

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

**Loss Control Report to the Board
December 2019**

We completed the evaluations of state agencies' fiscal year 2021 loss control questionnaire submissions. Approximately 116 agencies will be receiving a premium credit for their participation in our Standards of Participation program. This program was designed to help our insured reduce and control claims through active risk management initiatives.

BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in November. We do these annually and approximately 120 individuals participated in the seminars this year. We continue to be pleased with the level of interest expressed by our insured for these events.

In October, we sent out loss control questionnaires to our Senate Bill #3 insured. The completed questionnaires and supporting documentation are due to BRIM on January 1, 2020.

During the months of October and November, Aon conducted 70 inspections and Liberty Mutual conducted 901. The reports are being processed according to established procedures.

Since my last report, our loss control technical staff reports the following activity:

21 Loss Control Visits

These are standard loss control visits which focus on all coverage areas and which result in information and/or loss control recommendations being provided.

Insured Accounts Visited Include: City of Richwood, Youth Service System, City of Fairmont Sewer and Water Board, Logan County Commission, Marshall University Research Corporation, Mingo County Public Service District, Jackson County Board of Education, Fayette County Board of Education, City of Logan Water Department, Town of Delbarton, Union Public Service District, Greater Wheeling Sports and Entertainment Authority Board, Town of Fairview, Clay Senior and Community Services, Inc., Community Action of Southeastern WV, Raleigh County Community Action Association, Randolph County Board of Education, Brooke County Board of Education, Moundsville Sanitary Board, Elk Valley Public Service District, and Town of Fort Gay.

33 Standards of Participation Visits

These are visits which are designed to provide assistance to our insured who are seeking to become compliant with the BRIM Standards of Participation program.

Insured Accounts Visited Include: Elkins-Randolph County Chamber of Commerce, A New Beginning Pregnancy Resource Center, Upper West Fork, Board of Hearing-Aid Dealers, Board of Sanitarians, One by One Animal Advocates, The Change Initiative Corporation, Lake Floyd Public Services District, Little Victories Animal Rescue, Community Crossing, Inc., Wirt Recovery, Inc., Wetzel County Autumnfest, John A. Sheppard Memorial Ecological Reserve, Putnam County Solid Waste Authority, Dunbar Housing Authority, Southeastern Appalachia Rural Alliance, Fayette County Solid Waste Authority, Trent Jordan Foundation, Inc., The Marvel Center, Inc., A New Clendenin, Clarksburg Community Action, WV VOAD, Williamsburg Community Action Group, Logan-Mingo Area Mental Health, Elkins Main Street, Tygart Valley Homestead Association, Berkeley-Morgan County Board of Health, AFL-CIO Appalachian Council, Chapmanville Water Works, Hope Recovery Manor, Almost Heaven BBQ Bash, and McDowell County Humane Association.

Dated: *December 16, 2019*

Respectfully submitted,



Robert A. Fisher
Deputy Director and Claim Manager

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

**Chief Privacy Officer's Report
December 17, 2019**

A. Privacy Management Team Meetings

- Since the September 10, 2019 BRIM board meeting, the Privacy Management Team met on September 17, 2019 and November 17, 2019 for its bi-monthly PMT meetings. At the September meeting, 25 DPOs/APOs from 16 different Executive and Higher Education/Constitutional agencies attended. James Meadows of the WV Purchasing Division presented on privacy elements that are incorporated in the purchasing process. During the November 17, 2019 meeting, 30 DPOs/APOs from 17 different Executive and Higher Education/Constitutional agencies attended. Adam Poe from Pullin, Fowler, Flanagan, Brown & Poe, PLLC presented the 2019 Privacy Requirements and HIPAA Preemption Analysis. In addition, the PEIA HIPAA privacy officer spoke about the dangers of full technical disclosures in the public documents when you bid out legacy systems.
- The next Privacy Management Team meeting, which coincides with *International Privacy Day* is scheduled for January 28, 2020. The topic for this meeting is Payment Card Industry Data Security Standards and due to this, we are inviting the WV Treasurer's Office's PCI liaisons statewide. Presentations from experts in this field, as well as a tabletop exercise, are planned. The next PMT meeting, after Privacy Day, will be March 10, 2020.

B. Privacy Training

- During the Third Quarter of 2019, 998 members of the Executive Branch workforce took the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Third Quarter of 2019, 735 members of the Executive Branch workforce took the online course *WV Confidentiality Agreement*, which is required of all workforce members.

- During the Third Quarter of 2019, 425 members of the Executive Branch workforce took the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since September:

- October 17 and November 19, 2019 – State Privacy Office staff presented new privacy officer orientation trainings to a total of 10 DPOs/APOs.
- Upcoming: December 18, 2019, the State Privacy office staff will present new privacy officer orientation and HIPAA training to one DPO from WV DMAPS.

C. Privacy Impact Assessments

- 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 significantly modified, or new technology is purchased.
- Since September 6 PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies.
- The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to establish procedures, including a possible agency requirement to complete Privacy Impact Assessments, to ensure vendor compliance.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

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



Allan L. McVey
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AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
March 17, 2020

Chairman Martin	Call to Order
Chairman Martin	Introduction-New Board Member Gordon Lane, Jr.
Chairman Martin	Approval of Board Minutes December 17, 2019 Meeting

REPORTS

Jo Ellen Cockley, FCAS, MAAA Associate Director & Actuary	Funding Risk Study as of June 30, 2019
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

Robert A. Fisher Deputy Director/Claim Manager	Coronavirus Disease (Covid-19)
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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 17, 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

BRIM PERSONNEL:

Mary Jane Pickens, Executive Director
Robert Fisher, Deputy Director/Claims Manager
Stephen W. Schumacher, CPA, CFO
Ashley Summitt, Chief Privacy Officer
Chuck Mazingo, Asst. Claims Manager
Melody Duke, Underwriting Manager
John Fernatt, Senior Claim Representative
Stephen W. Panaro, CPA, Controller
Luke Mitchell, Risk & Insurance Analyst I
Solomon Phillips, Student Intern
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:**

Steve Fowler, Esq., BRIM Counsel
Ed Poe, 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
Norman Mosrie, Partner, Dixon Hughes Goodman LLP

(Joined via phone)

CALL TO ORDER

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, December 17, 2019 at 1:00PM. 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 September 10, 2019 Board Meeting minutes. The motion was seconded by Vice Chairman Bob Mitts. Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Dixon Hughes Goodman LLP

Chairman Martin called on Norman Mosrie (joined meeting via phone) from Dixon Hughes Goodman LLP to make his presentation regarding the Audited Financial Report – June 30, 2019. Mr. Mosrie greeted everyone and thanked the Board for allowing him to join the meeting via phone.

Mr. Mosrie referred to the Report to the Board of Directors – June 30, 2019, the document was distributed to the Board as a handout. The contacts for the report are Norman Mosrie, CPA and Jessie Lindsay, CPA. Mr. Mosrie thanked Stephen Schumacher and Stephen Panaro for their cooperation during the audit process.

Mr. Mosrie reported that opinion on the financial statements is an unmodified opinion, the highest form of assurance. Mr. Mosrie reviewed the Financial Statements. Regarding Statements of Net Position, he reported overall growth and healthy bottom line. There were no aggressive accounting practices and no problems with required communication. Overall Reserve is reasonable and overall increase in cash. Mr. Mosrie mentioned that financial footnotes are very similar to the prior year. Mr. Mosrie completed his presentation and asked for questions. Being no questions from the Board, the presentation concluded. Chairman Martin commented that it is always nice to hear compliments about the staff and he was glad that everyone cooperated well. He thanked Mr. Mosrie for his report.

The Audited Financial Report – June 30, 2019 presentation by Dixon Hughes Goodman LLP was received, a copy is attached and made part of the record.

Executive Director's Report

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

Ms. Pickens reviewed the Medical Malpractice Program for both Marshall University and West Virginia University. Mrs. Pickens also reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. The attached

Executive Director's Report includes detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens reported on the Patient Injury Compensation Fund (PICF). The outstanding balance owed to claimants is \$4,139,549.17. The most recent pro-rata distribution to claimants was \$2.1 million. We believe that the funding streams will be adequate to retire claims by June 20, 2022 in full. Funding sources terminate on December 31, 2021. We will then have 6 months to pay all administrative expenses of the fund. Any balance will then be transferred to general revenue.

The Risk Management Information System update was discussed. Progress continues with the Claims Module being fully functional with only minimal changes being made at this time. We hope to successfully reconcile the data with the mainframe at the end of the year; if so, we will begin to rely solely on the new system. Reconciliation of property and mine subsidence data is getting closer. Underwriting and Loss Control modules continue to be tested.

Mrs. Pickens reported on the status of RFP – Consultant Contract. The Willis Towers Watson team visited our office on October 2, 2019, to continue review of BRIM's programs. BRIM has provided much information over the past several months. They are currently drafting the report. We have extended the due date because of the additional time needed for completion of the review and reporting.

BRIM received approval for a budget amendment to the FY2020 budget to increase our personal services line. Additionally, we are looking for approval for 2 positions. Growth is not anticipated currently; however, we need a couple of positions in the event we need a period of transition before a long-time employee exits. The additional budget and positions will enable us to plan better for continuity purposes.

BRIM was invited to present to a meeting of Chief Financial and Procurement Officers that the Higher Education Planning Commission held in Lewisburg on November 12, 2019. Robert Fisher and Melody Duke gave a well-received presentation which provided general information about insurance, its purpose, and how it fits into procurement processes and management of vendors doing business with higher education institutions.

The Property Policy meeting held on December 4, 2019, was discussed. BRIM management reviewed property policy for possible changes for FY 20-21. Issues such as interaction of the Property Policy with the flood coverage under the Difference in Conditions Policy, consideration of a sublimit for time element/extra expense coverage and incorporating this coverage into the DIC policy were discussed. In the coming months we will continue to work on policy language with carriers for renewal on July 1.

Mrs. Pickens reported on Chuck Mazingo's well-deserved and upcoming retirement. We wish him all the best. We anticipate him returning on a limited basis next year to continue helping out.

BRIM is happy to have Solomon Phillips, one of our summer interns, back for Christmas break. Solomon is helping in the Underwriting Department until mid-January when he returns to Marshall University to complete his degree.

Mrs. Pickens reported there have been lawsuits in the northern part of the state filed against carriers that sold mine subsidence coverage to homeowners who have later filed claims that were denied. These are first party bad faith claims. We do not feel these claims were handled unusually but wanted to mention this to the Board since we have received a few subpoenas for claim files and could be involved in further discovery.

In conclusion, Mrs. Pickens announced the Board Meeting dates for 2020:

Tuesday, March 17, 2020 @ 1PM
Tuesday, June 16, 2020 @ 1PM
Tuesday, September 15, 2020 @ 1PM
Tuesday, December 15, 2020 @ 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 July through October. A disk containing PCard activity for the period July – October 2019, was distributed to the Board.

Mr. Schumacher reported on Highlights of Management Discussion and Analysis. An increase of \$11.1 million in FY19 for the provision for insured events of prior fiscal years negatively impacted BRIM's operating results for FY19. The increase is an indication of the recent adverse claim development occurring for several prior years. FY18 and FY17 saw decreases for provisions for insured events of prior fiscal years resulting in a positive impact on BRIM's operating results for both previous fiscal years. The overall return on BRIM funds invested, including restricted funds, was 5.2% for FY19, exceeding BRIM's target rate of return of 4%. The higher return helped to offset the unfavorable claims development that impacted claims reserves in FY19. Overall returns on all BRIM funds invested was 1.8% for FY18 and 2.7% for FY17, well below the target rate.

Financial Results were reviewed for the four months ending October 31, 2019. The current results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30 for both years, plus the additional accrual for October. FY20 through October reflects accruals increasing claims liabilities by \$3.9 million for the current year vs. a \$0.4 million increase for the same period last year. The Federal Reserve's rate setting committee met last week and voted 10 – 0 to leave rates unchanged in a range 1.5 to 1.75. They could go through 2020 without change.

Mr. Schumacher reported on Premium to Net Asset Reserve Ratio. On August 27, 2013, the Board approved a premium to net asset reserve ratio policy. The policy established a process to help guide BRIM's Board in assessing BRIM's overall financial condition. A calculated composite benchmark establishes a target range of net assets to assist BRIM in maintaining an adequate level of capital to help stabilize rates from year to year and to assist in monitoring BRIM's financial stability.

Premium revenue can vary considerably from year to year. BRIM has had to increase its premium revenue in several previous years as increases in projected loss pics impacted the premiums charged to its insureds. Premium increases without a pro-rata increase in net assets would adversely affect BRIM's risk level relative to the benchmark.

Mr. Schumacher commented on Other Financial Ratios. BRIM's expense ratio of 6% is very favorable versus the industry average of 27% for the first half of 2019. BRIM's combined ratio of 111% underperformed the industry average of 97%, based on property and casualty industry results as reported by ISO for the first half of 2019.

Chairman Martin thanked the Finance Department for their hard work and commented to Mr. Schumacher about the nice compliments regarding his department. He also complimented Stephen Panaro for his help with the audit.

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 on the completed evaluations of state agencies' fiscal year 2021 loss control questionnaire submissions. Approximately 116 agencies will receive a premium credit for their participation in our Standards of Participation program. The program was designed to help our insured reduce and control claims through active risk management initiatives.

BRIM and Liberty Mutual Insurance sponsored two boiler safety and operational seminars in November. These seminars are held annually and approximately 120 individuals participated this year. We continue to be pleased with the level of interest expressed for these events.

In October, we sent out loss control questionnaires to our Senate Bill #3 insured. The completed questionnaires and supporting documentation are due to BRIM on January 1, 2020.

Mr. Fisher reported during the months of October and November, Aon conducted 70 inspections and 901 were conducted by Liberty Mutual Insurance. The reports are being processed. Since our prior report, our loss control technical staff have completed 21 Loss Control Visits and 33 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 September 17, 2019, and November 17, 2019, for the bi-monthly PMT meeting. At the September meeting, 25 DPOs/APOs from 16 different Executive and Higher Education/Constitutional agencies attended. James Meadows of WV Purchasing Division presented on privacy elements that are incorporated in the purchasing process. During the November meeting, 30 DPOs/APOs from 17 different Executive and Higher Education/Constitutional agencies attended. Adam Poe from Pullin, Fowler, Flanagan, Brown & Poe, PLLC presented the 2019 Privacy Requirements and HIPAA Preemption Analysis.

The next Privacy Management Team meeting, which coincides with International Privacy Day is scheduled for January 28, 2020. The topic for the meeting is Payment Card Industry Data Security Standards. Due to this, we are inviting the WV Treasurer's Office's PCI liaisons statewide. Presentations from experts in this field are also planned. The next PMT meeting following Privacy Day will be March 10, 2020.

Ms. Summitt reported on privacy trainings. During the third quarter of 2019, 998 members of the Executive Branch workforce took the online course *Think WV Privacy*; 735 members took the online course *WV Confidentiality Agreement*; and 425 members took the online course *HIPAA/HITECH*.

