



RiskWatch

A Department of Administrative Services, Division of Risk Management Publication



FY2010 – A Year in Review



The Division of Risk Management (DRM) is housed within the State's Department of Administrative Services (DAS). Each year since FY2008 the DAS has produced an annual report for the Legislature and stakeholders. DRM's portion of those annual reports can be found at <http://www.risk.utah.gov/documents/riskannualreport.pdf>.

As insured properties and values and workloads continue to increase, the DRM continually looks for ways to improve both efficiencies in business processes and effectiveness in assisting our customers protect the assets of the State. Our workload has increased significantly during the past 11 years, while the FTEs have only increased by one. DRM is creating efficiencies to enable us to better absorb that workload with increasingly targeting loss control activities, continuing to analyze staffing assignments, workflows, processes and procedures, and finding ways to use technology to better deliver services.

Workload

Here are the DRM workload numbers. Charts can be found at www.risk.utah.gov/workload.

1240% increase in number of charter schools insured over 9 years

146% increase in number of inspections over 4 years

70.4% increase in insured values over 9 years

55.24% increase in trainings over 4 years

49.2% increase in training participants over 4 years

42.1% increase in number of insured vehicles in 9 years

41.4% increase in certificates of insurance over 5 years

23.3% decrease in workers comp claims over 5 years

18.0% increase in number of buildings over 7 years

8% decrease in number of claims over 11 years

1 FTE increase over 11 years

Benchmarking

DRM recently participated along with 24 other states in a Cost of Risk survey conducted by AON Global Risk Consulting. Utah ranked well in this survey which found Utah:

Lowest in tort total program costs as a percentage of operating expenditures

Lowest in salaries and wages as a percentage of total expenditures

2nd lowest in workers compensation program costs

2nd lowest in tort deductible/self insurance retention

4th lowest in tort insurance limit as percentage of operating expenditures

6th lowest in property program costs per \$100 of total insured value. We were able to keep the program costs low as compared to other states even though the cost for earthquake cost coverage in Utah is higher than many other states.

18th in total insured property values covered

14th in number of vehicles insured

11th out of 13 states in the dollar amount set by our tort caps (the other states did not report having tort caps)

One of the interesting findings of the survey was that 9 states reported no tort caps, meaning damages could be awarded against a state entity for an unlimited amount of money. One state alone accounted for 17 of the 21 highest tort payouts by states for FY10, costing that state \$54,534,338.00 just for those 17 claims (an average of \$3,207,905 per claim). Utah's tort caps are currently \$648,700 per person in an occurrence and \$2,221,700 aggregate for two or more persons in an occurrence. Utah rarely has a claim that reaches these caps. Utah's tort caps are another reason DRM can keep the cost of liability insurance lower for its customers.

TRAVEL PROTECTION - *Morris Haggerty*

Risk Management has arranged for travel protection for state employees, charter school and school district students, faculty and school district employees who travel on agency or school business or arranged trips. The policies provide for assistance and medical coverage if you become sick or injured while traveling, emergency medical evacuation, travel assistance, legal assistance and other coverages. The rates are very favorable, ranging from \$2-\$4 a day per person. For more information click here www.risk.utah.gov/documents/travel_faq.pdf or contact Risk Management.



UPCOMING EVENTS



Watch for an announcement for the HR Liability Symposium coming in January



Points of Interest

[Space Heater Safety FAQs](#)

[Athletic Academic Travel Policy](#)

[Brain Teaser](#)

More Stories

COLD WEATHER, FROZEN PIPES - *Stephen Hewlett*

Winter is upon us, and conscientious property managers are already making efforts to reduce heating costs. Sometimes, however, those efforts result in greater costs. Anyone who has experienced interior flooding from a broken water pipe due to freezing temperatures understands the importance of providing sufficient heat to pipe spaces, including attics, crawl spaces, and exterior walls.

Almost yearly, the Risk Fund is subjected to property damage claims resulting from frozen, broken water pipes. Many of these claims arise during long weekends and extended school holiday breaks, when buildings are unoccupied and unmonitored. That's when property managers tend to adjust thermostats downward. Sudden and dramatic cold spells arrive; frozen pipes follow.

