

A Publication of the MN Department of Administration  
Risk Management Division

# ALERT

## Director's Column

by Liz Houlding



If you are insured by the Risk Management Division (RMD) and have maintained satisfactory loss experience, your agency most likely was a recipient of a portion of the Division's largest dividend - \$2, 472,460! This FY2011 dividend, payable in FY2013, was distributed to 148 policyholders during the month of December 2012. The General Liability line represented the largest payout (\$1,130,316), followed by the Property line (\$801,250), and then the Auto Liability line (\$540,894). RMD has declared dividends in the last 16 of 17 years, for a total payout in excess of \$21 million.

Dividends represent the return of premium due to favorable loss experience. As a refresher, when premiums are collected, the funds are invested. The difference between premium and investment income, less losses and expenses, represents the sum that is eligible for dividend

declaration.

Although losses are the largest variable in the dividend equation, the good news is that they can be managed by implementing sound loss control measures, such as the state's Fleet Safety Management Standards and Property Loss Control Programs. Both of these Programs can be found on RMD's website:

Fleet Safety Management Standards:  
[http://www.admin.state.mn.us/risk/insurance/Documents/model\\_fleet\\_safety\\_standards\\_rev5.pdf](http://www.admin.state.mn.us/risk/insurance/Documents/model_fleet_safety_standards_rev5.pdf)

Loss Control Programs:  
[http://www.admin.state.mn.us/risk/insurance/information.html#Property\\_Loss\\_Control](http://www.admin.state.mn.us/risk/insurance/information.html#Property_Loss_Control)

To our conscientious policyholders that made this dividend possible, keep up the good work!

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## Save the Date!

Calling all state workers' compensation coordinators, safety and health personnel, and risk management contacts! Mark your calendars now! The State Safety & Loss Control Conference, jointly sponsored by RMD and Minnesota State Colleges and Universities (MnSCU), is tentatively scheduled for October 1-2, 2013.

Once again this year, the conference will provide an exceptional networking opportunity and professional development in the areas of workers' compensation, safety, loss control, and risk management. Contact Todd Christenson at 651-201-3005 or [todd.christenson@state.mn.us](mailto:todd.christenson@state.mn.us) with questions or comments or to offer suggested topics or presenters.



## Boyd Abbe Joins RMD as Safety and Loss Control Consultant

Boyd Abbe has joined the Risk Management Division's Safety and Loss Control team as the new State Safety and Loss Control Consultant. Boyd is a Certified Safety Professional (CSP) and comes to us from Taylor Corporation in Mankato where he worked as the Corporate Safety, Environmental and Loss Control Specialist. His specialties at Taylor Corporation for nearly nine years included ergonomic work station evaluations, workers' compensation, accident investigation, written safety program development, Power-Lift™ Back Safety, machine guarding, OSHA recordkeeping, and General Industry safety training.

Prior to Taylor, Boyd worked at MnSCU's South Central College in Mankato as a Customized Business and Industry Safety Consultant. In that role, Boyd worked in a five-state area — MN, WI, IA, ND, and MI. He was a lead trainer in excavation safety, confined space, hazardous waste operations emergency response, and construction and mine safety, which included road construction and rock quarry safety.

Boyd is available to assist state agencies with all facets of workplace safety and loss control, including agency efforts to meet MnSAFE injury reduction goals. Boyd will also be focusing on property and casualty loss control.

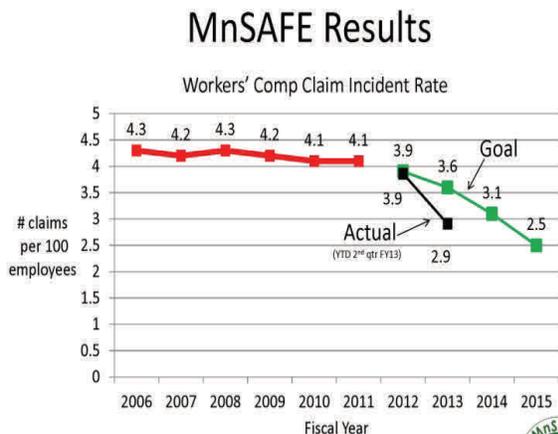
Please welcome Boyd, and feel free to contact him via phone at 651-201-3011 or by email at [boyd.abbe@state.mn.us](mailto:boyd.abbe@state.mn.us).



