

<b>Summary Profile: State Insurance and Risk Management Board</b> <b>Review Committee of Cognizance: Government Administration and Elections (GAE)</b>	
<b>STATUTORY REFERENCE</b>	C.G.S. §§ 4a-19 to 4a-21
<b>ESTABLISHED</b>	1963 (P.A. 347) as State Insurance Purchasing Board; current name per P.A. 98-74
<b>ORGANIZATION LOCATION</b>	<p>Within the Department of Administrative Services, but the Board has independent decision-making authority.</p> <p>Please see Exhibit A for an Organization Chart of the State Insurance &amp; Risk Management Board.</p>
<b>DUTIES</b>	<p>The mission of the Board is to protect assets of the State of Connecticut through a comprehensive and cost effective insurance and risk management program. Goal is to provide the best insurance and risk management service possible for Connecticut. Also to:</p> <ul style="list-style-type: none"> <li>• determine the method by which the State shall insure itself against losses by the purchase of insurance;</li> <li>• obtain the broadest coverage at the most reasonable cost;</li> <li>• direct negotiations for the purchase of such insurance and determine the applicability of deductibles and self-insurance;</li> <li>• designate the agent or agents of record and select companies from which the insurance coverage shall be purchased;</li> <li>• negotiate all elements of insurance premiums and the agent's commission and/or fee for service and establish specifications and request bids for each insurance contract through the agent of record; and</li> <li>• develop and implement Risk Management and Loss Prevention Programs.</li> </ul>
<b>REGULATIONS</b>	N/A
<b>STAFF</b>	2 Full-Time staff members, provided by DAS and funded out of DAS PS: 1 Director (annual salary \$125,447) & 1 Accounting Specialist (annual salary \$106,299).
<b>BUDGET</b>	For FY 2014, the budget is \$20,007,606 (\$12,643,063 GF + \$7,364,543 STF). These monies are allocated for the payment of insurance premiums and claims, and do not include the staff salaries or administrative overhead, which is paid for out of DAS PS and OE accounts.
<b>NUMBER OF MEETINGS</b>	Full board shall meet at least once quarterly and as the chairperson deems necessary. Special meetings held on the request of a majority after notice. A majority of the members constitute a quorum.

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**DATA COLLECTION SHEET:**  
**State Insurance and Risk Management Board**  
**Review Committee of Cognizance: Government Administration and Elections (GAE)**

**Part I: Statutory Compliance & Performance Activity**

*Questions in this part relate to compliance to the entity's statutory mandates and specific performance activity measures pertaining to the entity's primary duties.*

**1. Pursuant to C.G.S. Sec. 4a-19, has the State Insurance and Risk Management Board met all of its statutory mandates and requirements? (see attached profile)**

- **Board membership?**

Yes. The Board has 11 members, appointed by the Governor.

- **Meeting schedule?**

Yes. The Board meets each calendar quarter and at such other times as the chairperson deems necessary.

- **Member compensation?**

In the past three years no Board member has sought reimbursement of necessary expenses.

- **Reporting requirements?**

Yes. The Board submits its annual report as part of DAS's annual report.

**If not, please explain.**

**2. Are the meeting minutes, agendas, and other board materials public and accessible?**

Yes. The Board meeting agendas and meeting minutes are posted on the DAS website.

**3. Does the board have a website presence for public contact and input?**

Yes. The website is part of the DAS website ([www.das.ct.gov](http://www.das.ct.gov)).

**4. Please provide the current and previous year's budget expenditures for the State Insurance and Risk Management Board.**

Please see Exhibit B for details regarding the current and previous year's budget expenditures.

**5. What is the current and previous year's staffing level for the State Insurance and Risk Management Board?**

DAS provides staff to the Board within DAS's PS budget. Current and previous year's staffing for the Board is 2 full time employees – 1 Director and 1 Accounting Specialist.

proposals for each renewal. A comprehensive understanding of the State's exposures is confidentially conveyed to underwriters. When the proposals are received, an analysis of the coverage is conducted by the Board and the Agent of Record. All of the insurance markets solicited are documented on the bid sheet provided by the Agent of Record and successful bidder premium information is documented on the insurance computation sheet provided by the Agent of Record.

See Exhibit C - Copies of bid sheets and insurance computation sheets for various insurance renewals.

- 7. In the most recent agency digest, the board reports that it measures effectiveness by establishing a benchmark of past loss experience and comparing that standard to current loss experience. Please provide benchmark information along with board interpretation of the information for the most recent three year period.**

Due to the uniqueness of the State of Connecticut operations, and the lack of credible benchmark comparisons to other similar entities, the state benchmarks against its own past loss experience. Please see Exhibit D, which shows loss data for automobile liability, highway defect claims and for property claims for the last seven years.

- 8. In each of the last three years, how many negotiations has the board directed for the purchase of such insurance? In how many instances did the board determine the applicability of deductibles and self-insurance?**

On an annual basis, every insurance policy is marketed and competitively bid at the direction of the Board. The Board purchased 80 policies in FY 2010/2011, 77 policies in FY2011/2012 and 75 policies in FY2012/2013. The Board directs the Agent of Record to bid the coverage with varying deductibles or self insured retentions depending upon the exposure. When the bids are received, the Board reviews the coverage for the exposure, the deductible or self insurance retention. On all policies purchased, the Board determines the applicability of deductibles and self insurance.

See Exhibit E, which shows categories of insurance coverage purchased by the Board.

- 9. In each of the last three years, how many companies from which to purchase insurance coverage did the board select?**

In FY/2010/2011, the Board selected 32 insurance companies, in FY2011/2012, the Board selected 30 insurance companies and in FY2012/2013, the Board selected 29 companies.

