July 1 starts the new State fiscal year and your deductible will remain the same at $5,000 per occurrence. In addition, I am happy to report that State Risk will be continuing the contractual agreement with Factory Mutual (FM) Global as our excess insurer on large losses that exceed $1 million. FM Global continues to provide you with loss control counseling, engineering services and boiler inspections at no additional cost to your agency. Let us know if you would like more information how FM Global can assist you.

Starting July 1, there are two noteworthy changes to the Inland Marine portion of the Fire & Tornado Fund policy. In brief they are:

- If you have inland marine items that are valued at $25,000 or more and are unscheduled, those items will not be covered during a loss. All fine art, exhibits, transit, and temporary items are required to be scheduled no matter their individual values.

- Newly acquired contents must be reported to State Risk within 30 days instead of 180 days.

- Inland Marine reporting requirements are within 30 days of acquiring instead of 120 days.

- Electronic Data Processing Reporting Requirements are 30 days instead of 120 days.

- The Required Form (BI-Basic, BI-Medical, or BI-University) are required for coverage to apply for business income and extra expense coverage. See our website under “Underwriting” to locate the BI forms.

- No Insured Value
  - If you believe your structure has no insurable value due to its condition, you may submit an FTR-11, termination of property insurance form with a current picture of the structure.
  - State Risk will make the final determination if the structure has an insurable value.

State Risk will continue to cover the cost of the statutorily mandated sprinkler inspections for all reported state owned sprinkler systems on a complimentary basis. However, your agency will continue to be responsible for repairing all deficiencies found during inspections and submitting a Corrective Action Statement (CAS) to State Risk. The boiler and equipment breakdown insurance is also a continued part of your coverage. Just like the statutorily required sprinkler system inspections, State Risk will cover the cost of statutorily mandated inspections at state owned and insured facilities.

On behalf of the director’s office and my team, we want to thank you for being our valued customer! We are grateful for the privilege of serving you and hope we continue to meet your expectations.
The Finance Cabinet’s Division of State Risk and the Division of Real Properties combined their individual FTR10 and B-117 forms. The form called “Real Properties and Insurance Request Form B117 FTR10” has successfully eliminated the need to submit two separate forms. This improves consistency and accuracy of building data and assures the form is sent in a timely manner to both divisions.

Use this form to add structures to your certificate. To use the form, download the form from our website https://finance.ky.gov/offices/controller/Pages/dsris.aspx or click on the image. Fill in all requested data on the form, neither division can process the form without accurate and complete data. Once the form is complete, select the EMAIL box located at the bottom of the form.

Selecting the EMAIL box will automatically:

- open a new email in the Outlook app (gmail app is not supported but can be sent as an email attachment).
- fill in State Risk Insurance & Real Properties contacts (You may add additional contacts).

**TIP OF THE DAY** - You will see a general note in the body of the new email. This is a very useful section of the email for you to provide information. It states:

******PRIOR TO SENDING THIS EMAIL*****
Add Certificate Number - Building/Structure Number - Building Name to SUBJECT line. List any additional information or attach any documents that may help us process this request more efficiently.
Please attach photo, if available.

This is an opportunity for you to add specific data for your new property and greatly assist both divisions to process your insurance coverage and property reporting forms.
Please consider some very helpful additions to the new email:

- Add building number (Certificate number, 5 digit locater code & 3 digit building number) to the subject line
- Add building name to the subject line
- Add name descriptors to the subject line (Cabinet or department name)
- Add city name to the subject line
- Attach supporting documents. (Leases, property agreements, pictures, building drawings, & fixed equipment documentation.)

These options will significantly improve our service to you, our valued customer. Our goal is to provide excellent and timely service to our property contacts across the state of Kentucky.

