

# State Risk Newsletter

2024

# SUMMER

Summer is passing by so quickly. I can't believe we are already into August! As you are aware, the Division of State Risk and Insurance Services renews all property and vehicle insurance policies in July. By now, you should have received your premium invoice(s). Some areas to be aware of are:

- Agency deductibles will remain at \$10,000 per covered loss.
- The Commonwealth continues to be self-insured up to \$5 million. Claims that exceed the \$5 million retention will be covered by Alliant.
- Property claims will close within 2 years maximum from date of loss.
- Business interruption coverage will be for a maximum time up to 6 months. The only exception is if the claim becomes a DECA or Capital Project, which would give up to 1 year of B/I coverage. This is new for FY 25.
- Roofs that are damaged from a covered loss will now be prorated.
- State Risk must be notified of incidents that may result in a claim no later than 7 days of the occurrence.
- Providing a signed Proof of Loss (which transfers the reimbursement of funds to your agency) will need to be returned to State Risk signed within 7 days from date of receipt.
- Newly acquired buildings or contents must be reported to State Risk within 30 days of ownership.
- Storage tanks and animals/livestock will no longer be insured through the Fire and Tornado Fund (F & T). This is new for FY 25.
- Property or assets that are leased cannot be insured through State Risk because F & T is set up to insure Commonwealth owned property only.

I encourage you to take time and review your policies from State Risk. We have moved to a new software system called Origami and we are leaning on you to review your policy and ensure we have moved all your coverages over to the new system.

## In this issue:

[From the Director's Office](#)  
[Dry Sprinkler Systems](#)

[Are The Lights On...](#)  
[F&T Property Claims](#)

[F&T Policy Update](#)  
[Brag Board](#)

[State Risk Mailboxes](#)  
[Staff Directory](#)

# Dry Sprinkler Systems

By Cecil Sowers, Safety Coordinator

It's commonly understood that fire protection systems are an essential part of any agency's life safety program and are not to be neglected. There are 1,074 buildings in the Commonwealth equipped with some form of sprinkler system and these systems vary by type, the most common type being a wet sprinkler system. However, unlike wet sprinkler systems filled with continuous water supply, dry sprinkler systems are filled with pressurized air and require specialized attention.

## What is a dry sprinkler?

A dry sprinkler system uses air instead of water in the pipeline. It's designed to prevent frozen and burst pipes in environments where water could freeze. These systems include dry pipe valve, control valve, and quick-opening device components. Essentially, a dry sprinkler system allows water to be held back in a temperature-controlled space, not allowing the system to freeze.

## Benefits of Using Dry Sprinkler Systems

There are numerous benefits to using dry sprinkler systems. These include reduced damage from leaks, lower maintenance requirements and increased flexibility in installation locations. In addition, they are perfect for use in areas that experience cold weather. You might find them installed in loading bays, balconies exposed to outside temperatures and refrigerated spaces like freezer rooms and canopies. Overall, dry sprinkler systems are a reliable and effective way to protect against fire damage, and their use can save lives and property.

## Maintenance and Inspections

Once the air pressure drops, the valves open and water is released extinguishing the fire. But how do you make sure this system is working properly? Regular maintenance and inspections are crucial. Dust, debris, and corrosion can build up over time causing the system to malfunction.

At a minimum, inspections should be completed annually, several of the Commonwealth's healthcare facilities are inspected on a quarterly basis and all issues are addressed immediately. Regular testing and inspection of the air compressors, gauges, valves, and pipes are essential to ensure the system is working as intended. By taking these steps, you can rest assured that your dry sprinkler system is ready to protect you and your property in case of a fire emergency.

The dry valve is arguably the most critical component of a dry sprinkler system, preventing the pressurized water in the fire mains from entering the sprinkler piping unless fires occur (or the sprinkler is tripped improperly). While NFPA 25 code requires monthly external inspections of the dry valve, enclosure, trim, and other related components, the frequency for certain part inspections increase to weekly and even daily when the temperatures drop below freezing. Weekly checks are also wise if a facility has public access or in an area prone to vandalism, State Risk recommends locking and chaining the valves. In fact, some agency policies require facilities to conduct weekly checks as best practice.

