

# State of West Virginia

## Board of Risk and Insurance Management

### 2019 Annual Report





# NOTICE REGARDING 2019 BRIM ANNUAL REPORT

Due to limitations on the size of documents that can be filed with the Legislature electronically, this version of BRIM's 2019 Annual Report does not include reports and related materials presented to the Board at its meetings by its actuary, independent auditors, and financial account/investment updates. Those reports can be found in the full 2019 Annual Report that is available on BRIM's website at [www.brim.wv.gov](http://www.brim.wv.gov) under the "Forms and Info" tab.

STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

August 30, 2019

Honorable Jim Justice, Governor  
State of West Virginia

Governor Justice:

The Annual Report of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2019 is hereby respectfully submitted. This report was prepared by the staff of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of BRIM. We believe the data, as presented, is accurate and that it is presented in a manner designed to fairly set forth the results of the operations of BRIM. All information necessary to enable the reader to gain an understanding of BRIM's operational activities has been included.

The Annual Report contains discussions of the financial activities and highlights for the past several fiscal years, and BRIM's organization chart. The minutes of the Board of Directors meetings are attached as a supplement to this report.

BRIM is reported as an enterprise fund operating as a single business segment, included as a blended component unit of the primary government in the State's Comprehensive Annual Financial Report (CAFR). After applying the criteria set forth in generally accepted accounting principles, BRIM management has determined there are no organizations that should be considered component units of BRIM.

BRIM is governed by a five-member board appointed by the governor for terms of four years. BRIM operates by the authority granted in Chapter 29, Article 12; and Chapter 33, Article 30; of the West Virginia Code as amended, and the provisions of Executive Order 12-86. The day-to-day operations of BRIM are managed by the executive director, who is responsible for the implementation of policies and procedures established by the Board members.

BRIM is charged with providing insurance coverage to all state agencies. Additionally, BRIM provides these services to cities, counties, and non-profit organizations throughout the State under the provisions of Senate Bill #3 (SB#3). BRIM also provides a coal mine subsidence reinsurance program, which allows homeowners and businesses to obtain insurance coverage up to \$200,000 for collapses and damage caused by underground coal mines.

BRIM uses various means to cover its insureds. Although BRIM is not indemnified by an insurance company, it contracts with an insurance company that is compensated for claims handling with a flat fee. The primary methods used by BRIM to fund claims payments results in a more stable and predictable funding of claims and claims related expenses, allowing for better cash management for the organization.

Beginning in fiscal year 1996, liability claims were handled through a “Modified Paid Loss Retrospective” rating program, which required an up-front deposit to an insurance company. As losses occur, payments and reserves are established and charged against the deposit. When the amount of paid losses within a twelve-month period exceeds the amount of the deposit, a retrospective billing is produced, and BRIM pays that additional amount to the insurance company.

Beginning in fiscal year 2006, BRIM deposited monies with a financial institution, as trustee, to hold advance deposits in an escrow account for BRIM liability claims with loss dates after June 30, 2005. The funds held in escrow, together with their earnings, will be used to fund the payment of the claims and claims adjustment expenses related to these liability claims. Periodically, monies are transferred from the escrow account to the insurance company administering these claims in order to reimburse the insurance company for payments that they have issued on these claims and claims adjustment expenses on BRIM’s behalf.

Property losses are retained by BRIM up to \$1 million. Additionally, excess coverage is provided beyond the \$1 million retention up to a limit of \$400 million per occurrence. This coverage provides reimbursement of loss at the stated or reported value less a \$2,500 deductible. Under the mine subsidence program, participating insurers pay BRIM a



reinsurance premium, which is equal to the gross premiums collected for mine subsidence coverage, less cancellations, less a 30% ceding commission.

BRIM currently insures approximately 170 state agencies, approximately 970 Senate Bill #3 entities, plus provides mine subsidence reinsurance to approximately 15,000 home and business owners.

### **Financial Highlights**

The financial statements of BRIM are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. In 1993, the Governmental Accounting Standards Board (GASB) issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." BRIM elected to implement the provisions of this Statement beginning in fiscal year 1994. As permitted by the Statement, BRIM has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless the GASB specifically adopts such FASB statements or interpretations.

### **Internal Accounting Structure and Budgetary Control**

As mentioned, BRIM reports and meets the requirements of an enterprise fund. BRIM's assets and liabilities are accounted for in a single fund.

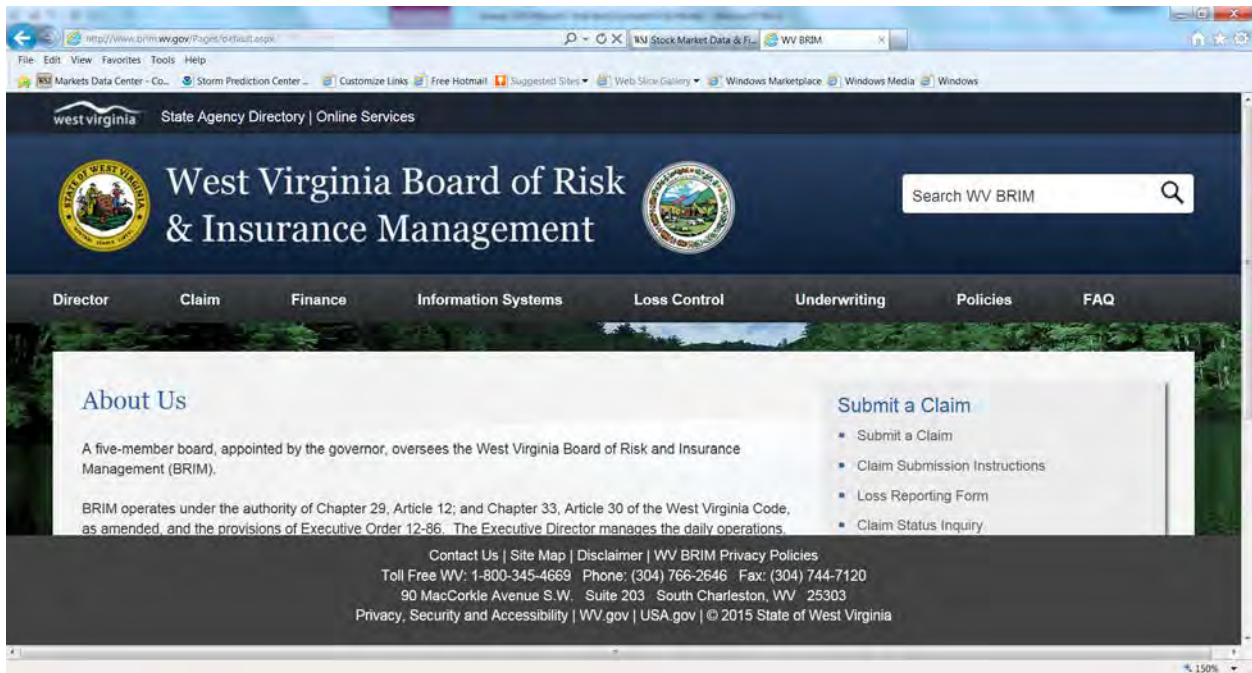
Internal controls have been put in place to ensure the assets and property of BRIM are protected from theft, loss or misuse and to provide adequate accounting data for preparing Generally Accepted Accounting Principles (GAAP) based financial statements.

Internal controls are established to provide reasonable assurance that objectives are met. Additionally, the concept of reasonable assurance should recognize that the cost to administer the control should not exceed the benefits derived from the control.

An annual budget is prepared prior to the start of each fiscal year for use as a management tool and for evaluating performance.

## BRIM On-Line

We invite you to visit BRIM’s website at <http://www.brim.wv.gov/Pages/default.aspx>. The website is designed to inform the public about our program and to provide assistance to our customers. One feature allows claimants to submit a claim electronically for faster processing and handling. Detailed instructions on how to fill out a renewal questionnaire are also found on-line. A variety of frequently asked questions on topics ranging from billing to underwriting can also be found on this site.





## Results of Operations

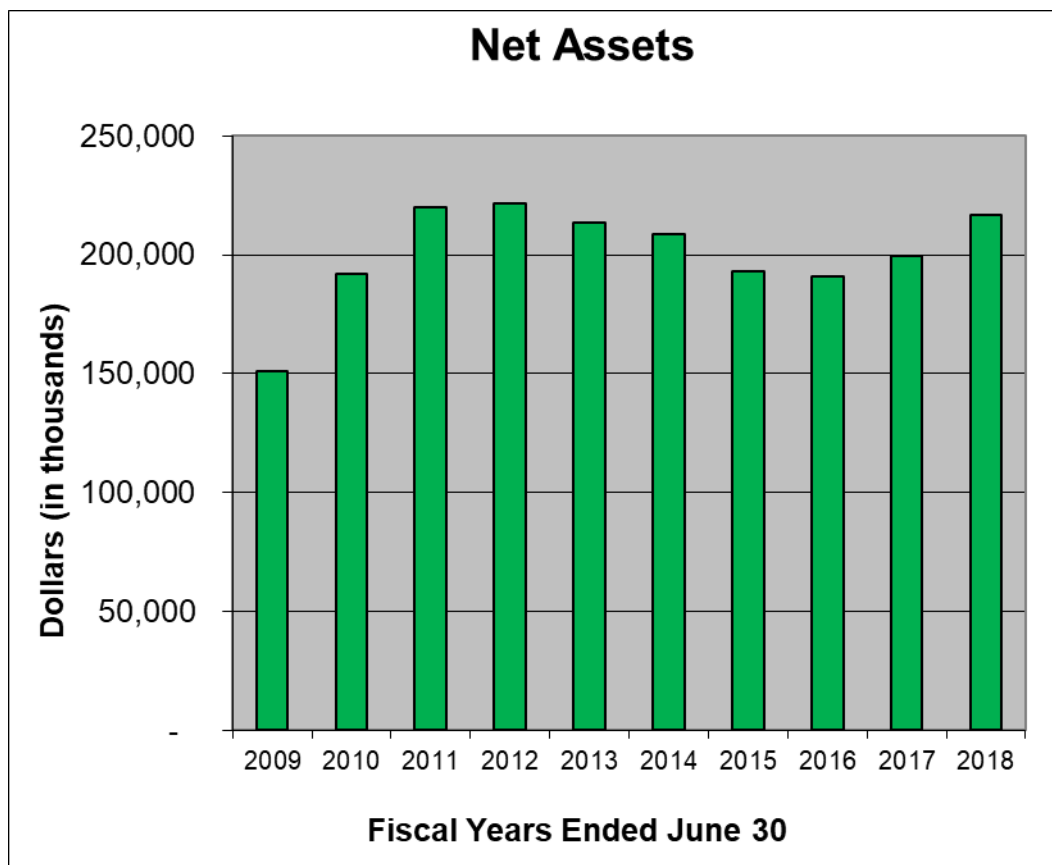
Below are audited results from operations of four most recent fiscal years ended June 30:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	(In thousands)			
Operating Revenues:				
Premiums	\$58,204	\$65,293	\$71,368	\$78,951
Less Excess Coverages	<u>(6,197)</u>	<u>(6,909)</u>	<u>(6,681)</u>	<u>(6,518)</u>
Net Operating Revenues	52,007	58,384	64,687	72,433
Operating Expenses:				
Claims & Claims Adjustment	68,145	63,753	59,149	57,393
General Administrative	<u>3,541</u>	<u>3,905</u>	<u>4,200</u>	<u>4,410</u>
Total Operating Expenses	71,686	67,658	63,349	61,803
Operating Income (Loss)	(19,679)	(9,274)	1,338	10,630
Non-Operating Revenues:				
Interest Income	4,833	7,413	9,841	6,712
Appropriation Transfer	<u>          </u>	<u>          </u>	<u>(2,810)</u>	<u>          </u>
Net Income	(15,596)	(1,861)	8,369	17,342
Retained earnings at beginning of year	<u>208,911</u>	<u>192,280</u>	<u>190,959</u>	<u>199,328</u>
Cumulative Effect Adoption of GASB 75				<u>(58)</u>
Retained earnings at beginning of year – restated	<u>208,911</u>	<u>192,280</u>	<u>190,959</u>	<u>199,270</u>
Retained earnings at end of year	\$192,820	\$190,959	\$199,328	\$216,612

BRIM has worked diligently for the past several years to maintain positive retained earnings and eliminate its unfunded liability. Favorable loss patterns and adequate funding have enabled BRIM to maintain positive net position from 2005 thru 2018. BRIM may occasionally experience some adverse loss development. Premiums continue

to be calculated on a basis consistent with exposure and loss trends. It is also important to note that BRIM has not received any state appropriations since 2005. BRIM will continue to closely monitor claims activity with our independent actuary and will bill premiums accordingly. Efforts are being undertaken to increase the emphasis on loss control by state agencies and Senate Bill #3 entities, including educational classes and seminars on sexual harassment, discrimination, liability deductibles, defensive driving classes, and personally meeting with Cabinet Secretaries to discuss loss histories of the agencies under their supervision.