Please be mindful of this significant risk and pass this information along to ensure that prudent decisions will be made during the cold months ahead.



CLAIMS AUDIT - *Tani Downing*

DRM claims are audited annually by an independent audit firm against industry claims handling standards. For FY10, Bickmore Risk Services gave DRM claims a 99% Superior rating in the audit. The auditor found that our experienced claims adjusters:

- Provide the citizens of Utah and participating agencies with quality claims handling
- Protect State resources by evaluating claims promptly and fairly
- Maintain the financial strength of claims reserves
- Promote a culture of accountability demonstrated by documented decision rationale in claims files
- Effectively communicate with the AG's office
- Promote quality controls by conducting random in-house audits of individual claims



THE ONLINE SELF-INSPECTION SURVEY: The Gift that Keeps on Giving - *Brian Nelson*

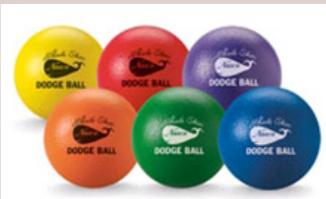
The holidays are upon us. It's a wonderful season of gift giving and receiving, and you are no doubt wondering what you can give your employer and yourself. How about completing the self-inspection survey over the holidays, when colleges, universities, and schools are usually vacant for several weeks in December, and many State employees are on vacation? Get out there, burn off some of the extra calories you've collected between Thanksgiving and New Years Day, and get it done.



So, how is this a gift to you and your employer, you ask. Simple. You will become a veritable Santa Claus, delivering a premium discount to your employer. Who knows, maybe songs will be written and sung to honor you, your mode of transportation, and your nocturnal pets. Think big. Be creative. Drag your Santa Claus costume out of the closet, or don some other festive garb, and quietly do the deed. And, no matter what anyone says, I believe in you.

P.S. (aka Please Santa) Remember: The survey must be completed by June 1st to get the discount.

TEAM DODGE BALL TOURNAMENTS – *Brian Nelson*



Lately, we have received several requests from our school districts concerning the sponsoring of team dodge ball tournaments as fundraising activities. In our last quarterly training symposium, we briefly addressed this topic.

In short, absent an express exclusion in the policy, our districts will be covered for these activities; however, we expect all such tournaments to comport with the following loss control measures:

- Mandatory use of rubber-coated foam balls
- Protection of fire sprinkler heads and light fixtures
- Implementation of appropriate loss prevention steps for use of your facilities, i.e.,
 - Eliminate all slip, trip, and fall hazards (including ice & snow accumulations)

- Adult/Volunteer supervision, based on the number of participants and spectators
- Appropriate and customary security, again based upon the number of participants and spectators
- Signed liability waivers from participating adults
- Informed consent signatures from parents/guardians of participating minors
- Certificates of insurance and indemnity agreements from third-party tournament organizers

Please note that this article applies to organized, team competitions—not random dodge ball activities in the gym, where children can be targeted by other students. We agree with Davis School District Risk Coordinator, Scott Zigich: any activity that fosters the bullying or targeting of students should never be condoned.

We are in the process of drafting a more formal protocol relative to these activities, which we will forward to all of the districts in the near future. Meanwhile, don't hesitate to contact us if you have any questions or concerns.

DEALING WITH SPACE HEATERS - *Brian Nelson*

One of the many challenges winter brings is keeping our offices and workstations sufficiently warm for the variety of individuals we work with. When office temperatures get too cold, it's not uncommon for our associates to warm things up with a space heater, often without considering the hazards they present. In recent years, the Risk Fund has sustained some significant losses due to fires, and every winter our covered facilities face potential electrical problems and fire hazards when space heaters are introduced.

