

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

STATE INSURANCE & RISK MANAGEMENT BOARD

Minutes of Meeting No. 345

December 12, 2023

9:30 A.M.

The Three Hundred Forty-Fifth meeting of the State Insurance and Risk Management Board was held on Tuesday, December 12, 2023. The meeting was a Hybrid Meeting with in person attendees at One Financial Plaza, Hartford CT, and virtual attendees on Microsoft Teams.

Chairperson Susan 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. Brian M. Farrell

Mr. Stephen Fontana

Mr. Scott Kuhnly

Mr. Seth T. Mahler

Mr. Patrick Mahon

Ms. Yamuna Menon, Assistant Comptroller

Mr. George A. Dagon was unable to attend.

Ms. Susan C Alker was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Melissa M. Frank

Ms. Sherry- Ann Chance

Mr. Jay Yasensky

Mr. Rajpaul Singh was unable to attend

Office of the Agent of Record

Mr. Brian Tamms, Senior Vice President

Ms. Doreen Lessard

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1. Call to Order

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

2. Approval of Minutes

a) Meeting No. 344 held on September 6, 2023 (Exhibit 2)

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

VOTED: To approve the minutes of Meeting No. 344 held on September 6, 2023

Ms. Donatelli abstained

b) Special Meeting held on October 7, 2023 (Exhibit 2b)

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

VOTED: To approve the minutes of the Special Meeting held on October 3, 2023.

Mr. Kuhnly, Mr. Mahon and Mr. Necci Abstained

3. SIRMB Budget - Review and Discussion

a) FY2023-2024 Budget Update as of November 2023 (Exhibit 3a)

Ms. Chance reviewed the November budget noting the amounts expended from the STF and GF as of November 30, 2023.

Mr. Tamms noted that premiums were trending favorable, but claims are currently running above actuarial projections. He noted that based on the current claims that are pending settlement, deficits are being projected in both the General Fund and the Special Transportation Fund.

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b) FY2023-2024 Expenditures for September 2023-November 2023 (Exhibit 3b)

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

VOTED: To approve the expenditures from September 2023.

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

VOTED: To approve the expenditures from October 2023.

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 November 2023.

4. Insurance Renewals

a) Casualty -Fleet, Highway, Bus (expires 12/31/23) (Exhibit 4a)

Mr. Tamms explained that Excess Liability Insurance fulfills statutory obligations providing coverage for State Highways, over 12,600 state vehicles, several miscellaneous owned and leased locations, and short-term events.

Mr. Tamms stated that the public entity liability market remains challenging with fewer carriers offering coverage, the remaining carriers reducing limits, and an increasingly volatile litigation environment, resulting in an average of 16% increase in premiums across the public entity market. He stated that the State may have an advantage over others in the market due to its sovereign immunity protection which may be the reason for the lower than market increase in the quoted renewal premium which had a 12.4% increase over the prior year.

Mr. Tamms brought to the Board's attention that one of the State's current participating carriers initially did not want to renew their portion of the coverage.

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4 a) Casualty -Fleet, Highway, Bus (expires 12/31/23) (cont'd)

After discussions, the carrier ultimately agreed to remain on the excess program with a substantial premium increase and introduction of language regarding expectations of funding for large losses. An extensive marketing effort was conducted as part of the renewal; despite the increase in premium, the carriers included on the renewal remained the most favorable option for the State.

Ms. Frank interjected to ask for the Boards input on how to address the issue of funding, and the timing of funding, for large claims that exceed the standard actuarial projections.

The Board suggested that we approach DAS, the Comptroller, OPM and the Claims Commissioner with the presented issue.

Mr. Mahon suggested providing a letter of credit as a way to address funding guarantees for large losses.

Chairperson Donatelli stated that another mechanism besides deficiency hearings is needed to fund large claims which fall outside of the actuarial projections and has tasked the SIRMB with approaching all the relevant authorities and interested parties within the State to find a solution to the large claims funding issue.