The chart below shows the net assets for the past ten years. All years shown have a positive net position.



### **West Virginia Patient Injury Compensation Fund**

House Bill 2122, signed into law on April 8, 2003, created a patient injury compensation fund study board “to study the feasibility of establishing a patient injury compensation fund to reimburse claimants in medical malpractice actions for any portion of economic damages awarded which are uncollectible due to statutory limitations on damage awards



for trauma care and/or the elimination of joint and several liability of tortfeasor health care providers and health care facilities.”

On April 2, 2004, House Bill 4740 was signed into law, effective June 11, 2004 creating the West Virginia Patient Injury Fund. The fund is administered and operated by BRIM. Legislation passed in March 2016 transferred all remaining funds in the Medical Liability Fund to the West Virginia Patient Injury Fund, effective July 1, 2016, resulting in the closing of the Medical Liability Fund. This legislation also closed compensation to any claimants who filed with the Patient Injury Fund on or after July 1, 2016. Additional funding to pay any compensable claims filed as of June 30, 2016 was established by creation of assessments imposed on medical liability claims awards and settlements and fees charged to licensed physicians and hospitals.

### **Audit**

BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration to have an annual independent audit. The firm of Dixon Hughes Goodman, LLP was selected to perform the audit for the fiscal year ended June 30, 2019. The June 30, 2019 report will be available near the end of October 2019.

### **Risk Management**

BRIM is charged with providing loss control and risk management services to all insured entities throughout the State. BRIM accomplishes this task through a number of programs. All property insured by BRIM with a value of \$1 million or more is inspected annually. Additionally, BRIM holds various seminars and training programs for its insureds throughout the year. Topics include boiler operation, employment practices, and general loss prevention.

### **Cash Management**

BRIM's cash and cash equivalents are managed by the Board of Treasury Investments according to the provisions of the Code of West Virginia. BRIM management monitors cash balances on both a daily and a monthly basis.

### **Certificate of Achievement for Excellence in Financial Reporting**

The West Virginia Board of Risk and Insurance Management's Comprehensive Annual Financial Report for the year ended June 30, 2018, from which the information on page(s) one through eight have been drawn, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the

United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Comprehensive Annual Financial Report**

Since June 30, 1995, BRIM has issued a Comprehensive Annual Financial Report (CAFR). This report contains an introductory section, a financial section and a statistical section. The financial section will contain audited data for June 30, 2019. The CAFR for fiscal year 2019 will be issued before December 31, 2019. A copy of this report will be sent to the Governor's Office upon completion.

### **Acknowledgments**

This report would not be possible without the assistance of the BRIM staff and the support of the Board members.

Sincerely,



Mary Jane Pickens  
Executive Director



### Listing of Coverages in Effect for Fiscal Year 2018

<b>LIABILITY</b>	<b>LIMIT OF LIABILITY</b>
Automobile Liability Policy No.: CA 286-73-97 & 286-73-98 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Cyber Liability Policy No.: UMR B1262F10687317 Company: Arthur J. Gallagher International	\$ 25,000,000 per occurrence
General Liability Policy No.: GL 693-89-15 & 693-89-16 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-17 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Excess Liability-Bd. of Education Policy No.: 48409866 Company: The Insurance Company of the State of Penn	\$ 5,000,000 per occurrence or claim
<b>PROPERTY</b>	<b>LIMIT OF LIABILITY</b>
Blanket Property Policy No.: MAF760728-17 Company: Axis Insurance Company	\$ 25,000,000 primary layer 1,000,000 deductible
Policy No.: NHD900809 Company: RSUI	\$ 100,000,000 in excess of 25,000,000
Policy No.: 795006143 Company: Atlantic Speciality	\$ 75,000,000 in excess of 125,000,000
Policy No.: MAF733355-16 Company: Axis Insurance Company	\$ 200,000,000 in excess of 200,000,000
Policy No.: MAF760729-17 Company: Axis Insurance Company	\$ 10,000,000 flood with 1,000,000 deductible
Boiler and Machinery Policy No.: FBP2280385 Company: Hartford Steam Boiler Company	\$ 5,000,000 per equipment covered in excess of 1,000,000

Public Insurance  
 Official Position Schedule Bond  
 Bond No.: 106128156  
 Company: Travelers

Variable amounts as set by Statute

**Source: Information compiled from the West Virginia Board of Risk and Insurance Management's internal data.**

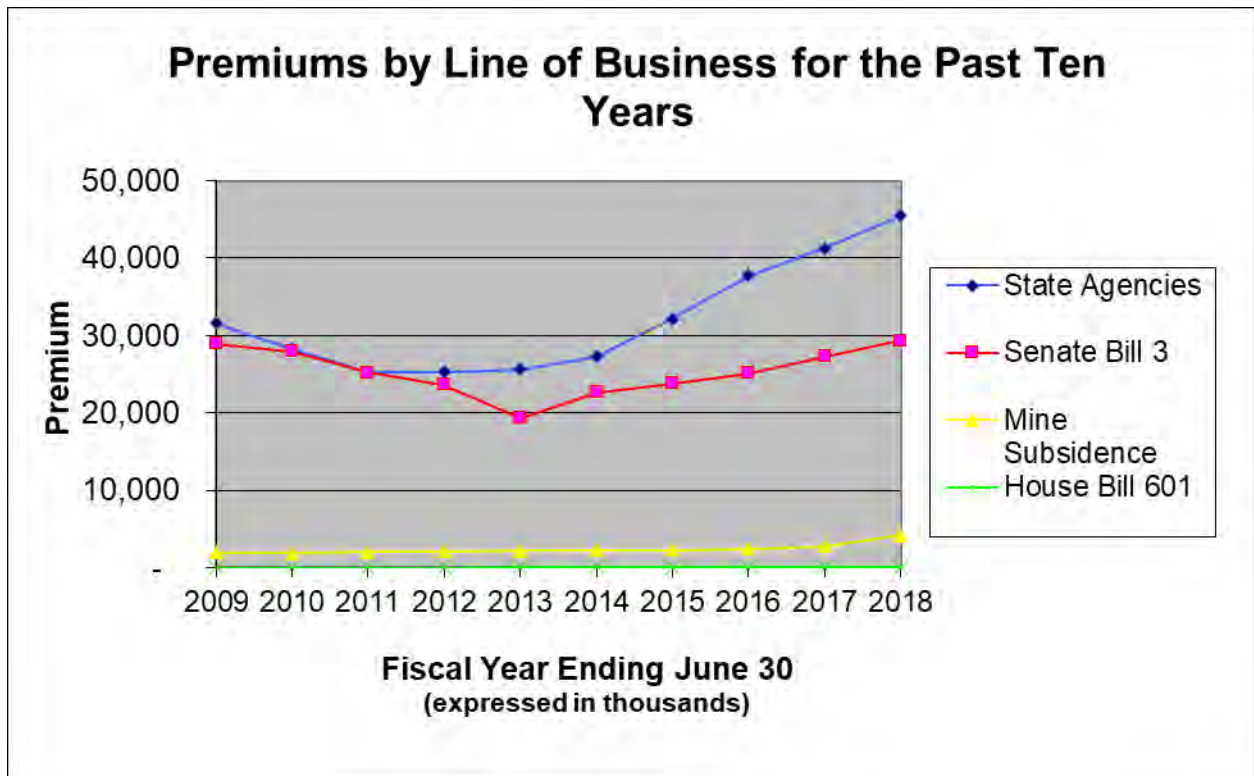
**Top 10 State Agency Premiums for Fiscal Year 2018**

1 West Virginia University	\$9,388,239
2 Division of Highways	6,397,385
3 State Police	5,394,594
4 Department of Health & Human Resources	3,715,674
5 Division of Corrections	3,142,203
6 Marshall University	2,910,059
7 Regional Jail and Corrections Facility Authority	1,437,211
8 West Virginia University Medical Corp.	707,014
9 Supreme Court of Appeals	690,383
10 Division of Environmental Protection	659,394
Total Top Ten	<b><u><u>\$34,442,156</u></u></b>
Total State Premium Billing for 2018	<b>\$47,379,668</b>
% of top 10 in relation to all state agency billings	<b>72.69%</b>

**Top 20 SB 3 Premiums for Fiscal Year 2018**

1 Kanawha County Board of Education	\$1,577,182
2 Berkeley County Board of Education	775,626
3 City of St. Albans	693,271
4 Raleigh County Board of Education	689,338
5 Cabell County Board of Education	576,351
6 Harrison County Board of Education	548,816
7 Mingo County Commission	514,965
8 Putnam County Board of Education	490,595
9 Wayne County Board of Education	472,271
10 Mercer County Board of Education	438,696
11 Logan County Board of Education	429,461
12 Jefferson County Board of Education	421,485
13 Monongalia County Board of Education	389,397
14 Marion County Board of Education	376,206
15 Mingo County Board of Education	360,761
16 Fayette County Board of Education	348,408
17 Logan County Commission	337,715
18 Ohio County Commission	332,174
19 Wood County Board of Education	330,733

20 Kanawha Valley Regional Transportation	311,515
Total Top Twenty	<u><u>\$10,414,966</u></u>
Total SB 3 Premium Billing for 2018	<b>\$30,462,670</b>
% of top 20 in relation to total SB 3 billings	<b>34.19%</b>