If you have any questions regarding our form and its capabilities, please email Gerry.Hamilton@ky.gov

---

**FTR—11 Form Tips**

By: Chuck Jackson, Appraiser

The Division of State Risk’s FTR-11 form is used to remove insurance coverage on structures and contents insured by the Fire & Tornado Fund. You can locate a copy of the form on our website [https://finance.ky.gov/offices/controller/Pages/dsris.aspx](https://finance.ky.gov/offices/controller/Pages/dsris.aspx) or click the image below. Please complete all requested data fields on the form with the correct information. It is very important that we get the correct information so that insurance coverage is not removed from the wrong structure. If you have trouble with filling out the form please contact us. Our email addresses and phone numbers are supplied at the bottom of the form. Once the form is complete, select the EMAIL box located at the bottom of the form. We have made the form submission automated.
Selecting the EMAIL box will automatically:

- open a new email in the Outlook app (gmail app is not supported and can be sent as an email attachment)
- fill in State Risk Insurance & Real Properties contacts (You may add additional contacts)

Please consider some very helpful additions to the new email:

- Add property ID number and name of building to the subject line. This will help if needed to locate the form in the future.
- Copy to your own email address so you can keep for your own records.
- Add the demolition order if removing a razed building.

If you have any questions regarding our form and its capabilities, please email Chuck.Jackson@ky.gov.

The FTR-11 can also be used if you believe your structure has No Insurable Value (NIV) due to condition. The process is simple:

⇒ Complete all applicable fields in the FTR-11 and include a current picture of the structure.
⇒ The appraisers will review your recommendation and appraisal information on file
⇒ The Underwriting Program Manager reviews appraisers recommendation and underwriting information on file.
⇒ The State Risk Division Director makes the final determination on the structure. If it is determined the structure has no insurable value Underwriting will proceed with removing the structure.

If at any point during the process it is determined the structure has no insurable value you may submit a demolition date and demolition order to the Underwriting Program Manager and the value may be reduced to 15% of replacement cost. (see page three of the Fire and Tornado Policy for the Demolition Procedure)
As it relates to the coverage provided by the Fire and Tornado Fund, Inland Marine Coverage is insurance that follows an item wherever it goes in the Continental United States. This is different from the coverage for contents located in structures which is effective only at the location where reported. It is important to note that while this coverage is generally for items that have a tendency to be mobile, all laptop computers and other portable data processing devices, including the items that never move from a location, are to be covered in the category of Inland Marine.

The Fire and Tornado Fund divides the items covered under the category of Inland Marine into nine broad categories that have different premium rates based on the risks associated with the types of items covered.
The Inland Marine Reporting Form (IM-1) is utilized to report items for Inland Marine Coverage. Complete the form by providing the identifying information in the top section and then provide a total for each category of items for which coverage is requested. Once the form is complete, select the EMAIL box located at the bottom of the form. The form has an imbedded calculator so you can see the gross annual rate for each category of Inland marine.

Should you have any questions regarding the Fire and Tornado Fund please reach out to us at: StateRiskUnderwriting@ky.gov

The Fire and Tornado Renewal is underway! If you are listed as the underwriting contact for your certificate, you will receive the updated policy and certificate. The updated policy and forms can also be found on our website at https://finance.ky.gov/offices/controller/Pages/dsris.aspx.

All requested changes received during June 22, 2020 – June 30, 2020 are implemented after the FY 2021 Renewal you will see these changes as endorsements on the certificate. If you have, questions or concerns contact StateRiskUnderwriting@ky.gov.

Contact us to set up a virtual review of your Fire & Tornado Fund certificate!
Sprinkler System Deficiencies
By: Katherine Hutcherson, Procedures Specialist

State Risk and Insurance Services, alongside of Johnson Controls, Inc., have made it our priority to ensure every Commonwealth owned and insured facility with a reported sprinkler system is inspected for proper functionality per KRS 56.170 and in accordance with NFPA 25.