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External inspections check for physical damage, ensure that all trim valves are in the appropriate open or closed positions indicated by the system diagram, and make sure there are no drips or leaks in the valve's intermediate chamber. Internal checks must be conducted annually while inspections of strainers, filters, and restricted orifices can typically be scheduled every five years.

## **Inspecting air compressors**

Air compressors are essential to the proper operation of the dry valve, pressurizing the gas in the sprinkler piping so the valve stays closed until the head is activated by heat. 2017 Edition NFPA 25 13.10.2.1 specifies monthly inspections of air compressors because they tend to vibrate their connections loose during operation. It's also important to follow the compressor's manufacturer requirements including the extra step of checking and draining condensation in the air tank. Sitting water could lead to corrosion that impacts the operation of the entire dry sprinkler system.

## **Types of dry sprinkler components, air compressors**

NFPA 13 defines its use of "air" as air, nitrogen, or other approved gases for a dry sprinkler system. The air supply must come from a reliable source and permits it to be "generated on-site or from storage containers sized to provide a reliable supply for at least 6 months of expected maintenance use." These gas-storage containers also must have a low-pressure alarm that alerts onsite personnel when containers need to be refilled.

The amount of air pressure needed to keep the dry valve from opening must always be maintained on dry sprinklers until the system is activated. How much and how long the compressor runs directly relates to the amount of leakage in the system, often a direct result of how tightly the fittings are installed.

NFPA 13 doesn't distinguish between types of compressors needed. It is recommended that when replacing the compressor, one is chosen for the longevity and functionality of the system you have at your facility. The compressed air supply is required to be supplied from a source that's always available (8.2.6.3.1) and can restore normal air pressure to the sprinkler system within 30 minutes (8.2.6.3.2). The exception to this rule is for compressors that help protect refrigerated spaces maintained below 5°F (-15°C) where normal system air pressure can be restored within 60 minutes (8.2.6.3.3).

NFPA 13 also offers installation guidelines for the air supply connections that link the air compressor to the dry valve. Installers should use the type of connection recommended by the manufacturer and approved by the authority having jurisdiction. Their recommendation will consider pressures, temperatures and vibrations that the connections and adjacent equipment will endure. A.8.2.6.4.1 says that flexible hoses may be suitable that can withstand the expected vibration, maximum pressure of 75 psi or greater and a maximum temperature of 150°F (66°C) or higher.

To operate reliably, dry fire sprinkler systems require a clean, dry supply of air or nitrogen that's carefully maintained at the proper pressure. By taking the time to understand NFPA requirements and installing these devices correctly, you can ensure that your dry system stands ready to protect people and property from fires in freezing temperatures.

If you have any questions, feel free to contact me at [StateRiskSprinklerProgram@ky.gov](mailto:StateRiskSprinklerProgram@ky.gov) or you may call me at **502-782-5443**.

# Are The Lights On...

## But Nobody's Home?

By: Buryl Thompson, Assistant Director

Does your agency have vacant or unoccupied buildings? If so, there are important insurance implications, coverage limitations and safety concerns which you should be aware of.

There is an important distinction between *vacant* buildings and those that are simply *unoccupied*. An *unoccupied* building is defined as a building that contains business personal property, but it is not regularly used by people. A *vacant* building is defined as a building that does not contain adequate business personal property or a building which is no longer used by the insured, a lessee or sub-lessee to conduct customary business operations; or when either of these conditions applies to 70% or more of the building's total square footage.

First, let's talk about the safety concerns. A vacant or unoccupied building is considered an *attractive nuisance* in the insurance industry. An attractive nuisance is something or condition that appeals to children, vagrants, bad actors, etc., thereby increasing the risk of danger and damage. The perils include theft, vandalism, fire & water damage, not to mention the liability risk exposures. While the Fire & Tornado Fund (F & T) does not include coverage for liability claims, it has the potential for a large expense you might incur.

**You are responsible for notifying State Risk if any of your buildings become vacant.**

For claims that are submitted on vacant buildings and are insured under the primary layer of the F & T Fund limit of \$5,000,000, buildings which have been vacant will be covered at a maximum of 50% of actual cash value (ACV). Additionally, no payment will be made on claims for damage caused by:

- **Sprinkler leakage, unless you have protected the system from freezing**
- **Building glass damage**
- **Water damage**
- **Theft or attempted theft**
- **Vandalism**



If the damage value reaches into the excess limits' coverage, additional limitations are in place.