Training events by the SPO since September were discussed. October 17 and November 19, 2019, State Privacy Office staff presented new privacy officer orientation trainings to 10 DPOs/APOs. Ms. Summit also discussed an upcoming event, December 18, 2019, the State Privacy office staff will present new privacy officer orientation and HIPAA training to one DPO from WV DMAPS.

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 Septem PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural 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.

The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to establish procedures, including a

possible agency requirement to complete Privacy Impact Assessments, to ensure vendor compliance.

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 2:04PM.

Board Chairman

Date

ldm

**State of West Virginia
Board of Risk and Insurance Management**

Risk Funding Study as of June 30, 2019

Presented March 17, 2020

Market Update

Aon
Empower Results®

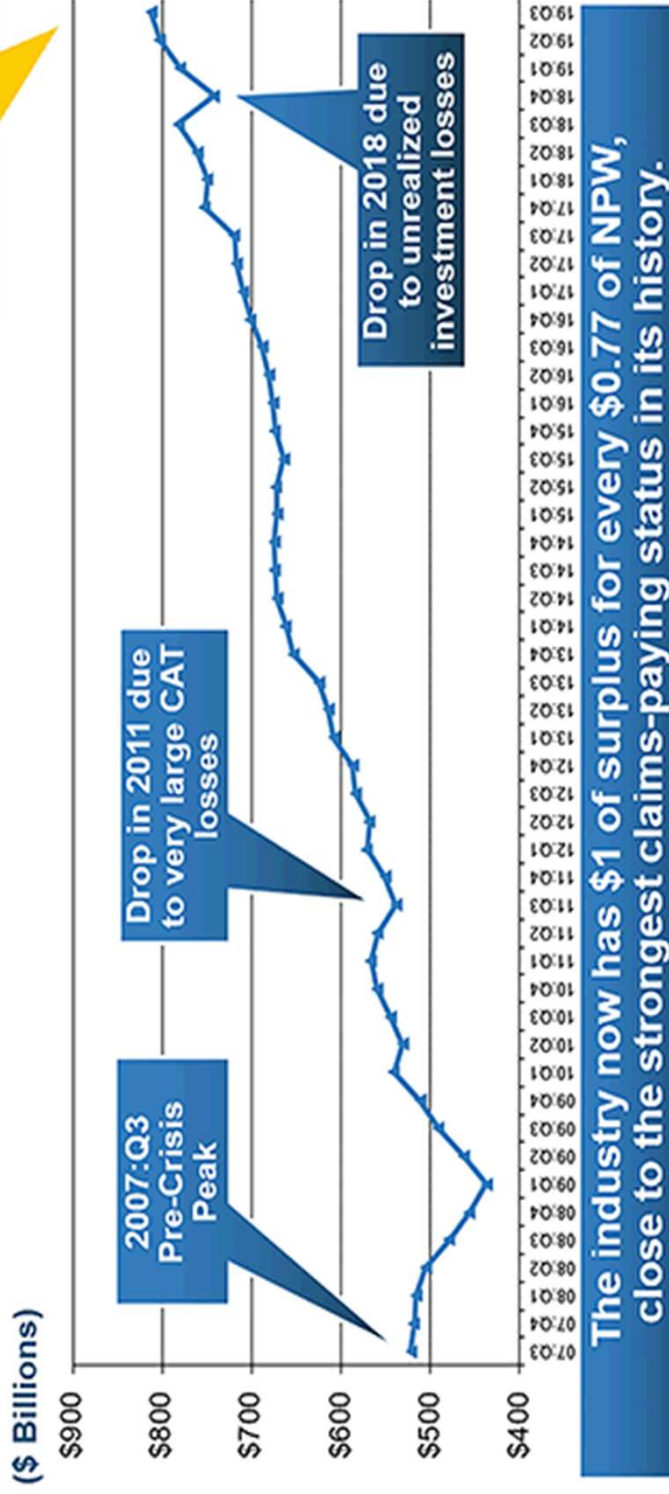


Property/Casualty Marketplace Overview

- Policyholder Surplus is over \$812 Billion as of 9/30/19
 - Growth in surplus due to positive contributions from both insurance operations and investments through first 3 quarters of 2019
 - Fewer hurricane and other catastrophe losses in 2019 compared to 2017 and 2018
 - Some unrealized investment losses in 4Q 2018 more than offset by well performing stock market in 2019
- Underwriting gain through the first 3 quarters of 2019
 - 2019 catastrophe losses decreased compared to 2017 and 2018
 - Non-catastrophe losses increased modestly in 2019
- Market tightening with pressure on retention and price

Property/Casualty Marketplace Overview

Policyholder Surplus, Quarterly, 2007:Q3–2019:Q3

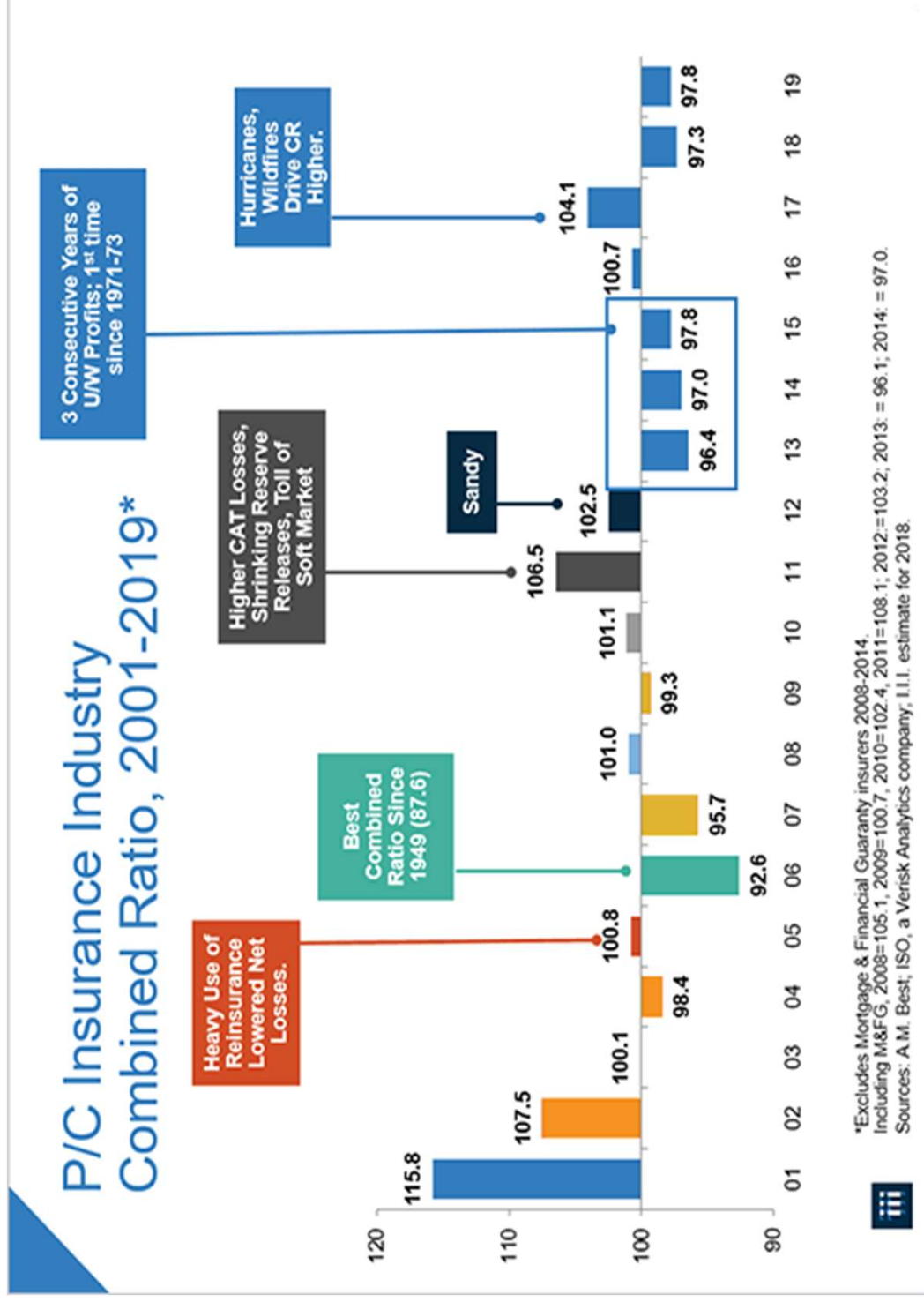


The P/C insurance industry entered 2020 in very strong financial condition.



Sources: ISO, A.M. Best.

Property/Casualty Marketplace Overview



Medical Malpractice

- Aon 2019 Hospital Professional Benchmark Study – 20th Year
 - Includes \$20.7 billion of incurred loss and approximately 105,000 claims
- Benchmark Highlights:
 - Nationwide Cost of Risk increasing at 2% per year
 - Frequency has been stable and expected to show 0% growth
 - Modest severity trend growing at 2% per year
 - Increasing cost of extreme professional liability claims
 - West Virginia
 - Claim frequency and severity are similar to national averages
 - Claim frequency has stabilized beginning in 2014
 - Claim severity has stabilized beginning in 2016

COVID-19 Update

- P&C Insurance Industry Potential Impacts:
 - Lower ROI due to lower interest rates
 - Slower premium growth due to slower economic growth
 - Higher claims activity in casualty lines (WC, GL)
 - Lower claims in Auto due to social distancing actions
 - Could be impacted by legislative actions
 - Could be adversely impacted by litigation over policy language exclusions
 - ♦ Expected or Intended
 - ♦ Pollution
 - ♦ Bacteria

- Visit [Aon.com](https://www.aon.com) to read the latest thought leadership on how to understand and mitigate the risk of Covid-19

Risk Funding Study As of 6/30/2019

Aon
Empower Results®



6/30/19 Retained Unpaid Loss Estimates

Definitions

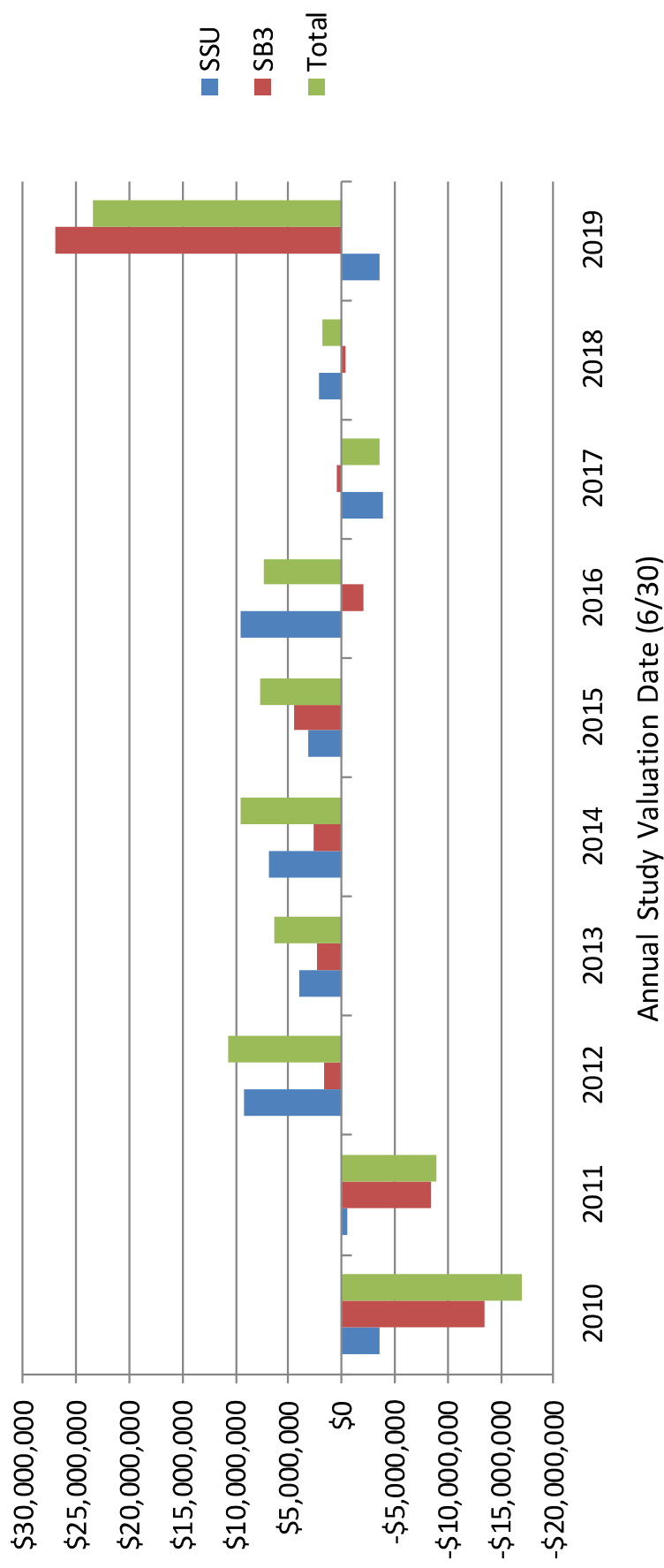
- Unpaid Loss = Ultimate Loss – Paid Loss
- Unpaid Loss = Case Reserves + IBNR
- IBNR = Incurred But Not Reported

Results

- Estimated unpaid loss increased \$23.7 million (14.4%) from 6/30/2018
 - SB3 general liability increased \$27.6 million
 - SSU general liability decreased \$3.4 million

Historical Changes in Unpaid Loss

Historical Change in Retained Unpaid Loss Compared to Prior Annual Actuarial Review
Total SSU and SB3



Retained Ultimate Loss Changes Between 6/30/18 and 6/30/19 Studies (For Policy Periods 17/18 and Prior)

