

State of West Virginia

Board of Risk and Insurance Management

2020 Annual Report



NOTICE REGARDING 2020 BRIM ANNUAL REPORT

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

August 28, 2020

Honorable Jim Justice, Governor
State of West Virginia

Governor Justice:

The Annual Report of the West Virginia Board of Risk and Insurance Management (BRIM) for the year ended June 30, 2020 is hereby respectfully submitted. This report was prepared by the staff of BRIM. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of BRIM. We believe the data, as presented, is accurate and that it is presented in a manner designed to fairly set forth the results of the operations of BRIM. All information necessary to enable the reader to gain an understanding of BRIM's operational activities has been included.

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

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

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

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

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

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

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

Property losses are retained by BRIM up to \$1 million. Additionally, excess coverage is provided beyond the \$1 million retention up to a limit of \$400 million per occurrence. This coverage provides reimbursement of loss at the stated or reported value less a \$2,500 deductible. Under the mine subsidence program, participating insurers pay BRIM a reinsurance premium, which is equal to the gross premiums collected for mine subsidence coverage, less cancellations, less a 30% ceding commission.

BRIM currently insures approximately 160 state agencies, approximately 970 Senate Bill #3 entities, plus provides mine subsidence reinsurance to approximately 15,000 home and business owners.

Financial Highlights

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

Internal Accounting Structure and Budgetary Control

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

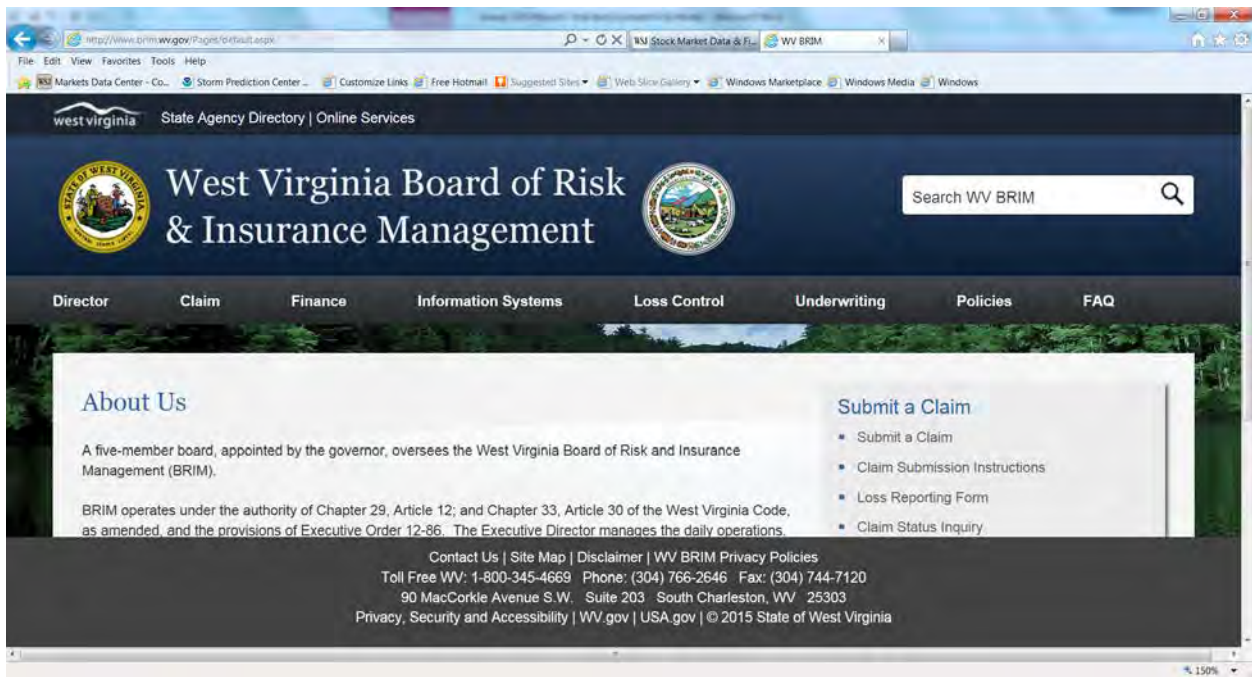
Internal controls have been put in place to ensure the assets and property of BRIM are protected from theft, loss or misuse and to provide adequate accounting data for preparing Generally Accepted Accounting Principles (GAAP) based financial statements.