Vacant buildings which have been reported, and have fire protection, security and alarm services that are being maintained and are operational are not sub-limited.

However, on the 121st day of vacancy or if protection and alarm systems are not operational, then the sublimit will apply.

What should you do to ensure you have adequate and appropriate coverage through State Risk?

- **Report all buildings that are Commonwealth owned.**
- **Report any building which is currently vacant or is anticipated to become vacant.**
- **Maintain all fire protection, security, and alarm service systems. Inspect them regularly to make sure they are functioning properly.**
- **Physically inspect the building on a regular basis. Check for unauthorized entry, any damage or unsafe condition, and that all entrances and exits are secured.**

**For more information regarding vacant and unoccupied buildings, please contact Gerry Hamilton at:**

**[Gerry.Hamilton@ky.gov](mailto:Gerry.Hamilton@ky.gov)**

# Fire & Tornado (F&T) Self-Insurance Property Claims

Our mission is committed to serving all state agencies and state universities with professional property claim services when state-owned property is damaged by a covered cause of loss. Please remember that all new property claims are required to be reported within 7 days after the date of loss:

- State universities/KCTCS contact claims specialist is **Audra Perkins**.
- State agencies contact claims specialist is **Jamie Collins**.

We would like to thank each of you for your patience over the last several months. Not only did we make it successfully through renewal, but we have also been testing and have implemented a new Risk & Insurance Management Software system. Some of you have noticed some differences and while most of the changes are behind the scenes, you will notice the claim number is slightly different and the Proof of Loss document you sign is also updated and is required to be returned within 7 days to process the payments. We are always looking for new ways to improve, and we believe this will be a huge step in that direction.

It is important to complete and send the Notice of Loss form SRC-10 within 14 days of the date of loss, as required. The Notice of Loss form can be found on our [website](#) for completion and should be sent to the general email: [FT.PropertyClaims@ky.gov](mailto:FT.PropertyClaims@ky.gov)

**Thanks again from your Property Claims Team!**

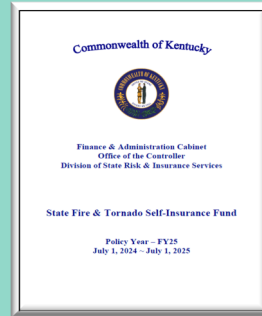
**Evelyn Smith-Property Claims Manager**

**Audra Perkins-Claims Specialist (Universities/KCTCS)**

**Jamie Collins-Claims Specialist (State Agencies)**

# ...OOPS

If you received a copy of our FY 25 policy, via the annual renewal, please note that the directory has some incorrect contact information in it. To download the policy with the corrected information please use this link to access the file on our website:



## Brag Board

### Northern Kentucky University

We would like to thank Audra Points, for ensuring the completion of all deficiencies and staying in contact with State Risk during the construction phase of several buildings on campus.

Audra always makes sure that State Risk knows when a fire alarm or sprinkler system is impaired by completing the proper documentation and submitting it immediately.



### Kentucky Transportation Cabinet

We would like to thank Paul Miller for maintaining and keeping our rest areas and transportation facilities free of deficiencies.

Paul is always staying in contact with State Risk for any deficiency issues or questions and is very concerned with keeping everyone safe.



### University of Kentucky Medical Center

We would like to thank the University of Kentucky Medical Center and Brandon Ernest for maintaining and keeping all sprinkler deficiencies corrected.

State Risk is very appreciative of the hard work and efforts for the safety of all individuals at the University of Kentucky Medical Center, keep up the excellent work.





# State Risk Mailboxes

To help keep emails organized and to ensure they are processed in a timely manner, we have mailboxes dedicated to each program.