Policy Inception	Change in Auto SSU Ult	Change in Auto SB3 Ult	Change in GL SSU Ult	Change in GL SB3 Ult	Change in Prop SSU Ult	Change in Prop SB3 Ult	Change in MM SSU Ult	Change in MM SB3 Ult	Change in MS Ult	Total SSU Change	Total SB3 Change	Overall Total Change
7/1/2004 & Prior	0	0	0	3,450,377	0	968	0	0	0	0	3,451,345	3,451,345
7/1/2005	0	0	0	686,625	0	0	20,113	0	0	20,113	686,625	706,738
7/1/2006	0	0	(119,206)	0	0	0	0	0	0	(119,206)	0	(119,206)
7/1/2007	0	0	(146,145)	100,807	0	1,023	0	0	5,000	(146,145)	101,830	(39,315)
7/1/2008	0	5,000	(160,000)	0	0	0	0	0	0	(160,000)	5,000	(155,000)
7/1/2009	0	0	(20,000)	(166,525)	0	0	0	0	0	(20,000)	(166,525)	(186,525)
7/1/2010	0	(2,237)	(22,688)	796,332	0	0	(23,092)	112,477	(1,344)	(45,780)	906,573	859,448
7/1/2011	20,273	30,058	(290,000)	8,139,419	0	(2,402)	(117,000)	(16,078)	0	(386,727)	8,150,997	7,764,270
7/1/2012	101	9,192	(90,000)	6,375,844	0	(97,074)	(230,000)	(60,037)	(5,999)	(319,899)	6,227,926	5,902,028
7/1/2013	(30,923)	(58,066)	(1,000,000)	5,959,508	(12,089)	(4,453)	(144,000)	(25,311)	64,750	(1,187,012)	5,871,677	4,749,415
7/1/2014	(130,000)	(191,162)	(1,680,000)	(797,479)	(12,775)	(13,002)	(310,000)	(192,375)	0	(2,132,775)	(1,194,018)	(3,326,793)
7/1/2015	(410,000)	(243,960)	(100,000)	(46,342)	39,081	(147,219)	(2,390,000)	461,485	19	(2,860,919)	23,965	(2,836,935)
7/1/2016	(990,000)	341,459	1,900,000	(2,156,268)	220,396	(135,163)	370,000	(104,325)	115,854	1,500,396	(2,054,297)	(438,047)
7/1/2017	(1,170,000)	(234,000)	(4,980,000)	(384,000)	(364,650)	(46,250)	24,000	185,250	354,510	(6,490,650)	(479,000)	(6,615,140)
Total	(2,710,550)	(343,716)	(6,708,039)	21,958,299	(130,038)	(443,572)	(2,799,979)	361,086	532,790	(12,348,606)	21,532,098	9,716,283

- GL SB3 ultimate losses for prior policy years increased due to the emergence of claims related to alleged abuse at one particular insured
- For most of the other coverages, ultimate losses for prior policy years were reduced due to better-than-projected loss emergence between 6/30/18 and 6/30/19

SB3 General Liability – Abuse Claims

- As of 6/30/19, there are 21 open claims related to the alleged abuse at a particular insured ranging from policy/accident years 1998/99 through 2013/14. The average incurred value of these claims is approximately \$700,000
- As of 6/30/19, BRIM claims personnel expected 5 more claims related to alleged abuse at this insured to be filed, with a case reserve of \$700,000 expected to be set up for each claim
 - As a result, our IBNR estimates as of 6/30/19 include a \$3.5 million provision for these expected new claims
- 6/30/19 IBNR estimates also include a \$6.5 million provision for unknown/unreported claims related to alleged abuse at this insured
 - Based on an average claims value of \$700,000, and an estimated reporting tail for abuse claims

Impact of Ultimate Loss Changes For Prior Policy Periods On BRIM's Financial Statements

- Incurred Loss = (Ultimate Losses for Current Policy Period) + (Changes in Ultimate Losses for Prior Policy Periods)
- If changes in ultimate losses for prior policy years are negative, then the incurred losses are reduced (conversely, positive changes to prior policy year ultimate losses increases the incurred losses)
- Per slide 9, in the 6/30/19 risk funding study, prior policy year ultimate losses were increased by \$9.7M (due to GL SB3)
- Prior policy year ultimate changes in the 6/30/16 through 6/30/18 risk funding studies were negative
- Previous to the 6/30/19 study, the 6/30/15 risk funding study was the most recent study where the prior policy period ultimate losses increased

June 30, 2019 Risk Funding Study – Financial Impact

Coverage	Program	6/30/18 Retained Unpaid Losses	Paid in Period 7/1/18 - 6/30/19	Accrued in Period 7/1/18 - 6/30/19	Rollforward 6/30/19 Retained Unpaid Losses	Actual 6/30/19 Retained Unpaid Losses	Actuarial Adjustment Between 6/30/18 and 6/30/19 Reviews	Change in Unpaid Between 6/30/18 and 6/30/19 Reviews
Automobile	SSU	8,256,128	3,697,433	7,515,965	12,074,659	8,148,145	(3,926,514)	(107,983)
Automobile	SB3	10,396,740	7,285,520	6,498,598	9,609,818	9,616,505	6,687	(780,236)
Automobile	Total	18,652,868	10,982,953	14,014,562	21,684,477	17,764,649	(3,919,827)	(888,219)
General Liability	SSU	69,041,709	18,667,751	23,765,814	74,139,772	65,640,919	(8,498,853)	(3,400,790)
General Liability	SB3	43,974,915	11,072,125	15,417,216	48,320,007	71,620,278	23,300,271	27,645,363
General Liability	Total	113,016,624	29,739,875	39,183,030	122,459,779	137,261,196	14,801,418	24,244,572
Property	SSU	3,427,507	1,922,274	2,920,609	4,425,841	3,432,195	(993,647)	4,688
Property	SB3	2,030,481	1,489,621	3,281,246	3,822,107	2,530,039	(1,292,068)	499,558
Property	Total	5,457,988	3,411,895	6,201,855	8,247,948	5,962,233	(2,285,715)	504,246
Medical Malpractice	SSU	25,124,035	5,047,695	7,633,181	27,709,521	25,126,361	(2,583,160)	2,326
Medical Malpractice	SB3	1,816,042	1,208,921	364,034	971,155	1,406,957	435,802	(409,085)
Medical Malpractice	Total	26,940,077	6,256,616	7,997,215	28,680,675	26,533,318	(2,147,358)	(406,759)
Mine Subsidence		1,220,022	1,205,266	1,060,078	1,074,834	1,491,846	417,012	271,824
Subtotal SSU		105,849,378	29,335,153	41,835,568	118,349,793	102,347,619	(16,002,174)	(3,501,759)
Subtotal SB3		58,218,178	21,056,187	25,561,095	62,723,087	85,173,778	22,450,692	26,955,600
Grand Total		165,287,578	51,596,606	68,456,741	182,147,713	189,013,243	6,865,530	23,725,665

Note: Unpaid as of 6/30/2018 does not include GL case reserves of \$1.3 million for pre-1998 exposure.

Loss Funding

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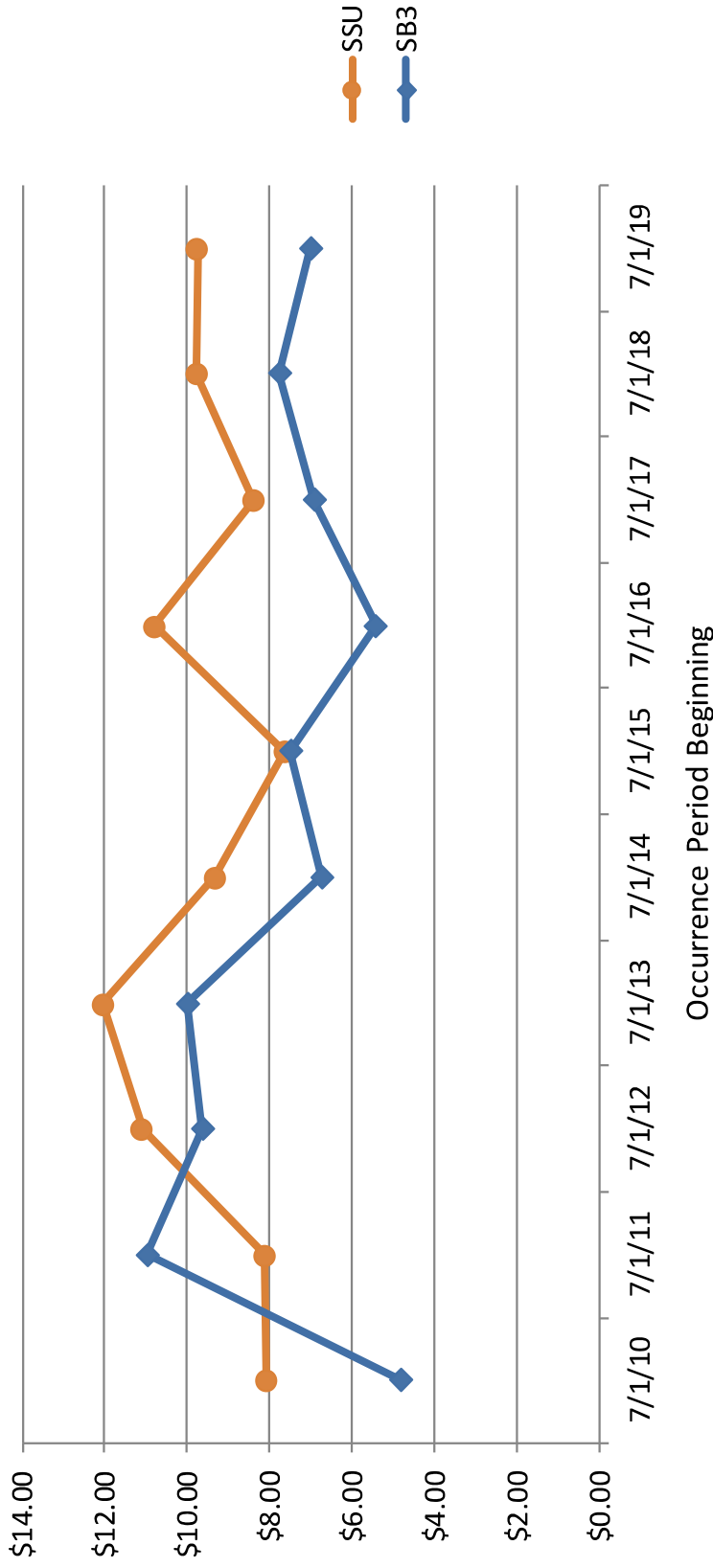
Comparison of Premium and Ultimate Losses

Occurrence Period	SSU			SB3		
	Charged Premium	Projected Ultimate Retained Loss	Difference	Charged Premium	Projected Ultimate Retained Loss	Difference
7/1/1998 6/30/1999	21,526,869	24,797,499	(3,270,630)	23,070,990	17,836,095	5,234,895
7/1/1999 6/30/2000	20,982,952	29,141,242	(8,158,290)	22,677,285	21,088,774	1,588,511
7/1/2000 6/30/2001	20,018,978	19,322,348	696,630	20,951,525	18,857,867	2,093,658
7/1/2001 6/30/2002	27,130,323	20,981,325	6,148,998	26,524,921	24,031,744	2,493,177
7/1/2002 6/30/2003	36,181,360	16,646,030	19,535,330	37,843,695	21,928,315	15,915,380
7/1/2003 6/30/2004	36,011,418	20,092,315	15,919,103	35,793,345	27,210,926	8,582,419
7/1/2004 6/30/2005	46,715,999	23,050,488	23,665,511	41,269,868	20,340,347	20,929,521
7/1/2005 6/30/2006	39,985,777	17,712,641	22,273,135	40,920,237	21,295,749	19,624,488
7/1/2006 6/30/2007	39,091,169	20,409,339	18,681,830	39,480,713	17,087,036	22,393,677
7/1/2007 6/30/2008	36,258,662	22,826,063	13,432,599	34,852,156	18,134,723	16,717,433
7/1/2008 6/30/2009	31,595,637	24,444,916	7,150,721	28,901,791	16,416,039	12,485,752
7/1/2009 6/30/2010	28,257,070	20,865,472	7,391,598	27,889,296	16,428,308	11,460,988
7/1/2010 6/30/2011	25,239,238	22,897,724	2,341,514	25,232,989	17,470,105	7,762,884
7/1/2011 6/30/2012	25,296,014	28,645,555	(3,349,541)	23,769,617	30,886,367	(7,116,750)
7/1/2012 6/30/2013	25,645,800	30,258,821	(4,613,021)	19,306,565	29,163,833	(9,857,268)
7/1/2013 6/30/2014	27,255,798	32,208,343	(4,952,545)	22,654,784	27,838,072	(5,183,288)
7/1/2014 6/30/2015	32,118,612	28,579,755	3,538,857	23,780,631	22,817,597	963,034
7/1/2015 6/30/2016	37,539,189	29,531,242	8,007,947	24,839,798	25,613,400	(773,602)
7/1/2016 6/30/2017	41,308,635	39,455,446	1,853,189	27,305,131	20,794,653	6,510,478
7/1/2017 6/30/2018	45,525,708	36,001,350	9,524,358	29,303,814	23,749,250	5,554,564
7/1/2018 6/30/2019	47,713,061	38,077,000	9,636,061	31,281,103	25,848,500	5,432,603
Total	691,398,268	545,944,912	145,453,356	607,650,253	464,837,701	142,812,553



General Liability

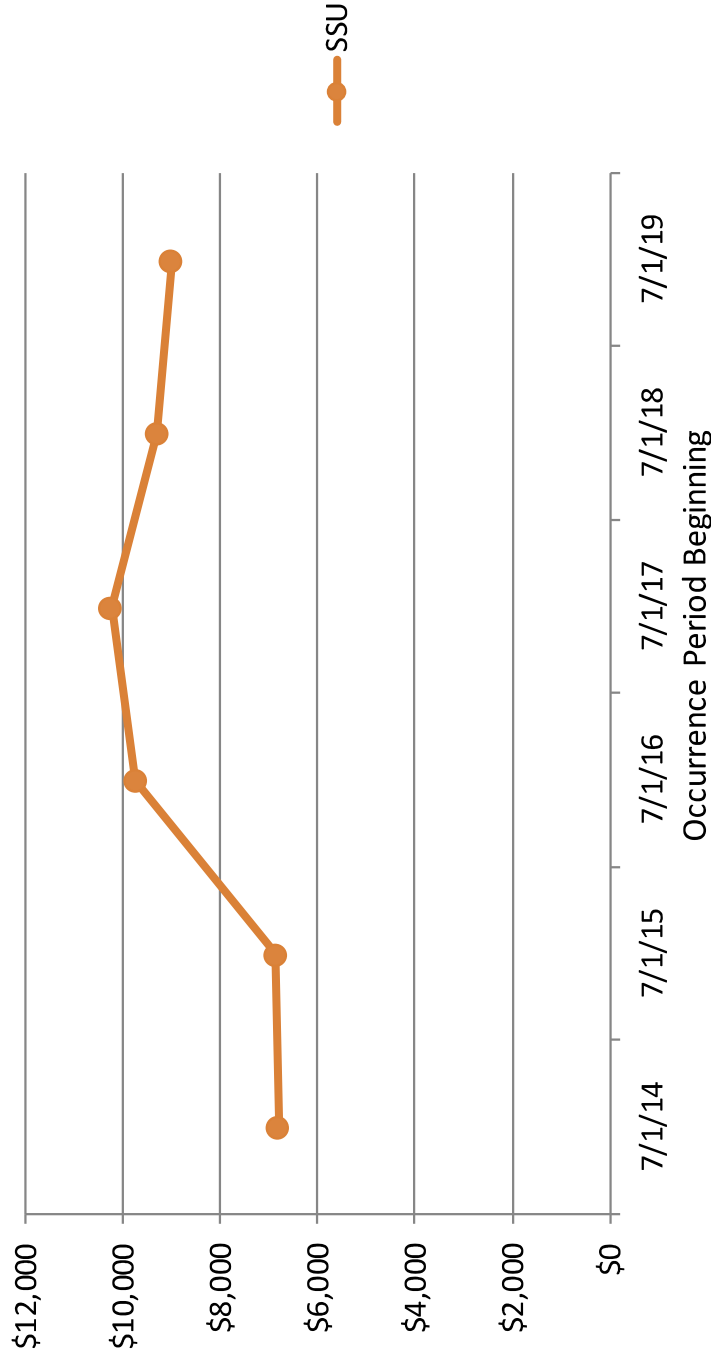
GL Loss Rate Per \$1,000 Payroll at 2019/20 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.