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

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

BRIM On-Line

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



Results of Operations

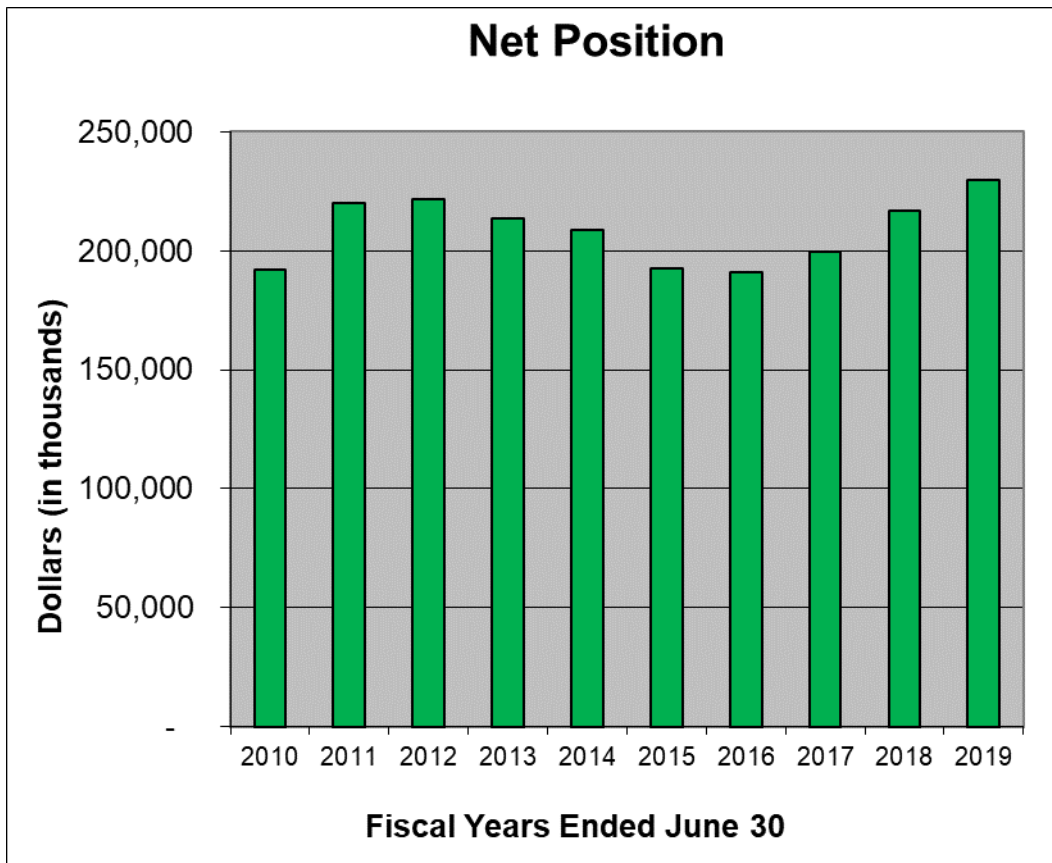
Below are audited results from operations of four most recent fiscal years ended June 30:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(In thousands)			
Operating Revenues:				
Premiums	\$65,293	\$71,368	\$78,951	\$83,301
Less Excess Coverages	<u>(6,909)</u>	<u>(6,681)</u>	<u>(6,518)</u>	<u>(6,627)</u>
Net Operating Revenues	58,384	64,687	72,433	76,674
Operating Expenses:				
Claims & Claims Adjustment	63,753	59,149	57,393	80,169
General Administrative	<u>3,905</u>	<u>4,200</u>	<u>4,410</u>	<u>4,519</u>
Total Operating Expenses	67,658	63,349	61,803	84,688
Operating Income (Loss)	(9,274)	1,338	10,630	(8,014)
Non-Operating Revenues:				
Interest Income	7,413	9,841	6,712	21,044
OPEB Nonoperating Income				30
Appropriation Transfer	<u> </u>	<u>(2,810)</u>	<u> </u>	<u> </u>
Net Income	(1,861)	8,369	17,342	13,060
Net Position				
at beginning of year	<u>192,280</u>	<u>190,959</u>	<u>199,328</u>	<u>216,612</u>
Cumulative Effect Adoption of GASB 75	<u> </u>	<u> </u>	<u>(58)</u>	<u> </u>
Net Position at beginning of year – restated	<u>192,280</u>	<u>190,959</u>	<u>199,270</u>	<u>216,612</u>
Net Position at end of year	\$190,959	\$199,328	\$216,612	\$229,672

BRIM has worked diligently for the past several years to maintain positive net position and eliminate its unfunded liability. Favorable loss patterns and adequate funding have enabled BRIM to maintain positive net position from 2005 thru 2019. BRIM may occasionally experience some adverse loss development. Premiums continue to be

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

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



West Virginia Patient Injury Compensation Fund

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

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

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

Audit

BRIM is required by the Financial Accounting and Reporting Section (FARS) of the Department of Administration to have an annual independent audit. The firm of Dixon Hughes Goodman, LLP was selected to perform the audit for the fiscal year ended June 30, 2020. The June 30, 2020 report will be available near the end of October 2020.