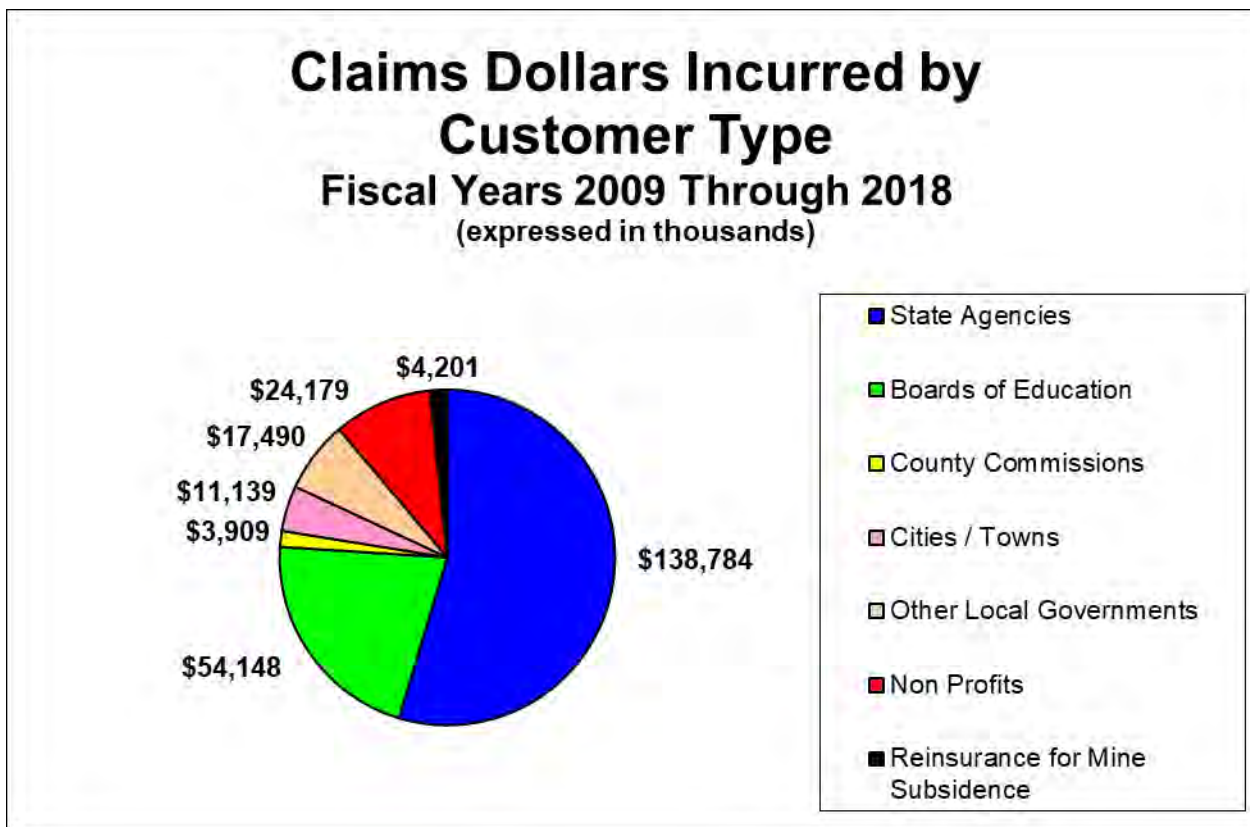
Fiscal Year	State Agencies	Senate Bill 3	Mine Subsidence	House Bill 601
2009	\$ 31,596	\$ 28,902	\$ 1,929	-
2010	\$ 28,257	\$ 27,889	\$ 1,861	-
2011	\$ 25,239	\$ 25,233	\$ 2,032	\$ 34
2012	\$ 25,290	\$ 23,603	\$ 2,090	\$ 63
2013	\$ 25,607	\$ 19,345	\$ 2,142	\$ 40
2014	\$ 27,226	\$ 22,642	\$ 2,220	\$ 40
2015	\$ 32,118	\$ 23,781	\$ 2,261	\$ 44
2016	\$37,688	\$25,147	\$2,398	\$ 60
2017	\$41,304	\$27,305	\$2,759	-
2018	\$45,516	\$29,306	\$4,129	-

The chart above shows premiums by line of business for the past ten fiscal years, expressed in thousands of dollars. This chart illustrates a general downward trend of premiums for



State Agencies and Senate Bill 3 customers until 2014 when premiums began increasing.

Source: BRIM's internal financial statements.



Source: Information compiled from the West Virginia Board of Risk and Insurance Management's internal data.

**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**BOARD OF RISK AND INSURANCE MANAGEMENT**



Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**AGENDA**  
**BOARD MEETING OF THE**  
**WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT**  
*September 25, 2018*

Chairman Martin	Call to Order
Chairman Martin	Approval of Board Minutes June 26, 2018

**REPORTS**

Tom Sauvageot West Virginia Investment Management Board	Account/Investment Update
Nate Pearson/Aaron Pelczar Standish Mellon Asset Management	Account/Investment Update
Chairman Martin	Update on Development and Implementation of BRIM's new Technology System
Mary Jane Pickens Executive Director	Executive Director's Report
Stephen W. Schumacher, CPA Chief Financial Officer	Financial Report PCard Report
Robert A. Fisher Deputy Director/Claim Manager	Loss Control Report
Sallie H. Milam Chief Privacy Officer	Privacy Report

**UNFINISHED BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**

ldm



STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
BOARD OF RISK AND INSURANCE MANAGEMENT



John A. Myers  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**MINUTES OF THE MEETING  
OF THE  
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT  
September 25, 2018**

**BOARD MEMBERS  
PRESENT:**

Bruce R. Martin, CIC, CRM, Chairman  
Bob Mitts, CPCU, Vice Chairman  
James Wilson, Esq., Member  
James A. Dodrill, Esq., Member  
Edward Magee, Ed.D., CPA, Member  
Allan McVey, Board Secretary, Ex-Officio Member  
Commissioner, West Virginia Office of the  
Insurance Commissioner

**BRIM PERSONNEL:**

Mary Jane Pickens, Executive Director  
Robert Fisher, Deputy Director/Claims Manager  
Stephen W. Schumacher, CPA, CFO  
Melody Duke, Underwriting Manager  
Jeremy Wolfe, Loss Control Manager  
Sallie Milam, Chief Privacy Officer  
Chuck Mazingo, Asst. Claims Manager  
Stephen W. Panaro, CPA, Controller  
Valerie Poindexter, Claims Representative  
Lora Myers, Recording Secretary  
Sue Haga, Administrative Secretary

**BRIM PROGRAM  
REPRESENTATIVES:**

Steve Fowler, Esq., BRIM Counsel  
Charles Waugh, AIG Claim Services  
Brenda Samples, USI Insurance Services, LLC  
Bob Ayers, USI Insurance Services, LLC

**GUESTS:**

Sandy Price, WVU Health Sciences Center  
Michael Gansor, WVU Risk Management  
Tom Sauvageot, WV Investment Management Board  
Nate Pearson, Standish Mellon Asset Management  
Aaron Pelczar, Standish Mellon Asset Management  
Tom Kleeh, Steptoe & Johnson, PLLC  
Phil Kabler, Charleston Gazette-Mail



## **CALL TO ORDER**

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 25, 2018, at 1:00PM. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia.

## **APPROVAL OF MINUTES**

Mr. James Dodrill moved the approval of the June 26, 2018 Board Meeting minutes. The motion was seconded by Vice Chairman Mitts. Being no discussion, a vote took place and the MOTION ADOPTED.

## **REPORTS**

### **West Virginia Investment Management Board**

Chairman Martin introduced Tom Sauvageot from the West Virginia Investment Management Board to present his report.

Mr. Sauvageot referred to the BRIM Investment Review – June 30, 2018 which the Board received as a handout. Market Highlights were discussed, economic growth has been relatively strong in the United States. Interest rates and inflation have increased; however, not at an alarming rate. Asset Allocation was reviewed, there have been portfolio changes which are outlined on the chart included in the handout. Fiscal year returns between 2006 – 2018 have remained in a 5% overall range. Looking at the Asset Class, Hedge Fund performance has been good this year. Referring to the Fixed Income performance, Mr. Sauvageot mentioned that the bond market is down. Being no questions from the Board, the West Virginia Investment Management Board presentation concluded.

The West Virginia Investment Management Board's presentation was received, a copy is attached and made part of the record.

### **Standish Mellon Asset Management**

Chairman Martin called on Nate Pearson and Aaron Pelczar to make their presentation for Standish Mellon Asset Management.

Mr. Pelczar introduced himself as he is new to the account. There has been a long-standing relationship with Standish Mellon which is in the process of merging with two other firms. A new name for the firm will be announced within the week.

Mr. Pearson reported a strong economic picture. U. S. labor markets are adding new jobs, unemployment rate is 3.9%. Jobless claims remain historically low. Economic slack has been reduced. Performance reviews were discussed in detail.

Positive view on Canadian banks. Inflation will begin to moderate. Portfolio yield is at 3%. Mr. Pearson asked for any questions from the Board, no questions. The presentation concluded.

The Standish Mellon Asset Management's presentation was received, a copy is attached and made part of the record.

### **Update on Development and Implementation of BRIM's new Technology System**

Chairman Martin presented an update on BRIM's new technology system. The Risk Management Information System (RMIS) project was bid in 2016. The low bid came in at \$251,000 from Emerson Risk Solutions. There have been eight (8) change orders with additional costs involved. Working to integrate AIG has been a challenge. This update is to keep the Board informed about where we stand with the RMIS project.

### **BRIM Financial Report**

Chairman Martin commented that the reports would be presented out of order for this meeting. The Executive Director's Report will be presented last. Mr. Schumacher was asked to present the Chief Financial Officer's Report.

Mr. Schumacher discussed PCard activity for May, June, July. A disk containing PCard activity was distributed to the Board.

Mr. Schumacher updated the Board on the Audit. BRIM submitted the draft for the June 30, 2018 audited financial statements a day ahead of the September 15<sup>th</sup> deadline. The final audit is on target to be completed before due. At this point, no audit issues have been brought to our attention. The audited financial statements will be available on our website after the auditor's opinion has been issued.

Regarding the actuarial results, completed risk funding study by AON as of June 30, 2018, was issued on September 20, 2018. Mr. Schumacher gave a detailed explanation of the actuarial and financial results. Premium revenue for FY18 is \$7.7 million higher than the prior year. Premiums primarily increased to cover an increase in actuarially projected claims costs for FY18. Overall rate of return on BRIM invested funds was 1.8%, less than FY17's return of 2.7%. Funds invested with the West Virginia Investment Management Board made about \$7.2 million versus \$12.0 million last year. BRIM's overall net position exceeded \$200 million for the first time since FY15. The Board will be provided with updated results for the premium to net asset reserve ratio after the June 30, 2018 audit has been issued.

The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

## **Loss Control Report**

Chairman Martin called on Mr. Fisher to present the Loss Control Report.

Mr. Fisher reported that BRIM has scored the submitted loss control questionnaires for state agencies. This process should be more streamlined when the new Risk Management Information System is up and running.

For the first time, BRIM will be partnering with Liberty Mutual Insurance to sponsor two boiler safety and operational seminars. Since this is a change of companies, it will be interesting to see how well their presentation and materials are received.

BRIM's partnership with the Office of the Insurance Commissioner's State Agency Workers' Compensation Program has been resumed. Working with our Loss Control Manager to conduct joint loss control visits with our state customers who have a frequent automobile claims history. Commissioner McVey commented that Tom Judy and Jeremy Wolfe are working well together and he is glad to have this relationship.

AON conducted 290 inspections during July, August and up to September 10, 2018. We have not received inspection reports from Liberty Mutual but are expecting the reports very soon. Our loss control technical staff since our last report has done 10 Loss Control Visits; 9 Standards of Participation Visits and 1 Presentation Visit.

The Loss Control Report was received and filed, a copy is attached and made part of the record.

## **Privacy Report**

Chairman Martin asked Mrs. Milam to present the Privacy Report.

