

State Risk Newsletter

Summer 2023

FROM THE DIRECTOR'S OFFICE

By: Sheri Whisman

July 1st of each year is when your Fire and Tornado policy renews! Your new policies have been sent out, but I would like to go over some of the changes that were made for the new fiscal year. As always, State Risk has been working nonstop to obtain the best property coverage for you. It has been a very long and hard road this year due to the losses the Commonwealth has endured.

For your Fire and Tornado Policy, the changes starting 7/1/23 are:

- Property deductibles will increase from \$5,000 to \$10,000 per covered occurrence.
- The length of time you have to report a claim to us has changed from 30 days to 7 days at a maximum. The reduced number of days enables us start the claims process faster, get an adjuster to your site quicker, mitigate any further damage after the loss and most importantly, get you back up and running as quickly as possible.
 - During a loss, we understand sometimes it is hard to get forms completed at the exact time of the loss, but an email or call to us would work within those 7 days from date of loss. However, the Notice of Loss form will be required to us within 14 days from date of loss.
 - To make sure we don't miss claims coming in, because sometimes there are a lot rolling in, we have set up an email box for you to send us notice. The email box address is: ft.propertyclaims@ky.gov.

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From the Director's Office - Continued

- State Risk's self-retention level will increase from \$1 million to \$5 million per covered occurrence. Once a claim exceeds \$5 million in damages, our excess carrier will be involved with State Risk. Due to this large jump in self retention, we will be adding a few new faces to our team.
- If you have an existing catastrophic claim, Evelyn Smith, Claims Manager, will continue to work with you on those losses. However, when the old CAT claims close out, Evelyn will not be working property claims. She will be focusing on her team and providing support where needed since State Risk is taking on an additional \$4 million of self-insurance before excess kicks in. She has so many full-time roles at State Risk, so having her provide support to her team going forward will be the best utilization of her time. Evelyn will contact you and provide you a list of existing CAT claims so that you are aware of the ones she will continue supporting until their closure.
- So many of you have been asking if FM Global is staying on with us as our excess insurance carrier and the answer is no. Due to the large volume of claims that have been produced over the past two years, the management of FM have decided not to renew. Since then, we have been meeting with companies, working heavily with our broker trying to get the best excess policy for the Commonwealth. Many companies looked at Mother Nature's track record and simply declined to even bid us. We feel we have vetted the best options we have for the Commonwealth and have agreed to sign on with **Alliant Specialty Insurance Services** as our excess limit's insurer effective 7-1-2023. The program we will be working thru is called **Alliant Property Insurance Program (APIP for short)**.
- Some other changes to our self-retention level are Inland Marine items with an individual value of \$10,000 or more are required to be scheduled. Inland Marine insurance provides coverage for items that move around.
- Turf will not be an insurable item. NOTE: Turf that is excluded consists of natural turf needing water, has a roots system, etc. Artificial turf is a standalone product composed of synthetic fibers and made to look like natural turf. This product doesn't require something to thrive (i.e., water, fertilizer); will still be covered.
- Equipment that is rented will no longer be covered under the F & T policy. The exception is if an agency is leasing to own a particular piece of equipment. A copy of the lease documenting the lease to own arrangement will be required to obtain coverage through the Fire & Tornado Fund.
- When the claim is complete, a Proof of Loss form will be sent to your agency so that we may reimburse your agency for covered expenses. ***This form is required to be returned to State Risk at least 7 days from receipt.***
- State Risk reserves the right to subrogation; you may not waive our rights to recovery. Refer to the Loss Conditions section, Transfer of Rights to Recovery Against others to Us, of the Fire & Tornado Fund policy form.
- Losses that are a result of "failure to act" may be denied coverage. Refer to the Loss Conditions section, Duties in the Event of Loss or Damage, of the Fire & Tornado Fund policy. ***This includes, but not limited to, maintaining heat to prevent pipes from freezing, etc.***

From the Director's Office - Continued



ON ANOTHER NOTE:

As you are aware, State Risk requires cleanup of water losses by a professional company experienced with insurance clean-up and recovery. This prevents future issues that may not be a covered loss (e.g., mold, etc.). The Finance Cabinet has put in place four contractors who you can call upon for these services. They have set pricing, they know the process we require when cleaning up after a loss, what cleaning products they are allowed to use (environmentally friendly products) and how we best handle cleanup of claims.