When it comes to preventing a potentially devastating fire, fire sprinklers are the most dependable option. Historical fire data confirms that properly designed, installed, and maintained fire sprinkler systems have a significant record of saving lives and reducing property loss from fire. According to NFPA research, structure fires large enough to activate a system, showed 87% of sprinklers were effective. The remaining 13% of sprinkler systems that did not operate were due to flawed systems, or system deficiencies.

After an inspection at your facility, you may have been notified of a sprinkler deficiency. All deficiencies are considered critical and are required to be repaired as soon as possible. (Please Note: an internal pie inspection or stand pipe inspection may be noted as a deficiency but this is covered under the contract with Johnson Controls at no cost to your agency. Please schedule with Johnson Controls) In three of every five (59%) incidents in which sprinklers failed to operate, the system had been shut off. The chart below shows that manual intervention defeated the system in 17% of the incidents. In some cases, someone turned off the system prematurely.

Our office will continue to check in with you until the deficiencies have been corrected. Once the detected deficiencies are corrected, a corrective action statement (CAS) will need to be completed and sent to Katherine.Hutcherson@ky.gov.

Interesting Facts!

- Eight of the Most Common Deficiencies Reported
  - Loaded heads (covered in dirt or dust)
  - Corrosion on heads
  - Missing escutcheon
  - Missing sprinkler heads in box
  - Missing wrench in box
  - Damaged heads
  - Painted heads
  - Obstructed pipe

What is an escutcheon? (uk-skuh-chn)

Escutcheons, also known as trim plates, sleeves, design rings or extenders, are a very important and necessary part of any fire sprinkler system. The escutcheon is necessary to cover the gap between the sprinkler head and the ceiling tile or drywall.

For more information on the Sprinkler program please refer to the ‘We are Fired Up’ article.
KSAP CLAIMS

By: Buryl Thompson, Assistant Director

CRASH...BOOM...BANG.....one of the most unsettling events is an automobile accident. Whether you were hit or you hit someone, an accident can be very frightening.

Keeping your wits about you can be tough, but we encourage you to relax because the Kentucky Self-Insured Auto Program (KSAP) is in place to protect you, others and the State as a whole. The short list below are some important steps you can take immediately after an accident:

- Call 911
- Record the details of what happened completely and accurately. Get names, contact information and insurance information of the other driver and any witnesses.
- Take photos of the accident scene, your vehicle and the other vehicle(s).
- DO NOT ADMIT FAULT. Our claims professionals and attorneys will make that determination.
- Do not make any statement or answer any questions other than those asked by law enforcement, your agency contact and State Risk personnel.
- Contact your supervisor & State Risk claims staff as soon as possible.
- You or your agency’s claims contact should complete the claim submission form, Form #SRC-12, on the State Risk & Insurance Services web page: https://finance.ky.gov/offices/controller/Pages/dsris.aspx
- As quickly as possible submit the SRC-12 form, police report, photos and all other information regarding the accident to Karen Bond, Karen.Bond@ky.gov or Evelyn Smith, Evelyn.Smith@ky.gov.

KSAP and the State Risk & Insurance Services Division has as its primary goal to protect lives and state owned property. You are our customer and excellent customer service is our standard. Once the accident/claim is properly reported to our claims section, you will be assigned a professional claims adjuster who will contact you and gather the facts. They are top notch in customer service and claims handling. If you have any questions or concerns, please feel free to contact Karen Bond or Evelyn Smith.
By: Audra Perkins, Procedures Development Specialist

State Risk’s claim staff are responsible for administering property and auto insurance claims for all State Agencies and State Universities throughout the Commonwealth of Kentucky. We are a team with a priority in quality customer service to expedite repairs and/or replacement of damages that occur.