Medical Malpractice

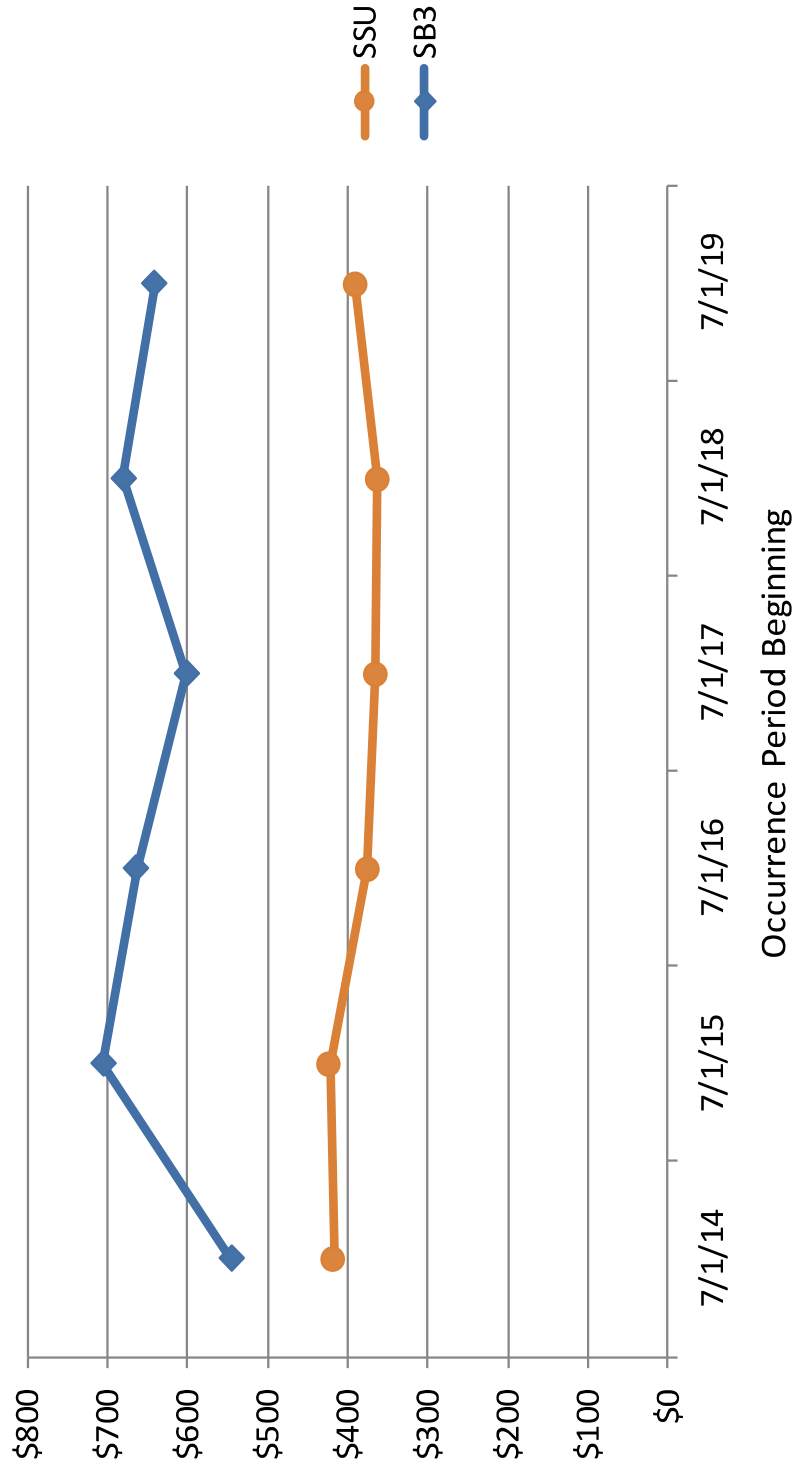
MM Loss Rate Per Base Class Physician FTE
2019/20 Cost Level



- Notes: 1. Loss rates are on a retained basis, and gross of any deductibles.
2. Reflects that the SB3 practice plans became part of the SSU program on 7/1/15.
3. Effective 7/1/15, limits increased to \$1.5M For Medical Schools Only.

Automobile

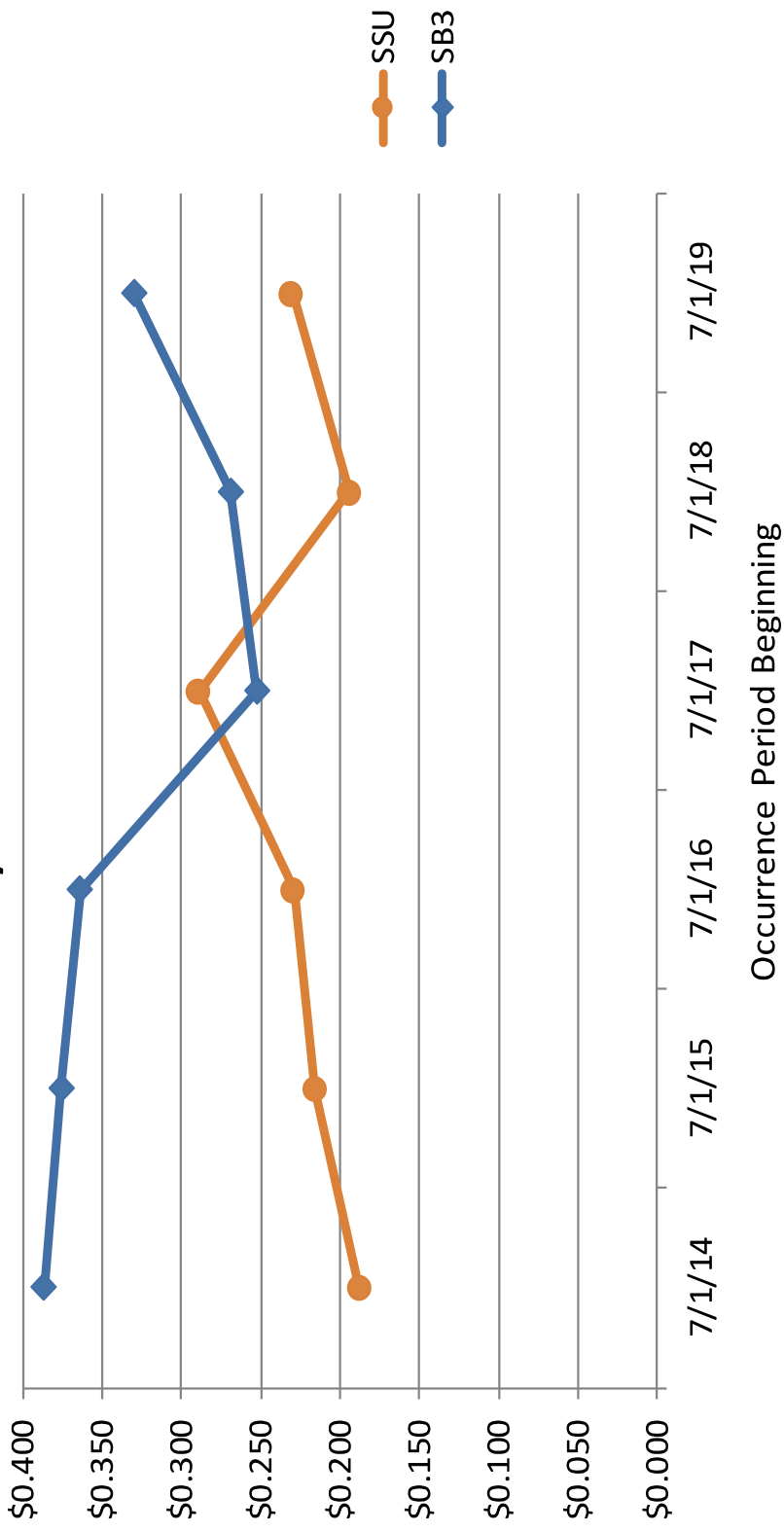
Auto Loss Rate Per Vehicle at 2019/20 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.

Property

Property Loss Rate Per \$1,000 Property Values
at 2019/20 Cost Level



Note: Loss rates are on a retained basis, and gross of any deductibles.

Mine Subsidence

- BRIM mine subsidence program coverage increased from \$75,000 per occurrence to \$200,000 per occurrence effective 10/1/16
- As a result of this increased coverage, seven claims since 10/1/16 are valued above \$75,000 as of 6/30/19
- Mine Subsidence still continues to perform at a favorable loss ratio (average = 26% over the past 10 years)

SSU Fiscal Year 2020/21 Rating

- Total costs to allocate increased nearly \$1.5M compared to 2019/20
 - Loss forecasts increased approximately \$1.5M from 2019/20 (largely due to exposure increases for GL and Medical Malpractice)
 - Expense forecasts decreased slightly from 2019/20
- Modest rate decreases (2020/21 compared to 2019/20) for auto liability, general liability and property
- About to kick-off SB3 rating analysis for 2020/21

Interim Study as of 12/31/2019

Aon
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December 31, 2019 Interim Analysis

- Unpaid loss estimates increased \$7.8M (4.1%) between 6/30/19 and 12/31/19
- Increase driven by:
 - SB3 AL (\$3.9M)
 - Several large case reserve increases for policy years 2016/17 thru 2018/19
 - SB3 GL (\$1.9M)
 - Increase in case reserves due to low level of loss payments
 - There were 4 newly reported claims related to the abuse at a specific insured
 - These claims had been reflected in our estimated 6/30/19 IBNR, and did not affect the total unpaid losses
 - SSU MM (\$1.6M)
 - Increase case reserves due to low level of loss payments
 - SSU AL (\$0.9M)
 - \$1M claim reported in the current 2019/20 policy year
- Partially offset by \$0.9M decrease in SSU property
 - The high level of loss payments resulted in a decrease to net retained case reserves
- Relatively modest changes to unpaid losses for other coverages
- Accrual of first 6 months of current 19/20 program year

December 31, 2019 Interim Analysis - Results

Coverage	Program	6/30/19 Retained Unpaid Losses	Paid in Period 7/1/19 - 12/31/19	Accrued in Period 7/1/19-12/31/19	Rollforward 12/31/19 Retained Unpaid Losses	Actual 12/31/19 Retained Unpaid Losses	Actuarial Adjustment Between 6/30/19 and 12/31/19 Reviews	Change in Unpaid Between 6/30/19 and 12/31/19 Reviews
Automobile	SSU	8,148,145	2,323,251	4,051,749	9,876,643	9,066,010	(810,633)	917,866
Automobile	SB3	9,616,505	3,049,255	3,324,247	9,891,496	13,564,937	3,673,440	3,948,432
Automobile	Total	17,764,649	5,372,506	7,375,996	19,768,140	22,630,947	2,862,807	4,866,298
General Liability	SSU	65,640,919	7,152,403	11,557,870	70,046,386	65,841,631	(4,204,755)	200,712
General Liability	SB3	71,620,278	4,541,335	7,553,357	74,632,300	73,559,849	(1,072,451)	1,939,572
General Liability	Total	137,261,196	11,693,737	19,111,227	144,678,686	139,401,480	(5,277,206)	2,140,283
Property	SSU	3,432,195	2,313,307	1,313,584	2,432,472	2,544,690	112,218	(887,505)
Property	SB3	2,530,039	1,379,440	1,624,150	2,774,749	2,746,098	(28,652)	216,059
Property	Total	5,962,233	3,692,746	2,937,734	5,207,221	5,290,788	83,566	(671,446)
Medical Malpractice	SSU	25,126,361	1,794,946	4,125,445	27,456,859	26,707,954	(748,905)	1,581,593
Medical Malpractice	SB3	1,406,957	221,297	289,324	1,474,984	1,332,951	(142,033)	(74,006)
Medical Malpractice	Total	26,533,318	2,016,243	4,414,769	28,931,843	28,040,905	(890,938)	1,507,587
Mine Subsidence		1,491,846	345,280	553,788	1,700,354	1,407,213	(293,140)	(84,633)
Subtotal SSU	SSU	102,347,619	13,583,906	21,048,648	109,812,360	104,160,285	(5,652,075)	1,812,666
Subtotal SB3	SB3	85,173,778	9,191,327	12,791,078	88,773,530	91,203,835	2,430,305	6,030,057
Grand Total		189,013,243	23,120,513	34,393,514	200,286,244	196,771,333	(3,514,911)	7,758,090

Questions & Discussion



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

Executive Director's Report March 17, 2020

A. Marshall University and West Virginia University Medical Malpractice Program

- As of March 8, 2020, Marshall has deposited \$1,185,000.00 into the escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$20,254.48. Disbursements totaling \$1,200,539.79 have been paid thus far in FY 2020.
- As of March 8, 2020, a total of \$2,038,957.38 has been deposited into WVU's escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$39,320.82. Disbursements totaling \$2,081,795.13 have been paid thus far in FY 2020.

B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far in 2020, we have tried one case to a defense verdict.

Kara Ault vs. WV Division of Highways; 1/16/2020; Jefferson Co. Cir. Ct.; Plaintiff rear-ended Insured truck; Defense verdict

PAID CLAIMS (February 2020 Data)

YTD Indemnity payments total \$5,712,447 vs. PYTD payments of \$5,291,238, an increase of 7.96%.

YTD Legal payments total \$3,183,570 vs. PYTD payments of \$2,482,058, an increase of 28.3%.

OUTSTANDING CLAIMS (February 2020 Data)

February 2020 Indemnity reserves total \$68,064,977 vs. February 2019 Indemnity reserves of \$54,854,621, an increase of 24.1 %.

February 2020 Expense reserves total \$23,861,754 vs. February 2019 Expense reserves of \$18,567,663, an increase of 28.5%.

CLAIMS COUNTS (February 2020 Data)

New claims YTD total 570 vs. PYTD of 681, a decrease of 16.3%.

Closed claims YTD total 635 vs. PYTD of 730, a decrease of 13%.

Open claims YTD total 1152 vs. PYTD of 1073, an increase of 7.4%.

DURATION – CLOSED CLAIMS (February 2020 Data)

YTD Duration of 123.479 Days vs. PYTD Duration of 112.348 Days, an increase of 9.9%.

CLOSING RATIO (February 2020 Data)

YTD Closing Ratio of 111.4% vs. PYTD Closing Ratio of 107.2%, an increase of 3.9%.