**Below is a listing of all the mailboxes associated to our programs**

**Fire & Tornado Property Underwriting:**

[StateRiskUnderwriting@ky.gov](mailto:StateRiskUnderwriting@ky.gov)

**Fire & Tornado Property Claims:**

[FT.PropertyClaims@ky.gov](mailto:FT.PropertyClaims@ky.gov)

**Sprinkler Program:**

[StateRiskSprinklerProgram@ky.gov](mailto:StateRiskSprinklerProgram@ky.gov)

**Boiler Program:**

[StateRiskBoilers@ky.gov](mailto:StateRiskBoilers@ky.gov)

**KSAP Underwriting:**

[KSAPUnderwriting@ky.gov](mailto:KSAPUnderwriting@ky.gov)

**KSAP Auto Claims:**

[KSAPAutoClaims@ky.gov](mailto:KSAPAutoClaims@ky.gov)



# Staff Directory

Sheri Whisman, Director (502) 782-5444 or (502) 229-3905  
Buryl Thompson, Assistant Director (502) 782-5438  
Stephanie Young, Fiscal Manager (502) 782-5423

[Sheri.Whisman@ky.gov](mailto:Sheri.Whisman@ky.gov)  
[Buryl.Thompson@ky.gov](mailto:Buryl.Thompson@ky.gov)  
[Stephanies.Young@ky.gov](mailto:Stephanies.Young@ky.gov)

## **Fire and Tornado Fund**

**Underwriting:** [StateRiskUnderwriting@ky.gov](mailto:StateRiskUnderwriting@ky.gov)

Gerry Hamilton, Insurance Program Manager (502) 782-5421  
Jeni Collins, Insurance Policy Specialist (502) 782-5441  
Teresa Cook, Procedures Development Specialist (502) 782-0205  
Chuck Jackson, Insurance Appraiser (502) 782-5437  
Chris West, Insurance Appraiser (502) 782-5439  
Joe Kersey, Insurance Appraiser (502) 782-0154

[Gerry.Hamilton@ky.gov](mailto:Gerry.Hamilton@ky.gov)  
[Jcollins@ky.gov](mailto:Jcollins@ky.gov)  
[Teresa.Cook@ky.gov](mailto:Teresa.Cook@ky.gov)  
[Chuck.Jackson@ky.gov](mailto:Chuck.Jackson@ky.gov)  
[Christopher.West@ky.gov](mailto:Christopher.West@ky.gov)  
[Joe.Kersey@ky.gov](mailto:Joe.Kersey@ky.gov)

**Claims:** [FT.PropertyClaims@ky.gov](mailto:FT.PropertyClaims@ky.gov)

Evelyn Smith, Insurance Program Manager (502) 782-5433  
Audra Perkins, Procedures Development Specialist (502) 782-0369  
Jamie Collins, Procedures Development Specialist (502) 782-0165  
Rebecca Pearl, Staff Assistant (502) 782-4382

[Evelyn.Smith@ky.gov](mailto:Evelyn.Smith@ky.gov)  
[AMPerkins@ky.gov](mailto:AMPerkins@ky.gov)  
[Jl.Collins@ky.gov](mailto:Jl.Collins@ky.gov)  
[Rebecca.Pearl@ky.gov](mailto:Rebecca.Pearl@ky.gov)

## **Kentucky Self Insured Auto Program**

**Underwriting:** [KSAPUnderwriting@ky.gov](mailto:KSAPUnderwriting@ky.gov)

**Claims:** [KSAPAUTOCLAIMS@ky.gov](mailto:KSAPAUTOCLAIMS@ky.gov)

Sandy Etherington, Insurance Program Manager (502) 782-5442  
VACANT, Procedures Development Specialist (502) 782-1866

[Sandy.Etherington@ky.gov](mailto:Sandy.Etherington@ky.gov)

## **Risk Management**

Sheri Whisman, Director (502) 782-5444 or (502) 229-3905

[Sheri.Whisman@ky.gov](mailto:Sheri.Whisman@ky.gov)

## **Commercial Liability/Special Event Policies/Public Official Bonds**

Buryl Thompson, Assistant Director (502) 782-5438

[Buryl.Thompson@ky.gov](mailto:Buryl.Thompson@ky.gov)

## **Sprinkler, Boiler and Safety Program**

[StateRiskSprinklerProgram@ky.gov](mailto:StateRiskSprinklerProgram@ky.gov)

[StateRiskBoilers@ky.gov](mailto:StateRiskBoilers@ky.gov)

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[Cecil.Sowers@ky.gov](mailto:Cecil.Sowers@ky.gov)

## **Origami & Training Assistance**

Ryan Barnard, Resource Management Analyst (502) 782-5435

[Ryan.Barnard@ky.gov](mailto:Ryan.Barnard@ky.gov)