Things to keep in mind when it comes to submitting a claim for your damaged property

- Some examples of a “Covered Causes of Loss are: Fire, lightning, wind, hail, riot or civil commotion, ice, sleet, snow, flood and theft. This is not a complete list; however, when unsure, or there is an exclusion, go ahead and file a claim with our claim staff and let them review the details and determine if it could be covered claim.
- Even if you are unsure that the damages are covered or if it will be over the deductible, go ahead and submit a claim. Some of the labor costs and expenses could be more than you anticipate, so it’s best to go ahead and file a claim.
- Once you are aware of property damage, try to determine the cause of loss as soon as possible, start tracking any expenses you incur and take any reasonable steps to protect the property from further damage.
- All receipts and invoices will need to be submitted to the claim staff.

We understand that everyone may not be in their normal work environment due to current circumstances, but timely notification of claims is as important for you as it is to us. The longer damage goes without proper attention, the higher the possibility of something else happening that we may not be able to cover.

In compliance with KRS 46.110, State Agencies and State Universities having control or custody of damaged property, should report a claim as soon as possible by submitting a completed Notice of Loss form SRC-10. Upon receipt, Audra Perkins will confirm coverage and if further assessment of damages is needed, she will contact our licensed property claims adjuster, at no additional cost to you. Please make sure that you have updated your contact information with us so that we can minimize any delays in processing your claim. Also, if you currently have open claims with us and haven’t submitted an update recently, please do so.

Previously, notices were distributed to State Agencies/Universities explaining the process to submit information regarding the COVID-19 pandemic. If you need more clarification, please contact Audra Perkins or Evelyn Smith.

We are here to help you with your claim process, so please do not hesitate to reach out to Audra Perkins at 502-782-0369 or email AMPERKINS@ky.gov. If you are unable to reach Audra (Property Claims) or Karen Bond (KSAP Claims) and need immediate attention, please contact Evelyn Smith, Claims Manager at 502-782-5433.

Looking for forms to file a claim, click on the images to the right or visit our website at:
http://finance.ky.gov/offices/controller/Pages/dsris.aspx
The coronavirus pandemic has put a strain on many of Kentucky’s State Agencies and Universities. As a result, disruptions are happening faster and cutting deeper than any time in recent memory—and serving as the ultimate “pressure test” for an organization’s crisis plans and protocols.

Ongoing regulatory actions, supply chain disruptions and devastating human consequences are challenging management teams as never before. Indeed, governments alike are discovering in real time the effectiveness of—and gaps in—their crisis management plans. Such insight is invaluable for strengthening and guiding with crisis planning and responding going forward.

As the saying goes, “In the midst of every crisis, lies a great opportunity.” To benefit from such an opportunity, it is critical for all of those involved in the crisis response to engage in a process of honest and transparent reflection and analysis known as an after-action evaluation, or what the U.S. Army calls a “hot wash.”

Agencies should take the following steps:

- **Conduct a Baseline Analysis**
  
  At the outset, team members should individually answer a series of key questions before reviewing them as a group, including:

  - Did we have a crisis plan in place? If not, why not? If yes, was it helpful or why was it not useful in this situation?
  - Did we stick to the plan or did we improvise?
  - What caused this variance?
  - Did our response have the necessary flexibility to accommodate a crisis situation as it continued to evolve?
  - If they were similarly affected, what did others do in our situation in response to the crisis, and what can we learn from their actions?
  - What are the takeaways and lessons-learned that can help inform the company’s crisis strategy and contingency planning for the future?

No part of an organization’s performance during a crisis should be off-limits. Strike a balance and simultaneously cover big-picture strategic issues as well as specifics. Detail what worked well and why. Then, examine how to use those “wins” to further refine the overall crisis management plan and incorporate these practices in the future.

Even events that transpired out of sheer luck are worth analyzing to ensure that any learning points are appropriately captured. It is essential to recognize that significantly more lessons are learned from errors than from successes, so encountering problems is fantastic for brainstorming opportunities for improvement. If the organization failed to accomplish a task, there is probably a lesson to be learned.