Mrs. Milam reported that the Privacy Management Team met on July 10, 2018 and on September 11, 2018. The July meeting, twenty-four participants representing ten departments were in attendance. The September meeting, twenty-three individuals from twelve departments participated. Due to turnover, reorganization and the addition of other constitutional officers' privacy officers, we have several new PMT members.

Mrs. Milam also reported on various privacy trainings. On August 27 and September 13, 2018, the State Privacy Office trained new department privacy officers in privacy management. A Privacy Impact Assessment (PIA) is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used, and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are modified or when new technology is purchased. PIA completion is not mandatory for agencies, however, since June 27, 2018, 3 PIAs have been completed.

The Privacy Retreat was held August 8 – 10, 2018 at Canaan Valley Resort and was well attended. Learning objectives included: increased understanding of importance of privacy compliance; increased understanding of benefits/purpose of the Privacy Impact Assessment Program (PIA); awareness of Privacy by Design (PbD) and enhanced understanding of incident response plan. Outcomes of the retreat include: 35 attendees, cost of retreat within budget, and a post retreat survey with overwhelming positive response. Attendees also participated in a recreational team building.

Katie Murray, our summer law intern's last day was August 10th. Katie's focus was on legal issues around privacy notices. She researched other states' cyber security laws and prepared an analysis and summary for use in the NGA Policy Academy. Katie also assisted with the Privacy Retreat and served as photographer.

Privacy Notice Workgroup met on June 26 and July 25, 2018. The purpose is to update the West Virginia Executive Branch Policy on Privacy Notices and to research and develop a template for the Notice of Privacy Practices. For its new privacy notice, the workgroup is focused on establishing values for the Executive Branch on how personal information is going to be utilized and for what purposes.

Privacy Report was received and filed, a copy is attached and made part of the record.

### **Executive Director's Report**

Mrs. Pickens was called upon by the chairman to present the Executive Director's Report. She reported on Medical Malpractice Program status of Marshall University and West Virginia University. There was discussion regarding the total amount of disbursements paid so far this year. Mrs. Pickens reported that in 2018 so far, three cases have been tried to verdict, one plaintiff verdict and two defense verdicts. The attached Executive Director's Report outlines additional detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens updated the Board regarding the Patient Injury Compensation Fund (PICF) as of August 31, 2018. At the last BRIM Board meeting, the Trauma Center assessments totaling \$517,125 were discussed. Currently, all but one of these invoices have been paid. We are researching the outstanding invoice. We are in the process of distributing the sum of \$1,800,000 to claimants for FY2018. The Auditor's office has made some changes in processes for state checks which affected the time needed for distributions. We have been informed that checks should be sent to counsel for those claims in the next few days.

Recently, we have provided information to the Legislative Auditor's Office concerning the Senate Bill 3 program specifically relating to the non-profit entities. The questions surfaced when the Legislative Auditor inquired about the entity that operates the museum at the old Moundsville Prison, originally eligible as a 501(c)(3) but no longer has that status. A cancellation was issued per BRIM's rule because it was no



longer eligible. We are evaluating a search tool that is offered as an annual subscription that would enable us to verify status of all the 501(c)(3) entities in the program.

At the request of the House Government Organization Committee, BRIM has provided information on state buildings. Specifically, they wanted an understanding of the differences in how BRIM determines premium on state-owned versus leased buildings. They requested a data set on buildings 3 and 4, to compare to a data set on the same buildings from Real Estate, OT and General Services. They also requested a list of all data fields collected by BRIM to compare to other agencies. The agencies perform different functions, so we expect the data to vary as it does with state owned vehicles.

Mrs. Pickens reported that BRIM has finalized changes to the primary policy and we received the policy recently and are now reviewing it. The State and Senate Bill 3 Auto and General Liability policies have been reviewed and posted on our website. Also, there has been a review of the excess liability policy for the Boards of Education, the State Cyber Liability Policy, the Boiler Policy and the Statutory Bond policies. Those will be posted in the future.

The State Auditor has set some new requirements relating to commission payments. This is likely a continuing effort in the Auditor's office to improve transparency. To meet the new requirement, BRIM sent producers a report showing the amount due in our system. A statement that the amount is correct must be signed before a notary and returned, and a copy of a memo dated in August that Auditor McCuskey issued urging all vendors to establish an agreement to receive state payments via EFT. We are working through this process and regret the additional time it has taken on these payments due to the new procedures.

BRIM continues to participate with Office of Technology's Security Office and CISO, Josh Spence, in the National Governor's Association Policy Academy on Cyber Security. We have participated in numerous phone calls and hosted the NGA staff and others at the first in-state meeting held August 28 – 29, 2018. The purpose of the Academy is to work with NGA's Center for Best Practices to continue to provide us technical assistance based on West Virginia's commitment to formal cybersecurity policy and planning. With support from the NGA Center, we plan to have a "toolkit" to share with legislators and partners as we go into interim committee meetings and regular session. A second in-state meeting is in the planning to coincide with Privacy Day held in late January. February 1 has been reserved in the upper rotunda of the Capitol to present information on data security and privacy and to interact with Legislators.

An Executive Order was issued earlier this year requiring agencies to review all rules and provide information regarding the age of the rule, any modifications, the justification for the rule and any suggested changes or if it should continue to exist.

These reviews are due November 1 and the Department of Administration is considering consolidating all DOA agencies into one submission. BRIM's review is nearing completion, I do not anticipate suggesting any changes as a result of this review.

The Annual Report was submitted on time at the end of August. Copies are available in either hard copy or disc at the Board's request. This report will also be available on our website.

The 2018 STRIMA Conference was held in Maine this year and concluded last week. Melody Duke served as President this year and did a great job. She represented West Virginia and BRIM well during her year as President.

We have reached an agreement with the Division of Personnel regarding new class specifications and proposed pay grades for 3 new positions in the Claims Department. The positions are Insurance Claims Representatives 1, 2, and 3. We expect this proposal to be on the October State Personnel Board agenda. These new class specifications and pay grades enable us to develop a career path, which we have now accomplished in both Loss Control and Claims.

Robert Fisher and Melody Duke are joining Andy Teeter of USI again during the Purchasing Division's conference held October 3 – 5. This is a continuation of the training provided to state agencies about insurance requirements in state contracts for services/commodities. USI has been kind in assisting on topics of bonds as another way to ensure performance of state contracts.

BRIM hosted a well-received Privacy Retreat August 8 – 10, 2018 at Canaan Valley Resort. Sallie Milam covered this event thoroughly during her report.

Our record retention project continues. We are identifying old records that can be destroyed according to BRIM's Record Retention Schedule. Funds will be saved by reducing the records in storage. We appreciate Sue Haga's work on this project.

The Board has likely seen recent press coverage regarding lawsuits filed against the Secretary of State. While we cannot comment on pending litigation in an open meeting, we are prepared for discuss concerning this matter in Executive Session should the Board wish to do so.

The Executive Director's Report was received and filed, a copy is attached and made part of the record.

Mr. James Dodrill moved the Board should go to Executive Session to discuss the pending litigation. The motion was seconded by Mr. Edward Magee. Being no discussion, a vote took place and the MOTION ADOPTED.

Board went to Executive Session. Returned from Executive Session at 2:35PM. Mr. James Dodrill moved the Board took no action during the Executive Session. The motion was seconded by Mr. Edward Magee. Being no discussion, a vote took place and the MOTION ADOPTED.

**UNFINISHED BUSINESS**

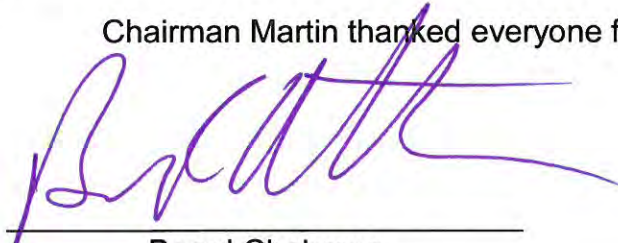
There was no unfinished business to be discussed.

**NEW BUSINESS**

There was no new business to be discussed.

**ADJOURNMENT**

Chairman Martin thanked everyone for attending. Meeting adjourned at 2:38PM.

  
\_\_\_\_\_  
Board Chairman

  
\_\_\_\_\_  
Date



STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
BOARD OF RISK AND INSURANCE MANAGEMENT



John A. Myers  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**MINUTES OF THE SPECIAL MEETING  
OF THE  
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT  
October 4, 2018**

**BOARD MEMBERS  
PRESENT:**

Bruce R. Martin, CIC, CRM, Chairman  
Bob Mitts, CPCU, Vice Chairman  
James Wilson, Esq., Member  
James A. Dodrill, Esq., Member  
Edward Magee, Ed.D., CPA, Member  
Allan McVey, Board Secretary, Ex-Officio Member  
Commissioner, West Virginia Office of the  
Insurance Commissioner

**BRIM PERSONNEL:**

Mary Jane Pickens, Executive Director  
Stephen W. Schumacher, CPA, CFO  
Jeremy Wolfe, Loss Control Manager  
Chuck Mazingo, Asst. Claims Manager  
John Fernatt, Claims Representative  
Valerie Poindexter, Claims Representative  
Lora Myers, Recording Secretary

**BRIM PROGRAM  
REPRESENTATIVES:**

Edgar Poe, Esq., BRIM Counsel

**GUESTS:**

Phil Kabler, Charleston Gazette-Mail

**CALL TO ORDER**

Chairman Martin called the Special Meeting of the West Virginia Board of Risk and Insurance Management to order on Thursday, October 4, 2018, at 2:03PM. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia.

## **BRIM Handling of lawsuits against the Secretary of State**

Chairman Martin addressed the Board regarding the September 25, 2018 Board Meeting Executive Session.

### **Chairman's Remarks:**

After some reflection, with regard to the September 25, 2018, meeting of the Board of Risk and Insurance Management, I concluded that the interests of the public would be best served by a more detailed on the record explanation of the Executive Session.

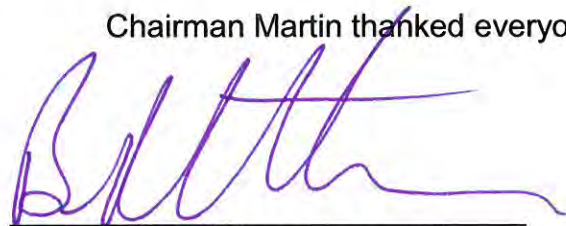
We returned to regular session and confirmed our support of BRIM's normal claim handling process as it pertains to these claims. I believe this statement should have better memorialized the entire sentiments of the Board that resulted from our review.

We believe these claims were handled according to the policies and procedures with which all claims are handled. These guidelines are in place to insure we fulfill our primary fiduciary responsibilities to our insureds and consequently the taxpayers of West Virginia. While as a Board we will diligently continue the oversight responsibilities Given to us by the West Virginia Legislature, we fully expect the staff will continue as they have in the past to provide effective representation in the handling and resolution of claims against the State.

Mr. James Dodrill moved the approval of the September 25, 2018 Board Meeting Executive Session. The motion was seconded by Mr. James Wilson. Being no discussion, a vote took place and the MOTION ADOPTED.

## **ADJOURNMENT**

Chairman Martin thanked everyone for attending. Meeting adjourned at 2:08PM.