Risk Management

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

Cash Management

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

Certificate of Achievement for Excellence in Financial Reporting

The West Virginia Board of Risk and Insurance Management’s Comprehensive Annual Financial Report for the year ended June 30, 2019, from which the information on page(s) one through eight have been drawn, was submitted for the award the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers

Association of the United States and Canada (GFOA). Because of COVID-19 the GFOA is behind in issuing the Certificate of Achievement. They anticipate issuing these at the latest at the beginning of September. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Comprehensive Annual Financial Report

Since June 30, 1995, BRIM has issued a Comprehensive Annual Financial Report (CAFR). This report contains an introductory section, a financial section and a statistical section. The financial section will contain audited data for June 30, 2020. The CAFR for fiscal year 2020 will be issued before December 31, 2020. A copy of this report will be sent to the Governor's Office upon completion.

Acknowledgments

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

Sincerely,



Mary Jane Pickens
Executive Director

Listing of Coverages in Effect for Fiscal Year 2019

LIABILITY	LIMIT OF LIABILITY
Automobile Liability Policy No.: CA 774-22-73 & 774-22-74 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Cyber Liability Policy No.: UMR B1262F10687318 Company: Arthur J. Gallagher International	\$ 25,000,000 per occurrence
General Liability Policy No.: GL 461-16-38 & 461-16-39 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-16 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Excess Liability-Bd. of Education Policy No.: 48409866 Company: The Insurance Company of the State of Penn	\$ 5,000,000 per occurrence or claim
 PROPERTY	 LIMIT OF LIABILITY
Blanket Property Policy No.: MAF760728-18 Company: Axis Insurance Company	\$ 25,000,000 primary layer 1,000,000 deductible
Policy No.: NHD900809 Company: RSUI	\$ 100,000,000 in excess of 25,000,000
Policy No.: 795006143 Company: Atlantic Speciality	\$ 75,000,000 in excess of 125,000,000
Policy No.: MAF733355-18 Company: Axis Insurance Company	\$ 200,000,000 in excess of 200,000,000
Policy No.: MAF760729-18 Company: Axis Insurance Company	\$ 10,000,000 flood with 1,000,000 deductible
Boiler and Machinery Policy No.: YB2L9L469170018 Company: Liberty Mutual Insurance	\$ 5,000,000 per equipment covered in excess of 1,000,000
Public Insurance Official Position Schedule Bond Bond No.: 106128156 Company: Travelers	Variable amounts as set by Statute

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

Top 10 State Agency Premiums for Fiscal Year 2019

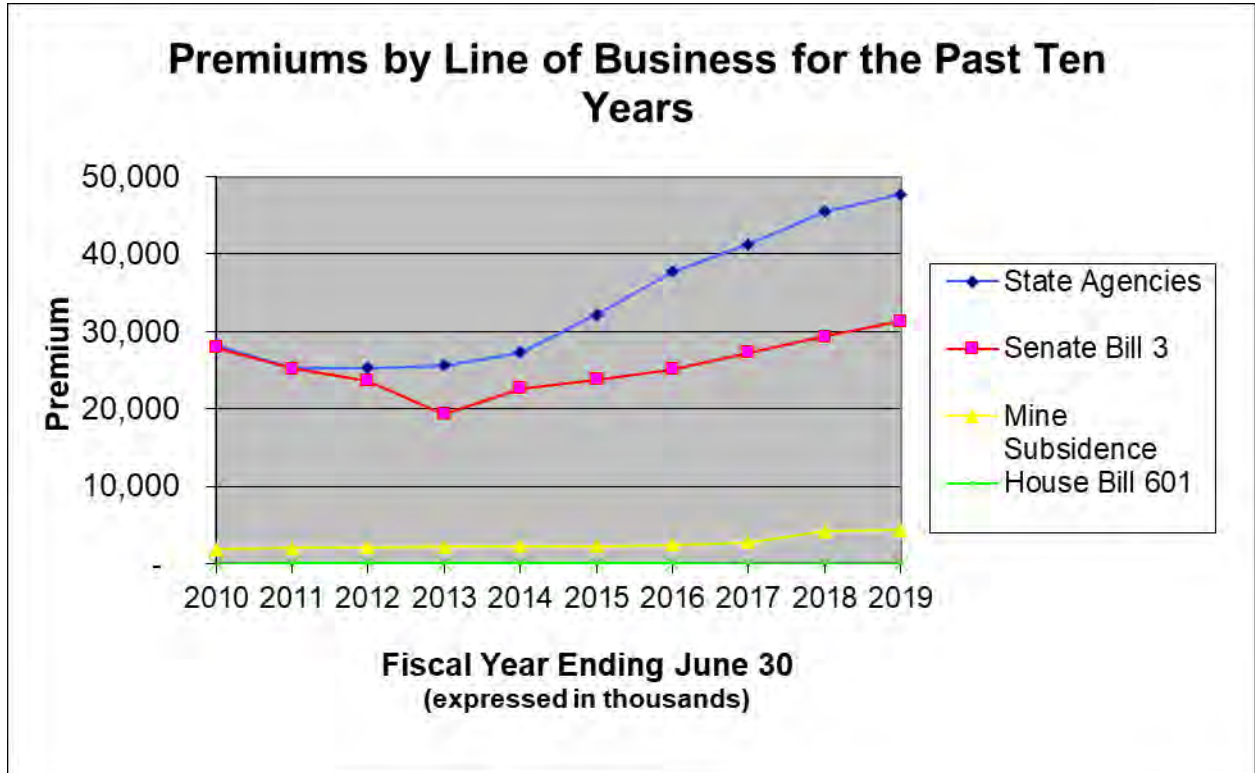
1	West Virginia University	\$10,282,604
2	Division of Highways	6,377,240
3	State Police	5,310,092
4	Department of Health & Human Resources	3,968,395
5	Division of Corrections	3,749,615
6	Marshall University	2,943,164
7	Regional Jail and Corrections Facility Authority	1,645,887
8	West Virginia University Medical Corp.	837,755
9	Supreme Court of Appeals	754,185
10	Division of Environmental Protection	659,394
	Total Top Ten	\$36,528,331