The companies that have a Master Agreement for these services are:

Company	MA #	Contact Name	Contact Phone Number
New Life Cleaning & Emergency Services	MA 758 2300001219	Mark Sears	859-263-2625
Paul Davis Systems of Lexington	MA 758 2300001217	Jeremy Bailey	859-885-7653
Servpro of Lexington	MA 758 2300000472	Jeff Smith Jason Phillips	502-803-0426 859-225-3193
Spaulding Decon, Louisville	MA 758 2300001218	Venkata S. Kuppala	502-475-1371

**Companies are not listed in any preference order = they are listed alphabetically.*

If you have any issues while utilizing their services, please contact me at Sheri.Whisman@ky.gov

Rental Coverage 2023

By: Sandy Etherington and Jeni Collins

As of July 1st, 2023, the Division of State Risk and Insurance Services will no longer insure short-term rented vehicles or equipment; this applies to both the Fire & Tornado Fund (F&T) and the Kentucky Self-Insured Auto Program (KSAP). However, State Risk will continue to insure vehicles or equipment that are on a lease-to-own arrangement. State agencies may insure street-legal vehicles that are leased, with an option to buy, by contacting Sandy Etherington (sandy.etherington@ky.gov), the KSAP underwriter. All other lease-to-own equipment may be insured by contacting the Fire & Tornado Fund at stateriskunderwriting@ky.gov.

If a state agency has rented or leased vehicles and/or equipment that are not leased to own, they should obtain insurance through the rental company. Insurance coverage is not available through State Risk.

If a state agency currently has short-term rental equipment or vehicles insured with State Risk, coverage ended on June 30, 2023. Please review your coverages immediately and let KSAP and F&T know which are short term rentals.

If you currently have equipment that is not street legal equipment, lease-to-own or owned, insured with KSAP, this equipment coverage will be moved to F&T and insured as business personal property without liability coverage effective 7/1/2023. Going forward, KSAP insurance is only for street-legal vehicles that the State has a vested interest in.

If you have any questions, please contact:

Sandy Etherington

KY Self-Insured Auto Program

KSAPUnderwriting@ky.gov

Sandy.etherington@ky.gov

502-782-5442

Jeni Collins

Fire & Tornado Fund Program

StateRiskUnderwriting@ky.gov

Jcollins@ky.gov

502-782-5441

Underwriting, Appraisal, Sprinkler & Boiler Program Summary

By: Gerry Hamilton

You, our valued customers, have done a great job this year updating your insurance policies. We truly appreciate your assistance and look forward to another year working together. Activity for 2022-2023 include the following:

Jennifer Collins issued approximately 330 insurance policy certificates including 13,000+ lines of insurance coverage to state agencies, universities, and KCTCS. Our underwriter assists in the initial acquisition, life cycle and termination of buildings/structures, contents, inland marine, business personal property (contents), and business interruption coverage. (KRS 56.070) We encourage you to frequently review your policy coverages and send updates in a timely manner to StateRiskUnderwriting@ky.gov. The Fire and Tornado Fund offers the following types of coverages for Commonwealth owned property:

- ◆ Building or Structure (no Content coverage)
- ◆ Building or Structure and Contents
- ◆ Contents only (no structure coverage)
- ◆ 9 types of Inland Marine
- ◆ Electronic Data Processing Equipment
- ◆ Business Income & Extra Expense

The appraisers determine the replacement cost values by using industry standard software with an emphasis on square footage, construction labor, cost of materials and occupancy use (KRS 56.080). It is important you report building additions, revisions to construction materials or structure use. Report any vacant, razed or sold/relocated buildings with an FTR-11. Email completed B117/FTR-10 & FTR-11 forms to StateRiskUnderwriting@ky.gov.

Cecil Sowers facilitates the sprinkler inspection program to ensure all reported state-owned insured facilities are scheduled to be inspected per NFPA standards at no additional cost to state agencies. Agencies only pay for required repairs. State Risk monitors the deficiencies for completion and collects the Corrective Action Statements (CAS), which document the completion of each deficiency (KRS 56.170). See Endorsement D - Protective Safeguards in your Fire and Tornado Policy for details on how open and outstanding deficiencies may influence your property claims and insurance premiums. For questions regarding the program, contact StateRiskSprinklerProgram@ky.gov. Appraisers do not appraise content values. Content values are the responsibility of the agencies to notify State Risk of those values and update them quarterly or sooner if changes are made.

State Risk monitors boiler inspections to more than 2,200 boilers across the Commonwealth (KRS 236.110 and KAR 815 Chapter 15). State Risk reviews and tracks the inspection schedule, past due inspections, violations, and invoicing for specific state agency policy owners. Boiler inspections are performed by the Hartford Steam Boiler Inspection at no additional cost to state agencies. Agencies are required to pay for any repairs noted during inspection.

State Risk improves our forms frequently to provide you with the most up-to-date reporting process. Please use our website to retrieve the latest forms <https://finance.ky.gov/office-of-the-controller/division-of-state-risk-insurance-services/Pages/default.aspx>. My team is available to meet with you virtually or in person to discuss current coverages, review specific policy concerns, conduct building inventory audits and provide training.