Board Chairman

12/18/18

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Date



**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**BOARD OF RISK AND INSURANCE MANAGEMENT**



Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**AGENDA**  
**BOARD MEETING OF THE**  
**WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT**  
*December 18, 2018*

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes  
September 25, 2018 Meeting  
October 4, 2018 Special Meeting

**REPORTS**

Norman Mosrie, Partner  
Dixon Hughes Goodman LLP

Audited Financial Report  
June 30, 2017  
Dixon Hughes Goodman LLP

Mary Jane Pickens  
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA  
Chief Financial Officer

Financial Report  
PCard Report

Robert A. Fisher  
Deputy Director/Claim Manager

Loss Control Report

Lori L. Tarr  
Assistant Chief Privacy Officer

Privacy Report

**UNFINISHED BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**

ldm



**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**BOARD OF RISK AND INSURANCE MANAGEMENT**



Allan L. McVey  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**MINUTES OF THE MEETING  
OF THE  
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT  
December 18, 2018**

**BOARD MEMBERS  
PRESENT:** Bruce R. Martin, CIC, CRM, Chairman  
Bob Mitts, CPCU, Vice Chairman  
James Wilson, Esq., Member  
James A. Dodrill, Esq., Member  
Edward Magee, Ed.D., CPA, Member  
Allan McVey, Board Secretary, Ex-Officio Member  
Commissioner, West Virginia Office of the  
Insurance Commissioner

**BRIM PERSONNEL:** Mary Jane Pickens, Executive Director  
Robert Fisher, Deputy Director/Claims Manager  
Stephen W. Schumacher, CPA, CFO  
Jeremy Wolfe, Loss Control Manager  
Lori Tarr, Assistant Chief Privacy Officer  
Chuck Mazingo, Asst. Claims Manager  
John Fernatt, Claim Representative  
Stephen W. Panaro, CPA, Controller  
Lora Myers, Recording Secretary

**BRIM PROGRAM  
REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel  
Charles Waugh, AIG Claim Services  
Brenda Samples, USI Insurance Services, LLC  
Bob Ayers, USI Insurance Services, LLC

**GUESTS:** Sandy Price, WVU Health Sciences Center  
Michael Gansor, WVU Risk Management  
Norman Mosrie, Dixon Hughes Goodman LLP  
Phil Kabler, Charleston Gazette-Mail

## **CALL TO ORDER**

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, December 18, 2018, at 1:02PM. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia.

## **APPROVAL OF MINUTES**

Vice Chairman Mitts moved the approval of the September 25, 2018 Board Meeting minutes. The motion was seconded by Mr. James Dodrill. Being no discussion, a vote took place and the MOTION ADOPTED.

Vice Chairman Mitts moved the approval of the October 4, 2018 Special Board Meeting minutes. The motion was seconded by Mr. James Dodrill. Being no discussion, a vote took place and the MOTION ADOPTED.

## **REPORTS**

### **Audited Financial Report – June 30, 2018**

Chairman Martin welcomed Norman Mosrie from Dixon Hughes Goodman LLP to present his report. Mr. Mosrie thanked the Board for allowing him to present. Mr. Mosrie commented on the excellent cooperation received from the BRIM Financial Department during the audit process. He complimented Mr. Schumacher and Mr. Panaro on once again being awarded the Certificate of Achievement of Excellence in Financial Reporting.

Mr. Mosrie referred to the Report to the Board of Directors – June 30, 2018, the document was distributed to the Board as a handout. Mr. Mosrie commented that opinion on the financial statements is an unmodified opinion, the highest form of assurance.

Mr. Mosrie reviewed Communication with Those Charged with Governance. Policies are very customary for an organization such as BRIM, nothing unusual to report. All other information in this portion of the report is general disclosure. Mr. Mosrie reviewed the financials and commented on current assets which are very strong and have experienced little change in the last year. The liabilities have experienced a slight increase from the prior year. BRIM has an overall strong net position. Premiums increases drove the changes in the current year and loss ratio went down. BRIM experienced a positive trend on the expense side and an increase on the revenue side which is good, it has been a good year for BRIM. Mr. Mosrie concluded his overview of the financial highlights and asked for any questions. Being no questions from the Board, the Audited Financial Report – June 30, 2018 presentation by Dixon Hughes Goodman, LLP concluded. Mr. Schumacher commented on the good working relationship with Mr. Mosrie and his staff. Chairman Martin thanked Mr. Mosrie.



The Audited Financial Report – June 30, 2018 presentation by Dixon Hughes Goodman, LLP was received, a copy is attached and made part of the record.

### **Executive Director's Report**

Mrs. Pickens was called upon by the chairman to present the Executive Director's Report. She reported on Medical Malpractice Program status of Marshall University and West Virginia University. There was discussion regarding the total amount of disbursements paid so far this year. Mrs. Pickens reported that in 2018 so far, three cases have been tried to verdict, one plaintiff verdict and two defense verdicts. The attached Executive Director's Report outlines additional detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

At this time, Mrs. Pickens reported there has been no Secretary appointed for the Department of Administration. As Deputy Secretary, I will continue performing the ministerial functions of that position until a new secretary is appointed.

Chief Privacy Officer Sallie Milam announced her retirement from state government a few weeks ago. Sallie has been a positive influence as we integrated the Privacy Office into BRIM almost two years ago. We wish Sallie all the best in her future endeavors. Sallie's official last day of employment will be January 31, 2019. Information regarding Sallie's replacement will be forthcoming in the near future.

Regarding the Patient Injury Compensation Fund (PICF), Mrs. Pickens reported that the second annual PICF report must be submitted on or before January 1, 2019. The report filed last year showed an estimated shortfall of approximately \$2 million, this led to the introduction of SB 576. The bill was passed during the 2018 regular session and amended the funding sources in W. Va. Code § 29-12D-1a.

Also reported that as of November 30, 2018, 16 claimants have been paid in full; 2 claims have been denied without appeal; and 1 claim denied is on appeal. There are 15 claimants with claims still in the payment phase who are receiving or will receive pro-rated annual payments, continuing as long as there is available funding. Exhibit A is attached and includes a list of claimants, amount to be paid and amount due.

Mrs. Pickens reported that we provided information during November interims to the Post Audits Committee regarding the old Moundsville Prison and the status of the tenant, the Moundsville Economic Development Council (MEDC), a SB 3 insured. At the last meeting, the Board was informed that BRIM had issued a cancellation notice to MEDC due to the loss of their IRS tax exempt status, a requirement at that point for participation in the SB 3 program as a non-profit. Concern regarding that interpretation prompted an extension of MEDC's coverage for 30 days pending receipt of a legal opinion by outside counsel. Receipt of that opinion in early November determined that MEDC continued to be eligible for coverage. Notice of coverage cancellation was rescinded.

The Legislative Auditor recommended review of BRIM's authority as it relates to non-profits in the SB 3 program, i.e. whether IRS tax exempt status should be required



of non-profits in order to be eligible for coverage. So far, no one has contacted us regarding this issue. Commissioner McVey offered help from the Insurance Commission regarding the matter.

Mrs. Pickens informed the Board that during the November interims some members of the Joint Committee on Government and Finance had some questions arising from reports on the cases filed against the Secretary of State. Due to the questions, Robert Fisher, Jennelle Jones and I met with Senate President Carmichael and Delegate Nelson. There were many good questions regarding how BRIM functions. As a result, we are preparing a presentation on BRIM "Basics". Hopefully, we can present to Legislative leadership in the coming weeks or during the 2019 session.

BRIM's partnership with the Office of Technology's Security Office in the National Governor's Association Policy Academy on Cyber Security has resulted in a draft bill that we hope will be a Governor's bill when the session starts. The bill would establish a framework around cyber security by requiring agencies in the Executive Branch to conduct assessments and make that information available for each department and the Governor's office. This is in an effort to gain understanding of the risk so that better decisions can be made about where to direct limited state resources. The message to legislators is that it is not possible to achieve absolute security with state systems. Managing risk is key. If the bill is passed, it will be an important foundation for more work on security.

BRIM is assisting OT with outreach during interims and will continue to support the proposed legislation and meet with Legislators during the 2019 session to encourage passage. As the state's risk manager and provider of cyber liability insurance, BRIM is committed to working on loss prevention and risk management around this growing exposure.

Mrs. Pickens commented to the Board that we plan to seek introduction of a bill to address mine subsidence insurance during the 2019 session. There is a growing trend for mining companies to pay homeowners and gain releases for damage to structures before mining begins. The bill will amend a section in the mine subsidence article in Chapter 33 to provide that if the policyholder has other insurance or other sources of remuneration for a loss covered by the mine subsidence insurance, the fund will be liable for only the portion of the loss which the other insurance and other sources of remuneration will not cover. It will further provide that any recovery for a covered loss received by the policyholder from any other source, up to the statutory limit of reinsurance, whether it is received before or after submission of the loss to the insurer, will be applied to property damages first and not to any other form of damages incurred by the policyholder. This bill has been approved by the Governor's office.

During the September board meeting, Chairman Martin presented an update on the development, implementation, and cost of our new technology system. We are now using the system for property and mine subsidence claims. The time is approaching when we can begin using the system for all claims management. Loss Control and Underwriting modules are also nearing completion. There is still an outstanding issue on ad hoc reporting that seems to be at an impasse with our vendor.

Mrs. Pickens expressed her wishes to schedule Fiduciary Training for the Board held prior to the March Board meeting. Most likely this would include a working lunch during the training followed by the regular Board meeting.

Currently, we are drafting a Request for Proposal to engage a consultant to evaluate all of BRIM's coverages and methods of providing coverage and make recommendations about changes (if any) to BRIM's programs. Our goal is to have a document ready to issue after the first of the year. The contract with AIG will end in July of 2020, and in preparation for that we feel that it's time to evaluate how BRIM provides coverage and determine if it represents the best balance between protecting the state, its employees and its assets, efficiency, and program cost. We may learn that the current structure is still the most efficient and cost effective, or we may learn that changes are recommended. We will keep the Board informed in whatever fashion it desires as we work through this process.

Mrs. Pickens commented that the Board has likely seen some recent press coverage regarding settlement of the final two lawsuits filed against the Secretary of State. As we've stated before, BRIM doesn't comment on pending litigation and we can't confirm a settlement until we have signed settlement documents, which we don't have yet in these cases. As we've discussed before, I want to assure the Board that BRIM staff has followed normal processes in these cases, as it has with the previous 10 cases and as directed by the Board at a meeting several weeks ago. We've worked closely with and followed guidance of the AIG adjuster and Secretary Warner's defense counsel in the settlement of all cases and Secretary Warner has been aware of the decisions being made.

Mrs. Pickens assured the Board that we will continue to address questions from the Legislature as they arise relating to these cases, to the extent we can discuss them, and plan to vigorously defend how this litigation has been handled. We will also advocate for BRIM and its programs if the Legislators question our structure, our governance, our programs, or the ability of a politician to direct decisions in complex litigation and to insist on a trial when a settlement is in the best interest of the state and our insured. All decisions as to litigation strategy and settlement are made carefully and thoughtfully and are based on guidance from adjusters with decades of experience, both at AIG and here at BRIM, with this type of litigation. We also receive reports and legal analysis from very competent and experienced defense lawyers who are not afraid to try a case and benefit from their expertise when deciding the best path toward resolution. We want to thank the Board for its support. We will continue to follow the Board's direction on these matters. Editorials have been somewhat considerate, not completely negative. Mr. Wilson commented on the professionalism of BRIM and AIG.

The Executive Director's Report was received and filed, a copy is attached and made part of the record.

## **BRIM Financial Report**

Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.

Mr. Schumacher discussed PCard activity for August, September and October. A disk containing PCard activity was distributed to the Board.