Total State Premium Billing for 2019	\$49,264,498
% of top 10 in relation to all state agency billings	74.15%

Top 20 SB 3 Premiums for Fiscal Year 2019

1	Kanawha County Board of Education	\$1,659,014
2	Berkeley County Board of Education	878,112
3	City of St. Albans	817,714
4	Raleigh County Board of Education	714,007
5	Cabell County Board of Education	639,768
6	Harrison County Board of Education	558,904
7	Wayne County Board of Education	510,551
8	Putnam County Board of Education	509,459
9	Mingo County Commission	506,119
10	Monongalia County Board of Education	461,924
11	Logan County Board of Education	460,072
12	Mercer County Board of Education	449,817
13	Jefferson County Board of Education	446,668
14	Fayette County Board of Education	408,367
15	Marion County Board of Education	385,144
16	Mingo County Board of Education	382,028
17	Ohio County Commission	378,772
18	Logan County Commission	377,481
19	Kanawha Valley Regional Transportation	374,335
20	Wood County Board of Education	336,225
	Total Top Twenty	\$11,254,481

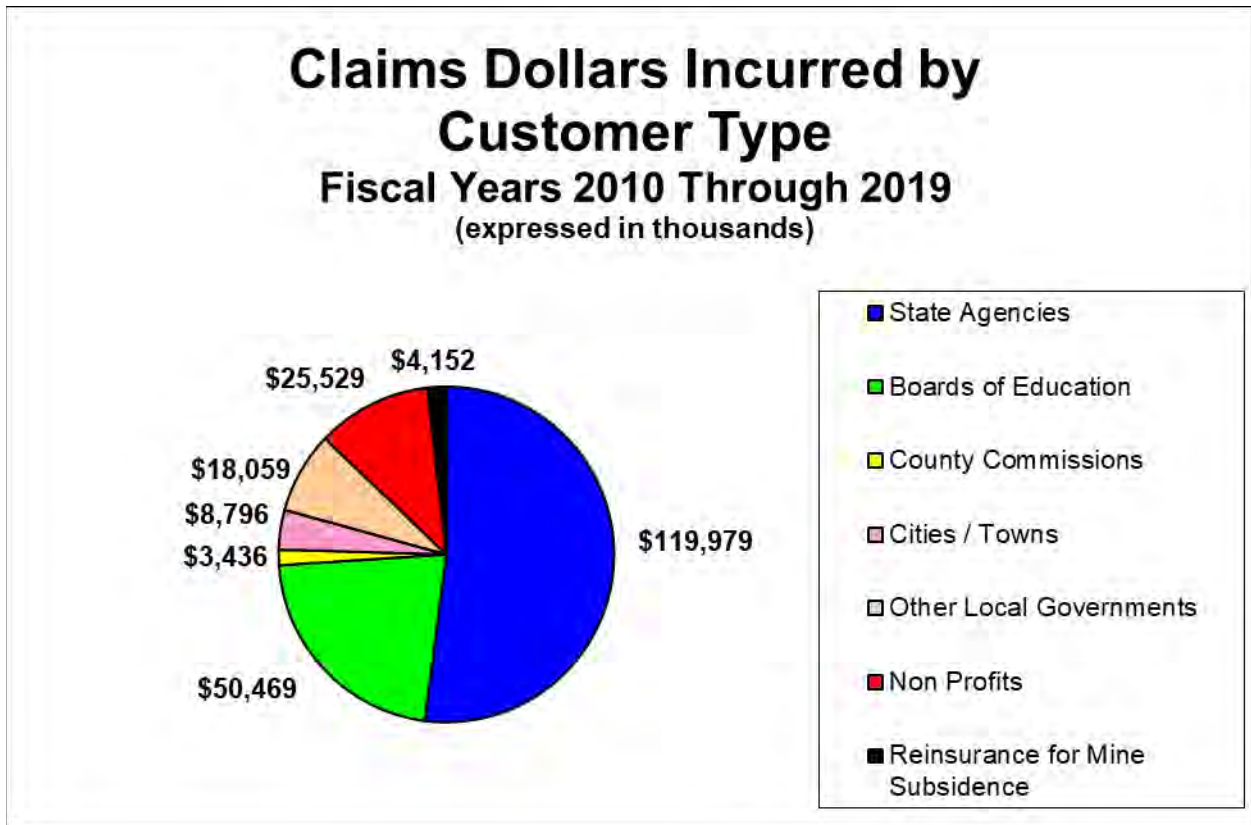
Total SB 3 Premium Billing for 2019	\$32,615,319
% of top 20 in relation to total SB 3 billings	34.51%