- 10. For each of the last three years, please provide the dollar range and average of all board-negotiated: a) insurance premiums; and b) agent's commissions and/or fees for service.**

The Agent of Record is compensated through an annual fee. This fee does not include any commissions.

Please see Exhibit F, which shows the Board negotiated insurance premiums and the Agent of Record fees for the last three years.

renovations to state facilities, the Board and the State's property insurer work with the project managers and construction personnel of major contracting agencies – CTDOT, DAS/DCS, UConn, UCHC and the Board of Regents – by reviewing plan designs to insure compliance within code and insurance company specifications. In the past six years, the State's property carrier at the direction of the Board has invested more than 18,000 hours in risk engineering. The Board has conducted with the property insurer a seminar in 2012 for the Department of Corrections facilities personnel to self perform water flow testing and inspection and testing of fire sprinkler systems.

Risk Management and Loss Prevention programs for automobile liability, general liability and highway liability claims are a work in progress. All automobile liability, general liability and highway liability claims are managed by a Third Party Claims Administrator (TPA). The TPA is a major partner to the Board. Selection of a TPA is conducted by the Board through a competitive bid process through the Department of Administrative Services request for proposal process. The TPA has limited claim settlement authority and the Board's Claims Committee reviews all pertinent liability claims on a semi-annual basis or more often as needed with the TPA and the Agent of Record. The Board's Claims Committee provides invaluable oversight, direction, settlement and decision making authority.

#### **Part II: Statutorily-Based Sunset Questions**

*Questions in this part pertain to the statutorily-based sunset criteria. This includes the sunset criteria for determining public need (C.G.S. Sec. 2c-7) and the sunset criteria for determining whether a regulatory entity or program served the general public (C.G.S. Sec. 2c-8).*

- 1. Would termination of the State Insurance and Risk Management Board significantly endanger the public health, safety or welfare? Please explain.**

Termination of the Board could endanger public safety or welfare as the Board provides expertise in many disciplines to oversee the size and complexity of the State's exposures and risks. The Board's expertise provides an avenue for the public to those claims that are not protected through the State's statutory immunity.

- 2. Would the termination of the board's primary activity significantly endanger public health, safety, or welfare? Please explain.**

Termination of the board's primary activity could endanger public health, safety or welfare as the expertise and guidance offered by this volunteer board would no longer be available.

- 3. Could the public be adequately protected by another statute, office, or program, or by a less restrictive method of regulation such as absence of the State Insurance and Risk Management Board?**

The Board, because of its voluntary status, provides free expertise and guidance on insurance and risk management matters to adequately protect the State's assets. In discussion with other state risk managers

- 4. Does the State Insurance and Risk Management Board have the effect of increasing the costs of goods or services to the public either directly or indirectly? Is there data to demonstrate this effect? If so, do the benefits to the public outweigh this additional cost?**

The Board members are volunteers, so their presence does not increase the cost of goods and services to the public indirectly or directly. The Board provides oversight to ascertain that the insurance coverages and risk management programs protect the State, which benefits the public in the event of a catastrophic loss to the State's facilities, operations and properties.

- 5. Is the effectiveness of the State Insurance and Risk Management Board's operation impeded by existing statutes, regulations or policies, including budgetary and personnel policies?**

The Board's operation is somewhat impeded by existing budgetary policies. It is very difficult to predict what claim settlements will be in a given year. Claims are resolved through either settlements or judgments and both methods are difficult to predict the timing of payment. When a claim occurs it could take up to 5 years before the claim is finally settled. Expenses keep accruing on this claim until it is finally settled. Since the Board is not allowed by statute to carry over any surplus funds into the next fiscal year, the possibility exists where in the next fiscal year we have a lot of claim settlements and based on the current operating budget we cannot pay for these settlements. In such instances, the Board incurs a deficiency. In the prior five fiscal years, the board has had surplus funds. These surplus funds could have been used to create reserves on these known claims rather than lapse into the General Fund. For the current fiscal year, this situation has happened and we incurred an \$8m deficiency. Had we been able to carry over the surplus funds rather than lapse these funds we had at the end of the last five years, the deficiency would have been much less.

- 6. To what extent have qualified applicants been permitted to engage in any profession, occupation, trade or activity regulated by the State Insurance and Risk Management Board?**

N/A. The Board does not regulate any profession, occupation, trade or activity.

- 7. To what extent has the State Insurance and Risk Management Board complied with federal and state affirmative action requirements?**

The Board's employees and funding fall under the Department of Administrative Services. DAS affirmative action plans, set-aside spending goals and other affirmative action efforts include the State Insurance and Risk Management Board.

- 8. To what extent has the State Insurance and Risk Management Board recommended statutory changes which would benefit the public as opposed to the persons regulated? Please provide examples.**

N/A. The Board has not recommended any statutory changes.

- 9. To what extent has the State Insurance and Risk Management Board encouraged public participation in the formulation of its regulations and policies?**

any complaints and outcomes for each of the past three years.

N/A. The Board does not regulate persons. Further, there have been no public complaints.

### **Part III: Standard RBA Questions**

*This part contains the eight standard results-based accountability questions adopted by the Appropriations Committee for all programs.*

**1. What is the quality of life result to which the State Insurance and Risk Management Board makes the most important contribution?**

The State's heritage and assets are protected from catastrophic financial risks by securing insurance for its facilities, operations and properties.

**2. How does the State Insurance and Risk Management Board contribute to the result?**

The Board contributes to this result by continually renewing and critically evaluating the efficacy and cost value of the State's risk management and insurance program and when appropriate, recommends or secures new coverage to reduce or manage the risk. The Board is the recognized and utilized entity within the State where risk management and property and casualty insurance is focused. All State agencies have unencumbered access to this institutionalized knowledge.