- C. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$4,139,549.17 (unchanged since the December 2019 Board meeting). The last pro-rata distribution to claimants was in the amount of \$2.1 million. The current balance in the fund is \$969,970.91. Most of that balance was collected during the current fiscal year. A large part of the assessments are collected toward the end of the fiscal year, for example the trauma assessments and physician licensing renewals.
- D. Risk Management Information System Update – We continue to speak to the Asset Works team weekly as progress on development of the system progresses. We have also scheduled some web ex meetings so we can all view the system in real time and discuss whether it will meet our needs. Robert, Melody, and John met with the Asset Works team on February 19 – 20 to work through several aspects of the system during a face-to-face meeting and they reported that the meeting was positive. We expect additional functionality around audit trails and ad hoc reporting to be developed by the end of March.
- E. RFP – Consultant Contract – The Willis Towers Watson team has not finalized its report, but we expect it before the end of March. We are already aware of several opinions from our meetings and phone conversations, including the general conclusion that BRIM runs an efficient insurance program with an expense load of approximately 5% which is very low and is very beneficial to WV state insureds. Willis tested BRIM's surplus using the Igloo platform (Igloo is WTW's capital adequacy financial modeling tool) and compared our program to 2 peer groups, one being large insurance companies and one being similar public entity programs and group pools. We've been told the modeling illustrates that BRIM's expense ratio is much lower than the public entity peer group expense ratio. Other ratios that were tested were in the strong range.
- F. Budget Discussions – At the December meeting, I shared with the Board members that we were finally successful in receiving approval for a budget amendment to the FY 2020 budget to increase our personal services line by \$100,000. Since the December meeting, we've been approved to add 2 positions and we have processed transactions to create those positions. Until the creation of those positions, the agency had no unfilled positions until Chuck Mozingo's retirement at the end of December. The 2 new positions will be assigned to Underwriting and the Privacy Office.
- G. Policy Renewals – We are working toward renewals of the Property policy, The Boards of Education excess policy, as well as the Cyber Liability policies for both State and Boards of Education. We are also entering negotiations for renewal of our agreement with AIG for the state and SB 3 Liability and Auto programs. We have suggested changes in the Property policy consistent with the discussions on December 4, 2019 that I discussed at the last Board meeting.

We are continuing our efforts to procure the Excess Liability policy for the Boards of Education, and there continue to be challenges with a \$2 million attachment point and an aggregate that is lower than what we've had up until this past year. We are still exploring options, but the BOE Excess policy is becoming more challenging with each renewal in terms of cost and policy terms.

- H. Legislative Update: The 2020 regular session was not as negative where BRIM is concerned as the last session.
- a. We submitted our responses to the SCR 52 study questions from the 2019 session on December 27, 2019. I provided a bound copy to the chairs of the Banking and Insurance Committees in the House and Senate, as well as the Senate President's counsel. There have been no follow up questions or discussion.
 - b. SB 175 requires, among other things, that Executive Branch state agencies maintain websites with specific information such as contact information for the agency and staff, an organizational chart, statutes/rules, FAQ's, annual reports and meeting minutes, etc. BRIM's website already contains this information, but we will be updating the website to ensure this information is easily found.
 - c. HB 2923 was a carryover bill from last session. It was one of the bills to change the authority of BRIM to settle claims against Board of Public Works members and was referred to House B&I but the chairman did not run the bill.
 - d. HB 4042 requires agencies that are exempt from some or all of the Purchasing Division requirements to adopt their own procedural rules on procurement. This is something HB that I believed should be done here at BRIM anyway, and I have drafted a procedural rule that I plan to share with the Deputy General Counsel for the Department shortly. We are required to have these rules in place by September 1, 2020.
 - e. HB 4496 was a Division of Corrections and Rehabilitation bill that BRIM enthusiastically supported. The bill passed early in the session and removed all references to the Division of Corrections in W. Va. Code § 29-12-5a, which is the section requiring BRIM to provide liability coverage to the Boards of Education and now Charter Schools that elect to get their coverage through BRIM. The Omnibus Education Bill (HB 206) from last summer inadvertently included Corrections in the requirement for the higher coverage limit of \$1.25 million for the Boards of Education/Charter Schools. Since there is no reason for Corrections to be included in that code section anyway, the bill struck all such references.
 - f. HB 4559 is perhaps the most significant bill from BRIM's perspective. The bill is part of a trend around the country to reform statutes of limitation on claims for sexual abuse or molestation of minors. As introduced, the bill would have amended the time period to bring a claim against a perpetrator from 4 years after reaching the age of majority to 10 years after reaching age of majority. The bill was amended in Senate Judiciary to take the 4 years to 18 years after the age of majority and added that statute as well for claims against persons who conceal, aid or abet. In addition, a new subsection was added that applied these new statutes to claims and actions that had already expired under a different statute. We discussed the bill with Jo Ellen Cockley from Aon, however she was of the opinion that the impact is very difficult to project.
 - g. There are other bills affecting BRIM as a state agency relating to such things as records management, reorganization of DMAPS, and transferring the Parole Board to the Division of Corrections and Rehabilitation.
 - h. BRIM's Rules – a project I'd like to focus on over the next 2 - 3 years is an update to all BRIM legislative and procedural rules. These rules haven't been updated in many years,

and it's a good time to make sure that they reflect what the agency is doing and should be doing. I would like to start with 2 or 3 rules this Spring.

- i. BRIM's Website – I mentioned SB 175, the Government Information bill, and updates to our website. Before the bill passed, we had met with WV Interactive and a representative from the Communications Hub at Commerce to launch the project. We had another meeting on March 11. Our plan is to modernize the look, make sure that all information is easy to find and navigate to, and that the Privacy Office's website and information is part of BRIM's in a cohesive format.

I. Miscellaneous

1. Since the last Board meeting, Chuck Mozingo has retired. However, he is back working 2 days a week as a temporary employee. He will be overseeing our records management project, helping out with claims, working with our summer interns, and other projects that come along. We are very happy that he is choosing to spend some of his time back at BRIM.
2. We anticipate having 2 summer interns this summer. We are hopeful that Solomon Phillips can return to work here this summer and I hope to add another summer employee through the Governor's Internship Program.
3. We have a new employee who just started yesterday in the Claims Department, Shelly Brightwell. Shelly has a long history of work in claims, working for Nationwide from 1999 – 2017 in positions of Litigation Specialist/Coverage Special II, and later in the position of Large Loss Property Special III. She most recently worked as an independent adjuster, and even worked for AIG in the late 1990's. We are excited to have Shelly join our team here at BRIM.
4. Last but not least, I wanted to share with the Board that Melody Duke has been designated Deputy Director here at BRIM as well as Underwriting Manager. She has taken on a bigger role with implementation of our new technology system, a growing involvement with cyber liability incidents, and more activities around policy language and renewal discussions, as well as other routine matters here in the agency. This designation recognizes this further development with her role.


Upcoming Board Meeting schedule for 2020:

Tuesday, June 16, 2020 @ 1PM

Tuesday, September 15, 2020 @ 1PM

Tuesday, December 15, 2020 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/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
MaryJane.Pickens@wv.gov

Chief Financial Officer's Report
March 17, 2020

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of November and December 2019 and January 2020. These totals are:

November	\$67,952.68
December	\$60,337.16
January	\$41,852.74

B. Current Financial Results

- The financial results presented are for the seven months ended January 31, 2020. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of December 31, 2019, plus an estimated additional accrual for January.
- Premium revenue decreased slightly by \$0.5 million for FY'20. This decrease mirrors the overall projected decrease in loss pics factored into premiums for the current year and includes any new business written and cancellations year to date.
- Retained case reserves are \$17.9 million higher this year and the actuarially estimated retained IBNR is also \$1.0 million higher than the prior year.
- Lower mine subsidence claims payments YTD for FY'20 resulted in the net decrease in claims and claims adjustment expenses of \$0.4 million when compared to FY'19.
- Investments results reflect market values as of January 31, 2020.
- Equity market returns were \$4.4 million for the first seven months of the fiscal year and fixed income returns were \$10.0 million giving a total combined investment earnings of \$14.4 million versus last fiscal year's earnings of \$6.2 million.
- The total combined investment earnings of \$14.4 million through the end of January is likely near the high-water mark for investment returns for BRIM for this fiscal year.
- Slightly lower premium revenue was mostly offset by lower claims expense for FY'20. Better investment returns through January of this year helped to improve BRIM's net position by \$10.5 million year vs. \$2.6 million last year.

C. Financial Markets

- The stock market indexes reached record highs in mid-February.
- On Monday, February 24th, the Dow closed down more than 1,000 points for the day, primarily over concerns about the global economic impact of the spread of the coronavirus. By the end of February, the major stock indexes were down close to 10% which is considered a market correction.

- On March 3rd the Federal Reserve responded to the market downturn by making an emergency half-percentage-point rate cut over concern about the spreading coronavirus epidemic. The Fed's action lowered the federal-funds rate to a range between 1% and 1.25%. It was the first rate cut in between scheduled policy meetings since the 2008 financial crisis. Fed officials indicated the prospect of additional cuts by pledging to "act as appropriate" to support the economy.
- The stock market losses deepened last week as crude oil prices plunged over discord between OPEC and Russia regarding production quotas.
- Treasury yields dropped to record lows briefly last week sending the entire yield curve below 1% for the first time ever. The scale of the yield declines suggested that investors expected the Federal Reserve to cut interest rates again very soon.
- Investors are unsure how long or deep any economic downturn from the pandemic will last, forcing a broad rethink of their willingness to own riskier assets such as stocks and corporate bonds.
- Last Thursday the Federal Reserve said it would make vast sums of short-term loans available on Wall Street and would purchase Treasury securities in a coronavirus-related response to create additional liquidity aimed at preventing ominous trading conditions from creating a sharper economic contraction.
- On March 15th the Federal Reserve responded with an additional full percentage-point rate cut over growing concerns about the economic impact of the spreading coronavirus epidemic. This second emergency action lowered the federal-funds rate to a range between 0.0% and 0.25%.
- Investors continue to sell off stocks to seek the relative safety of Treasuries, driving up bond prices with yields moving in the opposite direction. Bonds have continued their rally into March as investors try to avoid the risks and volatility associated with the equity markets.
- When interest rates fall, bond prices tend to rise. The market value of BRIM's bond holdings appreciated in February and into March, but interest rates are now at a record low. The bond rally will result in additional positive returns for BRIM's fixed income holdings thru March.
- With the lower bond yields and the relatively short duration target for fixed income holdings in the trust, we are currently reinvesting at about a 0.5% rate vs. 1.6% three months ago.
- The stock market is down over 25% from its February peak putting the stock market well into bear territory (20%) and negatively impacting BRIM's equity returns for both February and March.
- With extremely low interest rates and the end of the eleven-year bull market for stocks, overall investment returns for BRIM for the last five months of the fiscal year will probably be flat at best.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Seven Months Ended January 31st

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,644	\$ 31,537
Advance deposits with insurance company and trustee	238,191	211,504
Receivables	4,457	5,167
Prepaid insurance	2,878	2,604
Restricted cash and cash equivalents	19,261	15,962
Premiums due from other entities	1,112	878
Total current assets	292,543	267,651
Noncurrent assets:		
Equity position in internal investments pools	105,538	96,208
Restricted investments	60,948	55,560
Total noncurrent assets	166,486	151,768
Total assets	459,029	419,418
Deferred Outflows of Resources	373	438
Deferred Outflows of Resources - OPEB	65	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	15,662	15,563
Agent commissions payable	795	786
Claims Payable	11	218
Accrued expenses and other liabilities	2,859	2,894
Total current liabilities	81,983	69,915
Estimated unpaid claims and claims adjustment expense net of current portion	136,653	129,938
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	137,026	130,391
Total liabilities	219,009	200,306
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,204	149,745
Net Assets (Deficiency)	10,480	2,581
Net position	\$ 240,150	\$ 219,192

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Seven Months Ended January 31st

	2020	2019
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 48,139	\$ 48,681
Less coverage/reinsurance programs	(4,038)	(4,023)
Net operating revenues	44,101	44,659
Operating expenses		
Claims and claims adjustment expense	45,276	45,685
General and administrative	2,778	2,638
Total operating expenses	48,054	48,323
Operating income (loss)	(3,953)	(3,664)
Nonoperating revenues		
Investment income	14,433	6,245
Net nonoperating revenues	14,433	6,245
Changes in net position	10,480	2,581
Total net position, beginning of year	229,670	216,611
Total net position, end of period	\$ 240,150	\$ 219,192

Unaudited

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

**Loss Control Report to the Board
March 2020**

Senate Bill #3 loss control questionnaires were due on January 1, 2019. Since that time, we have been evaluating those questionnaires to apply credits or surcharges based on insured participation in our Standards of Participation program. We hope to complete the evaluation process during the month of March. To date, we have completed **797** evaluations.

This spring and summer, we will concentrate our loss control consultation services toward insured state agencies. We hope these efforts will assist agencies in identifying the primary areas in which their claims occur and provide an opportunity for us to give advice as to developing specific strategies and methods to enable the insured to control and/or avoid preventable claims.

The West Virginia Economic Development Authority recently took ownership of the former Kaiser/Century Aluminum plant in Ravenswood. BRIM personnel will be inspecting the facility, and if circumstances warrant such, will ask Aon to inspect the premises as well.

Due to the current COVID-19, travel has been restricted for many people. These restrictions are forcing the rescheduling of meetings previously scheduled by our loss control vendors. Both Aon and Liberty Mutual were set to meet in our office in the coming days and have had to postpone their travels until the current situation resolves itself.

We are continuing our partnership with the West Virginia Public Service Commission by contributing risk management news articles for inclusion in their quarterly newsletter, "The Pipeline". This newsletter is distributed to public utility organizations and public service districts throughout the state.

During the months of January and February Aon conducted 71 inspections and Liberty Mutual Insurance conducted 819. The reports are being processed according to established procedures.

As is the case each year, the number of loss control visits is markedly reduced during the period in which we evaluate loss control questionnaire submissions, no consultation visits have occurred during this reporting period.

Dated: *March 16, 2020*

Respectfully submitted,

A handwritten signature in blue ink that reads "Robert A. Fisher".

Robert A. Fisher
Deputy Director and Claim Manager

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

Chief Privacy Officer's Report
March 17, 2020

A. Privacy Management Team Meetings

- Since the December 17, 2019 BRIM board meeting, the Privacy Management Team meeting coincided with *International Privacy Day* on January 28, 2020 and was incorporated into this event. Data Privacy Day had a topic of Payment Card Industry Data Security Standards (PCI DSS) and invited the WV Treasurer's Office's PCI liaisons to attend. Presentations from Scott Koller, of BakerHostetler and Kevin Patterson of Experis, the state's PCI compliance vendor, as well as a tabletop exercise filled the day with important information. Fifty-five PMT members and PCI liaisons attended the event, which required the location to be changed to the large training room in Building 7 of the State Capitol.
- On March 10, 2020, the PMT met at BRIM with 23 in attendance from 15 different agencies. Topics included West Virginia Office of Technology onshore data storage requirements presented by Jennelle Harper-Jones and Danielle Cox of the WVOT, NIST Privacy Framework, and a Data Privacy Day Recap.

