Maryland State Treasurer’s Office
Insurance Division

INSURANCE DIVISION OVERVIEW
AND
LOSS PREVENTION
MAY 26, 2016
STO Insurance Division & Overview

• Underwriting
• Claims
• Litigation Management
• Loss Prevention
• Administrative Support
State Treasurer’s Responsibilities for State Insurance Program

1. Self Insurance
2. Commercial Insurance
   – Liability
   – Property
   – Niche policies
   – Bond coverages
   – Workers Compensation
     (Chesapeake Employer’s, previously IWIF)
Types of Commercial Coverage (con’t)

• Property - State owned
  – Buildings and Contents ($2.5 mil deductible)
  – Auto (motorized vehicles)
  – Electronic Data Processing (EDP)
  – Boiler and Machinery (B&M)
  – Inland Marine (i.e., Cranes, Fine Art on Loan)
Types of Commercial Coverage (cont.)

• Niche Policies
  – Athletic Participants
  – Allied Health Students
  – Aviation
  – Bridges and Tunnels (tolls only)
• Bond/Crime
Claims

• What we do for you….
  – Investigate, evaluate, and settle State-owned property and liability claims
  – Recover funds from third parties or refer to the Central Collection Unit (CCU)
  – Maintain oversight of commercial claims
  – Perils (Natural Disasters, Malicious Mischief, and negligence of a State employee)
May xx, 2016

Steven XXXXX
105 West Main Street
Salisbury, Maryland XXXXX

Re: Return of Notice of Claim for _________________

Dear _____________:

I am in receipt of your notice of claim dated March 20, 2016. This notice is being returned to you as non conforming; the Maryland XXXXXXXX Administration is the improper state agency to provide a notice of claim.

Should you wish to provide a proper, timely notice of claim, I recommend that you review the “Maryland Tort Claims Act,” for the State Maryland. The procedures for making a claim are set forth in the Maryland Tort Claims Act, which is codified in the Annotated Code of Maryland, State Government Article, '12-101, et seq. The name and address for filing your claim is:

The Honorable Nancy K. Kopp, Treasurer
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 442
Annapolis, Maryland 21401-0466

Finally, be advised that in order to pursue a tort claim against the State of Maryland, a proper notice of claim must be received within one year of the date of loss. As I understand it, the date of loss in this case is on or about March 25, 2016.

Sincerely,

XXXXXXXXX

Enc.

cc: Insurance Division, State Treasurer’s Office
Tort Litigation

• Your Legal Team
  – Litigation Manager
  – Assistant Attorneys General

• What We Do For You
  – Review Lawsuits
  – Evaluate Merit of the Lawsuit
  – Request updates from AAG’s
  – Attend Court Ordered Settlement Conferences and Mediations
  – Grant Settlement Authority
Litigation (cont.)

– Attend and brief the Insurance Review Committee in order to obtain settlement authority for lawsuits with potential exposure based on the date of loss.

– Tort Cap
  – Settlements/Judgments limited to $200,000 per plaintiff for incidents occurring on or before September 30, 2015
  – Incidents occurring on or after October 1, 2015, the tort cap increases to $400,000 per plaintiff

– What to Do if Served
  – Contact your Agency’s Assistant Attorney General immediately (time constraints)
  – Notify the Insurance Division
Loss Prevention

• Loss Prevention and Mitigation

• Prevent what could negatively impact agency mission and objectives
  – Pre-planning and pre-loss activities

• Control the results if or when they happen
  – Agency response plan (natural disaster such as flood, snow, and extreme cold weather)
  – Mitigation
PROPERTY PROTECTION

• If not before, THEN by NOW agencies, schools and facilities should be aware that there is an exposure for frozen pipes if:
  – Your facility experiences temperate winters and/or operations are shut down during winter holidays or on weekends;
  – Your facility has experienced freezing temperatures or several inches snow or ice accumulation
  – Building temperatures drop when process equipment is shut off.
  – If weather forecasts extremely cold temperature for 2 or more consecutive days.
  – Any of the above conditions contributed to a loss at your agency
WHY IS THIS NECESSARY?
Self Insurance

• The State is self-insured through a reimbursable trust fund and does not operate like the typical commercial insurance company you are familiar with.

• Agencies pay into the Self Insurance Trust Fund (SITF) through annual assessments called premiums.

• Agencies are reimbursed for the repair/replacement (whichever is less) of property damaged by a covered peril to a pre-loss condition.

• Most of the coverages are provided under the reimbursable trust fund.
THAT AHA MOMENT.....