**3. Who are the State Insurance and Risk Management Board's major customers?**

The Board's major customers are all three branches of the government – executive, judicial and legislative – including all state universities, colleges and technical high schools.

**4. What measures are used to tell if the State Insurance and Risk Management Board is delivering its services well? How is the State Insurance and Risk Management Board doing on the most important of those measures? Provide data to support this assessment.**

Two important measures to determine if the Board is delivering its services well are (1) the cost of the insurance that the Board is purchasing, and (2) the overall claim experience of the State's Auto/Highway liability insurance program.

**Cost of Insurance-Auto/Highway Liability**

- In FY 2003/2004, the Auto/Highway liability premium was \$2,112,000
- In FY 2012/2013, the Auto/Highway liability premium was \$1,634,824
- Down 14% (\$477,174)

**Property Insurance Rate Factor**

- In FY 2003/2003, the property rate factor was \$.0439/\$100
- In FY 2012/2013, the property rate factor was \$.0310/\$100
- Down 20%

insurance and claims experience in the right direction.

**5. What measures are used to tell if the State Insurance and Risk Management Board's customers are better off? How is the State Insurance and Risk Management Board doing on the most important of those measures? Provide data to support this assessment.**

The Board's customers are all the branches of state government including the universities, colleges and technical schools. The Board maintains an excellent relationship with all state agencies. The Board is recognized as the focal point of insurance and risk management for the State of Connecticut and State agencies ask for guidance and direction from the Board. Costs are down and claims are trending in the right direction. Due to the job of the Board, other state programs will not be imperiled due to a catastrophe. The Board's customers know to contact us for guidance on preventing losses and to contact us for direction in the event of a loss. The Board's customers contact us for guidance and direction on insurance requirements for contracts and agreements. The Board is instrumental in insuring any artifacts of historical value. The Board has worked with personnel at the State Library/Museum to identify and insure these items of historical significance to help preserve the State's heritage.

**6. Who are the partners with a major role to play in improving performance?**

The partners that play a major role in improving performance are the Agent of Record, the Third Party Administrator and the Insurance Companies.

**7. What works, what could work, to do better, or to do the least harm in a difficult financial climate?**

In a difficult financial climate, the Board relies on additional support and resolution from our partners to continue to improve performance. The Board members collective expertise becomes more important in a difficult financial climate. Proactive risk management can prevent, minimize and/or mitigate costly claims.

There are three areas that would help the Board in this difficult financial climate:

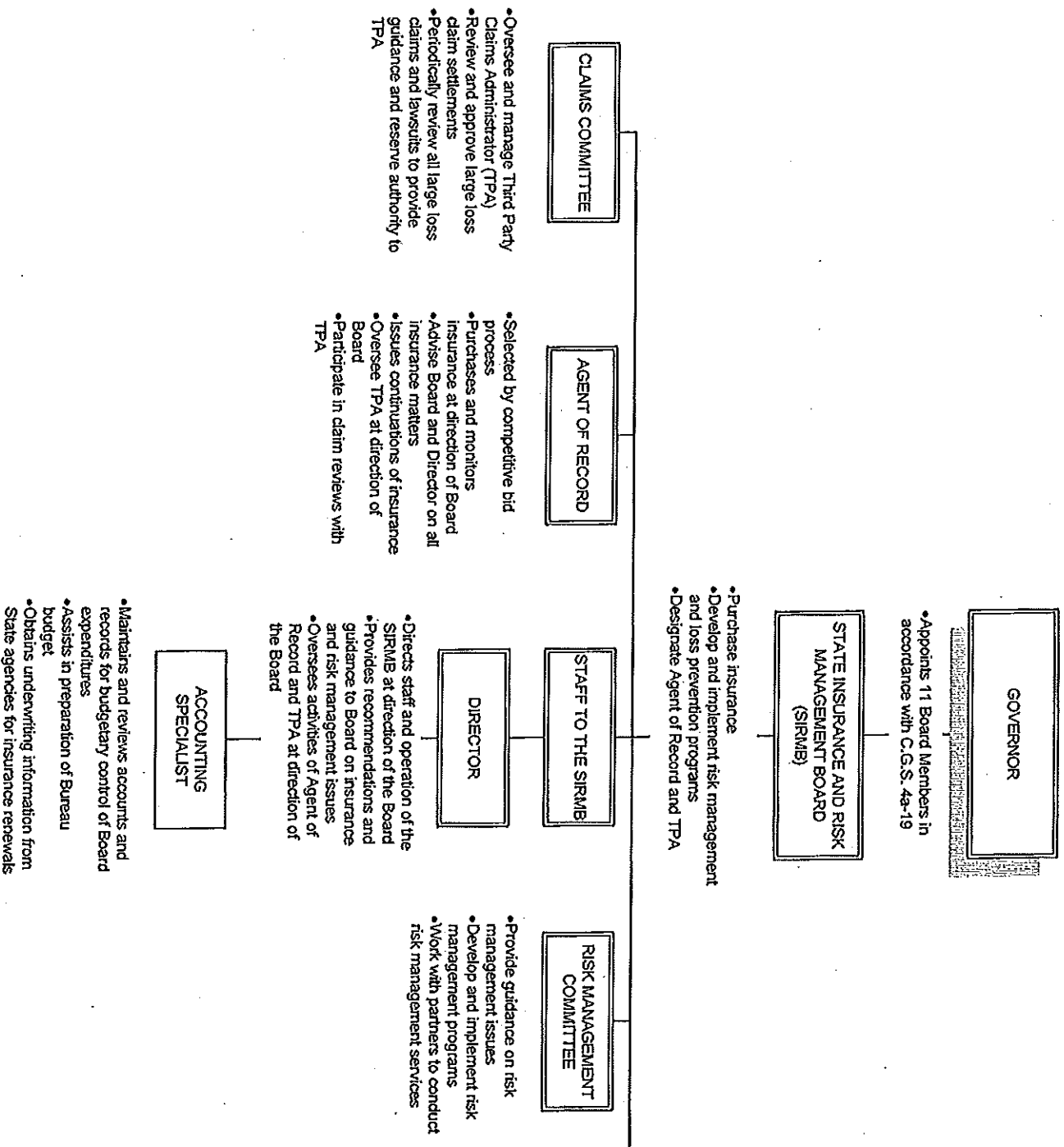
- Dedicated Risk Management Fund. Through the Board or its partners, risk management initiatives or recommendations have been made to various state agencies. Since the Board does not have a risk management fund, however, these initiatives or recommendations cannot be completed by the Board. The funding, development and implementation of a risk management fund should be viewed as an investment and not as an expense. The development and funding of a dedicated risk management fund would allow the Board to implement proactive risk management initiatives throughout the State.
- Cost Allocation. Implement some form of cost allocation (premium and/or claims) to state agencies to gain additional support or buy in from the state agencies. Since the agencies are not charged for any losses or premiums there is no incentive for these agencies to reduce or manage their losses.
- Carry Over Funds. Have the ability to carry over surplus funds each fiscal year to address reserves of incurred claims that have not settled to minimize large claim deficiencies.