B. Privacy Training

- During the Fourth Quarter of 2019, 722 members of the Executive Branch workforce took the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Fourth Quarter of 2019, 887 members of the Executive Branch workforce took the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Fourth Quarter of 2019, 300 members of the Executive Branch workforce took the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since December:

Privacy Officer Orientation for the Departmental Privacy Officer for Veteran's Assistance was conducted on December 18, 2019. This was a four-hour training as it includes HIPAA training.

SAVE THE DATE: The semi-annual Privacy Retreat has been scheduled for September 16-18, 2020 (Wednesday thru Friday) at Pipestem Resort State Park in Mercer and Summers counties.

C. Privacy Impact Assessments

- 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 significantly modified, or new technology is purchased.
- Since December 17, 2019 seven PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies.
- The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to provide an important method for coordination between agencies for vendor privacy and security issues. The Privacy Office is currently amending its PIA procedures based on feedback received from various agencies and will be incorporating it into the processes already established by Purchasing and the Office of Technology.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch

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 16, 2020

Meeting held telephonically to practice social distancing guidelines for the COVID-19 pandemic response. Notice to the public provided on BRIM's web page. The meeting meets Open Meeting laws requirements for public access.

Join meeting by phone: Toll number: +1 681-245-6817, 724298376# (Dial-in Number)/Conference ID: 724298376

Chairman Martin

Call to Order

Chairman Martin

Roll Call

Chairman Martin

Approval of Board Minutes
March 17, 2020 Meeting

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
March 17, 2020**

(meeting was held telephonically in response to COVID-19 concerns)

**BOARD MEMBERS
PRESENT:**

Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
James Wilson, Esq., Member
Edward Magee, Ed.D., CPA, Member
Gordon Lane, Jr., Member

BRIM PERSONNEL:

Mary Jane Pickens, Executive Director
Robert Fisher, Deputy Director/Claims Manager
Stephen W. Schumacher, CPA, CFO
Ashley Summitt, Chief Privacy Officer
Melody Duke, Deputy Director/Underwriting Manager
Jeremy Wolfe, Risk & Insurance Manager
John Fernatt, Senior Claim Representative
Valerie Poindexter, Senior Claim Representative
Shelley Brightwell, Claim Representative II
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:**

Steve Fowler, Esq., BRIM Counsel
Ed Poe, Esq., BRIM Counsel

GUESTS:

Allan L. McVey, Secretary, Department of Administration
Sandy Price, WVU Health Sciences Center
Jo Ellen Cockley, FCAS, MAAA, Associate Director, Actuary

CALL TO ORDER

Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, March 17, 2020 at 1:03PM. The meeting was held telephonically in response to COVID-19 concerns. The decision to hold the meeting telephonically announced Monday, March 16, 2020.

APPROVAL OF MINUTES

Vice Chairman Bob Mitts moved the approval of the December 17, 2019, board meeting minutes. The motion was seconded by James Wilson. Being no discussion, a vote took place and the MOTION ADOPTED.

INTRODUCTION – BOARD MEMBER

Chairman Martin introduced the newest member of the Board, Gordon Lane, Jr. and welcomed him. Mr. Lane greeted the group and commented on his new position.

REPORTS

Aon Risk Solutions

Chairman Martin called on Jo Ellen Cockley from Aon Risk Solutions to make her presentation regarding the Risk Funding Study – June 30, 2019. Ms. Cockley introduced herself and greeted everyone.

Ms. Cockley referred to the Risk Funding Study – June 30, 2019. The document was received prior to the meeting and was distributed to the Board via email as a handout. She thoroughly reviewed the document and highlighted many areas. She presented details for the Property/Casualty Marketplace Overview and made mention of policyholder surplus as of 9/30/2019; underwriting gain through the first three quarters of 2019; and catastrophic losses compared to 2017 and 2018. Ms. Cockley reported on Medical Malpractice and commented that West Virginia claim frequency and severity are in line with the national averages. She gave a brief COVID-19 Update and commented that slower premium growth due to slower economic growth would be a factor.

Ms. Cockley reviewed information regarding Retained Ultimate Loss Changes Between 6/30/18 and 6/30/19 Studies. She explained the General Liability graph and commented that it is stable. Ms. Cockley concluded her presentation with a review of the December 31, 2019 Interim Analysis – Results, adjustments were favorable. The Chairman thanked Ms. Cockley for her report.

The Risk Funding Study - June 30, 2019 presentation by Aon Risk Solutions was received, a copy is attached and made part of the record.

Executive Director's Report

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

Ms. Pickens reviewed the Medical Malpractice Program for Marshall University and West Virginia University. She also reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. The attached Executive Director's Report includes detailed information regarding trials, paid claims, outstanding claims, claim counts and closed claims.

The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$4,139,549.17, unchanged since the December 2019 meeting. The most recent pro-rata distribution to claimants was \$2.1 million. The current balance of the fund is \$969,970.91.

The Risk Management Information System was discussed. BRIM continues to participate in weekly phone meetings with Asset Works to discuss progress. Robert, Melody and John met with the Asset Works team in person February 19 – 20 to work on several aspects of the system, the meeting was positive. Additional functionality regarding audit trails and ad hoc reporting should be developed by the end of March.

Mrs. Pickens reported on the status of RFP – Consultant Contract. The Willis Towers Watson team has not finalized its report, but it is expected before the end of March. We are aware already of several opinions from phone conversations and meetings. The general conclusion is that BRIM runs an efficient insurance program with an expense load of approximately 5%. This is very low and beneficial to WV state insureds. Willis tested BRIM's surplus using the Igloo platform (Igloo is WTW's capital adequacy financial modeling tool) and compared to 2 peer groups, we've been told the modeling illustrates that BRIM's expense ratio is much lower than the public entity peer group. Other ratios tested were in the strong range.

Ms. Pickens informed the Board that since the last meeting BRIM has received approval to add 2 positions. Until the creation of those positions, the agency had no unfilled positions until Mr. Mozingo's retirement at the end of December 2019. Underwriting and Privacy will be assigned the new positions.

BRIM is working toward the renewal of the Property policy, the Boards of Education excess policy, and the Cyber Liability policies for both State and Boards of Education. Negotiations are also being held for renewal of our agreement with AIG for the state and SB3 Liability and Auto programs. Continuing our efforts to procure the Excess Liability policy for the Boards of Education, and there are continued challenges with the excess market generally.

Ms. Pickens gave a detailed legislative update as follows:

*Responses to the SCR 52 study questions from the 2019 session were submitted on December 27, 2019. A bound copy was provided to the chairs of

the Banking and Insurance Committees in the House, Senate, and the Senate President's counsel. There have been no questions or discussion.

*SB 175 requires that Executive Branch state agencies maintain websites with specific information such as contract information for the agency and staff, an organizational chart, statutes/rules, FAQs, annual reports, and meeting minutes, etc. BRIM's website contains the necessary information, but we will be updating to make certain information is easily located.

*HB 4042 requires agencies that are exempt from some or all of the Purchasing Division requirements to adopt their own procedural rules on procurement. A procedural rule has been drafted and will be shared with Deputy General Counsel for the department soon. We are required to have these rules in place by September 1, 2020.

*HB 4496 was a Division of Corrections and Rehabilitation bill that BRIM supported. The bill passed early in the session and removed all references to the Division of Corrections in W.Va.Code § 29-12-5a, which is a section requiring BRIM to provide liability coverage to the Boards of Education and now Charter Schools that elect to get their coverage through BRIM. The Omnibus Education Bill (HB 206) from last summer inadvertently included Corrections in the requirement for the higher coverage limit of \$1.25 million for the Boards of Education/Charter Schools. Since there is no reason for Corrections to be included in that code section, the bill struck all such references.

*HB 4559 is perhaps the most significant bill from BRIM's perspective. The bill is part of a trend to reform statutes of limitation on claims for sexual abuse or molestation of minors. As introduced, the bill would have amended the time-period to bring a claim against a perpetrator from 4 years after reaching the age of majority to 10 years after reaching the age of majority. The bill was amended in Senate Judiciary to take the 4 years to 18 years after the age of majority and added that statute as for claims against persons who conceal, aid or abet. Additionally, a new subsection was added that applied these new statutes to claims and actions that had already expired under a different statute. The bill was discussed with Jo Ellen Cockley from Aon, her opinion was that the impact is very difficult to project.

*Other bills are affecting BRIM as a state agency relating to such things as records management, reorganization of DMAPS, and transferring the Parole Board to the Division of Corrections and Rehabilitation.

*BRIM's Rules – a project to focus on over the next few years is an update to all BRIM legislative and procedural rules. These rules have not been updated in many years, and it's a good time to make sure they reflect modern processes.

*BRIM's Website – SB 175, the Government information bill, and updates to our website. Before the bill passed, we met with WV Interactive and a representative from the Communications Hub at Commerce to begin the project. Another meeting took place March 11. The plan is to modernize the look, make certain all

information is easy to find and navigate, and that the Privacy Office's website and information is part of BRIM's format.

Ms. Pickens reported that Chuck Mozingo has retired since our last meeting. However, he is back working a couple days each week as a temporary employee. He will be overseeing our records management project, helping with claims, working with our summer interns, and other projects that come up. BRIM is happy to have him back.

Ms. Pickens reported that BRIM anticipates having two summer interns. We are hopeful that Solomon Phillips can return to work. We also wish to add another summer employee through the Governor's Internship Program. She also commented on a new employee who started yesterday in the Claims Department. Shelly Brightwell has a long history of claims experience for Nationwide from 1999 – 2017 in positions of Litigation Specialist/Coverage Specialist II, and later in the position of Large Loss Property Specialist III. She most recently worked as an independent adjuster and worked for AIG in the late 1990s. We're excited to have Shelly on our BRIM team. We are also happy to report that Melody Duke has been designated Deputy Director at BRIM in addition to her role as Underwriting Manager. She has taken on a larger role with implementation of our new technology system, a growing involvement with cyber liability incidents and more activities around policy language and renewal discussions.

In conclusion, Mrs. Pickens announced the Board Meeting dates for 2020:

Tuesday, June 16, 2020 @ 1PM
Tuesday, September 15, 2020 @ 1PM
Tuesday, December 15, 2020 @ 1PM

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

Chairman Martin welcomed Shelly Brightwell to BRIM and congratulated Melody Duke.

BRIM Financial Report

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

Mr. Schumacher told Chairman Martin that he sent the PCard signature sheet and asked if he could return it electronically. He discussed PCard activity for November, December, and January. A disk containing PCard activity for this period will be mailed to the Board.

Current Financial Results were mostly discussed in the Aon presentation by Ms. Cockley earlier in the meeting. The financial results presented are for the seven-month period ending January 31, 2020. The results reflected the actuarially estimated unpaid losses from Aon's risk study as of December 31, 2019, plus an estimated additional accrual for January. Premium revenue decreased slightly by \$0.5 million for FY'20. This decrease mirrors the overall projected decrease in loss pics factored into premiums

for the current year and includes any new business written and cancellations year to date.

Mr. Schumacher reported on lower mine subsidence claims payments YTD for FY'20 resulted in the net decrease in claims and claims adjustment expenses of \$0.4 million when compared to FY'19. Total combined investment earnings of \$14.4 million through January is likely near the high-water mark for investment returns for BRIM for this fiscal year.

Details regarding Financial Markets were reviewed by Mr. Schumacher. Stock market indexes reached record highs in mid-February. February 24, 2020, the Dow closed more than 1,000 points for the day primarily over concerns regarding the global economic impact spread of the coronavirus. By the end of February, major stock indexes are down close to 10% which is considered a market correction. Investors are unsure how long or deep any economic downturn from the pandemic will last, forcing a broad rethink of their willingness to own riskier assets such as stocks and corporate bonds. The stock market is down over 25% from its February peak putting the stock market well into bear territory (20%) and negatively impacting BRIM's equity returns for both February and March. With extremely low interest rates and the end of the eleven-year bull market for stocks, overall investment returns for BRIM for the last 5 months of the fiscal year will probably be flat at best.

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 the Senate Bill #3 loss control questionnaires were due January 1st. Since then, we have been evaluating those questionnaires to apply credits and surcharges based on insured participation in our Standards of Participation program. To date we have completed 797 evaluations. We hope to have the evaluation process completed during March.

During spring and summer, we will focus our loss control consultation services toward insured state agencies. We hope these efforts will assist agencies in identifying the primary areas in which their claims occur. This presents an opportunity for us to advise on developing strategies to enable the insured to control or avoid preventable claims.

The West Virginia Economic Development Authority recently took ownership of the former Kaiser/Century Aluminum plant in Ravenswood. Mr. Fisher reported BRIM personnel will be inspecting the facility and possibly ask Aon to inspect as well.

Due to COVID-19, travel has been restricted for many. The restrictions are forcing the rescheduling of meetings by our loss control vendors. Aon and Liberty Mutual were scheduled for upcoming meetings and have postponed their visits until the situation is resolved.

Our partnership with the West Virginia Public Service Commission continues by contributing risk management news articles for inclusion in their quarterly newsletter, "The Pipeline". The newsletter is distributed to public utility organizations and public service districts in the state.

Mr. Fisher reported during the months of January and February, Aon conducted 71 inspections and 819 were conducted by Liberty Mutual Insurance. The reports are being processed.

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 the Privacy Management Team meeting coincided with *International Privacy Day* on January 28, 2020 and was incorporated into the event. Topic for Data Privacy Day was Payment Card Industry Data Security Standards (PCI DSS). The WV Treasurer's Office's PCI liaisons were invited to attend. Presentations from Scott Koller of BakerHostetler and Kevin Patterson of Experis, the state's PCI compliance vendor, as well as a tabletop exercises filled the day with important information. Due to attendance by fifty-five PMT members and PCI liaisons, the events required relocation to the large training room in Building 7 at the State Capitol. On March 10, 2020, the PMT met with 23 in attendance from 15 agencies. Topics included WV Office of Technology onshore data storage requirements presented by Jennelle Harper-Jones and Danielle Cox of the WVOT, NIST Privacy Framework, and a Data Privacy Day recap.

Ms. Summitt reported on privacy trainings. During the fourth quarter of 2019, 772 members of the Executive Branch workforce took the online course *Think WV Privacy*; 887 members took the online course *WV Confidentiality Agreement*; and 300 members took the online course *HIPAA/HITECH*.

Training events by the SPO since December were discussed. Privacy Officer Orientation for the Departmental Privacy Officer for Veteran's Assistance was conducted on December 18, 2019. The training was several hours and included HIPAA training. Save The Date has been requested for the semi-annual Privacy Retreat which has been scheduled for September 16 – 18, 2020 at Pipestem Resort State Park.

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 December 17, 2019, 7 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations

for completing a PIA. State Privacy staff combined with WVOT staff are working to create a new PIA procedure. Currently, PIA completion is not mandatory for agencies.