Institutionalizing the practice of conducting a robust and thorough post-crisis evaluation can undoubtedly improve an organization’s crisis management plan as well as its execution. Given that the most valuable lessons often emerge from the most stressful situations, experience is an excellent teacher. Failing to review and benefit from its lessons is truly a lost opportunity. Having already paid the price for enduring the crisis, organizations should seize any chance to improve the crisis preparation and become stronger, more resilient going forward.

Contact Sheri.Whisman@ky.gov if you have questions or wish to discuss contingency planning more in detail.
Fire Pump Coupling Risk

A coupling failure during a fire pump test highlights a worst-case moment which could have happened during a fire. Understanding the specific hazard of coupling failure, and how to avoid it, is important for all Commonwealth facilities with a fire pump:

- **What is a fire pump coupling?** A coupling is a connection piece. Specifically, a fire pump coupling connects the motor or engine providing the power (the driver) to the rotating shaft of the fire pump. This connection piece is fundamental to the fire pump’s function.

- **What is the risk of failure?** If the fire pump coupling fails, the pump stops. Catastrophe could result if this failure occurs suddenly when the fire pump is running during a fire, since a fire pump is the heart of the building’s sprinkler system. Specifically, elastomeric (plastic) couplings have been identified as unreliable based on numerous reports (globally) of sudden, unexpected elastomeric coupling failures (see below for a local example). There is no correlation with coupling age; elastomeric coupling failures have occurred on both new and old installations.

FM Global recommends all facilities with a fire pump to consider the following:

**Step 1 – Identify if your coupling is at-risk of failure:**

*Is your pump coupling elastomeric (plastic), or metallic?*
Your fire contractor or FM Global representative can help determine the type of coupling on your fire pump. If your facility has previously been visited by FM Global, please contact FM Global directly to discuss any fire pump coupling deficiencies already identified.

**Step 2 – Risk mitigation:**

*An elastomeric coupling (with plastic as the sole means of power transmission) should be replaced with a metallic coupling.*
There are several options of metallic couplings available which provide longevity and reliability and are not prone to sudden failure. Your fire pump contactor can help determine the options for this improvement, which should cost < $5,000 in total.
Commonwealth of Kentucky Example:

In this photo, a pump coupling ruptured suddenly during a fire pump test, shredding this orange elastomeric coupling to pieces, and halting the fire pump. *It's fortunate this happened during a test!*

Unfortunately, this occurrence is not unique. Replacing elastomeric fire pump couplings is considered a priory for all client partners within FM Global and within the Commonwealth of Kentucky.

*Need more? Free online training can be found at: [https://training.fmglobal.com](https://training.fmglobal.com)*

Contact FM Global representative stephanie.erin@fmglobal.com for assistance enrolling in online training. Recommended course titled “Inspecting Fire Protection Valves” is a 1-hour interactive tutorial about various fire protection valves and how to prevent the improper closure of those valves.
At first glance WKU does not appear unique as a mid-major comprehensive university. It has a beautiful campus, a rich history spanning more than a century, an academic portfolio with a strong balance of arts, science, and humanities. But when you look a bit deeper you begin to see some of the core elements and practices that set WKU apart. Some of the most prominent initiatives are around safety and preparedness.

Fire and life safety is one of the cornerstone program areas of the Environmental Health and Safety (EH&S) Department. The office of the university fire marshal oversees all fire prevention programs, fire suppression systems and equipment, fire detection and alarm systems, life safety planning, and serves as the liaison officer with the Bowling Green Fire Department, KY State Fire Marshal, and KY Office of State Risk.

All prescribed systems inspections, testing, maintenance, and repair are overseen by the fire marshal. This includes any impairments to protection or detection. The fire marshal provides training for all residence hall staff, including notification, evacuation, accountability, and fire extinguisher operation.

Through the ongoing partnership with the Bowling Green Fire Department, joint programs are conducted to provide fire prevention education to students. The university sponsors specialized training for fire department personal on extinguishing and alarm systems as well as annual training on elevator emergency operations and rescue. The WKU Police Department monitors all fire related alarms through an extensive proprietary alarm system, which facilitates a more rapid unified response to alarms or other emergencies. The police officers, university fire marshal and university emergency management staff all have interoperable radio communications with fire, EMS, and Emergency Management across Bowling Green and Warren County.