## EXHIBITS

Exhibit A	SIRMB-Organization Chart
Exhibit B	Budget expenditures for current and previous year
Exhibit C	Bid and Comp sheets for various Insurance coverages
Exhibit D	Loss experience for auto and highway liability and property
Exhibit E	Insurance Categories
Exhibit F	Insurance premiums and Agent of Record Fees for last 3 years
Exhibit G	Loss Control-Property Conservation Guidelines

# ORGANIZATION CHART



Response to Question #4 , Part I Statutory Compliance & Performance Activity		EXHIBIT B
Budget expenditures for current and previous year		
Insurance and Risk Management Board Budget Expenditures		
Category	2011/12	2012/13
Accident & Health	\$ 555,810.22	\$ 522,808.05
Agent of Record Fee	\$ 309,166.77	\$ 473,749.90
Aircraft/Airport	\$ 192,523.11	\$ 64,186.88
Boiler and Machinery	\$ 252,720.00	\$ 254,139.15
Fire & Extended Coverage	\$ 5,363,830.00	\$ 5,690,290.54
Liability & Dram Act	\$ 796,481.35	\$ 4,356,241.84
Highway/Bus/RR Liability	\$ 5,395,777.69	\$ 6,272,100.13
Motor Vehicles	\$ 5,868,670.83	\$ 5,395,984.87
Watercraft	\$ 92,968.24	\$ 102,752.24
Miscellaneous & Others	\$ 164,796.31	\$ 37,125.00
Risk Management Expenses	\$ -	\$ -
Surety Bonds	\$ 8,572.00	\$ 72,088.00
TOTAL GROSS EXPENDITURES	\$ 19,001,316.52	\$ 23,241,466.60
LESS: REIMBURSEMENTS	\$ (1,676,580.57)	\$ (5,674,765.78)
TOTAL NET EXPENDITURES	\$ 17,324,735.95	\$ 17,566,700.82

Part I, Question #8

## EXHIBIT C

### Bid Sheet for Auto Physical Damage Coverage

POLICY NO. MAX 6114 0047458

TERM 12/31/2013 TO 12/31/2014

#### BID SHEET

STATE INSURANCE & RISK MANAGEMENT BOARD

DEPARTMENT State of CT (Schulick Agencies)

DATE OF REQUEST 11/18/13

SPECIFICATIONS (Verbal/Written) Written

NEW/RENEWAL Renewal

COMPANIES CONTACTED

- 1.) The Hartford
- 2.) Travelers
- 3.) Fireman's Fund
- 4.) \_\_\_\_\_
- 5.) \_\_\_\_\_
- 6.) \_\_\_\_\_
- 7.) \_\_\_\_\_
- 8.) \_\_\_\_\_

COMPANY SELECTED Atterra Excess & Surplus Lines Ins. Co.

REMARKS \_\_\_\_\_

Part I, Question #8

EXHIBIT C

Computation Sheet for Auto Physical Damage Coverage

STATE INSURANCE AND RISK MANAGEMENT BOARD

INSURANCE COMPUTATION SHEET

FORM Auto Physical  
Damage

POLICY NO.  
MAX61140047458

COMPANY  
Allterra Excess+  
Surplus Lines Ins. Co.

AVERAGE RATE

ANNUAL RATE

COMPANY PROMULGATED RATE

NEGOTIATED RATE

RECEPTION DATE 12/31/1013

TERM 1 year

RATE .41 PER HUNDRED ☒

PER THOUSAND ☐

AMOUNT OF INSURANCE ACV X RATE = PREMIUM

ENDORSEMENT DATE TERM ADDITIONAL PREMIUM

PREMIUM BID Aut Physical Damage ACV

TIV 34,333,227

PREMIUM FLAT

X .41/100

PART I, QUESTION #8

EXHIBIT C

BID SHEET FOR COMMERCIAL GENERAL LIABILITY  
UNIV OF CONN - CO GEN PLANT

TBD

POLICY NO. 015374936

TERM 6/9/13 TO 6/9/14

BID SHEET

STATE INSURANCE & RISK MANAGEMENT BOARD

DEPARTMENT University of Connecticut - Co-Generation Plant

DATE OF REQUEST 5/3/13

SPECIFICATIONS (Verbal/Written) Written insurance requirements as detailed in the NU Urban Interconnection Agreement

NEW/RENEWAL Renewal

COMPANIES CONTACTED 1.) Steadfast Ins. Co. & Lexington Ins. Co. - \$198,531.00

2.) Travelers - Declined

3.) The Hartford - Declined

4.) Chubb - Declined

5.) AIG - Declined

6.)

