**STATE INSURANCE & RISK MANAGEMENT BOARD**
**Minutes of Meeting No. 350**
**December 17, 2024**
**9:30 A.M.**

The Three Hundred Fiftieth meeting of the State Insurance and Risk Management Board was held on Tuesday, December 17, 2024. The meeting was a Hybrid Meeting with in-person attendees at 450 Columbus Boulevard, 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. Stephen Fontana, Vice Chairperson
Ms. Susan C Alker
Mr. George A. Dagon
Mr. Brian M. Farrell
Mr. Scott Kuhnly
Mr. Seth T. Mahler
Mr. Patrick Mahon
Ms. Yamuna Menon, Assistant Comptroller
Mr. John P Rogers

Department of Administrative Services & Insurance and Risk Management Board - Staff

Ms. Melissa M. Frank (Director, SIRMB)
Ms. Sherry-Ann Chance
Erika D 'Aquilla (CFO, DAS)
Mr. Jonathan Degnan

Office of the Agent of Record

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

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**December 17, 2024**
**9:30 A.M.**

1. <u>Call to Order</u>

The meeting was called to order at 9:35 A.M.

2. <u>Approval of Minutes</u>

a) <u>Meeting No. 349 held on October 8, 2024</u> (Exhibit 2)

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

VOTED: To approve the minutes of Meeting No. 349 held on October 8, 2024

3. <u>SIRMB Expenditures - (Discussion & Approval)</u>

a) <u>FY2024-2025 Expenditures for October 2024 - November 2024 (Exhibit 3a)</u>

After a review and discussion of the October expenditures, cost trends for premiums and claims and how they compared to prior year, a motion was made by Mr. Fontana seconded by Mr. Mahon and unanimously

VOTED*:* To approve the expenditures from October 2024.

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

VOTED*:* To approve the expenditures from November 2024.

4. <u>SIRMB Budget - Discussion</u>

a) <u>FY2024-2025 Budget Update as of November 2024</u> (Exhibit 4a)

Ms. Frank advised the Board that the budget is looking good and that the SIRMB is in a better position, fiscally than it has been in the last several years as a deficiency is not currently being projected.

5. <u>AOR Corporate Update</u>

Mr. Tamms informed the Board that Assured Partners has entered into a definitive agreement to join Gallagher. The merger is pending regulatory approval and is expected to be completed in early

2025. Should the transaction go forward, the company would be the 3rd largest insurance brokerage company.

Mr. Tamms advised the Board that there are no anticipated changes to business operations related to the SIRMB at this time.

6. Insurance Renewals

a) Casualty -Fleet, Highway, Bus (expires 12/31/24) (Exhibit 6a)

Mr. Tamms explained that the Excess Liability Insurance fulfills statutory obligations providing General Liability coverage for the State's auto fleet and several miscellaneous owned and leased locations, short-term events and for highway liability as stipulated by CGS 13a-144.

The coverage is $45M aggregate limit in excess of the State's $4M self-insured retention. The coverage comprises an insurance tower made up of layers of coverage limits with several carriers providing a share of the coverage.

Mr. Tamms stated that public entity liability markets are stabilizing with more carrier options available and though there continue to be underwriting challenges related to auto liability including riskier driving habits, increasing cost to litigate and settle claims, the proposed renewal was still very favorable to the State.

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

> VOTED: To place coverage as outlined in Exhibit 5a, at an annual premium of $4,992,086.

6. b) Automobile Physical Damage (expires 12/31/24) (Exhibit 6b)

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 147, and the coverage cost and subsequent per vehicle rate had only a minimal increase.

After a discussion about how vehicle depreciation factored into the coverage provided.

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

VOTED: To place coverage as outlined in Exhibit 4b, at an annual premium of $152,937

6. c) UConn Cyber Liability (expires 1/15/24) (Exhibit 6c)

Mr. Tamms stated that he has seen a moderation in the Cyber market especially among public education resulting in a favorable renewal. He stated that the cost to renew the primary coverage was flat to last year and the excess coverage cost was decreased. The carrier and policy sublimit remain the same as prior year with minor amendments and contingencies.

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

VOTED: To place coverage as outlined in Exhibit 4c at an annual premium of $134,300 and excess coverage at $94,010

6. d) Policy Renewals Under 100K – (Exhibit 6d)

Ms. Frank reviewed the policies under 100K renewed since the last board meeting.

7. TRIA Discussion (Exhibit 7)

As requested by the Board, Mr. Tamms presented a broad overview on Terrorism Risk Insurance Act (TRIA) coverage. He highlighted the distinction between certified and non-certified acts of terrorism noting that for coverage to be accessed, the loss event would need to be a “certified act of terrorism”. Since the inception of TRIA, there have been no certified acts.

The Board discussed existing insurance policies carrying TRIA coverage, and the current methodology or reasoning behind the purchase of the TRIA coverages. They sought to determine whether TRIA coverage is necessary on certain policies, the practicality of the coverage on State policies and whether guidelines should be established for purchasing the coverage going forward. The Director of the SIRMB was tasked with seeking advice from State legal counsel and the board tabled the discussion until the Director was advised.

8. Director's Report (Exhibit 8)

Ms. Frank reported on her risk management efforts since the last meeting. Her report included efforts made to reduce property risks, contractual risks, claims related risks and general information.

a) SIRMB Priorities CY 2025 – (Exhibit 8a)

Ms. Frank reviewed the priorities she has laid out for the SIRMB for CY 2025 and reviewed the status of the priorities that had been laid out for CY 2024.

b) Statutory Authorization for Reserves Discussion – (Exhibit 8b)

Ms. Frank informed the board that after many years of funding deficiencies, largely due to claim settlements, the SIRMB is currently projecting a surplus at the end of the Fiscal Year in both its General Fund and Special Transportation Fund. She clarified that this projection factored in requested carryforward funds from the prior fiscal year.
She proposed to the Board that pursuant to CGS **Sec. 4a-20. (Formerly Sec. 4-37b).** which reads "*The State Insurance and Risk Management Board shall determine the method by which the state shall insure itself against losses by the purchase of insurance governed by the provisions of title 38a to obtain the broadest coverage at the most reasonable cost. It shall direct the negotiations for purchase of such insurance and determine whether deductible or other risk retention provisions should be included in the insurance contract. Wherever appropriate it shall determine that the state shall act as a self-insurer and may request funds from the contingency fund to establish reserves and carry out such practices as are necessary to safeguard the self-insurance activity.",* she requested the Board's support in exploring the Board's ability to establish reserve funds for payment of future claims.

All the board members agreed that it would make sense to establish claim reserves and thus support the pursuit of the proposal with relevant state entities (DAS, Comptroller Office and OPM).

9. Meeting Schedule – Proposed Dates for Calendar Year 2024 (Exhibit 8)

After a review of the dates, the Board members decided to hold meetings on the following dates: February 25, 2025, April 22, 2025, July 15, 2025, September 16, 2025, October 7, 2025 (Special Meeting if needed) and December 16, 2025.

Claim Committee meeting dates for 2025 were set for January 15, 2025, May 7, 2025, and September 24, 2025.

10. Other Matters to Come Before the Board

There were none.

11. Executive Session

A motion was made by Ms. Donatelli seconded by Mr. Fontana and the board unanimously

VOTED: To enter executive session at 11:11AM

a) TPA Contract discussion

Executive session ended at 11:22

12. Motion to Adjourn

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

VOTED: The meeting be adjourned.

The meeting adjourned at 11:23 A.M.