Fiscal Year	State Agencies	Senate Bill 3	Mine Subsidence	House Bill 601
2010	\$ 28,257	\$ 27,889	\$ 1,861	-
2011	\$ 25,239	\$ 25,233	\$ 2,032	\$ 34
2012	\$ 25,290	\$ 23,603	\$ 2,090	\$ 63
2013	\$ 25,607	\$ 19,345	\$ 2,142	\$ 40
2014	\$ 27,226	\$ 22,642	\$ 2,220	\$ 40
2015	\$ 32,118	\$ 23,781	\$ 2,261	\$ 44
2016	\$37,688	\$25,147	\$2,398	\$ 60
2017	\$41,304	\$27,305	\$2,759	
2018	\$45,516	\$29,306	\$4,129	
2019	\$47,713	\$31,286	\$4,302	

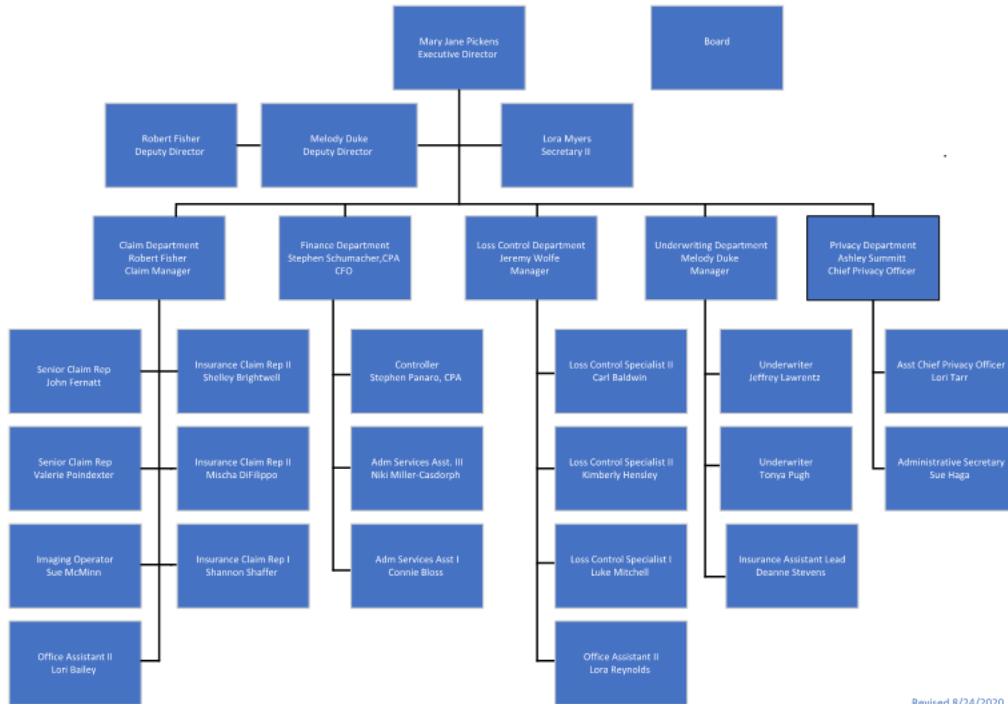
The chart above shows premiums by line of business for the past ten fiscal years, expressed in thousands of dollars. This chart illustrates a general downward trend of premiums for State Agencies and Senate Bill 3 customers until 2014 when premiums began increasing.

Source: BRIM’s internal financial statements.