Ah!
Now I understand.
YOUR ROLE

Contingency Plan

• Every agency should have a plan that for every potential exposure addresses the question “WHAT IF?” and list all counteractive measures to be taken. The plan should include lines of authority and personnel assignments, areas of the facility to be specifically addressed, priority order of operation and shutdown of equipment, outside contractors needed to implement the plan, and alternative supplies of fuel and power.
Your Role in Preparation for Freeze Prevention

Complete Pre-winter and winter inspections including the following:

– Conduct inspections well in advance of cold weather so that necessary materials can be obtained and repairs or preparations made **BEFORE** the weather turns cold.

– Prepare a checklist report for equipment in areas susceptible to freeze-up.

– Conduct winterizing and regularly scheduled inspections throughout the plant before and during the cold weather months.

– Submit the checklist to plant management for review and action.
Your Role in Preparation for Freeze Prevention

**Building Openings**

- Maintain the building shell in good condition and close any unnecessary openings to minimize heat loss.
- Repair broken windows and doors, and close any unnecessary openings, and install additional insulation.
- Seal louvers on building walls and close dampers on ducts leading to the outside, provided ventilation and process requirements are met.
Your Role in Preparation for Freeze Prevention

Heating Equipment

- Make sure that heating equipment is capable of maintaining building temperature above 55°F (12°C)
- Consider extending heating ducts or convectors into areas with vulnerable equipment.
- If possible, safely cut back heat in some areas so that additional heating capacity is available for more vulnerable areas.
Your Role in Preparation for Freeze Prevention

• If permitted, properly designed and installed portable heaters can be useful for remote, hard-to-heat areas. (not referring to employee workstations)

• Set the equipment to automatically activate when building temperatures fall to 55°F (12°C) if these areas are unattended.
Your Role in Preparation for Freeze Prevention

**Sprinkler System & Domestic Pipe Inspections**

- Add additional insulation to piping located in unheated areas i.e. attic, perimeter walls.
- During periods of extreme cold, inspect sprinkler systems every few hours for broken or cracked piping and fittings.
- Look for distorted or leaking sprinklers.
- Increase the frequency of inspections as the outside temperature decreases.
Your Role in Preparation for Freeze Prevention

• Special attention should be given to sprinklers near windows, doors, passage ways between buildings, in attics, in crawl spaces, and similar areas.

• Verify that drains are clear to allow run-off of melting snow

• Make sure exterior down spouts are clear of snow or ice at the outlets
Your Role in Preparation for Freeze Prevention

Shutdown Procedures

• Establish emergency procedures to allow for safe operation of fire protection and plant equipment or safe shutdown of production/process machinery and equipment during cold weather.

• Implement cold weather emergency procedures if the outdoor temperature drops below 40°F (4°C).

• Personnel should be well trained in these emergency procedures.
Your Role in Preparation for Freeze Prevention

Snow and Ice Removal

• Remove snow and ice from roads, fire protection equipment, doorways, gutters and roofs.
• Monitor snow levels on roofs to avoid drifting and collapse especially on multilevel roofs.
• Keep storm and roof drains clear of ice, snow and debris, and clear paths to the drains.
• Remove ice build up from rooftop equipment
• Clean all catch basins, drains, and drainage ditches
Your Role in Preparation for Freeze Prevention

Temperature Monitoring

• Designate a person in management or operations to monitor weather conditions during periods of cold weather.

• Monitor and record temperatures in the plant every few hours, taking wind speed and wind direction into account.
Your Role in Preparation for Freeze Prevention

Unattended Buildings

• Consider providing a central station alarm system for buildings that will be left unattended during the winter, or for locations that are not idle but frequently unattended.

• The alarm system should monitor power supply, building temperature and low water fuel trips on boilers.
Your Role in Preparation for Freeze Prevention

• Strategically place the temperature sensing devices in cold locations and arrange for them to activate the alarm system before the temperature drops below 55°F (12°C).
WHY IS THIS NECESSARY?
Coverage Exclusion

• Wear and Tear
• Theft
• Builder’s Risk

• Water from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  – Every effort is made to maintain heat in the building or structure, or
  – The equipment is drained, and the water supply is shut off, if the heat is not maintained.
## Weather Events
### Total Incurred Property Losses

<table>
<thead>
<tr>
<th>Weather Event</th>
<th>Reported Losses</th>
<th>Total Incurred Losses</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Snow/Blizzard</td>
<td>2</td>
<td>$21,188.53</td>
<td>$10,594.65</td>
</tr>
<tr>
<td>Wind</td>
<td>2</td>
<td>$3,990.00</td>
<td>$1,995.00</td>
</tr>
<tr>
<td>Freezing Temp</td>
<td>32</td>
<td>$1,332,011.43</td>
<td>$41,625.35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36</strong></td>
<td><strong>$1,357,189.96</strong></td>
<td><strong>$37,699.71</strong></td>
</tr>
</tbody>
</table>
Property Losses by Weather Event November 2014 - March 2015