The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings. The Privacy Office is currently amending its PIA procedures based on feedback from various agencies and will be incorporating it into the processes already established by Purchasing and the Office of Technology

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

Discussion regarding COVID-19. Plans in place to have phones forwarded and answered during work from home period. Laptops, tablets, and computers available so all employees can work from home. A few issues still exist that need to be addressed such as mail and faxes.

June meeting will be held telephonically if we are not cleared of COVID-19.

ADJOURNMENT

Chairman Martin thanked everyone for attending. Meeting adjourned.

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

**Executive Director's Report
June 16, 2020**

- A. Marshall University and West Virginia University Medical Malpractice Program
- As of June 8, 2020, Marshall has deposited \$1,185,000.00 into the escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$23,177.31. Disbursements totaling \$1,980,778.34 have been paid thus far in FY 2020.
 - As of June 8, 2020, a total of \$3,336,434.89 has been deposited into WVU's escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$46,074.01. Disbursements totaling \$3,393,214.37 have been paid thus far in FY 2020.
- B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

There are no new cases with the closing of the courts.

Thus far in 2020, we have tried one case to a defense verdict.

Kara Ault vs. WV Division of Highways; 1/16/2020; Jefferson Co. Cir. Ct.; Plaintiff rear-ended Insured truck; Defense verdict

PAID CLAIMS (May 2020 Data)

YTD Indemnity payments total \$12,265,191 vs. PYTD payments of \$13,209,085, a decrease of 7.15%.

YTD Legal payments total \$8,807,861 vs. PYTD payments of \$6,122,938, an increase of 43.9%.

OUTSTANDING CLAIMS (May 2020 Data)

May 2020 Indemnity reserves total \$71,343,675 vs. May 2019 Indemnity reserves of \$60,982,918, an increase of 16.99%.

May 2020 Expense reserves total \$24,234,963 vs. February 2019 Expense reserves of \$20,034,354, an increase of 20.97%.

CLAIMS COUNTS (May 2020 Data)

New claims YTD total 1205 vs. PYTD of 1866, a decrease of 35.4%.

Closed claims YTD total 1453 vs. PYTD of 1812, a decrease of 19.8%.

Open claims YTD total 1011 vs. PYTD of 1175, a decrease of 13.96%.

DURATION – CLOSED CLAIMS (May 2020 Data)

YTD Duration of 134.460 Days vs. PYTD Duration of 108.241 Days, an increase of 24.2%.

CLOSING RATIO (May 2020 Data)

YTD Closing Ratio of 120.6% vs. PYTD Closing Ratio of 97.1%, an increase of 24.2%.

C. COVID-19 Pandemic

1. Consistent with the Governor's orders, we sent all BRIM staff home on March 18th. Those who needed to take equipment home with them returned on March 24th to pick up that equipment along with supplies they were expected to need for several weeks. There were some technology and other operational issues in the beginning, but everyone quickly settled in and picked up work where they left off. It has been a pretty seamless transition to working from home. There have been some inconveniences, but we haven't noticed any impediments to performing our work. Some of us are coming to the office throughout the week to open and distribute mail and perform other tasks that need to be done in the office.
2. I have attended a number of webinars relating to the pandemic, and in particular on reopening businesses and other venues safely. We are relying on the expertise of the CDC, OSHA, WV DHHR, and other appropriate sources for guidance for returning BRIM staff to the office. I have attached a draft of BRIM's Return to Work Plan that sets forth the protocols we will be following when we return to work in the office.
3. We have pointed those who have asked for BRIM's input on pandemic-related guidance to these same resources and we placed a red banner on BRIM's web page with links to these and other sources that we feel are very helpful for our insured.

- D. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$4,139,549.17 (unchanged since the March 2020 Board meeting). The last pro-rata distribution to claimants was in the amount of \$2.1 million. The current balance in the fund is \$1,816,380.92. Most of that balance was collected during the current fiscal year. A large part of the assessments are collected toward the end of the fiscal year, for example the trauma assessments and physician licensing renewals.
- E. Risk Management Information System Update – We are getting closer to completion of the new system. Currently, Asset Works is building out the Underwriting Module, which is needed for some Loss Control and Finance functions as well. We have tested the audit trail and ad hoc reporting functions and those have been moved to production. We plan to move over to the new system by the end of the calendar year, if not earlier.
- F. Policy Renewals – We have renewed the cyber liability policy for the state with Brit/Lloyd's. It is a flat renewal. We have also renewed the BOE cyber liability policy with AIG. No changes were made this year to limits under the policies. This year we were required to gather responses from each BOE to a series of underwriting questions and the industry is taking a harder look at cyber and Boards of Education. We started focusing on Boards of Education and cyber liability, with plans to partner with the State Department of Education around conferences and meetings so we would be able to educate and inform school personnel about the coverage and risks associated with data security and privacy, but our efforts were interrupted by the pandemic. We hope to pick up on these efforts soon.

We have received AIG's proposal for the next 5-year agreement term on the State and SB 3 auto and liability programs. We have exchanged counterproposals and concluded negotiations. We are discussing the inclusion of the BOE excess policy in the trust rather than purchasing a policy that transfers that risk, due to recent market changes that we expect to continue for a period of time.

On the property policy we are still discussing some policy language we've requested and the pricing for the layers above the \$25 million AXIS layer.

- G. After several internal discussions and some conversations with our actuary, we decided to provide a credit to our insured to address reduced auto exposures during the pandemic. We have notified our insured that their first quarter 2021 premium invoice will reflect a roughly 15% credit over a 6-month period to account for reduced auto exposures, similar to what the commercial insurance industry is doing.
- H. BRIM Rules Projects – We will have several rules projects this year. I've been reviewing rules over the past year in anticipation of making needed updates. Working from home provides long stretches of uninterrupted focus, and rather than spreading them over 2 to 3 years I decided to address all rules this year. Attached is a summary of the 7 rules projects I have submitted to Sec. McVey and the Governor's office for approval.
- I. Website Updates – We initiated conversations with the Department of Commerce Communications Hub and WV Interactive before the Stay at Home Order, but the pandemic has interrupted this project. As we discussed in the March Board meeting, SB 175 was enacted during the regular 2020 session and establishes several requirements for state agency websites in the Executive Branch. BRIM's website already complies but it needs to be updated and more seamlessly combined with the State Privacy Office. We hope to restart this project soon.
- J. Miscellaneous
 - 1. We have hired a summer intern through the Governor's Internship Program. His name is Jameson McHugh and while he will get a late start due to the pandemic, we hope to work with him through the remainder of the summer. We will also continue to have Solomon Phillips with us for a while longer. Solomon graduated from Marshall this spring and has agreed to continue working here on records management and other projects that come up through the summer.
 - 2. Upcoming Board Meeting schedule for 2020:

Tuesday, September 15, 2020 @ 1PM

Tuesday, December 15, 2020 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

Attachments

DEPARTMENT OF ADMINISTRATION
Legislative Rules Title 115
Board of Risk and Insurance Management (BRIM)

115-01

Description: Mine Subsidence Insurance

The proposed amendments will provide a slight reduction in rates and a small change relating to waivers. The rate reduction has been considered for a few years, but along with our actuaries we felt it best to wait until the impact of the 2016 legislation increasing the reinsurance limit from \$75,000 to \$200,000 could be better assessed. We spoke to our actuary again recently and feel that it is appropriate to amend the rates. The only change to the body of the rule is based on a request from the Insurance Commissioner to add a requirement that copies of signed waivers be retained by the insurance carriers for a period of 5 years from the date the waiver is signed.

115-02

Description: Public Entities Insurance Program

The rule was last updated in 2005. It sets forth procedures and requirements supporting BRIM's program of liability and property insurance for public subdivisions, charitable organizations, and emergency medical service agencies. The proposed amendments are needed to reflect modern procedures around underwriting, clarify calculation and payment of producer commission, and to generally update the rule.

115-03

Description: Procedural Rule for State Board of Risk and Insurance Management

This rule was last updated in 2003. It is required by W. Va. Code § 29A-3-3 as a procedural rule providing guidance for interacting with the agency and setting out its rules of procedure and practice. The proposed amendments will procedural matters relating to Board meetings and open proceedings and will provide procedures relating to appeals from a non-renewal or cancelation of coverage as allowed in Legislative rule 115CSR2, above.

115-04

Description: Discontinuation of Professional Malpractice Insurance

We will propose to repeal this rule. The rule was initially promulgated with an effective date of April 14, 1992. The original rule provided for the discontinuation of a professional malpractice insurance program that was provided by HB 4151, amending W. Va. Code § 29-12-5c, enacted March 10, 1990. Pursuant to HB 4151, if participation

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in the professional malpractice insurance program was insufficient to make it economically feasible, then the program could be discontinued by Legislative rule. The purpose of the rule therefore was to discontinue that program.

On September 27, 2001, an emergency rule was filed to repeal the rule, which had discontinued the medical professional insurance program, in the midst of a special session to address the medical malpractice crisis of that time resulting in private health care providers being unable to obtain medical malpractice insurance. The repeal of the rule was apparently considered necessary to once again assist physicians in obtaining medical malpractice insurance.

By notice dated February 18, 2002, the Secretary of State provided notice that the Legislative rule (repealing the rule discontinuing the 1990 program) expired on December 26, 2001 due to the failure to file with the LRMRC within 90 days after conclusion of the comment period. The current status of the rule, therefore, continues to be the version with the effective date of April 14, 1992, which discontinued the professional malpractice insurance program.

115-05

Description: Rules Governing the Filing of Written Notification Concerning Incidents

The rule was filed following a decision of the W. Va. Supreme Court of Appeals in a mandamus action directing BRIM to create formal procedures and a form for notifying it of a potential liability claim.

We will be repealing this Legislative rule and replacing it with a new procedural rule.

The Legislative rule did not implement any specific provision in the Code; rather, it described a procedure and a form for the agency and for its insured to provide notice of potential damage claims. This type of rule is procedural in nature. Therefore, a procedural rule that reflects modern methods of notice and communication and updated form would be more appropriate.

115-9

Description: Procedural Rule for Procurement

This is a new procedural rule that is required by HB 4042, which was enacted during the 2020 regular Legislative session. The bill requires all agencies that are not subject to the oversight of the Division of Purchasing to promulgate a procedural rule governing procurement processes for the agency by September 1, 2020. This is a new rule that is

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based on the Purchasing Division's own rule, adjusted where necessary to reflect BRIM's statutory framework, purpose, and authority.

115-10

Description: Procedural Rule for Providing Notice of Claims

This new procedural rule will replace Legislative Rule Series 5. The new rule will set forth procedures for providing notice to BRIM of all claims, not just liability claims. The rule will reflect modern methods of providing notice and communication, and the loss notice form will be updated to current standards and requirements.

BRIM

Return to Work Plan – Coronavirus Pandemic Response

I. “INTRODUCTION”

This document establishes the protocols under which BRIM staff will transition back to work in our agency’s Greenbrooke Building office space. The process will be fluid, to allow us to react to any unexpected developments. Throughout this process, communication between staff and management will be critically important.

It is important for all staff to understand the plan – anyone with questions should talk to his/her immediate supervisor. We all want to be safe, and we also want our coworkers to be safe. Aside from the worry about our coworkers’ health, an infection in the office would require us to again change our plans, causing concern and disruption on both a business and personal level. We want all staff to feel as comfortable as possible once we return to the office, so there is an expectation that we will all adhere to these new protocols. This plan is based on guidance from the CDC, OSHA, WV DHHR, and the Governor’s Office.

II. THE “RETURN TO WORK” TEAM

We have assembled a Return to Work Team to oversee the process:

Mary Jane Pickens and Robert Fisher will provide general oversight of the process;

Jeremy Wolfe will provide specific guidance as needed for safe workplaces during this pandemic based on appropriate state and federal public health and safety agency protocols; and

Melody Duke and John Fernatt will provide guidance on technology and building/facility issues.

Any staff member with a question or concern as we implement this plan to return to the office must promptly bring it to the attention of his/her immediate supervisor and also contact the appropriate Team member above to discuss the matter further.

III. PROTOCOLS FOR RETURNING TO WORK AT BRIM OFFICE

Before we begin the transition back to the office, all BRIM staff must carefully review this plan to ensure a good understanding of the process. Any questions should be directed to the staff member’s supervisor.

A. Our Phased Approach:

We will use a “phased” approach for BRIM staff to return to our office. During the initial period, we will bring back one group of staff to work in the office on Mondays and Tuesdays, and a different group to work in the office on Wednesdays and Thursdays. We will all continue to work from home on Fridays. We do not yet know how long this initial period will last. The decision to return all staff to the office fulltime will depend on direction from the Governor’s Office, the Department Secretary, and appropriate public health experts.

On Mondays and Tuesdays, staff in Claims, Loss Control, and the Privacy Office will work in the office.

On Wednesdays and Thursdays, staff in Executive, Finance, and Underwriting will work in the office.

Any staff member with unresolved child/elder care needs, household members who are vulnerable to Covid-19, those who are in a vulnerable group, or those who have another appropriate reason not to return to the office when this process begins, should notify his/her immediate supervisor of these concerns. As appropriate, an additional period will be provided for the staff member to transition back to the office to address those needs. The staff member should maintain communication with his/her immediate supervisor of any continuing needs under these circumstances and at the end of the additional period the staff member's situation will be revisited and further decisions will be made regarding the transition back to the office. There is an expectation that all staff will return to the office; however we recognize that some will have special circumstances that could justify continued work-from-home for an appropriate period.

B. Equipment and Computer Needs

We anticipate having sufficient agency computers and related equipment to enable every staff member to maintain equipment at home and also have equipment to use when they are working in the office, eliminating the need to move equipment daily between home and work. This will require a reassignment of some equipment in the office pursuant to a plan established by John Fernatt and Melody Duke. A copy of that plan is attached. There could be some inconvenience to this approach, but it is intended to be a solution to equipment needs as we transition back to the office and to avoid additional agency expense. Any staff member with an equipment need during this transition period must immediately inform his/her supervisor, John Fernatt, or Melody Duke.

C. Face Coverings, gloves, etc.

Face coverings, gloves, hand sanitizer, cleaning products, tissues and any other recommended safety items for use in a business office environment such as BRIM's will be provided for all staff. Staff members may use their own face coverings if they wish to do so. A "face mask" does not provide the same level of protection as NIOSH-approved Personal Protective Equipment for a front-line worker such as healthcare workers or first responders, who have a significantly higher risk of infection while performing their jobs. A face mask or face covering acts to contain potentially infectious respiratory secretions at the source (i.e., the person's nose and mouth). As used in this Return to Work Plan, "face coverings" or "face masks" refer only to a covering that will prevent the spread of the virus by the person wearing them.

D. Cleaning and Sanitizing Office Areas

Prior to returning to the office, we will provide for cleaning and disinfecting frequently touched surfaces in common areas such as light switches, countertops, handles, desks, phones, keyboards, toilets, faucets, sinks, and the like.