7.)

STATUS: 8.)

DEPARTMENT

COMPANY SELECTED Steadfast Ins. Co. & Lexington Ins. Co. - \$198,531.00

REMARKS

PART I, QUESTION #8

EXHIBIT C

COMPUTATION SHEET FOR COMMERCIAL GENERAL LIABILITY  
UNIV OF CONN - CO-GEN PLANT  
STATE INSURANCE AND RISK MANAGEMENT BOARD

INSURANCE COMPUTATION SHEET

Commercial General Liability + Excess POLICY NO. 015374936 COMPANY Steadfast Ins. Co. & Lexington Ins. Co.

AVERAGE RATE

MANUAL RATE

\*COMPANY PROMULGATED RATE

NEGOTIATED RATE

INCEPTION DATE 6/9/13

TERM 6/9/14

RATE Bid PER HUNDRED ☐

PER THOUSAND ☐

AMOUNT OF INSURANCE Below X RATE Bid \$198,531.<sup>00</sup> PREMIUM

ENDORSEMENT DATE

TERM

ADDITIONAL PREMIUM

PREMIUM

BID

Commercial General Liability

Excess Liability

\$1,000,000 Ea. Occ.  
100,000 Fire Damage

\$20,000,000 occ./agg.

PREMIUM

FLAT

5000 Med Exp.  
1,000,000 Pers./Adv.  
2,000,000 Gen Agg.

X/s \$1,000,000

PREMIUM

OTHER

1,000,000 Products

PART I, QUESTION #8

EXHIBIT C

BID SHEET FOR MASTER HULL AND P&I COVERAGE

POLICY NO. 020MBT0469

TERM 6/15/13 TO 6/15/14

BID SHEET

STATE INSURANCE & RISK MANAGEMENT BOARD

State of Connecticut

DEPARTMENT Master Hull and P&I

DATE OF REQUEST Various

SPECIFICATIONS (Verbal/Written) Verbal

NEW/RENEWAL Renewal

COMPANIES CONTACTED 1.) Hartford - \$49,579.00  
2.) Liberty - Declined  
3.) CNA - Declined  
4.) \_\_\_\_\_  
5.) \_\_\_\_\_  
6.) \_\_\_\_\_  
7.) \_\_\_\_\_  
8.) \_\_\_\_\_

COMPANY SELECTED Hartford - \$49,579.00

REMARKS \_\_\_\_\_



PART I, QUESTION #8

EXHIBIT C

COMPUTATION SHEET FOR MASTER HULL AND P&I COVERAGE

STATE INSURANCE AND RISK MANAGEMENT BOARD

INSURANCE COMPUTATION SHEET

FORM *Hull and Protection  
& Indemnity*

POLICY NO. *0200 BT0469* COMPANY *Hartford  
Fire Ins.  
Co.*

AVERAGE RATE

MANUAL RATE

☒ COMPANY PROMULGATED RATE

NEGOTIATED RATE

INCEPTION DATE *6/15/13*

TERM *6/15/14*

RATE *Flat*

PER HUNDRED ☐

PER THOUSAND ☐

AMOUNT OF INSURANCE *Scheduled* X RATE *Flat*

*\$49,579.00* PREMIUM

ENDORSEMENT DATE

TERM

ADDITIONAL PREMIUM

PREMIUM ☒ BID

PREMIUM ☐ FLAT

PART I, QUESTION #8

EXHIBIT C

MASTER HULL AND P&I COVERAGE  
AGENCY PREMIUM BREAKDOWN

2013 JUN 10 PM 1:26



Southern New England Regional Office  
One Hartford Plaza, CAL-1-45  
Hartford, CT 06165

June 6, 2013

People's United Insurance Agency

Attn: Doreen Lessard

Re: State of Connecticut Master Hull and P&I Policy  
02OMB0469

Dear Doreen,

Our-renewal quote totals \$49,579 (including \$972 for terrorism) at 0% commission.

Here is the breakdown by agency:

Department of Agriculture:	\$4,489
Department of Emergency Services & Public Protection:	\$13,338
Department of Energy & Environmental Protection:	\$20,655
Department of Transportation:	\$2,534
Central Connecticut State University:	\$106
UConn (Marine Sciences):	\$3,552
UConn (Athletic Dept.):	\$4,087
UConn (Waterfront Program):	\$767
UConn (Club Sports):	\$51

PAID  
6/18/13  
a

Scheduled limits apply for Hull coverage. Total values = \$4,081,022. The Hull deductibles will be as per expiring except a \$1,000 deductible will apply as a minimum (i.e. those with less than \$1,000 now will be increased).

The P&I limit = \$500,000 per scheduled vessel, not to exceed \$500,000 per occurrence. P&I coverage applies only to certain vessels, as per expiring. The P&I deductible = \$2,500.