Contact me Gerry.Hamilton@ky.gov, should you have program questions or suggestions, including how we can better serve you. Together, we can make 2023-2024 our best fiscal year ever!



Gerry Hamilton

Insurance Program Manager
Appraisal, Boiler, Sprinkler & Underwriting

Why Deficiency Repairs Are Important

By: Cecil Sowers

It's commonly understood that fire protection systems are an essential part of any agency's life safety program and should not be neglected. Our Commonwealth agencies need to know what the Division of State Risk is looking for when it comes to adhering to some of the most prominent and straightforward building and property fire safety regulations. It's important to take these NFPA codes seriously and understand why deficiencies matter. Knowing the frequent NFPA code deficiencies found within our agencies will help you pass fire safety inspections.

What is a deficiency?

A deficiency is identified during regular inspections when your fire protection systems do not meet acceptable standards and codes. Deficiencies take away your peace of mind because they take away your confidence that your fire protection systems will work properly in the case of an emergency.

Types of Deficiencies

There are two types of deficiencies: Inoperable and Deficient

Inoperable

Prevents your system from working. If there is an emergency when your system has an inoperable deficiency, your system will fail, being unable to protect you. Inoperable deficiencies need to be repaired **immediately**, to provide life safety to all personnel within a structure and to protect the Commonwealth properties.

Deficient

Means your system is due for service and maintenance according to NFPA codes and regulations. Deficient issues can prevent your system from working effectively in the case of an emergency. If there is an emergency, insurance may not cover you and your assets if your system was found deficient prior to the incident. To rectify deficient issues, these deficiencies need to be **repaired within 90 days**, this ensures that the system is functional and operable in case of an emergency.

When it comes to fire sprinkler systems, some issues are all too common which can be fatal if left unresolved. According to the NFPA code, all fire sprinkler systems need to be tested and regularly maintained to ensure the safety of everyone.

Any deficiency not corrected within 90 days from the date of inspection may be assessed a surcharge premium increase of 25%.

If you have any questions, feel free to contact me at StateRiskSprinklerProgram@ky.gov or you may give me a call at 502-782-5443, as always, I am here to help in any way possible to make all Commonwealth properties safe for everyone. For Sprinkler Program suggestions, improvements or recommendations also copy Gerry.Hamilton@ky.gov.

Change in Boiler Inspection Services

By: Gerry Hamilton



As our partner of the Fire and Tornado Fund, Alliant Insurance Services (our new excess carrier) will be providing boiler inspection services through The Hartford Steam Boiler Inspection and Insurance Company (HSB). All state-owned Commonwealth facility inspection reports will be received, tracked, and monitored for deficiency violations by State Risk.

Contact HSB directly to schedule a boiler for inspection:

HSB Customer Solution Center

800 333-4677



Reference the account name **Commonwealth of Kentucky** and account # **1002532**. We welcome HSB back to our line-up of quality services offered by State Risk.

State Risk provides free boiler inspections; however, policy owners are responsible for any repair costs.

The State Risk email inbox for all boiler related communication is StateRiskBoilers@ky.gov

Brag Board

Kentucky State University

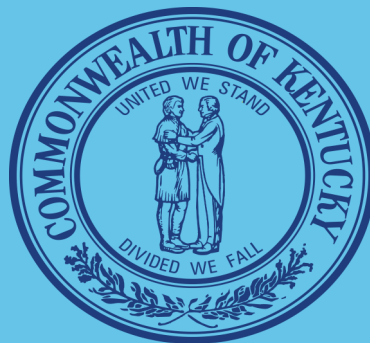
Thank you, David Schmidt, and Jennifer Linton, in making great strides to ensure that Kentucky State University is safe for all students and staff members.

All the older deficiencies from 2019 thru 2021 have been repaired, thank you!



Department of Military Affairs

Mark Kays has worked diligently in completing all his past due deficiencies from 2019 thru 2021 in a timely manner, thank you Mark for your hard work in completing these past due deficiencies .



University of Kentucky

I would like to thank Ken Reeder, Bart Miller, Todd Adkins, and the University of Kentucky staff for completing all 410 deficiencies from 2019 thru 2021.

State Risk is very appreciative of the hard work that has been accomplished to make the University of Kentucky a safer place.



Meet the State Risk Staff



Jeni Collins

Insurance Policy Specialist
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Lexington native, I still reside there today, with my husband of 10 years, Cayce Denton. After graduating from The Lexington Christian Academy in '92, I attended Asbury College for 3 years, finally graduating from UK in '98.