The success of WKU’s safety program extends beyond fire safety in that there is a comprehensive “all hazards” approach to preparedness and planning. The university’s Emergency Management Plan is structured using a hybrid format of Emergency Support Functions (ESF’s) in addition to target hazard annexes. There is a well-defined planning group that meets regularly, with all senior leaders fully engaged.

The EH&S department is fully aligned with the Warren County and State Emergency Management organizations, and have members that service in a variety of capacities including Deputy Director and Deputy Administrative Officer.

WKU has one of the top Meteorology programs in the country. EH&S partners with the program to engage students in the practice of emergency management as well as providing critical weather intelligence support for the university and community events. In the last academic year the program had over thirty students engaged in the program which is affiliated with Warren County Emergency Management.

Protecting the WKU campus community including over 18,000 faculty, staff and students is an overriding priority for campus leaders, and job one for the Department of EH&S and the Office of the University Fire Marshall.
When insurance claims go beyond the agency single/three quote spending authority, the Division of State Risk and Insurance Services (State Risk) partners with the Division of Engineering & Contract Administration (DECA), under the Finance Cabinet - Department Facilities & Support Services, Office of Facility Development and Efficiency state government umbrella. DECA’s main function is to manage capital construction projects for the Commonwealth of Kentucky. Through the relationship DECA has with agencies and State Risk, DECA branch manager Frieda Myers is often a point of contact from agencies experiencing damage to buildings and grounds. DECA coordinates with State Risk to plan a course of action on repairs or replacement. For damage requiring review by Architects or Engineers, DECA provides assistance utilizing their master agreements for architectural and engineering services to quickly mobilize on determining extent of damage plus next steps for repairs or replacement.

At times, the damage may be acute, the extent forecasted to be beyond single/three quote authority and / or requiring immediate emergency request for a quick response. The damage review may require quick structural or environmental review for safety concerns of occupants. When this occurs, Agencies need to send their emergency request to the Finance Cabinet Secretary through the Office of Facility Development and Efficiency, Executive Director Jennifer Linton, who reviews with DECA and the Finance Cabinet Secretary to provide a recommendation on the emergency approval.

DECA also works with Factory Mutual (FM) Global insurance for claims exceeding $1 million. In coordinating with FM Global, DECA manages the contracts for construction, tracks expenditures, reports expenditures to FM Global, State Risk and the Office of State Budget Director (OSBD). In the field, DECA reviews details of the construction often meeting with insurance reps as well as managing the overall construction project contracts. The DECA contracting department branch manager Margaret MacDonald provides assistance in bidding and/ or contracting for construction services on insurance claims that are over agency spending authority once the Engineering branch has determined best course of action with State Risk.

One item of importance for agencies to know, is that lack of maintenance can be an issue where State Risk may not be able to authorize a claim. All agencies should seek to maintain their buildings to the best of their abilities to avoid damage from lack of maintenance. For example, having a roofing schedule in place to know when warranties are up and requesting funding through state legislature for replacement, can help an agency be prepared to address roofing. Similarly, having a schedule in place to replace aging hvac equipment can facilitate replacement of equipment instead of waiting for failure. State Risk also does not cover underground utilities and it is important for agencies to plan replacement of underground hydronic piping, primary electric, etc. These schedules can be very useful for agency six year plans in budget fund requests. Agencies should also have DECA review their six year plan for capital construction projects and agencies. Submitting those plans well in advance of the due date, facilitates DECA’s ability to assist in review.

For more information, visit DECA’s website at: https://finance.ky.gov/offices/support/Pages/ofde.aspx. You may also email Frieda Myers at Frieda.Myers@ky.gov or Jennifer Linton at Jennifer.Linton@ky.gov.