Mr. Schumacher commented on the small financial staff at BRIM and what an excellent job they do. He thanked Stephen Panaro for all the hard work he puts in to assist with the audit. We are in the process of finalizing the CAFR and hope to have it submitted later this week.

Mr. Schumacher gave a detailed review of the audited financials. A \$14.6 million decrease in FY18 for the provision for insured events of prior fiscal years marks the third consecutive year that it has had a favorable impact on BRIM's net position. The overall rate of return on all BRIM funds invested was 1.2% for FY18.

Regarding current financial results, premium revenue has increased by \$1.1 million for the first four months of FY18. Actual claims payments for the first four months of FY18 are approximately \$5.6 million higher than last year. In the prior fiscal year, higher premium revenue and better investment earnings favorably impacted BRIM's results for the prior fiscal year through October 31 resulting in an increase of \$6.4 million of BRIM's net position. Slightly higher premium revenue along with investment losses resulted in an overall decrease of \$0.9 million of BRIM's net position for the current fiscal year.

Mr. Schumacher reviewed in detail the premium to net asset reserve ratio. He discussed the policy which established a process to help guide BRIM's Board in assessing BRIM's overall financial condition. He also reported in detail regarding other financial ratios. The premium to net asset ratio is only one measure of financial stability and should be considered in conjunction with other useful benchmarks to gauge BRIM's overall financial position and stability. BRIM's combined ratio of 85% is notably better than the industry average of 96%, based on property and casualty industry results as reported by ISO for the first half of 2018.

The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

## **Loss Control Report**

Chairman Martin called on Mr. Fisher to present the Loss Control Report.

Mr. Fisher reported that the evaluation of the state agencies loss control questionnaire submissions has been completed. Due to participation in our Standards of Participation program, 106 agencies will receive a premium credit.



BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in November. Approximately 135 participants attended the seminar. These were the first seminars that Liberty Mutual had participated in and we were pleased with their presentation.

Mr. Fisher commented that loss control questionnaires went out to senate bill #3 insured in November. The completed questionnaires and documentation are due to BRIM on January 1, 2019.

AON conducted 108 inspections during October, November and December. Liberty conducted 258 inspections. The reports are being processed according to established procedures. Our loss control technical staff since our last report has done 6 Loss Control Visits and 23 Standards of Participation Visits.

The Loss Control Report was received and filed, a copy is attached and made part of the record.

### **Privacy Report**

Chairman Martin asked Ms. Tarr to present the Privacy Report.

Ms. Tarr reported that the Privacy Management Team met November 13, 2018, twenty-seven individuals representing 11 departments attended. Topics discussed at the November meeting included: Privacy Requirements and HIPAA Preemption Analysis, NIST Cyber Security Framework, NGA Four-State Meeting, Privacy Officer Roundtable, OT Security Update and 2019 PMT meeting dates.

Ms. Tarr also reported on various privacy trainings. Members of the Executive Branch workforce have been trained in general privacy awareness training through the course *Think WV Privacy*. Members of the Executive Branch workforce have been trained in general HIPAA training through the course *HIPAA/HITECH*. The State Privacy Office trained department privacy officers in privacy management.

Ms. Tarr explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. Currently, PIA completion is not mandatory for agencies.

NGA Policy Academy was discussed. The NGA Policy Academy held a four-state meeting October 30 – 31, 2018 in Detroit. The four states included were West Virginia, Indiana, North Carolina and Wisconsin. Each of these states won a grant from the National Governors Association for its Policy Academy on implementing Improved cybersecurity programs to meet the challenges posed by increasingly sophisticated and global cyber threats. Each state gave a presentation of its goals and program. West Virginia attendees included: Josh Spence (CISO), Danielle Cox (Administrative Security Manager), James Bailey (Governor's Office), Jennelle Jones (DoA Legislative



Liaison) and Sallie Milam (CPO). West Virginia's project focuses on developing dialogue with the Legislature around cyber risk and on developing a proposed bill to establish security framework for the Executive Branch. The bill will be known as the SECURE WV Act and will be a Governor's bill.

Ms. Tarr commented on Sallie Milam's 26+ years of State service, her retirement and her return to the private sector.

Privacy Report was received and filed, a copy is attached and made part of the record.

### **UNFINISHED BUSINESS**

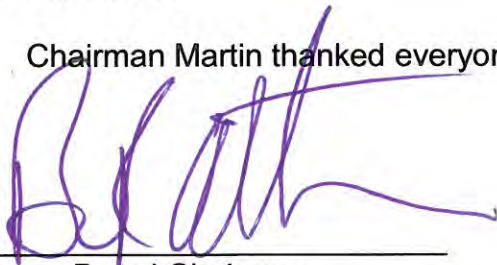
There was no unfinished business to be discussed.

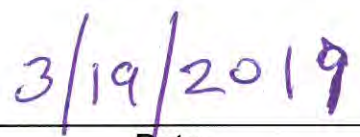
### **NEW BUSINESS**

There was no new business to be discussed.

### **ADJOURNMENT**

Chairman Martin thanked everyone for attending. Meeting adjourned at 2:10PM.

  
\_\_\_\_\_  
Board Chairman

  
\_\_\_\_\_  
Date

**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**BOARD OF RISK AND INSURANCE MANAGEMENT**



Allan L. McVey  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary  
[MaryJane.Pickens@wv.gov](mailto:MaryJane.Pickens@wv.gov)

**AGENDA**  
**BOARD MEETING**  
**OF THE**  
**WEST VIRGINIA BOARD OF RISK**  
**AND INSURANCE MANAGEMENT**

*March 19, 2019*

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes  
December 18, 2018

**REPORTS**

Jo Ellen Cockley, FCAS, MAAA  
Associate Director & Actuary

Risk Funding Study  
as of June 30, 2018

Mary Jane Pickens  
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA  
Chief Financial Officer

Financial Report  
PCard Report

Jeremy C. Wolfe  
Risk & Insurance Manager

Loss Control Report

Robert A. Fisher  
Deputy Director & Claim Manager

Privacy Report

**UNFINISHED BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**

***Idm***

**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**BOARD OF RISK AND INSURANCE MANAGEMENT**



Allan L. McVey  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**MINUTES OF THE MEETING  
OF THE  
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT  
March 19, 2019**

**BOARD MEMBERS  
PRESENT:**

Bruce R. Martin, CIC, CRM, Chairman  
Bob Mitts, CPCU, Vice Chairman  
James Wilson, Esq., Member  
Edward Magee, Ed.D., CPA, Member  
James A. Dodrill, Board Secretary, Ex-Officio Member  
Commissioner, West Virginia Office of the  
Insurance Commissioner  
Tonya Gillespie, CPA, West Virginia Office of the  
Insurance Commissioner

**BRIM PERSONNEL:**

Mary Jane Pickens, Executive Director  
Robert Fisher, Deputy Director/Claims Manager  
Stephen W. Schumacher, CPA, CFO  
Jeremy Wolfe, Loss Control Manager  
Melody Duke, Underwriting Manager  
Chuck Mazingo, Asst. Claims Manager  
John Fernatt, Claim Representative  
Valerie Poindexter, Claim Representative  
Lora Myers, Recording Secretary

**BRIM PROGRAM  
REPRESENTATIVES:**

Steve Fowler, Esq., BRIM Counsel  
Charles Waugh, AIG Claim Services  
Brenda Samples, USI Insurance Services, LLC  
Bob Ayers, USI Insurance Services, LLC

**GUESTS:**

Allan L. McVey, Secretary, Department of Administration  
Sandy Price, WVU Health Sciences Center  
Stacie Honaker, WVU Health Sciences Center  
Michael Gansor, WVU Risk Management  
Jo Ellen Cockley, AON  
Phil Kabler, Charleston Gazette-Mail



## **CALL TO ORDER**

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, March 19, 2019 at 1:02PM. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia.

## **APPROVAL OF MINUTES**

James Wilson moved the approval of the December 18, 2018 Board Meeting minutes. The motion was seconded by Vice Chairman Bob Mitts. Being no discussion, a vote took place and the MOTION ADOPTED.

## **REPORTS**

### **Risk Funding Study – June 30, 2018**

Chairman Martin welcomed Jo Ellen Cockley from AON to present her report. Ms. Cockley thanked Mary Jane Pickens, Robert Fisher, Stephen Schumacher and the team for participating in the study.

Ms. Cockley referred to the Risk Funding Study – June 30, 2018, the document was distributed to the Board as a handout. Ms. Cockley discussed Property/Casualty Marketplace Overview. The Property/Casualty insurance industry entered 2018 in strong financial condition. Rates are decreasing in Workers Comp and increasing in Auto and General Liability. Medical Malpractice in West Virginia was reviewed. Claim severity is close to national average; frequency is higher than national average and loss rate is 11% higher than national average.

Ms. Cockley reviewed the June 30, 2018 Risk Funding Study – Financial Impact on Page 12 of the handout. She explained the Actuarial Adjustment between 6/30/17 and 6/30/18 (highlighted in green). Moving on to Page 23, Ms. Cockley reviewed the December 31, 2018 Interim Analysis – Results.

Ms. Cockley concluded her overview and asked for any questions. Being no questions, the presentation concluded. Chairman Martin thanked Ms. Cockley. The Risk Funding Study of June 30, 2018 presented by AON was received, a copy is attached and made part of the record.

Chairman Martin welcomed both Commissioner Dodrill and Secretary McVey to the meeting in their new roles. Secretary McVey commented on how invaluable Deputy Secretary Pickens had been to him since accepting the appointment.

### **Executive Director's Report**

Chairman Martin asked Mary Jane Pickens to present the Executive Director's Report. Ms. Pickens reported on Medical Malpractice Program status for both Marshall University and West Virginia University. Mrs. Pickens reported that in 2018, five cases



have been tried to verdict, two plaintiff verdicts and four defense verdicts. In 2019 so far, we have tried one case to a defense verdict. The attached Executive Director's Report outlines detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens introduced our newly appointed Secretary for the Department of Administration. Allan McVey was appointed by Governor Jim Justice on January 23, 2019. Prior to this appointment, Mr. McVey served as the West Virginia Insurance Commissioner. She congratulated Secretary McVey.

Mrs. Pickens introduced the new West Virginia Insurance Commissioner. James Dodrill has been appointed by Governor Jim Justice to serve as the West Virginia Insurance Commissioner. She congratulated Commissioner Dodrill.

Effective March 2, 2019, Ashley Summitt, Esq. is the new Chief Privacy Officer. Ms. Summitt succeeds Sallie Milam, who retired in January after serving as Chief Privacy Officer since 2002. Prior to joining BRIM, Ms. Summitt worked as the Deputy General Counsel and Privacy Officer for the Governor's Office since 2017. From 2009 to 2017, she served as General Counsel for the West Virginia Secretary of State and has also worked for the West Virginia Supreme Court of Appeals. Ashley is a welcome addition to our BRIM Team.

Mrs. Pickens reported that the second annual PICF report was filed at the end of December 2018. The report filed for calendar year 2017 showed an estimated approximate shortfall of \$2 million. This led to the introduction of SB 576 which passed during the 2018 regular session. As a result, the report must be submitted on or before January 1, 2019. The report filed last year showed an estimated shortfall of approximately \$2 million, this led to the introduction of SB 576. The bill was passed during the 2018 regular session and amended duration of the funding sources in W. Va. Code § 29-12D-1a. The calendar year 2018 report projects that all claims should be paid in full, with a small balance that must be transferred to the General Revenue Fund. Mrs. Pickens also presented a status update regarding the PICF claims.

