

**STATE INSURANCE & RISK MANAGEMENT BOARD**  
**Minutes of Meeting No. 339**  
**September 13, 2022**  
**9:30 A.M.**

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

Vice Chairperson Necci presided.

The following members were in attendance:

State Insurance & Risk Management Board

Mr. Matthew S. Necci, Vice Chairperson  
Mr. George A. Dagon  
Mr. Stephen Fontana  
Mr. Scott Kuhnly  
Mr. Seth T. Mahler  
Mr. Patrick Mahon  
Ms. Martha Carlson, Deputy Comptroller

Ms. Susan M. Donatelli, Chairperson was unable to attend.  
Mr. Brian M. Farrell was unable to attend.  
Ms. Marjorie F.B. Lemmon was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Melissa M. Frank  
Ms. Eileen G. McNeil  
Mr. Jay Yasensky  
Mr. Rajpaul Singh

Office of the Agent of Record

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

Office of State Comptroller

Ms. Tara Downes

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1. Call to Order

The meeting was called to order at 9:31 A.M.

2. Approval of Minutes of Meeting No. 338 held on July 12, 2022 (Exhibit 2)

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

VOTED: To approve the minutes of Meeting No. 338 held on July 12, 2022.

Mr. Dagon and Ms. Carlson abstained.

3. SIRMB Budget - Review and Discussion

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

Mr. Tanguay advised the Board that it is early in the fiscal year, and that there have only been two months of payments. He noted that the Board's GF and STF appropriations had been reduced, leaving very light funding in the claims accounts. Mr. Tanguay also noted that there have been several meetings with the DAS Business Office and that they are aware of the Board's potential deficiency.

b) FY2022-2023 Expenditures for July 2022-August 2022 (Exhibit 3b)

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

VOTED: To approve the expenditures from July and August 2022.

c) Overview Budget Discussion

As he mentioned above, Mr. Tanguay stated that Assured Partners and the Board staff are working closely with the DAS Business Office to track expenses and that we will have a better idea where we stand with the budget in January after the casualty policy renews.

d) Loss Prevention Fund – Budgetary Line Item – Approval

Ms. Frank advised that there have been discussions with the DAS Business Office to create a separate line item in the GF account funded by FM Global's membership credit, to help agencies pay to complete recommendations made by FM Global. After some discussion, the Board agreed to create an additional line item, but will decide the amount of funds to be allocated to this line item once all major policies are renewed. This topic will be put on the agenda at the December meeting.

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3. d) Loss Prevention Fund – Budgetary Line Item (Cont.)

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

VOTED: To add a separate budgetary line item in the GF Account and will specify funding level and its purpose at the December Board meeting.

4. Report from the Director of Risk Management

a) Risk Manager’s Report – Informational (Exhibit 4a)

Ms. Frank presented an overview of her accomplishments since the last Board meeting, as outlined in Exhibit 4a.

b) Updated Risk Management Manual (Exhibit 4b)

Mr. Necci asked if there were any changes/suggestions to the updated Risk Management Manual now that the Board had a chance to review it after the last Board meeting. Ms. Carlson suggested removing the Comptroller’s name under the Board member section and to just list that the Comptroller or/designee is an Ex-Officio voting member.

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

VOTED: To approve the updated Risk Management Manual with the above change.

5. Insurance Renewals

a) Aircraft Liability – Expires 9/18/22 (Exhibit 5a)

Mr. Tamms explained this policy covers the airplanes and helicopters operated by DESPP. He noted that QBE is the current insurer, but would not continue to provide the \$25 million limits for this renewal. Chubb’s submitted a proposal that offered \$25 million limits at a lower premium than expiring.

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

VOTED: To place coverage as outlined in Exhibit 5a, at an annual premium of \$75,585.

Mr. Necci abstained.

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5. b) Metro-North Rail Liability – 9/24/22 (Exhibit 5b)

Mr. Tanguay noted that this policy is purchased due to DOT's business decision to purchase excess rail liability on the CTDOT/Metro-North rail line. He stated that the rail line is one of the busiest commuter rail lines in the country and that ridership has increased from last year when COVID hit. Mr. Tanguay also noted that when the budget was prepared a couple of years ago, the Board had higher limits and premiums were very high. In the meantime, last year the Board opted to purchase lower limits to keep the premium down.

Mr. Tanguay informed the Board that the renewal premium increased by 4.5%, stating it was a very good renewal in today's market.