- Freezing Temp: $1,332,011.43
- Wind: $3,990.00
- Snow/Blizzard: $21,188.53
# Weather Events

## Total Incurred Property Losses

<table>
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<th>Reported Losses</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>1</td>
<td>$34,945.00</td>
<td>$34,945.00</td>
</tr>
<tr>
<td>Tree</td>
<td>1</td>
<td>$2,000.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Ice</td>
<td>1</td>
<td>$14,895.00</td>
<td>$14,895.00</td>
</tr>
<tr>
<td>Rain</td>
<td>3</td>
<td>$67,000.00</td>
<td>$22,333.33</td>
</tr>
<tr>
<td>Freezing Temp</td>
<td>4</td>
<td>$26,250.00</td>
<td>$6,562.50</td>
</tr>
<tr>
<td>Snow/Blizzard</td>
<td>14</td>
<td>$317,000.00</td>
<td>$22,642.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>$462,090.00</strong></td>
<td><strong>$19,253.75</strong></td>
</tr>
</tbody>
</table>
YOUR ROLE IN PREPARATION FOR FLOOD, STORM, AND WIND EVENTS

• What can be done to protect against flooding, heavy rains and wind events?
• Monitor weather
• Activate weather emergency plan
• Make sure emergency generators operate properly
• Check inventory of materials, supplies and review vendor and emergency contact lists
• Conduct ground and facility inspections including roofs and make necessary repairs
YOUR ROLE IN PREPARATION FOR FLOOD, STORM, AND WIND EVENTS

• Clear debris, foreign objects, and projectiles on/in and near buildings (rooftops, gutters, drains and sewers)

• Raise/relocate valuable property, equipment and records to prevent flood damage

• Tie, weigh down or relocate outdoor furnishings

• Board windows/openings

• Flood logs, gates, sandbags
STEPS TO TAKE FOLLOWING AN EVENT

In the event of an emergency or catastrophic event during a holiday or weekend, contact us at (410) 271-0312

– Inspect for damages
– Take photographs, start documentation file, etc.
– Begin any emergency repairs – contact vendors, if required
– Examine exterior structures and take any safety and/or security measures, as required
– Relocate salvaged property and begin restoration
  • Concentrate on valuable stock and equipment
  • Give priority to any damage to vital equipment or processes
– Inspect heating, electrical and fire protection systems
– Gather maintenance/service records, contracts, Certificates of Insurance, and warranty information
– Report the loss and provide agency incident report to STO
– 60 Day Reporting Timeframe
THAT AHA MOMENT.....

Ah!

Now I understand.
WHEN A LOSS OCCURS:
  – Protect Property & Minimize Loss
  – Report Claim
• Document Loss/Preserve Evidence
  – Photos/ Maintenance Records/Warranties
  – Police/Incident Reports
  – Identify Other Parties Involved
  – File a loss report using the property or the accord auto form when a state unit of government (State agency) reports damage to State-owned property: i.e. water damage or auto collision.
– Identify Equipment Manufacturer, Installers, Maintenance Contractors
– Designate Point of Contact for Adjuster
– Facilitate Insurance Site Inspections
– Obtain 3 estimates or sole source for large equipment/colleges (exceptions)

• Commercial Claims
  – Agency reports commercially insured loss to STO
  – STO reports loss to the insurance broker and carrier
  – Pro-Rated Deductible (Multi-Agency Losses)
  – Public Assistance Information (FEMA) if applicable
LESSONS LEARNED

• Recap event with emergency management team
  • *What could we have done differently or better?*
• Review and modify plan as necessary for improvement
• Communicate changes and train staff on updates

• CONGRATULATE YOURSELF AND PLAN AND PREPARE FOR THE NEXT EVENT.
CATASTROPHIC EVENTS

• We are available for weekend/holiday catastrophic emergency losses for the state agencies only, call (410) 271-0312
Insurance Division Contacts

- Joyce Miller, Director  410-260-7929
- Vacant, Deputy Director  410-260-7172
- Barbara C. Boumboulis, UW Mgr.  410-260-7229
- Vivian Miller, Litigation Mgr.  410-260-7192
- Mia Liley, Loss Prevention Mgr.  410-260-7239
- Claims Department (main line)  410-260-7684
- Claims fax number  800-942-0162
- Weekend Emergency number  410-974-2865
- Emergency Contact Number is for Agency use only

http://treasurer.state.md.us/insurance.aspx
Thank You!!!