Boyd Abbe, Safety and Loss Control Consultant

## MnSAFE is Turning the Curve!

by Todd Christenson, Safety and Loss Control Manager



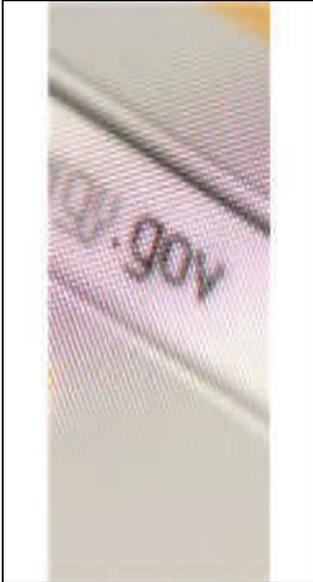
Governor Dayton's statewide workplace safety initiative is having an impact and is turning the curve on workplace injuries!

Known as MnSAFE, short for *Safety Accountability From Everyone*, the initiative was launched in the fall of 2011 and is already impacting the number of injuries experienced by state employees, which had changed little in the previous nine years.

Please visit the [MnSAFE website](#) for quarterly results and resources!

## Has Your Agency Considered Cyber Insurance?

By Marlys Williamson, Underwriting and Marketing Manager



RMD first introduced state agencies to cyber insurance almost 10 years ago, by featuring a comprehensive article in the 2004 winter edition of the *Alert* Newsletter. Since that time, the more vulnerable agencies have been contacted to discuss how they can benefit from cyber coverage.

Recognizing that traditional insurance policies, including Risk Management Fund (RMF) policies, had little or no coverage for cyber exposures, a small sublimit was added to RMF policies in FY2006 at no additional cost to policyholders. A limit of \$25,000 per occurrence/annual aggregate, with a \$1,000 deductible, was added to the property policy for first-party coverage. The general liability policy was amended to include a limit of \$100,000 per occurrence/annual aggregate, with no deductible, for third-party coverage. Because these limits are very modest, agencies with considerable cyber exposures undoubtedly need additional coverage.

Cyber attacks are on the rise, and costs to settle claims stemming from these attacks have escalated. In fact, 2012 was a banner year for privacy breaches, with 2,644 incidents reported (twice as many as in 2011) and 267 million records exposed, according to Risk Based Security, Inc. This information security consulting firm also indicates that in 2012 the Business Sector accounted for 60.6 percent of reported incidents, followed by Government (17.9 percent), Education (12 percent), and Medical (9.5 percent). Any organization is vulnerable to cyber attacks – governmental entities (yes, even Minnesota state agencies!) are prime targets.

Perpetrators do not always have malicious intent. Although hackers still account for the majority of breaches across all organizations, human error is becoming one of the greatest threats. What's more, human error is the most common threat to government data, rather than malicious hackers, according to the security intelligence company, Rapid7. Lost laptops, improper disposal of files (paper and electronic), and improper protection of passwords are prime examples.

Cyber attacks can result in a myriad of risks, some of which are:

- lost data (confidential and administrative)
- reputational harm, including lack of trust
- financial loss
- regulatory fines and penalties
- loss of the ability to provide required or promised services
- diminished productivity
- loss of intellectual property
- legal defense fees
- Breach notification and credit monitoring costs

*Although hackers still account for the majority of breaches across all organizations, human error is becoming one of the greatest threats. What's more, human error is the most common threat to government data...*

Forty-six states currently have breach notification laws that vary from one state to another. What is oftentimes misunderstood is that the notification laws of the state that claimants reside in must be followed. Those with insurance that includes breach notification and credit monitoring costs can rely on the insurance company to assume this responsibility.

The insurance marketplace has responded to the rise in cyber-related claims by providing broad, cost effective insurance products. Since multi-million dollar claims are not uncommon, it is time for agencies to seriously consider the readily available comprehensive insurance protection. Other equally important solutions to managing cyber risk include the integration of sound loss control initiatives and the use of strong contract provisions as a means of transferring the risk.

For more information, contact Marlys Williamson at [marlys.williamson@state.mn.us](mailto:marlys.williamson@state.mn.us) or by phone at 651-201-2591.

## In Accident? Got Camera?

by Scott Johnson, Claims Manager

Below are six tips to help you document an accident. These are important considerations since it is not unheard of for the facts to change over time. In some cases, you might be called upon to remember what occurred during an accident that took place five years before the suit finally made it to court.