Mrs. Pickens reported on the following Legislation:

HB 2536/SB 362 – Mine Subsidence agency bill. There did not seem to be support of the bill. The goal is to prevent double recovery for damages from mining companies (received pre-loss) and the state Mine Subsidence Fund. We will assess if the Mine Subsidence policy form should be amended.

SB 508 and SB 552 were two bills introduced that were very negative for BRIM. These bills would have established a for-profit private sector insurer to take over the provision of property and casualty insurance for the state. The second bill would have created an unworkable process for claims settlement against the state. Both bills died, however two study resolutions were originated. The study resolution originating in the Senate B&I committee (SCR 52) related to review of settlement and verdict data to provide insight into agencies and other units of state government for improved operations. This resolution was adopted by the Senate but does not appear to have been taken up by the House.

The House Government Organization Committee originated HB 3147 which would have required BRIM and its liability program to use a WV producer, with at least 5 years of experience to provide all structured settlement services. This bill died. However, the House Government Organization Committee originated a study resolution (HCR 88) to study BRIM's contracting for services, review of premium structures and rates, and identify BRIM's activities to provide transparency to the public and governmental entities and reviewing fiscal responsibilities. It also requires BRIM, Real Estate Division, Fleet Management Division, Department of Administration, State Auditor, Enterprise Resource Planning Board and the State Budget Office to cooperate with the Legislature and provide such information relating to known discrepancies between the various databases that relate to state asset inventories. The intent is unclear, however appears to assume that there is inadequate coordination among databases and officials and that it impacts BRIM's role as the state's risk manager and insurance provider. In reality, there is no impact and this has been explained countless times.

HB 2452 passed overwhelmingly and is a source of pride for our Office of Technology, the Privacy Team and BRIM. The bill codifies WV Cybersecurity Office and the position of Chief Security Officer. The office and the position already existed but the bill gives them authority around the new cybersecurity program. This program will assess the state's cybersecurity risk, assure the state's resources are used in the most effective manner to keep data and private information secure. This will manage and support recovery in the event of a cyber incident. This bill started with an application from our Chief Technology Officer Josh Spence with assistance from Sallie Milam our former Chief Privacy Officer to participate in the National Governor's Association Policy Academy of Cyber Security. West Virginia was one of only four states chosen to participate. Funding was provided in the form of a supplemental appropriations bill, so that the program can be launched soon.

Regarding BRIM's Risk Management Information System (RMIS), Robert, Melody, John and Mary Jane attended a meeting in Raleigh, NC with Dave Sumner and John Paudel of Emerson Solutions. The meeting was productive and a better way to discuss processes and functionality. The Underwriting Module will be complete and ready for testing soon. The Loss Control Module relies on data from Underwriting and when the data is uploaded more testing will be completed by Loss Control. A follow up conference call was held yesterday (March 18, 2019) to ensure we will have the necessary data for our actuaries for rating.

Mrs. Pickens reported the RFP for Consulting Services has moved to a final draft. The plan is to issue it on March 22, 2019. An advertisement will be placed in the Gazette and we will also utilize Business Insurance as a means for direct contact to consultants and consulting firms to advertise the issuance of the RFP. Sen. Craig Blair has said we should perform a national search, and publication via Business Insurance will accomplish that. The direct contact will be sent in the form of an email. We will have data on the number of recipients who open the email. WV Interactive confirms that the number of times the RFP document is downloaded will be tracked. From this information, we will be able to answer questions to how effective our RFP processes work. We are also doing some direct emailing from this office to known individuals who may be interested and will also notify several associate members of STRIMA who may have interest in the RFP.

The RFP project was discussed with Legislative leadership and others during the session and it is expected to occur. It was also suggested that we contact the House and Senate for the appointment of a representative from each to participate in the review by the consultant. Commissioner Dodrill and Tonya Gillespie have both agreed for Tonya to participate in the bid submission, evaluation and selection process.

Mrs. Pickens reported on a variety of miscellaneous items/occurrences. She informed the Board of a resignation in our Loss Control Department. Lora Reynolds has accepted a job at the Office of Technology.

During the Christmas season, the Hospitality Committee at BRIM along with staff from the Prosecuting Attorneys Institute organized a food drive that resulted in the collection of approximately 1,200 items of food for a food bank in Lincoln County. Dividing into teams of Reindeer, Snowmen and Elves we competed to collect the most items. We also donated to a domestic violence shelter. Donated items included activities that moms and children could enjoy together such as books, cookie mixes and movies.

February 1, 2019 was Data Privacy and Cybersecurity Day at the Legislature. BRIM's Privacy Team hosted one of the presentation tables at the event. Various displays were outside the Senate Chambers and provided an opportunity to interact with members of the public and Legislature to educate about our responsibilities and the importance of privacy and cybersecurity in state government.

On March 14, 2019, BRIM management team met with representatives of AIG and USI to discuss the program and any changes to the policy for the upcoming year. The meeting went well.

Dates for upcoming Board Meetings in 2019 are as follows:

Tuesday, June 18, 2019 @ 1PM

Tuesday, September 10, 2019 @ 1PM-changed from September 17, 2019

Tuesday, December 17, 2019 @ 1PM

The Executive Director's Report was received and filed, a copy is attached and made part of the record.

### **BRIM Financial Report**

Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.

Mr. Schumacher discussed PCard activity for November, December and January. A disk containing PCard activity was distributed to the Board.

Mr. Schumacher gave a detailed review of the current financial results for the seven months ending January 31, 2019. The results reflect the actuarially estimated unpaid losses from AON's Risk Funding Study as of December 31, 2018, plus additional accrual for January. Premium revenue has increased by \$2.9 million for FY'19.



Retained case reserves are \$1.9 million higher this year and the actuarially estimated IBNR is also \$10.0 million higher than the prior year.

Retained case reserves and the retained IBNR increases are the primary driver for the FY19 claims and claims adjustment expenses increase of \$10.7 million over FY18. The Fed raised its benchmark interest rate at quarter-point in December. Fixed income market values reflect the reduced rate increase scenario as short-term bonds started rallying in November. Equity market returns are in negative territory for the first seven months of the fiscal year and are the reason for the underperformance in current year investment earnings of \$6.2 million versus last fiscal year's \$13.9 million.

In the current fiscal year, slightly higher premium revenue was offset by the lower investment returns. The higher claims expense for FY19 negatively impacted results when compared to the prior fiscal year through January 31. This resulted in the smaller increase in net position of \$2.6 million this year versus \$13.9 million increase last year.

The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

### **Loss Control Report**

Chairman Martin called on Mr. Wolfe to present the Loss Control Report.

Mr. Wolfe reported that the Senate Bill #3 loss control questionnaires were due January 1, 2019. We have been reviewing submitted questionnaires to apply credits or surcharges based on the participation in the Standards of Participation program. Hopefully, the evaluation will be completed this month.

During the spring and summer, we will focus our loss control efforts on our Senate Bill #3 entities including County Boards of Education. We will strive to identify the problem areas for our insured and assist them in avoiding preventable claims.

We continue to submit risk management news articles to the West Virginia Public Service Commission for inclusion in their quarterly publication, "The Pipeline". This publication is distributed to public utility organizations and public service districts throughout the state.

Kimberly Hensley and I were recently recertified as authorized OSHA General Industry Outreach Trainers. Carl Baldwin is also certified and will undergo the recertification process later this year.

Loss Control has a vacant Office Assistant position due to Lora Reynolds' transfer to the Office of Technology. We are conducting interviews to fill the vacancy.

During January and February, AON conducted 148 inspections and Liberty Mutual conducted 1,377. The reports are being processed according to established procedures.

The Loss Control Report was received and filed, a copy is attached and made part of the record.



## Privacy Report

Chairman Martin asked Mr. Fisher to present the Privacy Report.

Mr. Fisher reported that the Privacy Management Team met January 28, 2019, for the annual Data Privacy Day event. There were 30 attendees representing 11 executive branch departments or agencies, two Constitutional Officers and High Education. Scott Koller, our cyber-breach coach, spoke on the current cyber risk landscape and conducted two table-top exercises involving phishing scams and ransomware.

Mr. Fisher also reported on privacy trainings. During 2018, Executive Branch employees (2,266) took the online course *Think WV Privacy*. State Privacy Office staff are currently developing a new online privacy awareness course, *Mission: Data Privacy*. The course is expected to be completed this summer. Also, during 2018, members of the Executive Branch workforce (1,110) have taken the online course *HIPAA/HITECH*.

Mr. Fisher explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. PIA completion is not mandatory for all agencies; however, HB 2452 includes among the Chief Information Security Officer's statutory powers the development of a policy outlining use of the PIA as it relates to data safeguarding.

The NGA Policy Academy held its second in-state meeting in Charleston on January 7 – 8, 2019. The meeting included a discussion on how to appropriately support the bill that was to be known as the SECURE WV Act, and to plan for Cyber/Privacy Day at the Legislature. This event was to raise awareness of the Cyber Security bill and the risks to the State's information assets through privacy and security incidents

Privacy Report was received and filed, a copy is attached and made part of the record.

Chairman Martin commented on the recent fiduciary training presented by Tom Heywood. He felt it was well presented and helpful.

## **UNFINISHED BUSINESS**

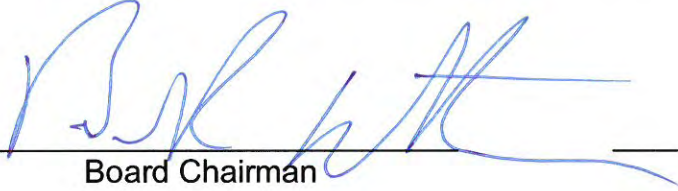
There was no unfinished business to be discussed.

## **NEW BUSINESS**

There was no new business to be discussed.

**ADJOURNMENT**

Chairman Martin thanked everyone for attending. Meeting adjourned at 2:02PM.

  
\_\_\_\_\_  
Board Chairman

  
\_\_\_\_\_  
Date

ldm

STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
BOARD OF RISK AND INSURANCE MANAGEMENT



Allan L. McVey  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**AGENDA  
BOARD MEETING  
OF THE  
WEST VIRGINIA BOARD OF RISK  
AND INSURANCE MANAGEMENT**

*June 18, 2019*

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes  
March 19, 2019

**REPORTS**

Mary Jane Pickens  
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA  
Chief Financial Officer

Financial Report  
PCard Report

Robert A. Fisher  
Deputy Director & Claim Manager

Loss Control Report

Ashley E. Summitt  
Chief Privacy Officer

Privacy Report

**UNFINISHED BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**

*Idm*





**STATE OF WEST VIRGINIA**  
**DEPARTMENT OF ADMINISTRATION**  
**BOARD OF RISK AND INSURANCE MANAGEMENT**



Allan L. McVey  
Cabinet Secretary

Mary Jane Pickens  
Executive Director  
Deputy Cabinet Secretary

**MINUTES OF THE MEETING**  
**OF THE**  
**WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT**  
**June 18, 2019**  
**DRAFT**

**BOARD MEMBERS**  
**PRESENT:** Bruce R. Martin, CIC, CRM, Chairman  
Bob Mitts, CPCU, Vice Chairman  
James Wilson, Esq., Member (joined via phone)  
James A. Dodrill, Board Secretary, Ex-Officio Member  
Commissioner, West Virginia Office of the  
Insurance Commissioner

**BRIM PERSONNEL:** Mary Jane Pickens, Executive Director  
Robert Fisher, Deputy Director/Claims Manager  
Stephen W. Schumacher, CPA, CFO  
Jeremy Wolfe, Loss Control Manager  
Ashley Summitt, Chief Privacy Officer  
Chuck Mozingo, Asst. Claims Manager  
John Fernatt, Claim Representative  
Valerie Poindexter, Claim Representative  
Stephen W. Panaro, CPA, Controller  
Erica Howell, Intern  
Solomon Phillips, Intern  
Lora Myers, Recording Secretary

**BRIM PROGRAM**  
**REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel  
Charles Waugh, AIG Claim Services  
Brenda Samples, USI Insurance Services, LLC  
Bob Ayers, USI Insurance Services, LLC

**GUESTS:** Allan L. McVey, Secretary, Department of Administration  
Sandy Price, WVU Health Sciences Center  
Michael Gansor, WVU Risk Management

## **CALL TO ORDER**

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, June 18, 2019 at 1:00PM. The meeting was held in the Executive Conference Room at 1124 Smith Street, Suite 4600, Charleston, West Virginia. James Wilson joined the meeting via phone.