PART I, QUESTION #8

EXHIBIT C

Bd. vote #297

BID SHEET FOR AUTOMOBILE/HIGHWAY  
LIABILITY INS 12-16-12

Renewal Option #1

<u>Limit</u>	<u>Company</u>	<u>Premium</u>
\$10m x/s of \$4m SIR	Starr Indem. & Liab. Co.	\$ 861,166 (\$585,600 Fleet/\$275,566 Hwy)
\$10m x/s of \$14m Underlying	Lexington	\$ 288,750
\$11m x/s of \$24m Underlying	Fireman's Fund	\$ 145,000
\$25m x/s of \$35m Underlying	Zurich	\$ 156,060
\$25m x/s of \$60m Underlying	Axis	\$ 114,760
\$15m x/s of \$85m Underlying	Crum	\$ 69,090
	TOTAL	\$1,634,826

Renewal Option #2

<u>Limit</u>	<u>Company</u>	<u>Premium</u>
\$10m x/s of \$4m SIR	Everest	\$ 861,166 (\$585,600 Fleet/\$275,566 Hwy)
\$21m x/s of \$14m Underlying	Lexington	\$ 477,125
\$25m x/s of \$35m Underlying	Zurich	\$ 156,060
\$25m x/s of \$60m Underlying	Axis	\$ 114,660
\$15m x/s of \$85m Underlying	Crum	\$ 69,090
	TOTAL	\$1,678,201

PART I, QUESTION #8

EXHIBIT C

COMPUTATION SHEET FOR AUTOMOBILE/HIGHWAY  
LIABILITY INS

STATE INSURANCE AND RISK MANAGEMENT BOARD

INSURANCE COMPUTATION SHEET

Public Entity Excess Liab.	516CPELOR155812	Slaw Indemnity Ins. Co.
1st Excess	865302863	Lexington Ins. Co.
2nd Excess	611XCC048.56912	American Ins. Co.
3rd Excess	AEC937792109	American Guarantee &
FORM 4th Excess	ENU736231	Liab. Ins. Co. (Zorch)
5th Excess	5927464861	Axi S
		North River (Korn)

AVERAGE RATE

MANUAL RATE

COMPANY PROMULGATED RATE

NEGOTIATED RATE

INCEPTION DATE 12/31/12

TERM 12/31/13

RATE Bid PER HUNDRED ☐

PER THOUSAND ☐

AMOUNT OF INSURANCE (Various (See attached) X RATE Bid = 11,634,826.00 PREMIUM

ENDORSEMENT DATE

TERM

ADDITIONAL PREMIUM

PREMIUM

BID

Fleet  
CT Transit  
Bus  
Highway  
Excluded Locations  
Master MVR

1545,165.  
252,445  
141,758  
586,062  
86,490  
22,906

980,265 ✓  
STF

PREMIUM

FLAT

12/31/13

Response to Question #7 ,Part I Statutory Compliance  
& Performance Activity

**EXHIBIT D**

**Automobile Liability**

Loss Experience Summary (As of 10/1/13)

Policy Period	Status	# of Claims	Amount
12/31/06-07	Open	2	37,500
	CNP	248	-
	Closed	549	3,290,266
	TOTAL	799	3,327,766
12/31/07-08	Open	10	2,222,067
	CNP	206	-
	Closed	493	7,225,904
	TOTAL	709	9,447,971
12/31/08-09	Open	28	1,740,957
	CNP	331	-
	Closed	478	7,114,151
	TOTAL	837	8,855,108
12/31/09-10	Open	34	5,136,658
	CNP	208	-
	Closed	403	1,552,350
	TOTAL	645	6,689,008
12/31/10-11	Open	69	2,700,802
	CNP	149	-
	Closed	629	5,537,698
	TOTAL	847	8,238,500
12/31/11-12	Open	74	2,119,259
	CNP	10	-
	Closed	494	1,157,740
	TOTAL	578	3,276,999
12/31/12-13	Open	67	1,359,961
	CNP	173	237,651
	TOTAL	240	1,597,612

Response to Question #7 Part I Statutory Compliance  
& Performance Activity **EXHIBIT D**

Highway Liability

Loss Experience Summary (As of 10/1/13)

Policy Period	Status	# of Claims	Amount
2007	Open	3	50,600
	CNP	486	-
	Closed	74	1,518,322
	TOTAL	563	1,568,922
2008	Open	3	75,840
	CNP	551	-
	Closed	107	226,790
	TOTAL	661	302,630
2009	Open	4	100,701
	CNP	489	-
	Closed	97	159,628
	TOTAL	590	260,329
2010	Open	7	75,725
	CNP	334	-
	Closed	104	89,740
	TOTAL	445	165,465
2011	Open	33	193,640
	CNP	149	-
	Closed	652	56,994
	TOTAL	834	250,634
2012	Open	24	45,991
	Closed	789	26,854
	TOTAL	813	72,845
2013	Open	116	43,844
	Closed	169	1,543
	TOTAL	285	45,387

**EXHIBIT D**

**State of Connecticut  
PROPERTY  
Paid Large Loss Listing (Excess of Deductible)**

<u>Loss Date</u>	<u>Location</u>	<u>Peril</u>	<u>Gross Loss</u>
9/27/85	Various	Hurricane	\$ 400,000
1/4/85	Office of Treasurer	Fire	200,000
3/31/87	E.C.S.U.	Fire	122,893
1/26/88	Dept. of Education	Fire	217,416
7/10/89	S.C.S.U.	Wind	562,566
9/19/89	Dept. of Mental Retardation	Fire	205,334
6/25/90	Dept. of Corrections	Riot	552,460
7/3/90	Dept. of Corrections	Fire	1,491,322
11/20/91	Dept. of Corrections	Water	150,321
1/19/92	Military	Fire	103,200
4/10/92	Dept. of Corrections	Vandalism	395,268
11/10/92	Dept. of Transportation	Fire	414,404
11/23/92	Dept. of Corrections	Fire	156,500
2/7/93	Dept. of Public Works	Water	200,000
2/16/93	Dept. of Mental Health	Fire	125,554
3/12/93	C.C.S.U.	Fire	282,609
4/5/93	Dept. of Transportation	Collapse	105,294
4/21/93	Dept. of Corrections	Vandalism	114,020
5/2/94	Dept. of Corrections	Water	294,951
11/1/95	C.C.S.U.	Water	112,487
12/21/96	Military	Fire	180,398
11/6/97	Bullard Haven's Tech.	Fire	355,365
12/24/98	Dept. of Labor	Water	500,000
1/4/99	Judicial Branch	Water	155,000
4/23/99	Dept. of Agriculture	Fire	487,000
1/10/04	UConn	Frozen Pipes	1,037,785
1/17/04	Groton	Water Damage	494,413
2/25/04	Norwalk Court	Fire	226,884
6/2/06	Groton New London Airport	Equipment Damage	385,617
11/21/06	S.C.S.U.	Burst Pipe	6,034,463