In accidents where there are no witnesses, it is hard to determine who is at fault, and how much fault could be placed upon the parties involved. Since phones with digital cameras are so prolific these days, the likelihood of a party having one at the scene of the accident is high. Follow these tips for documenting the accident with photographs, which may prove to be invaluable to you and the RMD later:

1. Take in the big picture – street layout, traffic controls, and area construction (if applicable). Include landmarks near the site.
2. Photograph the cars from all angles to establish boundaries of the crash zone and the overall scene. Think of the compass points.
3. Photograph the damages of all the cars involved in the accident. Try and capture at least two sides of the vehicle in each picture.
4. Capture the indentifying features of each car – license plates and VIN numbers.
5. Photograph the interior, including deployed airbags and seatbelts.
6. Document the roadway conditions, such as icy or snowy, debris-laden, or skid marked.

Remember, safety concerns are your first priority, along with taking care of injuries. Afterwards, follow the six tips above, which can assist the RMD in determining the correct course of action, since some details might be partially forgotten when claims and allegations are made after the accident.

Contact Scott Johnson at 651-201-2592 or [scott.f.johnson@state.mn.us](mailto:scott.f.johnson@state.mn.us) for more information.



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**Risk Management Division**  
310 Centennial Office Building  
658 Cedar Street  
St. Paul, MN 55155-1602

This document can be made available in alternative formats, such as large print, Braille, audio tape or disk by calling 651-201-2588. Consumers with a hearing or speech disability may contact us through the Minnesota Relay Service at 711 or 800-627-3529, or via email ([risk.management@state.mn.us](mailto:risk.management@state.mn.us)).

## New Web Address for MnSCU Student Intern Memorandum of Insurance

For MnSCU schools and clinical host sites looking for the Memorandum of Insurance for the Student Intern Medical Professional Liability policy, it has a new web address:

<https://online.marsh.com/marshconnectpublic/marsh2/public/moi?client=156198222>

The Memorandum of Insurance includes policy information applicable to MnSCU student interns who are actively participating in medical related courses of study. The policy covers the student interns for errors and omissions arising out of medical incidents while rendering professional services. It also covers the training, advising or supervising of student interns by MnSCU faculty or advisors.



## RMD Contacts

In view of recent personnel changes in the Risk Management Division, please refer to this current contact list. Contacting the appropriate individual will help us expedite your request. We look forward to hearing from you!

**Director:** Liz Houlding Telephone No. 651-201-3010 Email: [liz.houlding@state.mn.us](mailto:liz.houlding@state.mn.us)

## RMD - Property and Casualty Unit Contacts

### Loss Control

#### Auto Fleet Safety; Motor Vehicle Records (Back-Up)

Todd Christensen Telephone No. 651-201-2594 Email: [todd.christensen@state.mn.us](mailto:todd.christensen@state.mn.us)

#### Appraisals; Premises Inspections (including Boiler and Infrared)

Boyd Abbe Telephone No. 651-201-3011 Email: [boyd.abbe@state.mn.us](mailto:boyd.abbe@state.mn.us)

### Claims

#### Property Claims

Scott Johnson Telephone No. 651-201-2592 Email: [scott.f.johnson@state.mn.us](mailto:scott.f.johnson@state.mn.us)

#### Auto Liability and General Liability (Third Party) Claims

Lea Shedlock Telephone No. 651-201-2589 Email: [lea.shedlock@state.mn.us](mailto:lea.shedlock@state.mn.us)

#### Tort Claims for Non-Insured State Agencies

Bryan Freeman Telephone No. 651-201-2586 Email: [bryan.freeman@state.mn.us](mailto:bryan.freeman@state.mn.us)

#### Auto Physical Damage Claims; Motor Vehicle Records (Back-Up)

Erica (Richards) Baxter Telephone No. 651-201-2590 Email: [erica.baxter@state.mn.us](mailto:erica.baxter@state.mn.us)

### Underwriting

#### Insurance Coverage; Insurance and Risk Management Questions; Vendor/Contractor Insurance Requirements

Marlys Williamson Telephone No. 651-201-2591 Email: [marlys.williamson@state.mn.us](mailto:marlys.williamson@state.mn.us)

#### Certificates of Insurance; Insurance Policy Changes; Loss Control Administration; Motor Vehicle Records

Carol Morgan Telephone No. 651-201-2593 Email: [carol.morgan@state.mn.us](mailto:carol.morgan@state.mn.us)