As soon as staff members return to the office, they will be required to clean and disinfect the surfaces in their own offices and cubicles. Gloves and cleaning products will be provided for this purpose. All staff should continue daily to clean and disinfect surfaces in their offices and cubicles. The General Services Division has directed the cleaning staff assigned to the Greenbrooke Building to routinely clean doors, handles, railings, switches, etc. in common areas. However, GSD's resources will be limited during the start-up phase given the number of buildings and facilities they are responsible for and the frequency of cleaning needed. Therefore, we will be required to clean the frequently touched surfaces in our own office space and even the common areas on our floor a few times a day.

E. Temperature and Health Screenings

Upon arrival at the office each morning, each staff member will be required to participate in a brief health screening. Temperature and health screenings will take place each morning and all health information will remain confidential. Should the need arise to discuss a temperature reading, it will be done in a private location. Management staff will perform the screenings and will wear gloves and a face covering. Staff members may not discuss temperature results for themselves, their family members, or anyone else in the office. Any temperature elevation of 100.4 degrees or higher will be reported to the staff member's immediate supervisor. In addition, staff members will be asked if they can answer "yes" to the following screening questions:

- Have you been in close contact with a confirmed case of COVID-19?
- Are you experiencing a cough, shortness of breath, or sore throat?
- Have you had a fever in the last 48 hours?
- Have you had new loss of taste or smell?
- Have you had vomiting or diarrhea in the last 24 hours?

Should a staff member have a temperature elevation of 100.4 degrees or higher, or answer "yes" to any of the screening questions, he/she will be directed to return home.

F. Protocols Relating to Staff Health

Any employee who feels sick or has a fever should notify his/her immediate supervisor (not another employee) and not come into the office. If an employee has tested positive for the virus, he/she should contact his/her immediate supervisor, who will then notify the Executive Director.

Co-workers of an employee who tests positive will be informed of possible exposure to COVID-19 in the workplace, without identification of the source of the possible exposure. Employees exposed to a co-worker with confirmed COVID-19 will be provided CDC guidance for how to conduct a risk assessment of their potential exposure, and general information for self-monitoring and quarantine, if appropriate. The Kanawha Charleston Health Department will immediately be contacted by the Executive Director for further activity associated with the positive test, including contact tracing.

G. Privacy Requirements

We will protect the privacy of health information relating to staff members. All staff must refrain from discussing their own health or anyone else's health. As a condition of employment, employees are bound to the terms of the confidentiality agreement all Executive Branch employees sign. No staff member may disclose the identity of, directly or indirectly, any other staff member who has been tested for the virus, regardless of the test results.

H. Specific Protocols to be Followed by All Staff upon Return to the Office:

All staff will be provided with guidance and recommendations from the CDC and other appropriate sources for protecting themselves and preventing the spread of the virus. All staff will be expected to follow the guidance and recommendations provided.

In addition, all staff will be expected to follow these protocols:

- Staff members should self-monitor for signs and symptoms of Covid-19 using guidance from the CDC.
- Staff members should use a disinfecting wipe, gloves, stylus, or some type of barrier for hands when touching light switches, door handles, appliances, elevator buttons, railings, copiers, and similar items.
- Staff members must wash hands frequently throughout the day, following CDC recommendations.
- Staff members will be expected to exercise respiratory etiquette, i.e. covering mouth and nose with a tissue when coughing or sneezing (or coughing/sneezing into elbow when no tissue is available) and throwing used tissues in trash.
- Staff members must maintain a separation of six feet or more whenever possible. The number of people in common areas such as conference rooms, copier areas, hallways, etc. must be limited. The break room will remain open with limited occupancy and appropriate distancing requirements, however if staff members fail to adhere to these requirements the break room will be closed to use until further notice.
- Staff members may not enter other's offices or cubes when the same communication could be accomplished by use of the telephone, Skype, email, instant message or another form of remote communication. When the work being done requires a staff member to enter another's office or cube, he/she should ensure the other employee is comfortable with the visit, and the staff member entering the office or cube must wear a face covering.
- No staff member may use phones, computers, desks, or other office equipment or furniture belonging to other staff.
- Staff members must take a different route around the office to maintain social distancing when it is not otherwise possible to stay appropriately distanced. All staff members are required to consider this and take an alternate route when necessary.
- Staff members must eat lunches in their own offices or cubes to avoid gathering in groups. No lunches may be eaten in the break room or any common area. All staff will need to be patient with the use of microwaves, the refrigerator, and other appliances. Staff may not perform work during lunch hours.

- Staff members must wear gloves when handling the mail or deliveries to the office.
- Staff members must wear a face covering during any time they are interacting with other staff or a visitor to the office. Face coverings are not required while a staff member is alone in his/her cube/office or working in an area alone.

DRAFT

User	Office	Home
Mary Jane Pickens	No Change	Tablet
Robert Fisher	No Change	Tablet
Niki Miller-Casdorph	Original PC	Laptop
Carl Baldwin	Laptop	Laptop
Stephen Panaro	Laptop	Laptop
Sue Haga	Original PC	Tablet
John Fernatt	Tablet	Tablet
Lora Myers	Johns PC	Original PC
Stephen Schumacher	Tablet	Tablet
Sue McMinn	Shumacher PC	Original PC
Melody Duke	Tablet	Tablet
Shelley Brightwell	Melody PC	Original PC
Valerie Poindexter	Tablet	Tablet
Shannon Shaffer	Valerie PC	Original PC
Jeremy Wolfe	Tablet	Tablet
Mischa Difilippo	Jeremy PC	Original PC
Lora Reynolds	Desktop	Desktop
Deanne Stevens	Tablet	Tablet
Lori Bailey	Deaane PC	Original PC
Lori Tarr	Tablet	Tablet
Kim Hensley	Lori Tarr PC	Original Desktop
Ashley Summitt	Tablet	Tablet
Luke Mitchel	Ashley PC	Original PC
Jeff Lawrentz	Spare PC	Original PC
Tonya Martinez	Spare Tablet	Original PC
Solomon	Front Desk PC	NA
Chuck Mozingo	Current PC	Na
Connie Bloss	Laptop	Laptop
Jamison ???	Connie PC	NA

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

Chief Financial Officer's Report
June 16, 2020

A. P-Card Report

CD copies contain the supporting detail for P-card purchases for the months of February, March and April 2020. These totals are:

February	\$30,147.59
March	\$49,097.43
April	\$55,701.98

B. Current Financial Results

- The financial results presented are for the ten months ended April 30, 2020. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2020, plus an estimated additional accrual for April.
- Net premium revenue for FY'20 has decreased by \$0.6 million vs. FY'19. This decrease reflects a reduction in the actuarially projected loss pics for the current year.
- Retained case reserves for FY'20 are \$17.2 million higher when compared to the prior year and the actuarially estimated retained IBNR for FY'20 is also \$2.5 million higher, resulting in a year over year increase in claims liabilities of \$19.7 million vs. FY'19.
- Year to date net retained unpaid reserves have increased \$11.0 million for the current year versus a \$15.2 million increase for the prior year.
- Net claims payments for the first ten months of FY'20 are approximately \$6.6 million higher than the same period last year.
- The \$4.2 million lower increase in the current year to date retained unpaid reserves vs. last year's increase combined with the overall increase of net claims payments totaling \$6.6 million for FY'20 vs. FY'19 resulted in the increase in claims expense of \$2.4 million for this year vs. the prior year.
- Federal Reserve officials met last week and projected no plans to raise interest rates through 2022. They said that they were committed to providing more support to the economy following the shutdowns to contain the virus. The Board of Governors affirmed plans to hold rates near zero until they are confident the economy is on track for inflation to reach its 2% target and unemployment to fall to the low levels of recent years.
- As short-term yields have decreased to almost zero since February, the market value of BRIM'S bond holdings have increased. BRIM's fixed income results through April 30th total \$18.3 million and are the reason for the slightly better investment income for FY'20 vs. FY'19. Equity market investment losses year-to-date total \$4.0 million.

B. Current Financial Results (cont'd)

- Annualized return on investments for the ten months ended April 30 is 3.9% this year compared to 4.1% last year.
- Slightly lower premium revenue and higher claims expense were offset by slightly better investment earnings for the current year. This resulted in the improvement to BRIM's net position for the current fiscal year to date of \$8.9 million compared to last year's improvement of \$11.8 million for the same period.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Ten Months Ended April 30th

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,615	35,449
Advance deposits with insurance company and trustee	249,350	217,783
Receivables	5,801	2,627
Prepaid insurance	1,151	1,042
Restricted cash and cash equivalents	20,148	16,517
Premiums due from other entities	1,112	878
Total current assets	303,177	274,295
Noncurrent assets:		
Equity position in internal investments pools	99,680	99,327
Restricted investments	57,565	57,361
Total noncurrent assets	157,245	156,688
Total assets	460,422	430,983
Deferred Outflows of Resources	373	438
Deferred Outflows of Resources - OPEB	65	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	15,350	15,407
Agent commissions payable	1,124	1,114
Claims Payable	12	102
Accrued expenses and other liabilities	3,225	3,370
Total current liabilities	82,367	70,447
Estimated unpaid claims and claims adjustment expense net of current portion	139,275	131,775
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	139,648	132,228
Total liabilities	222,015	202,675
Deferred Inflows of Resources	200	330
Deferred Inflows of Resources - OPEB	109	73
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,204	149,745
Net Assets (Deficiency)	8,866	11,777
Net position	\$ 238,536	228,388

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Ten Months Ended April 30th

	2020	2019
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 68,931	\$ 69,481
Less coverage/reinsurance programs	(5,764)	(5,585)
Net operating revenues	63,167	63,896
Operating expenses		
Claims and claims adjustment expense	64,374	62,037
General and administrative	4,184	3,859
Total operating expenses	68,558	65,896
Operating income (loss)	(5,391)	(2,000)
Nonoperating revenues		
Investment income	14,257	13,777
Net nonoperating revenues	14,257	13,777
Changes in net position	8,866	11,777
Total net position, beginning of year	229,670	216,611
Total net position, end of period	\$ 238,536	\$ 228,388

Unaudited

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

**Loss Control Report to the Board
June 2020**

We have offered contracts to Aon and Liberty Mutual for services for the coming fiscal year. Aon has already accepted our tender and we expect Liberty to as well.

Loss Control Questionnaires were sent to state agencies last month. The deadline for return of the completed questionnaires is August 1. As questionnaires and supporting documentation are received, they will be reviewed to determine whether an agency is entitled to a credit or surcharge based on its level of participation in our Standards of Participation program for fiscal year 2020.

Due to the COVID-19 pandemic, Liberty Mutual suspended all inspection activity from the middle of March through the month of May. Beginning this month, Liberty will resume its inspections and together we have developed a timetable for completion of this year's inspections.

As with Liberty, Aon also suspended its inspection activity for the same period. The Aon folks, too, have returned to work and are proceeding on an agreed-to timetable to complete this year's inspections.

Although Aon was prohibited from conducting inspections during the March to May period, they have been submitting completed inspections reports for work already completed. During March, April, and May, we received and processed 172 inspection reports.

Despite COVID-19 and the current work-from-home order, we have continued to provide consulting services to our insured via conference calls. While this is quite different from what both we and our insured are accustomed to, the process has been well received. We are quite proud of the quality and quantity of work being performed during this unprecedented time.

Since my last report, our loss control technical staff reports the following activity:

33 Standards of Participation Visits

These are visits which are designed to provide assistance to our insured who are seeking to become compliant with the BRIM Standards of Participation program.

Insured Accounts Visited Include: Board of Pharmacy, State Budget Office, West Virginia Medical Imaging & Radiation Therapy Technology Board, Southern Educational Services Cooperative, Town of Ellenboro, Trustees of Osiris Temple, West Virginia Paralyzed Veterans of America, Jericho House, Community of Rand

Association, Board of Massage Therapy Licensure, Raleigh County Housing, West Virginia Music Hall of Fame, Board of Chiropractic, Recovered Solutions of Huntington, West Virginia Underprivileged Children Foundation, Board of Landscape and Architecture, Board of Funeral Service Examiners, West Virginia Northern Community College, Board of Physical Therapy, Board of Sanitarians, West Virginia Investment Management Board, West Virginia Division of Miner's Health & Safety, West Virginia Department of Culture & History, Greater Williamson Community Development Corporation, West Virginia Department of Veterans Assistance, Real Estate Commission, Board of Professional Surveyors, Board of Acupuncture, Board of Licensed Dietitians, Kanawha County Medical Society, Marion County Teen Court, Diana Eagle Community Center, and Hampshire County Board of Education.

Dated: *June 15, 2020*

Respectfully submitted,



Robert A. Fisher
Deputy Director *and* Claim Manager

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

Chief Privacy Officer's Report
June 16, 2020

A. Privacy Management Team Meetings

- Since the March 17, 2020 BRIM board meeting, the Privacy Management Team meeting was conducted June 2, 2020 via a Skype platform. The topics for presentation were the newly published NIST Privacy Framework, the State's Risk Assessment of two pilot program agencies (BRIM and Tax) and record retention policies for an agency's use of the State's newly rolled out Microsoft Teams meeting software. Thirty-seven (37) DPOs/APOs from 12 different agencies attended. The next PMT meeting will be held August 4, 2020. Lessons are continuing to be learned about how to effectively use video conferencing for future PMTs.

B. Privacy Training

- During the First Quarter of 2020, 565 members of the Executive Branch workforce took the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the First Quarter of 2020, 790 members of the Executive Branch workforce took the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the First Quarter of 2020, 232 members of the Executive Branch workforce took the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since March:

Privacy Officer Orientation for the Departmental Privacy Officer for the West Virginia Supreme Court of Appeals was conducted online on April 8, 2020.

On May 6, 2020, SPO staff provided an online recorded webinar (Purchasing as a Privacy Powerhouse) for the Division of Purchasing 2020 In-House Training Program. Topics included purchasing as risk management, importance of

privacy terms in state contract forms, HIPAA requirements for using a Business Associate Agreement, the new Software-as-a-Service Addendum and revised PIA.

The State Privacy Office made the decision to postpone the Privacy Retreat originally scheduled for September 16-18, 2020 at Pipestem Resort State Park. We are looking forward to rescheduling of this semi-annual retreat for the summer/fall of 2021.

C. Privacy Impact Assessments

- 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 significantly modified, or new technology is purchased.
- Since March 17, 2020 thirteen (13) PIAs have been completed and submitted. Staff changes at the West Virginia Office of Technology have resulted in procedural changes for reporting to our office their recommendations for completing a PIA. State Privacy staff, combined with WVOT staff, are working together to create a new PIA procedure.
- The PIA form has been updated to reflect some changes in the Software as a Service Addendum from WV OT. This document was presented for comment to the June 2, 2020 PMT meeting.
- At this point, PIA completion is not mandatory for agencies.
- The Vendor Management Team, comprised of staff from the WV Purchasing Division, WV Office of Technology, WV Cybersecurity Office, BRIM, and State Privacy Office, has restarted its bi-monthly meetings to provide an important method for coordination between agencies for vendor privacy and security issues. The Privacy Office is currently amending its PIA procedures based on feedback received from various agencies and will be incorporating it into the processes already established by Purchasing and the Office of Technology.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch