

## Director's Column

I am honored to be serving as the new Director of the Risk Management Division (RMD). I have extensive experience in the insurance industry, including property and casualty claims, workers' compensation claims and employee insurance benefits. My employment history includes work in both the private sector and at the state level. I look forward to working with each and every one of you and encourage you to contact me should you have any questions or suggestions about how we can improve upon the services provided by our division.



Liz Houlding, RMD Director

On another note, I encourage all of you to attend the fall Safety and Loss Control Conference. This may be our best agenda yet! For specific information, please refer to the conference article in this newsletter or better yet, go to our website at [www.admin.state.mn.us/risk/conference/home.html](http://www.admin.state.mn.us/risk/conference/home.html) and register today.

Finally, we continue to work with AON eSolutions on the development of our new Risk Management Information System. Because Minnesota's workers' compensation benefit design is very complicated, it is taking longer than we anticipated to develop the system's benefit calculation function. Our new projected implementation date for workers' compensation claims is January, 2012.

## Where'd That Mold Come From?



The RMD recently received reports of mold growth in buildings discovered after an extended period of closure during this hot and humid summer. The following are a couple of reminders regarding mold prevention and what to do if mold is discovered.

Mold spores are naturally occurring and are everywhere around us at all times. Mold spores only need what we all need – a suitable place to grow and sufficient moisture. Since mold can grow almost anywhere, the secret to mold prevention is controlling moisture. This includes maintaining indoor relative humidity levels below 60 percent and responding to water intrusion events immediately.

If the moisture source is due to chronic high indoor relative humidity levels, consultation with an HVAC engineer may be necessary to determine if changes to the operation of the building's mechanical equipment will control the problem. In the event of water intrusion, depending on the size of the damage, a decision to use in-house staff or to call an outside company will be made. In-house staff with the right equipment and procedures can usually respond to small intrusion events by significantly drying wet building materials and reducing the likelihood that mold will grow. If your facility and/or equipment are insured by the RMD, be sure to contact the Claims Unit immediately after a water intrusion event. The RMD will assist in the coordination of drying/restoration efforts.

If indoor mold growth is discovered, it needs to be handled properly. In many cases, facility staff can address small areas of fungal growth. Facility staff should work with their agency/facility safety personnel to make sure proper procedures are followed. The US EPA has published a good guidance document regarding proper mold clean-up which can be accessed on line at: [http://www.epa.gov/mold/mold\\_remediation.html](http://www.epa.gov/mold/mold_remediation.html)

If the extent of fungal growth is not known or it is suspected to be a larger issue, an environmental consultant should be contacted to determine the scope and to oversee the clean-up/remediation process.

Questions about mold growth or water intrusion associated with insured property should be directed to Scott Johnson at [scott.f.johnson@state.mn.us](mailto:scott.f.johnson@state.mn.us) or by phone at 651-201-2592. Questions about mold growth or water intrusion associated with uninsured property can be directed to Jim Kubisiak at [james.kubisiak@state.mn.us](mailto:james.kubisiak@state.mn.us) or by phone at 651-201-3016.

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## *Time to Register for the 5<sup>th</sup> Annual Safety & Loss Control Conference!*

Stop what you are doing right now and block out your calendar for the 5<sup>th</sup> Annual Safety & Loss Control Conference presented by the Department of Administration's Risk Management Division, in cooperation with Minnesota State Colleges and Universities. This year's conference is scheduled for October 25 – 26 at the Hennepin Technical College – Eden Prairie Campus.



Designed specifically for state agencies, the conference offers exceptional networking opportunities and professional development in the areas of safety, loss control, risk management and workers' compensation.

This year's conference will feature two keynote presentations. Erick Ajax, Vice president and co-owner of E.J. Ajax & Sons, Inc., will share how they have been able to create a safety culture

within the high hazard industry of metal fabrication. You won't believe how long they have gone without a work-related lost time injury! Conference attendees will also see nationally renowned presenter Dr. Richard Pimentel, who will provide an inspirational look at how we all have the ability to make a difference by tapping our innate qualities of leadership.

In addition to general and breakout sessions, more in-depth professional development courses (PDCs) will again be offered. This year's PDCs include:

- ~ **Job Placement: Quick! Get 'Em Working!**  
A group of experts will provide an overview of the job placement process and discuss how important effective communication is aiding employees' rapid return to work.
- ~ **Safety and the Aging Workforce**  
This session will examine the implications for employers of an aging workforce, focusing on addressing specific safety needs and concerns of mature workers.
- ~ **The Influential Leader**  
This session will focus on the Five Practices of Exemplary Leadership and the Six Sources of Influence to help guide us as we act as an "Influential Leader."
- ~ **Safe by Choice**  
This workshop will present a proven method for sustainably improving safety by challenging how we all think about safety AND what leaders can do to change the present thought-behavior patterns that drive their organization's present safety culture and performance levels.

A new feature for this year is a post-conference PDC session, sponsored by MnDOT. Presented by Donald Groover, Senior Vice President of Behavioral Science Technology, Inc., this session will examine the role of the safety professional and outline how safety professionals can successfully navigate the issues and opportunities of new business realities for personal, professional and organizational success.

With a full conference and PDC registration fee of only \$60, you will not find a better value for professional development; so, make plans to attend and register now! Further information, including a full conference agenda and online registration, can be accessed at:

[www.admin.state.mn.us/risk/conference/home.html](http://www.admin.state.mn.us/risk/conference/home.html) . Please contact Todd Christenson, Safety & Loss Control Manager, at [todd.christenson@state.mn.us](mailto:todd.christenson@state.mn.us) or by phone at 651-201-3005 with questions.

### *RMD Welcomes New P & C Claims Manager*



We are pleased to announce that we have a new RMD associate, Scott Johnson. Prior to joining the Property & Casualty Unit in June as Claims Manager, Scott was the Learning and Development Sr. Consultant for Alliance/Fireman's Fund Insurance Company. Scott has over 22 years in the insurance industry and has successfully held positions throughout the U.S. in claims adjusting, supervision, training and office management.

Scott received his BS degree in Economics from Western Illinois University. He also holds the Chartered Property Casualty Underwriter (CPCU) and Associate in Claims (AIC) designations.

When asked what he enjoys most about his career path, Scott says, "I have always enjoyed the challenge and variety that is inherent in insurance claims settlement. There are so many factors and realms of knowledge that come together, making claims interesting."

When Scott is not spending time at his Apple Valley home with his wife, Anna, and two sons, Brett (6) and Evan (3), he enjoys coaching soccer and his hobby of photography.

Please join us in welcoming Scott to the Risk Management Division!

## *P & C Unit Has New Third-Party Administrator*

As of August 1, 2011, the P & C Unit has a new Third-Party Administrator (TPA), Gallagher Bassett. The TPA advances the work that the four-person P & C Claims Unit performs. To support the claims settlement efforts when losses involve the \$12 billion in insured state properties, the state’s fleet of more than 13,000 vehicles and a myriad of premises and operations liability exposures, the TPA assists with claims investigation, emergency restoration, salvage management and after-hours claims notification.

The FY2012 auto policy renewal documents will contain new auto ID cards that include the new TPA’s phone number. Be certain to replace the ones that are currently in the glove box with the new ones. (If you happen to call the phone number shown on the old auto ID card, you will be given instructions on how to contact the new TPA.)

The Claims Reporting Guide and Loss Notice forms, which include the new TPA contact information, are located on the RMD website: [www.admin.state.mn.us/risk](http://www.admin.state.mn.us/risk) If there are any questions concerning claims services, please don’t hesitate to contact us.

## *Property Program Receives Rate Reduction and Coverage Modifications*



All agencies are insured through the RMD for automobile liability. All other lines of insurance, including property, are obtained on a voluntary basis through the division.

Agencies that insure their real and personal property through the RMD will be pleased to know that property rates decreased by 10 percent for the FY2012 policy term. Satisfactory loss history over the past several years, as well as a new reinsurance program as of July 1, 2011, made this rate reduction possible. With the cost savings, however, came some coverage modifications. Although much of the coverage is the same, agencies should be aware that there are some changes (for comparison purposes, the FY2012 property coverage more closely resembles the coverage that was in place several years ago):

### ***FY2012 Key Property Coverage Modifications***

<b><i>Coverage</i></b>	<b><i>FY2011 Property Policy</i></b>	<b><i>FY2012 Property Policy</i></b>
<i>Outdoor Trees and Shrubs</i>	<i>Covered if part of landscaping</i>	<i>Outdoor landscaping trees and shrubs are covered, if loss results from fire, lightning, explosion, vandalism or malicious mischief, vehicles, aircraft or civil commotion, subject to policy sublimit</i>
<i>Miscellaneous Unscheduled Property</i>	<i>Covered</i>	<i>Not covered, which is customary in the insurance industry</i>
<i>Paved Surfaces</i>	<i>Covered</i>	<i>Not covered, which is customary in the insurance industry</i>
<i>Property Shipped by Mail</i>	<i>Excluded, except shipments by registered mail are covered</i>	<i>Not covered, which is customary in the insurance industry</i>

*(The above represents key property coverage modifications – it is not a complete list)*

At a time when agency budgets are particularly strapped, the RMD took advantage of the soft reinsurance market and opted for a program that afforded cost savings while still providing broad coverage, albeit a bit less coverage than during the past few years. What’s more, in the interest of fairness to all policyholders, premium dollars should be used to pay for claims that are customarily covered under a commercial property insurance policy – excessively broad coverage will eventually drive up the cost of insurance.

For agencies that do not currently insure their property, a quote can be obtained by contacting the RMD at 651-201-2591.

## *Cancellation Provision Changes in Contractor Insurance Requirements*

It has become increasingly difficult to ensure that the state receives timely notification when an insurance policy belonging to a state contractor is being cancelled. Nowadays, a contractor's insurance company is less likely to agree to notify third parties, such as the state, when they cancel the contractor's policy. This creates a problem, because unless the state has knowledge of the cancellation, action cannot be taken to ensure that new coverage is in place that fulfills the insurance requirements under the contract.

As a remedy, the cancellation notice is being amended in state contracts to place the burden of cancellation notification on the contractor, unless the contractor's insurance carrier is willing to assume this responsibility.

The cancellation provisions currently included in insurance requirement templates should be substituted with the new clause below. (The cancellation provisions can be found under the Additional Insurance Conditions in most insurance requirement templates.)

***If Contractor receives a cancellation notice from an insurance carrier affording coverage herein, Contractor agrees to notify the State of Minnesota within five (5) business days with a copy of the cancellation notice, unless Contractor's policy(ies) contain a provision that coverage afforded under the policy(ies) will not be cancelled without at least thirty (30) days advance written notice to the State of Minnesota.***

Contact Marlys Williamson at [Marlys.Williamson@state.mn.us](mailto:Marlys.Williamson@state.mn.us) or by phone at 651-201-2591 with any questions.



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