## RMD – Workers’ Compensation Unit Contacts

### Claims

#### Workers’ Compensation

Gary Westman	Telephone No. 651-201-3030	Email: <a href="mailto:gary.westman@state.mn.us">gary.westman@state.mn.us</a>
Barie Kline, Supervisor	Telephone No. 651-201-3020	Email: <a href="mailto:barie.kline@state.mn.us">barie.kline@state.mn.us</a>
Kristin Brusegard	Telephone No. 651-201-3014	Email: <a href="mailto:kristin.brusegard@state.mn.us">kristin.brusegard@state.mn.us</a>
Lynda Hall	Telephone No. 651-201-3007	Email: <a href="mailto:lynda.hall@state.mn.us">lynda.hall@state.mn.us</a>
Michael Kocer	Telephone No. 651-201-3013	Email: <a href="mailto:michael.kocer@state.mn.us">michael.kocer@state.mn.us</a>
Tracey Loughney	Telephone No. 651-201-3017	Email: <a href="mailto:tracey.loughney@state.mn.us">tracey.loughney@state.mn.us</a>
Terri Peterson	Telephone No. 651-201-3026	Email: <a href="mailto:terri.peterson@state.mn.us">terri.peterson@state.mn.us</a>
Roxanne Yunger	Telephone No. 651-201-3015	Email: <a href="mailto:roxanne.yunger@state.mn.us">roxanne.yunger@state.mn.us</a>
Jim Germain, Supervisor	Telephone No. 651-201-3025	Email: <a href="mailto:jim.germain@state.mn.us">jim.germain@state.mn.us</a>
Renee Hall	Telephone No. 651-201-3006	Email: <a href="mailto:renee.hall@state.mn.us">renee.hall@state.mn.us</a>
Dan Meyer	Telephone No. 651-201-3021	Email: <a href="mailto:dan.meyer@state.mn.us">dan.meyer@state.mn.us</a>
Laurie Middleton	Telephone No. 651-201-3022	Email: <a href="mailto:laurie.middleton@state.mn.us">laurie.middleton@state.mn.us</a>
Joe Olsen	Telephone No. 651-201-3032	Email: <a href="mailto:joe.olsen@state.mn.us">joe.olsen@state.mn.us</a>
Loretta Tennes	Telephone No. 651-201-3023	Email: <a href="mailto:loretta.tennes@state.mn.us">loretta.tennes@state.mn.us</a>
Susan Thomas	Telephone No. 651-201-3012	Email: <a href="mailto:susan.j.thomas@state.mn.us">susan.j.thomas@state.mn.us</a>

### Legal Services

#### Workers’ Compensation

Ken Chun	Telephone No. 651-201-3002	Email: <a href="mailto:ken.chun@state.mn.us">ken.chun@state.mn.us</a>
Vandaly Kratochvill	Telephone No. 651-201-3019	Email: <a href="mailto:vandaly.kratochvill@state.mn.us">vandaly.kratochvill@state.mn.us</a>
Jim Froeber	Telephone No. 651-201-3004	Email: <a href="mailto:jim.froeber@state.mn.us">jim.froeber@state.mn.us</a>
Carrie Rebisckhe	Telephone No. 651-201-3027	Email: <a href="mailto:carrie.rebisckhe@state.mn.us">carrie.rebisckhe@state.mn.us</a>

### Disability Management

#### Workers’ Compensation

Liz Houlding	Telephone No. 651-201-3010	Email: <a href="mailto:liz.houlding@state.mn.us">liz.houlding@state.mn.us</a>
Roselyn Rockman	Telephone No. 651-201-3028	Email: <a href="mailto:roselyn.rockman@state.mn.us">roselyn.rockman@state.mn.us</a>
Jim Sandusky	Telephone No. 651-201-3029	Email: <a href="mailto:james.sandusky@state.mn.us">james.sandusky@state.mn.us</a>

### Loss Control

#### Workers’ Compensation

Boyd Abbe	Telephone No. 651-201-3011	Email: <a href="mailto:boyd.abbe@state.mn.us">boyd.abbe@state.mn.us</a>
Jim Kubisiak	Telephone No. 651-201-3016	Email: <a href="mailto:james.kubisiak@state.mn.us">james.kubisiak@state.mn.us</a>

### iRISK Support

#### Workers’ Compensation

John Sargent	Telephone No. 651-201-3031	Email: <a href="mailto:john.sargent@state.mn.us">john.sargent@state.mn.us</a>
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### iRISK Support & Billing

#### Workers’ Compensation

Gay Scharpen	Telephone No. 651-201-2587	Email: <a href="mailto:gay.scharpen@state.mn.us">gay.scharpen@state.mn.us</a>
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