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

VOTED: To place coverage as outlined in Exhibit 4a, at an annual premium of \$4,733,433

4. b) Automobile Physical Damage (expires 12/31/23) (Exhibit 4b)

Mr. Tamms explained that this policy provides collision and comprehensive physical damage on scheduled State-owned vehicles with a value of \$100,000 (excluding CT Transit buses). He noted that the number of vehicles covered had reduced to 162 and the rate had only a minimal increase.

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

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VOTED: To place coverage as outlined in Exhibit 4b, at an annual premium of \$150,427

4. c) UConn Cyber Liability (expires 1/15/24) (Exhibit 4c)

Mr. Tamms stated that the cyber market has stabilized, resulting in favorable renewal by Beazley. Premium is maintained at the same price and coverage was enhanced, as the sublimit for reputation loss, crypto jacking, and hardware replacement coverages were increased. The excess coverage renewal premium also decreased, with limits and deductible remaining same as expiring.

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

VOTED: To place coverage as outlined in Exhibit 4c at an annual premium of \$134,300 and excess coverage at an annual premium of \$ 107,440

4. d) Potential new Cyber Liability policy for CT State (discussion of approval preference)

Mr. Tamms informed the board that the states community colleges, formerly separate entities, have been consolidated into a one centralized system now known as CT State. The CT State College System has approached the SIRMB about procuring one Cyber policy that covers all campuses. To avoid lapses in coverage at the Norwalk campus, a policy would need to be procured and bound prior to the current policy's January 15, 2024, expiration date. As the next regular meeting is usually held in February, and the policy may require a vote, the Board was asked how they wanted to proceed with this issue.

Ms. Donatelli said a special meeting could be held but also suggested that a 30 - or 60-day extension be requested from the carrier for the Norwalk Community College policy. An extension would allow more time to explore quotes for the new policy. All agreed that this path should be pursued.

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5. Committee Reports (Informational)

a) Claims Committee Report

Mr. Mahler advised that the Claims Committee met with Constitution State Services on September 15, 2023, to review 15 claims. During that meeting, settlement and/or reserve authority was increased on several claims. In addition, the committee reviewed a report that highlighted 5 large claims that had resolved since the prior committee meeting.

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: Continued efforts to complete FM Global risk recommendations to reduce property risk; securing a contract with Centurisk for appraisal work and a software to manage the appraisal and state property data; worked with the CT DOT and RATP Dev (CTTransit) on claims management and sharing of claims data in an effort to focus risk mitigation on areas of concentrated claims; discussed claim trends with DESPP which resulted in DESPP implementing risk mitigation training; continued communications with the OAG about ongoing matters; met with the CSCU Interim General counsel to review the current insurance policies in place and to explore possible consolidation of some coverages including a single cyber policy for all CT State locations.

7. Other Matters to Come Before the Board

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

Ms. Frank stated that she would like to allocate additional funds to the loss prevention fund budgetary line item for risk management projects she has been working on in the last year. She proposed that a portion of the savings realized from the resiliency credit received from FM Global be directed towards this budgetary line item.

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

VOTED: To allocate \$175,000 for the completion of Loss Prevention recommendations.

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7. b) SIRMB PRIORITIES CY 2024 (Exhibit 7b)

Ms. Frank reviewed the priorities she has laid out for the SIRMB for CY 2024 and reviewed the status of the priorities that had been laid out for CY 2023.

A motion was made by Mr. Fontana and seconded by Farrell an unanimously

VOTED: To approve the goals set by Ms. Frank for the calendar year 2024.

8. Executive Session

A motion was made by Mr. Mahon and seconded by Mr. Necci and the board unanimously

VOTED: To enter executive session at 10:31AM

8 a) AOR Contract renewal for 3years

Executive session ended at 10:35AM

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

After a review of the dates, the Board members decided to hold meetings on the following dates: February 6, 2023, April 23, 2023, July 16, 2023, September 17, 2023, October 8, 2023 (Special Meeting if needed) and December 17, 2023.

9. Motion to Adjourn

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

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