We love going to UK football games and hanging out with friends and family. Occasionally we find time to go hiking or kayaking. When I'm really bored, I read or crochet. I do both quite slowly.

While Cayce & I enjoy our fur-babies, we also love real babies. We recently fostered a 4-child family, ages 7 years-9 months old, for 7 months. This experience was both super hard & super rewarding.

Professionally, I worked many years in home & auto insurance before coming to State Risk in 2021. I really enjoy insurance and helping individuals & organizations find adequate coverage. The work we do with State Risk is particularly satisfying because it is to protect the Commonwealth's assets & resources.

If you have any questions about your agency's property coverage, please reach out.



Stephanie Young
Fiscal Manager

Hello, my name is Stephanie Young, I am the Fiscal Manager for the Division of State Risk and Insurance. Some of my job duties include managing the divisions budget for the Sprinkler program, Boiler program, Property Claims program, Auto program and many more. If you have a question about the funds, you can ask me.

A little bit about me; I have a daughter, son, daughter in-law and one grandson. During my free time I enjoy going to the campgrounds, boating on the lake, and most of all spending time with my family.

State Risk Mailboxes

To help keep emails organized and to ensure they are processed in a timely manner, we have email mailboxes dedicated to KSAP and F&T Underwriting as well as KSAP and F&T Claims and the Sprinkler Program.

Below is a listing of all the email mailboxes associated with our office:

Property Underwriting:
StateRiskUnderwriting@ky.gov

Sprinkler Program:
StateRiskSprinklerProgram@ky.gov

KSAP Underwriting:
KSAPUnderwriting@ky.gov

Boiler Program:
StateRiskBoilers@ky.gov

KSAP Auto Claims:
KSAPAutoclaims@ky.gov

Fire & Tornado Property Claims:
FT.PropertyClaims@ky.gov

Staff Directory

Sheri Whisman, Director	(502) 782-5444 or (502) 229-3905	Sheri.Whisman@ky.gov
Buryl Thompson, Assistant Director	(502) 782-5438	Buryl.Thompson@ky.gov
Stephanie Young, Fiscal Manager	(502) 782-5423	Stephanies.Young@ky.gov
Vacant Risk Manager		

Underwriting for the Fire and Tornado Fund

StateRiskUnderwriting@ky.gov

Gerry Hamilton, Insurance Program Manager	(502) 782-5421	Gerry.Hamilton@ky.gov
Jeni Collins, Insurance Policy Specialist II	(502) 782-5441	Jcollins@ky.gov
Chris West, Insurance Appraiser	(502) 782-5439	Christopher.West@ky.gov
Chuck Jackson, Insurance Appraiser	(502) 782-5437	Chuck.Jackson@ky.gov

Kentucky Self Insured Auto Program Administration

KSAPUnderwriting@ky.gov

Buryl Thompson, Assistant Director	(502) 782-5438	Buryl.Thompson@ky.gov
Evelyn Smith, Insurance Program Manager	(502) 782-5433	Evelyn.Smith@ky.gov
Sandy Etherington, Procedures Development Specialist II	(502) 782-5442	Sandy.Etherington@ky.gov

Fire and Tornado Property Claims

FT.PropertyClaims@ky.gov

Evelyn Smith, Insurance Program Manager	(502) 782-5433	Evelyn.Smith@ky.gov
Audra Perkins, Procedures Development Specialist II	(502) 782-0369	AMPerkins@ky.gov

Kentucky Self Insured Auto Claims

KSAPAutoClaims@ky.gov

Evelyn Smith, Insurance Program Manager	(502) 782-5433	Evelyn.Smith@ky.gov
VACANT, Procedures Development Specialist	(502) 782-1866	

Risk Management & Public Official Bonds

Sheri Whisman, Director	(502) 782-5444 or (502) 229-3905	Sheri.Whisman@ky.gov
Buryl Thompson, Assistant Director	(502) 782-5438	Buryl.Thompson@ky.gov

Commercial Liability/Special Event Policies

Buryl Thompson, Assistant Director	(502) 782-5438	Buryl.Thompson@ky.gov
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Sprinkler Program

StateRiskSprinklerProgram@ky.gov

Gerry Hamilton, Insurance Program Manager	(502) 782-5421	Gerry.Hamilton@ky.gov
Cecil Sowers, Safety Coordinator	(502) 782-5443	Cecil.Sowers@ky.gov

Boiler Program

StateRiskBoilers@ky.gov

Gerry Hamilton, Insurance Program Manager	(502) 782-5421	Gerry.Hamilton@ky.gov
VACANT, Procedures Development Specialist	(502) 782-1866	

eRIMS & Training Assistance

Ryan Barnard, Resource Management Analyst II	(502) 782-5435	Ryan.Barnard@ky.gov
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