was made by Mr. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To approve the updated Risk Management Manual.

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6. Risk Management Manual (Cont.)

Ms. Donatelli will send the updated manual to the State Auditors.

7. Proposed Legislation (discussion) (Exhibit 7)

Ms. Donatelli stated that Mr. Necci helped with the proposed amendment to C.G.S. 4a-20. The amendment would allow the Board to use any membership credit from the Property Policy to help agencies with property risk improvements. Ms. Carlson suggested that Ms. Donatelli contact DAS Chief Fiscal Officer, Ms. Lazauskas regarding how the money would get allocated. Ms. Carlson and Mr. Fontana both agreed that the proposed amendment should be a technical change and to speak to DAS Attorney Eleanor Michael to help with this proposed amendment.

8. Any Other Matters to Properly Come Before the Board

There were none.

9) Executive Session

- a) TPA Request for Proposal
- b) Risk Management Recruitment

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

VOTED: To enter into Executive Session at 10:56 A.M. to discuss Items 9a and 9b.

Mr. Tanguay and Ms. Lessard left the meeting before the discussion on these items.

Executive Session ended at 11:05 A.M.

10. Date and Location of Next Board Meeting

The next Board meeting is on December 14, 2021 and will be a TEAMS meeting.

11. Motion to Adjourn

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

VOTED: The meeting be adjourned. The meeting adjourned at 11:05 A.M.