### Schedule of Insurance Categories

Insurance Coverage	State Agency
Accidental Death & Dismemberment Insurance	Military Department
Athletic Injury Insurance	University of Connecticut
Athletic Trainer Professional Liability Insurance	University of Connecticut
Automobile/Highway Liability Insurance	Various State Agencies
Boiler & Machinery Property Insurance	All State Agencies
Commercial General Liability Insurance	Lease of X/L Center/UConn UConn Co-Generation Plant
Commissioners Bond	Various State Agencies
Comprehensive Crime Bond	All State Agencies
Crime Bond	Department of Education
Event Liability Insurance	Legislative Management/Old State House
Fidelity Bond	Labor Department
Fine Arts Insurance	Fine Art Loaned to State Agencies
Fine Arts/Museum Property Insurance	State Library/Museum
Hull and Liability Insurance/Vessels	Various State Agencies
Lawyers Professional Liability Insurance	Division of Public Defender Services



				<b>EXHIBIT F</b>
Response to Question #10, Part I Statutory Compliance & Performance Activity				
Board negotiated insurance premiums and agent of record fees for service for last three years				
Account		Total FY 10/11	Total FY 11/12	Total FY 12/13
O.E. 12507	Premiums	5,201,732.02	6,477,123.31	6,229,952.08
O.E. 12141	Surety Bonds	53,562.00	6,631.00	72,088.00
STF12507	Premiums	488,385.00	2,097,893.00	2,273,164.00
O.E. 12507	Agent of Record Fees	299,583.33	309,166.77	323,749.90



State of Connecticut



Governor Dannel P. Malloy



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## Property Conservation Guidelines

### Statement of Policy

Safe conditions for our citizens, staff, faculty, students and visitors, and conservation of State properties has always been a basic policy of the State of Connecticut. Additionally, the State of Connecticut is committed to the protection of its physical assets through the use of effective safeguards and loss prevention measures.

The State of Connecticut Insurance and Risk Management Board endorses the following basic programs with respect to property conservation. These programs have been developed in collaboration with the property insurance carrier for the State of Connecticut, FM Global. In order to accomplish this, the following basic recommendations, with respect to fire protection, should be adhered to:

### Property Loss Control Inspections

A property loss prevention and control program can help protect your site, lower business costs, and improve efficiency and effectiveness. It also could mean the difference between being in business today and facing a lasting shutdown tomorrow.

Records of these tests should be kept on file for review by Management and visiting insurance company engineers.

#### Fire-protection equipment:

Weekly: Visually inspect all sprinkler control valve for accessibility and to ensure they are locked in the wide-open position with non-breakable locks and chains. Prepare a Valve Control Inventory List containing all individual valves. Then, record the results for each individual sprinkler control valve on the Valve Control List.

The sprinkler control valves and risers should be visually inspected to ensure that:

- The valves are in the fully opened position
- The locks and chains are in place
- The pressure gage indicates there is water pressure
- Access to the control valves and risers are not obstructed

Monthly: All curb box and post indicator valves (PIV's) should be physically tried on a monthly frequency.

This physical test should incorporate the following four steps:

1. The valve should be spring tested to ensure it is in the fully opened position.
2. The valve should then be slowly turned approximately three to five turns toward the closed position.
3. The valve should be returned to the fully-open position. The number of turns to re-open should be verified during this process.
4. The valve should be locked in the wide-open position.



Resource Directory

- State Phone Directory
- State Auctions
- Employment Connection
- DAS Communications
- Freedom Of Information Requests



- Find Contracts
- DAS Learning Center
- Core CT Home Page
- Surplus Property
- DAS Business Office
- Print
- Mail and Courier
- Food Distribution Program
- Master Insurance Program
- Small Agency Resource Team
- State Travel
- Workers' Compensation for State Employees
- Master Insurance
- Collection Services
- Office of the Claims Commissioner
- State Properties Review Board
- State Insurance & Risk Management Board
- State Marshal Commission
- Employees' Review Board



- Bid/RFP
- Supplier Diversity

- Packing Glands cooling properly

#### For Diesel Pump Types:

- Fuel Level
- Engine Temperature
- Oil Pressure
- Battery Levels

- Electric pumps should be run for 10 minutes

- Diesel pumps should be run for 30 minutes.

•If a suction tank is present, the level of the tank should be noted and as well as the operability of the heating and circulation.  
Annually: Fire pumps should be flow tested by a qualified pump contractor or trained in-house personnel.

#### •Housekeeping:

Monthly: Monitor general order and neatness, trash removal and amount of unnecessary combustible materials, especially in high-value areas such as computer rooms, data centers and labs.

•Smoking:  
Monthly: Look for violations of regulations in hidden areas, stairwells and restrooms. Appropriate management should be notified of any issues.

#### •Utility Rooms:

Monthly: Ensure electrical, mechanical, boiler and telephone rooms are cool, clean, dry and free of any combustible storage. Maintain a minimum of 36 in. (91 cm) of clearance between combustible material and electrical equipment.