The Division of Risk Management fully endorses Rule R23-19(5), established by the Division of Facilities and Construction Management (DFCM). In short, space heaters are prohibited in state-owned and state-leased facilities, absent a health-related need and the approval of the managing agency. If approved, all space heaters must meet the following specifications:

- Maximum setting shall not exceed 900 Watts
- Self-limiting element temperature setting for the ceramic elements
- Functional tip-over safety device
- Built-in timer not to exceed eight hours per setting;
- Programmable thermostat
- Overheat protection feature

Those of you who do not occupy facilities managed by DFCM are strongly encouraged to implement similar policies and practices. One helpful resource is the Space Heater Safety Fact Sheet, published by Harvard University's Environmental Health & Safety

Group, which you can access via the following link: http://www.risk.utah.gov/documents/fire_spaceheaters.pdf.

If you elect to allow space heaters in your facilities, we highly recommend that you implement the following rules concerning their use:

- Users must have approval from your Building Manager prior to purchasing or using a space heater.
- The space heater selected must be tested by an independent testing laboratory such as Underwriter's Laboratories (UL), and must meet the following specifications:
 - Maximum setting shall not exceed 900 Watts
 - Self-limiting element temperature setting for the ceramic elements
 - Functional tip-over safety device
 - Built-in timer not to exceed eight hours per setting;
 - Programmable thermostat
 - Overheat protection feature
- Limit space heaters to those that are fully enclosed by design and have no external surfaces that reach temperatures capable of igniting, such as an oil filled radiant heater.



OCTOBER QUARTERLY TRAINING SUMMARY – *Brian Nelson*

Our last Quarterly Training Symposium was held on Friday, October 28, 2011. During the general session, Senior Adjusters, Jim Christensen and Robert Sandoval, reminded us of the need to report claims promptly to help Risk make informed coverage decisions and implement effective remediation efforts. If you have questions about coverage following a loss, please contact us immediately, even if you're not sure whether the loss is covered by the policy. To submit a claim, please contact Lisa Adams at (801) 538-9641 or lisaadams@utah.gov.

Loss Control Manager, Brian Nelson, provided a view of the Risk Fund's claims over the past five fiscal years. Unsurprising is the continuing indicator that vehicle-related accidents are number one in frequency. Also unsurprising was the ongoing reality that our first party property damage claims (vandalism, fires, water damage, etc.) occupied first place in total costs. Elevated to number two in total costs were personal liability claims (employment claims and litigation). A new and significant trend has arisen during the past five fiscal years—the new claim leader in the average cost per claim category is fidelity claims or the personal misappropriation of public funds.

So, what are the takeaways from this information? First, report all losses immediately. Second, ensure your employees operate all designated vehicles safely—that means they must be trained to operate, and familiar with, the vehicles they are expected to drive. Furthermore, vehicles must be inspected and maintained regularly to ensure all safety features are fully functional. Third, use the Self-Inspection Survey more than once a year to train your facilities people on the root causes of building fires and water losses, and keep combustibles away from ignition sources and ensure fire loads are kept within permissible limits. Fourth, as to employment claims, our managers and supervisors need to work more closely with their human resource professionals and legal counsel to ensure their adverse employment actions provide appropriate due process, are clearly defensible, and do not present any badges of illegal discrimination or harassment. Fifth, all covered entities must provide adequate safeguards and controls to avoid consolidating all financial transactions to one individual.

Please take the time to assess how you are doing in each of these significant areas of cost and liability and work with your risk control committees to mitigate these losses. Don't hesitate to contact your assigned loss control professionals if you need assistance in addressing these issues.



RISK MANAGEMENT AWARD

At the October, 2011, Quarterly Risk Symposium, State Risk Manager, Tani Pack Downing, recognized Timothy Rodriguez for his superior risk management efforts at the Utah Department of Transportation (UDOT). Since March of 2010, when he was hired by UDOT, Tim has made remarkable strides in facilitating risk collaboration among the UDOT regions and with State Risk. Tim and his representatives meet quarterly with the State Risk Manager to discuss claims and promote loss prevention. UDOT safety representatives also meet monthly with Risk personnel to mitigate workers' compensation claims and costs. Our congratulations and thanks to Tim for his consistent, effective, and exemplary efforts.