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

Board of Risk and Insurance Management Organizational Chart



Revised 8/24/2020

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



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 10, 2019

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes
June 18, 2019

REPORTS

Nate Pearson/Scott Mountain
Standish Mellon Asset Management

Account/Investment Update

Tom Sauvageot
West Virginia Investment Management Board

Account/Investment Update

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 Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

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

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

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

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

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

CALL TO ORDER

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

APPROVAL OF MINUTES

Vice Chairman Bob Mitts moved the approval of the March 19, 2019 Board Meeting minutes. The motion was seconded by James Wilson. Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Executive Director's Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BRIM Financial Report

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

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

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

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

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

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

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

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

Loss Control Report

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

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

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

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

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

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

Privacy Report

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

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

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

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

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

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

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

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

UNFINISHED BUSINESS

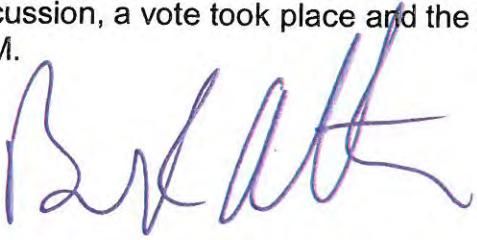
There was no unfinished business to be discussed.

NEW BUSINESS

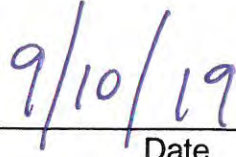
There was no new business to be discussed.

ADJOURNMENT

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



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
MaryJane.Pickens@wv.gov

Executive Director's Report

September 10, 2019

A. Marshall University and West Virginia University Medical Malpractice Program

- As of September 4, 2019, Marshall has deposited \$350,000.00 into the escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$6,201.95. Disbursements totaling \$326,236.75 have been paid thus far in FY 2020.
- As of September 4, 2019, a total of \$597,310.94 has been deposited into WVU's escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$11,933.13. Disbursements totaling \$609,486.75 have been paid thus far in FY 2020.

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

TRIALS

Thus far in 2019, we have tried two cases to a defense verdict.

Monongahela Power vs. WV Div. of Highways (501-672784) Harrison Co. Mag. Ct.; Insured employee was mowing and struck the plaintiff's unmarked guy wire. Demand was \$2,408.91. There was no offer. Defense Verdict on 6/27/2019. Plaintiff is appealing verdict to Harrison Co. Cir. Ct.

PAID CLAIMS (July 2019 Data)

YTD Indemnity payments total \$18,564,096 vs. PYTD payments of \$24,338,658, a decrease of 23.73%.

YTD Legal payments total \$9,272,762 vs. PYTD payments of \$8,848,875, an increase of 4.79%.

OUTSTANDING CLAIMS (July 2019 Data)

July 2019 Indemnity reserves total \$62,655,737 vs. July 2018 Indemnity reserves of \$47,365,455, an increase of 32.28%.

July 2019 Expense reserves total \$20,756,080 vs. July 2018 Expense reserves of \$19,102,707, an increase of 8.66%.

CLAIMS COUNTS (August 2019 Data)

New claims YTD total 2829 vs. PYTD of 2706, an increase of 4.5%.

Closed claims YTD total 2853 vs. PYTD of 3005, a decrease of 5.06%.

Open claims YTD total 1224 vs. PYTD of 1084, an increase of 12.9%.

DURATION – CLOSED CLAIMS (July 2019 Data)

YTD Duration of 110.157 Days vs. PYTD Duration of 112.669 Days, a decrease of 2.23%.

CLOSING RATIO (August 2019 Data)

YTD Closing Ratio of 100.85% vs. PYTD Closing Ratio of 111%, a decrease of 9.14%.

C. Patient Injury Compensation Fund (PICF)

We are in the process of making a pro rata distribution of funds to claimants from the PICF. The payments have been pending in the State Auditor's Office for a few weeks now. With all litigation of claims final, we now have a sum certain remaining to be paid. The distribution for FY 2019 (which we make at the conclusion of each FY, after all administrative and legal costs of the fund have been paid) is \$2.1 million. There are 15 claims receiving pro rata distributions. The funding sources for the PICF will terminate on December 31, 2021. The balance remaining after the current distribution is \$ 4,139,549. If the funding sources continue to perform as they have been, we are hopeful that all claims will be paid in full by June 30, 2022.

D. Risk Management Information System Update

We have continued to work with AssetWorks, which acquired Emerson (the original vendor) earlier this year. We have recently learned that one of the vendor's team leads, Dave Sumner, is retiring in about 3 months. To plan for a personnel transition, we have scheduled an all-day meeting with the AssetWorks team for October 3rd. We believe we've been able to conclude some data differences between AIG data, the mainframe system data, and the new system data, and that puts us another step closer to reliance on the new system as a data source for our actuaries as well as for Loss Control activities. We are beginning the reconciliation of data for property and mine subsidence, and we will be testing the Underwriting module extensively in the next few weeks.