#### •Storage Rooms/Areas:

Monthly: Ensure these areas are well-arranged and neat. Observe aisle spacing between storage. Confirm sprinkler heads are unobstructed. A minimum of 18 in. (46 cm) of clearance should be maintained between the sprinkler head and the top of the storage.

#### •Security Items:

Weekly: Survey secured areas, access openings and locks for intrusion damage.

#### •Special Protection Systems:

All FM 200, Halon, Inergen, Kitchen Hood Systems, etc. should be inspected by a qualified contractor. Levels of protection agent should be assessed to ensure leakage or discharge had not occurred. All discharge heads and parts should be evaluated for obstruction or loose debris.

#### Emergency Response Procedures

An effective trained emergency response team that comprises those most familiar with your facility and its operations can respond quickly to an emergency and help your site recover with a minimum of damage and disruption.

An emergency response plan should outline actions to be taken by responsible parties during the incipient stages of a fire or other emergency condition.

#### Duties should include:

- Appointing an individual (with alternate) to immediately notify the local fire service or authorities
- Designating an individual in charge to interact with responding authorities

#### Additional duties:

- Assigning an individual to check and stand by the sprinkler control valve/fire pump room (only if accessible from the exterior of the building)

a Red Tag Kit.

All facilities should contact FM Global Boston Operations at 888-606-4570 to report an impairment.

The Red Tag permit should then be utilized:

- Implement the precautions listed at the top of the Red Tag.
- Complete the information on the Red Tag Permit with the contractor.
- Hang the completed Red Tag on the closed sprinkler control valve(s).
- Contact the local FM Global office, via the phone number on the Red Tag Permit Wall Kit, local fire service and appropriate alarm supervisory agency or central station stating the reason and duration of the impairment.
- Prohibit all hot work or other hazardous operations during any impairment.
- Minimize the duration of the impairment to one day.
- Follow the precautions identified on the Red Tag Permit.
- Establish a fire watch as needed for any breaks or after-work hours when protection remains impaired and the building is unoccupied.
- Have contractor sign the Red Tag Permit after completion of work and restoration of protection. Maintain completed permits on file as a permanent record.
- Notify FM Global Customer Service Desk and alarm supervisory services immediately upon restoration of the protection.

#### Hot Work/Ignition Source Control

Hot work operations impose fire hazards from sparks that fly long distances and stay hot long after they slip out of sight into holes or cracks. Using a hot work permit system, a fire safety supervisor authorizes hot work only under specific fire-safe conditions. Continuously monitor areas for up to four hours following hot work.

Manage and supervise work involving any activity that produces open flames or spark-producing operations either by in-house personnel or contractor labor.

- Electric Arc Welding
- Oxygen/Acetylene Cutting Torch
- Soldering
- Cutting or Grinding with a Grinding Wheel
- Electric Heat Gun

If it is necessary to use the above referenced means or devices, then a Hot Work Permit Kit shall be used. Please contact the State Insurance and Risk Management Board to obtain a kit.

This involves:

- Determine if hot work is necessary or if alternative mechanical means can be used.
- Assign a designated individual to oversee hot work operations.
- Where possible within your facility, a designated area for performing routine hot work should be developed.
- Implement the items under the Required Precautions Checklist on the Hot Work Permit.
- Complete the information on the Hot Work Permit with the contractor present. Use one permit for each hot work operation conducted.
- Have a property manager or his/her designee follow the precautions listed on the right side of the Hot Work Permit and apply all that are applicable to the occupancy. No hot work is to be performed unless the required Precautions on the Hot Work permit can be taken.
- Ensure fire-protection systems remain in service during any hot work operation.
- Supervise and monitor the hot work during the operation.
- Establish a fire watch as required during and after the hot work.
- Secure contractor sign-off on permit after completion of hot work, and maintain permit on file.
- Remove the completed front portion (Part 1) and place it in the Hot Work Permit Kit.
- Hang the completed Hot Work Permit (Part 2) in the area in which the work is being performed.
- Once the job is completed, following the end of the fire watch, the expired Hot Work Permit may be removed from the work area.

Change, regardless of how insignificant or unrelated to property protection, can affect your overall risk. The ability to effectively manage change is crucial to any property protection program, but the ability to recognize when that change will create a hazard and adversely impact your loss exposure, is your key to a well-protected facility.

What types of change can create an exposure or hazard?

- New construction project or modifications to an existing or neighboring building(s) (Plan Review)
  - New fire protection systems (Plan Review) or modification to existing fire protection systems
  - Major expansion or consolidation of facilities or business operations
  - New roof or major roof repair (Plan Review)
- If any of these changes are being planned, please contact the State Insurance and Risk Management Board or your local FM Global office for assistance and guidance.

#### Contractor Management

When a contractor is hired at your facility, it is not safe to assume they will intuitively know and follow your policies regarding workplace safety and property protection. There needs to be a dialogue whenever bringing in engineering consultants, contract labor workers, sprinkler installers, and outside construction workers.

All contractors should be held responsible for work they conduct on premises. Supervision and specific requirements for behavior and performance should be outlined and reviewed with each contractor performing the on-site work.

This includes (but is not limited to):

- Designated access points for ingress/egress
- Smoking regulations
- Access to utility areas
- Authorization for impairments to fire-protection systems/fire alarm systems and requirement of use and procedures of the Red Tag Permit System
- Authorization for hot work and required use and procedures of the Hot Work Permit System
- Housekeeping requirements and trash removal
- Requirements for storage and use of hazardous materials

#### Conclusion

If you have any questions or need further information, please contact Ms. Daria Girish, Director of Insurance and Risk Management for the State of Connecticut or your local FM Global Office. FM Global is available to provide support in all areas of property loss prevention. These services can be obtained by calling the following number: (888) 606-4570.

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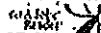
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