## **APPROVAL OF MINUTES**

Vice Chairman Bob Mitts moved the approval of the December 18, 2018 Board Meeting minutes. The motion was seconded by James Wilson. Being no discussion, a vote took place and the MOTION ADOPTED.

## **REPORTS**

### **Executive Director's Report**

Chairman Martin called on Mary Jane Pickens to present the Executive Director's Report.

Ms. Pickens discussed the Medical Malpractice Program status for both Marshall University and West Virginia University. Mrs. Pickens reported on the State Agency/Senate Bill #3 Liability Claim and Litigation Information. No trials to report since the March 2019 Board meeting. The attached Executive Director's Report includes detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens gave a recap regarding the Patient Injury Compensation Fund (PICF). The second annual PICF report was filed at the end of December 2018. At the March 2019 Board meeting, Mrs. Pickens reported there was one claim still in litigation. At that point, we were waiting for the 30-day period to appeal our order to the Circuit Court, that period has ended with no appeal filed. The PICF total liability is established and we are approaching another pro-rata payment to claimants.

BRIM's vendor for Risk Management Information System (RMIS) has been purchased by Asset Works. Expansion into risk management system development is the reason Asset Works acquired our vendor. A few weeks ago, we met with an Asset Works representative along with Dave Sumner from Emerson and feel positive regarding the transition. Our project will experience no turnover due to Asset Works retaining the Emerson staff. The Claims module is currently in use and we continue to make progress on both the Underwriting and Loss Control modules of the project. The new company is assisting us in providing a more robust reporting from the system, which had been a matter of contention with Emerson.

Mrs. Pickens reported on the status of BRIM RFPs. The Consultant RFP was published on March 22, 2019. On April 15, 2019, a pre-bid conference was held with eight potential bidders attending. We received four bids by the May 17, 2019, due date. Oral presentations were held with the vendors on May 23, 2019 and May 30, 2019. The

bids have been evaluated; however, we are not at a point where the contract can be awarded but we expect to announce by our goal date of July 1, 2019.

The Finance Department RFP for auditing services has been concluded. The incumbent, Dixon Hughes Goodman, was the successful bidder.

The Loss Control RFP for property inspection services has been concluded. The incumbent, Aon, was the successful bidder.

Mrs. Pickens reported on BRIM Policy renewals. The renewal of Property Coverage was detailed, total renewal premium for FY 2020 will be \$3,794,714, the renewal is a two-year proposal. At next renewal the proposal includes a 4% rate reduction with a 35% loss ratio.

BRIM is still awaiting further information from USI on renewal of the BOE Renewal of Boards of Education Excess Policy. The market is tightening considerably on this type of risk. Carriers are concerned about risks associated with schools such as busses, etc. Challenges are anticipated with both cost and terms for the excess coverage.

Cyber policies for Boards of Education and State Agencies have been renewed. The BOE cyber policy (AIG) July 1, 2019 renewal premium is reduced from last year. The state policy Underwriters at Lloyds) July 1, 2019. Business Interruption coverage was added this year and increased coverage for PCI (payment card) compliance regulatory assessments to \$5 million.

The Boiler & Machinery Insurance and Inspection contract with Liberty Mutual has been renewed. This is the second year Liberty Mutual will be providing this coverage and inspection services. The first year was a slow start with inspections but after working closely with the company all inspections will be completed this year and ensured they are back on a timely basis for the coming year. The annual premium is \$275,000 which is a \$62,500 per year savings from the prior carrier.

We are currently in the process of renewing the Aviation Fleet Policy. The producer assisting BRIM on this coverage approached the market and received multiple responses. AIG appears to continue to offer the best pricing and most flexibility in terms of coverages, pilot designations and aircraft usage. Coverage in the aviation market is currently shrinking and insurers are tightening underwriting minimums and increasing premiums.

Mrs. Pickens discussed several miscellaneous items. Jeremy Wolfe has been holding interviews for a third Risk & Insurance Analyst for the Loss Control Department. We have been working with the State Personnel Board to update the class specifications for all Loss Control positions. Hiring for this position will complete the mission to have a fully staffed Loss Control Department.

Mrs. Pickens introduced BRIM's two summer interns in attendance at the meeting. Solomon Phillips and Erica Howell are working with us through the Governor's Internship Program. Solomon is a Marshall student and Erica is a student from WVU.



Both Solomon and Erica are pursuing degrees in Political Science. Both interns are considering the possibility of law school after graduation. We are happy to have both interns with us. We have been impressed with their quick grasp of our work as well as their work ethic. They have been assisting with both claims and underwriting but hope that they have acquired a good feel for our agency and a little more about state government generally.

BRIM managed to extend Employee Recognition Week into a month this year. Rather than packing all activities into one week, we held events one day each week in May. Our "Road Trip" theme celebrated different states in our nation. The events, games and food were underwritten by our Hospitality Team and their fund-raising efforts. Additionally, BRIM celebrated Earth Day with a contest to see who could recycle or reuse items to most creatively and effectively. The results were featured in the DOA newsletter. A recycle bin has also been installed in the kitchen for plastics and cans.

In conclusion, Mrs. Pickens mentioned the dates for the upcoming board meetings. The September meeting was changed to September 10, 2019, to better accommodate STRIMA. There have been several notices of the meeting change. The last meeting for 2019 will be held on December 17, 2019. Both meetings will be held at 1PM in the BRIM Board Room.

The Executive Director's Report was received and filed, a copy is attached and made part of the record.

### **BRIM Financial Report**

Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.

Mr. Schumacher discussed PCard activity for February, March and April. A disk containing PCard activity for the period February – April 2019, was distributed to the Board.

Mr. Schumacher gave a detailed review of the current financial results for the ten months ending April 30, 2019. The results reflect the actuarially estimated unpaid losses from AON's Risk Funding Study as of March 31, 2019, plus additional accrual for April.

Net Premium revenue has increased by \$4 million for FY'19. The actuarially estimated retained IBNR is 4.2 million higher than the previous year, resulting in the year over year increase in claims liability for FY'19. Retained case reserves are higher by \$5.9 million, versus the prior year. Net claims payments for the first ten months of FY'19 are approximately \$0.9 million lower than at the same period last year.

The rate-setting committee for the Fed's is meeting today and tomorrow. Fed officials will consider whether a worsening of the trade tensions since their April 30 – May 1 meeting and the slowdown in hiring and industrial activity might warrant a rate decrease. If not this week, then later in the summer.



As short-term yields have decreased since last October, the market value of BRIM's bond holdings have increased. BRIM's fixed income earnings through April 30<sup>th</sup> total \$12.2 million and are the primary driver for better investment earnings overall versus the prior year. Annualized return on investments for the ten months ended April 30<sup>th</sup> is 4.1% this year, compared to 1.9% last year.

Higher premium revenue and much better investment returns were tempered by higher claims expense. BRIM's net position saw an improvement for the current fiscal year of \$11.9 million compared to last fiscal year improvement of \$9.7 million for the same period.

The Chief Financial Officer's Report was received and filed, a copy is attached and made part of the record.

### **Loss Control Report**

Mr. Fisher was called upon by the Chairman to present the Loss Control Report.

Mr. Fisher reported that we have successfully renewed contract for insurance loss control inspection services with Aon Global Risk Consulting. For boiler and air conditioning systems insurance and loss prevention inspection services we have renewed contract with Liberty Mutual Insurance.

Loss Control Questionnaires were sent to all state agencies in May. The deadline for submission to BRIM is August 1, 2019. Necessary information will be gathered for calculation of loss control credits or surcharges for fiscal year 2021.

Mr. Fisher informed the board that Lora Reynolds transferred back to our agency from the Office of Technology. She returned to her previous Office Assistant position on April 1, 2019, glad to have her back at BRIM. We have also advertised and conducted interviews for a vacant Risk and Insurance Analyst position. Will fill the position as soon as possible.

Mr. Fisher reported on inspections conducted during March, April and May. Aon conducted 118 inspections and 889 were conducted by Liberty Mutual Insurance. The reports are being processed. Since our prior report, our loss control technical staff have completed 5 Loss Control Visits and 8 Standards of Participation Visits.

The Loss Control Report was received and filed, a copy is attached and made part of the record.

### **Privacy Report**

Ashley Summitt was called on by the Chairman to present the Privacy Report.

Ms. Summitt reported that the Privacy Management Team met May 21, 2019, for the bi-monthly PMT meeting. Twenty-six DPOs/APOs from 14 different Executive and Higher Education/Constitutional agencies attended. Melody Duke, BRIM's Underwriting

Manager, presented an overview of the state's cyber policy to the attendees. The next Privacy Management Team meeting is scheduled for July 16, 2019.

Ms. Summitt reported on privacy trainings. During the first quarter of 2019, 574 members of the Executive Branch workforce took the online course *Think WV Privacy*; 600 members took the online course *WV Confidentiality Agreement*; and 332 members took the online course *HIPAA/HITECH*. The State Privacy Office is working with the Office of Technology to refine the analysis of the training participants for more accurate numbers.

Training events by the SPO since March were discussed. May 15, 2019, State Privacy Office staff presented a 90-minute online privacy webinar entitled "Purchasing as a Privacy Powerhouse" to procurement staff from various agencies. May 30, 2019, State Privacy Office staff presented a training on PII to higher education procurement staff during a HEPC conference. June 17, 2019, State Privacy Office staff presented a new officer orientation and training to 7 DPOs/APOs.

Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. Since March 11 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in changes for reporting to our office their recommendations for completing a PIA. We are working on a process by which we are notified of these recommendations. Currently, PIA completion is not mandatory for agencies.

A final step for West Virginia's participation in the NGA Policy Academy, members of the WVOT Cyber Security Information Office and the State Privacy Office attended the National Governors Association's National Summit on State Cybersecurity in Shreveport, Louisiana on May 14-15. The WV Cyber Security Information Office presented the process of the passage of the SECURE WV Act. The Chief Privacy Officer is a member of the team creating the RFP for the vendor that will provide the security assessments for Executive Branch agencies as required by the Security WV Act.

Privacy Report was received and filed, a copy is attached and made part of the record.

## **UNFINISHED BUSINESS**

There was no unfinished business to be discussed.

## **NEW BUSINESS**

There was no new business to be discussed.

## ADJOURNMENT

Chairman Martin thanked everyone for attending. James Wilson moved the adjournment meeting. The motion was seconded by Vice Chairman Bob Mitts. Being no discussion, a vote took place and the MOTION ADOPTED. Meeting adjourned at 1:30PM.

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Board Chairman

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Date

ldm