E. RFP – Consultant Contract

Eight potential bidders attended the pre-bid conference and 4 submitted bids. At the conclusion of the bid evaluation process, we awarded the Consultant contract to Willis Towers Watson on July 1, 2019. On July 17, we met with the Willis team to launch the project. We have provided information and responded to questions concerning our program, coverages, and policies. On August 7 and September 4, we had conference calls with the Willis team to provide additional information. Our goal is to have a report by December 1st.

Jeff Johnson, Senate counsel, has been designated as BRIM's contact from the Senate to provide updates on the project and for us to respond to any questions the Senate leadership may have concerning the project. I've provided Jeff with copies of the RFP and the 2 addenda we issued, as well as some general information about the goals of the project. The House has not designated a staff contact to date.

F. Records Management

In August, we provided an inventory of both paper and electronic records to the DOA Secretary's designee overseeing the Records Management Program for the state. As reported previously, we are stepping up efforts to destroy paper records that have reached their respective retention schedules. Our next step has been to scan paper records that have not yet reached their retention schedule destruction dates and destroy the paper versions. We've received one bid for imaging services and the cost is significant enough for us to reconsider our goal of simply scanning all paper records that haven't exceeded the retention schedule. In the interest of using agency funds wisely, we've formed a committee of myself, Robert, Melody, and Sue Haga to develop a plan that could combine scanning, paper storage, and destruction depending on the type and age of the records.

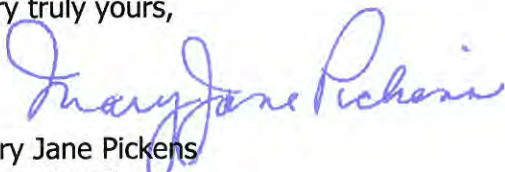
G. Policy Renewals

- a. At the last Board meeting, I reported on renewals. We are now reviewing the new policies and we expect to have the liability and auto policies, as well as the boiler & machinery policy, up on the website as early as next week. The property policy should be available on the website later this month. Most other policies are ready to go up on the website.
- b. Renewal of Boards of Education Excess Policy: At the last Board meeting we were still awaiting further information from USI on renewal of the BOE Excess Liability Policy. We ultimately accepted the quote from AIG however the terms are not as favorable as in the past. We now have a \$10 million aggregate. We explored other options however we felt that the AIG proposal presented the best balance of cost and coverage while meeting the statutory requirement. We expect these challenges around cost and coverage terms to continue with the Boards of Ed excess.

H. Miscellaneous

- a. At the June Board meeting, I shared plans for a new hire in our Loss Control Department. That process concluded successfully with the hire of Luke Mitchell. We are excited to have Luke on board, and I'm sure there will be more information about Luke in the Loss Control report. We expect that with Luke's hire we will be able to reach out and assist many more of our insured and be even more proactive.
- b. BRIM's Annual Report was filed by August 31, as required by statute. A copy was delivered to the Governor, Legislative Auditor, and State Budget Director.
- c. Summer Interns – Our 2 summer interns that we hired through the Governor's internship program, Solomon Phillips and Erica Howell, have completed their summer jobs here and returned to college. While they were here this summer, they helped with claims and underwriting areas primarily. They were bright, capable people and we hated to see them leave but we wish them well and hope they will visit us when they are back in town.
- d. STRIMA is the week of September 23rd. Attending this year will be Robert, Melody, and me. John Fernatt and Chuck Mozingo are also attending because they've been asked to present BRIM's Active Shooter Training as one of the conference sessions this year.
- e. The next Board meeting will be Tuesday, December 17, 2019 @ 1PM.

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

Chief Financial Officer's Report September 10, 2019

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of May and June 2019. These totals are:

May	\$34,445.20
June	\$28,249.58

B. Audit Update

- Audit field work has been completed and no audit issues have been brought to BRIM's attention.
- BRIM will submit its draft of the June 30, 2019 audited financial statements by the September 15, 2019 draft deadline. The final financial statements will be submitted by the October 15, 2019 deadline.
- BRIM's audited financial statements will be released and available on BRIM's website shortly after the auditor's opinion has been issued.

C. Actuarial Results

- AON's risk fund study as of June 30, 2019 has been completed and reviewed.
- During the current fiscal year unfavorable claims development for several prior years' reserves resulted in a net increase in the provision for insured events of prior years of \$11.1 million. Favorable loss development had resulted in a net decrease in the prior years' provision for insured events of \$14.6 million for last fiscal year.
- The unfavorable loss development this year relates to several policy years prior that are outside the loss history look back period that will be included in rating periods going forward and therefore it is anticipated that these costs will not be recovered through future rates.
- Both retained reserves and IBNR year were higher by \$13.7 million and \$10.3 million respectively at June 30, 2019, resulting in a year over year increase in total retained incurred of \$24.0 million.