A motion was made by Mr. Mahon, seconded by Mr. Fontana to accept the renewal proposal as outlined in Exhibit 5b.

Ms. Carlson recommended amending the vote to include Lexington is the lead insurer.

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

VOTED: To place the first \$10 million limit excess of \$25 million SIR with Lexington Insurance Company, with the other \$65 million limits provided by several insurance companies as outlined in Exhibit 5b. Total annual premium is \$2,064,125.

Mr. Mahler abstained.

c) Student Malpractice/Allied Health – 9/25/22 (Exhibit 5c)

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 5c at an annual premium of \$108,191.

d) WCSU Cyber – 9/30/22

Mr. Tamms informed the Board that this policy should be removed from discussion since the renewal quote came in under the \$50,000 premium voting threshold.

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5. e) CT DOT Rolling Stock – 10/1/22 (Exhibit 5e)

Mr. Tanguay advised that this policy provides property damage coverage on the 457 state-owned CT Transit buses while they are parked in state-owned garages and parking lots. He noted that when this policy was being marketed, an electric bus went up in flames while parked at the Hamden location, causing approximately \$1 million damage to the bus. Mr. Tanguay stated that because of this incident, the Hartford (the current insurer) would not insure any of the electric buses and he could not find any insurer that would provide coverage on them. The proposal by the Hartford is contingent upon a favorable inspection with 90 days of binding and acceptable implementation of recommendations.

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

VOTED: To place coverage as outlined in Exhibit 5e at an annual premium of \$236,658, subject to a favorable inspection by the Hartford.

f) UConn Co-Gen Plant – 10/1/22 (Exhibit 5f)

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.

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

VOTED: To place coverage as outlined in Exhibit 5f at an annual premium of \$319,482.

g) Master Property – 10/15/22 (Exhibit 5g)

Mr. Tanguay advised that a lot of work went into this renewal. He stated this his office and FM Global performed an in-depth analysis of State buildings to come up with more accurate building values, focusing on the State schools. As a result, insured values increased by 22%. The majority of this increase was due to increased values of the State schools. Mr. Tanguay reviewed the exhibit, noting that there is a 5% renewal rate increase. He advised that FM Global is applying a 15% membership credit and a 5% resilience credit. The 15% membership credit is being given to the State since the State has been a client for 20 years. The 5% resilience credit is for climate risk improvement (i.e. wind/flood). Mr. Tanguay advised the Board that FM Global expects the State to utilize the resilience credit to help agencies pay for building improvements. Mr. Tanguay stated that FM Global also submitted a proposal to lower UConn's deductible from \$1 million to \$250,000 since UConn has done a great job with implementing risk management initiatives. UConn has agreed to reimburse the additional premium to lower the deductible to \$250,000.

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5. g) Master Property (Cont.)

A motion was made by Mr. Mahon and seconded by Mr. Fontana to renewal coverage as outlined in Exhibit 5g. Mr. Mahler asked that there be an amended to the vote to include the decreased deductible for UConn.

Mr. Mahon accepted the friendly amendment, seconded by Mr. Fontana and unanimously

VOTED: To place coverage as outlined in Exhibit 5g, at an annual premium of \$9,743,527 and to purchase the decreased premium option for UConn at an additional premium of 161,776.

5. h) State Library Museum – 10/15/22 (Exhibit 5g)

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. Fontana, seconded by Mr. Kuhnly and unanimously

VOTED: To place coverage as outlined in Exhibit 5h an annual premium of \$144,560,

6. Administrative Report to the Governor (Informational) (Exhibit 6)

Ms. Frank advised that the Board's Administrative Report to the Governor was given to DAS which was submitted as part of DAS's report. The report included the Board's improvements/achievements during FY2022.

7) Committee Reports

a) Claims Committee Report – Patrick Mahon

Mr. Mahon advised that the committee met on September 9, 2022 and reviewed 14 large claims. He noted that several of these claims have upcoming trial dates. The committee agreed to increase the reserve and/or grant settlement authority to a few of these claims.

8. Other Matters to Properly Come Before the Board

There were none.

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9. Date and Location of Next Meeting

The next meeting was scheduled to be a Special meeting on October 7, 2022, however, the two policies to be renewed are 100% reimbursed. Mr. Necci suggested discussing the need for this meeting with Ms. Donatelli. If the meeting is necessary, Ms. McNeil will send out a notice to the members.

10. Motion to Adjourn

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

VOTED:       The meeting be adjourned. The meeting adjourned at 10:38 A.M.