D. Financial Results

- Premium revenue for FY'19 is \$4.2 million higher than the prior year. The primary driver for the increased premiums is the increase in the actuarially projected claims costs that were included in the FY'19 rates.
- Total net claims expense increased by \$22.8 million when compared to FY'18, driven by the adverse development previously discussed. These losses will be absorbed by existing BRIM funding and are already reflected in BRIM's net position at June 30.
- Investment income for FY'19 was \$14.4 million higher than the prior year's investment income. The investment earnings increase can be attributed to better fixed income returns for the current year versus the prior year.

D. Financial Results (cont'd)

- The overall rate of return on all BRIM funds invested for the current fiscal year was 5.2%; a significant improvement over FY'18's return of 1.8%.
- For trust funds the rate of return was 6.2% with earnings totaling \$12.9 million for FY'19. This compares to a negative (0.5%) return in FY'18 with losses totaling \$1.1 million.
- The Fed reduced rates by a quarter-point in late July; the first rate cut since the 2008 financial crisis. Tariff issues and slowing global growth continue to weigh on the Fed's outlook for lowering rates. The Fed may reduce rates by as much as a half-point at its meeting next week.
- As short-term rates trend lower this year, the lower reinvestment rate (currently about 1.5%) for 3 to 5 year treasuries will result in much lower returns for the trust in FY'20.
- The funds invested with the West Virginia Investment Management Board made about \$7.1 million or 4.7% vs. \$7.2 million or 5.0% last year. The recent volatility in the equity markets is a reflection of the uncertainty among investors of the perceived potential return versus the risk in stocks when compared to the relative safety of treasuries.
- BRIM's overall financial results provided for an improvement in net position of \$12.9 million for FY'19 versus an increase in net position of \$17.4 million for FY'18. Adverse claims development in FY'19 was offset by much better overall investment returns when compared to FY'18.
- BRIM's current net position of \$229.5 million includes the mine subsidence program's restricted net position of \$72.4 million, leaving BRIM's unrestricted net position at \$157.1 at June 30, 2019.
- Using only unrestricted net position, BRIM's loss reserve to surplus ratio deteriorated slightly for FY'19 to 1.2 to 1.0. This compares to the FY'18 loss reserve to surplus ratio of 1.1 to 1.0.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June 30th

	<u>2019</u>	<u>2018</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 29,342	\$ 26,927
Advance deposits with insurance company and trustee	224,786	201,377
Receivables	3,221	1,899
Prepaid insurance	0	0
Restricted cash and cash equivalents	16,936	13,668
Premiums due from other entities	1,112	878
Total current assets	<u>275,397</u>	<u>244,748</u>
Noncurrent assets:		
Equity position in internal investments pools	100,600	96,094
Restricted investments	58,096	55,494
Total noncurrent assets	<u>158,696</u>	<u>151,588</u>
Total assets	<u>434,093</u>	<u>396,336</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	231	438
	21	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	10,179	10,022
Agent commissions payable	1,514	1,406
Claims Payable	0	0
Accrued expenses and other liabilities	1,508	922
Total current liabilities	<u>75,857</u>	<u>62,803</u>
Estimated unpaid claims and claims adjustment expense net of current portion		
	128,322	116,548
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	<u>128,695</u>	<u>117,001</u>
Total liabilities	<u>204,552</u>	<u>179,805</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	200	330
	109	73
Net position:		
Restricted by State code for mine subsidence coverage	66,866	61,059
Unrestricted	149,745	138,211
Net Assets (Deficiency)	12,872	17,341
Net position	<u>\$ 229,483</u>	<u>\$ 216,611</u>

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 83,301	\$ 78,951
Less coverage/reinsurance programs	(6,627)	(6,518)
Net operating revenues	76,674	72,432
Operating expenses		
Claims and claims adjustment expense	80,169	57,393
General and administrative	4,706	4,410
Total operating expenses	84,875	61,803
Operating income (loss)	(8,201)	10,629
Nonoperating revenues		
Investment income	21,043	6,712
OPEB Non Operating Income	30	0
Net nonoperating revenues	21,073	6,712
Changes in net position	12,872	17,341
Total net position, beginning of year	216,611	199,270
Total net position, end of period	\$ 229,483	\$ 216,611

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
MaryJane.Pickens@wv.gov

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

We are delighted to introduce to you our new Risk and Insurance Analyst: Mr. Luke Mitchell. Luke began working on July 8, 2019 and has completed the onboarding training process and is now actively engaged with our insured during consultation visits. We anticipate many accomplishments from him during his career at BRIM.

State Agency loss control questionnaires were due on August 1, 2019. Since that time, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for next fiscal year's premium.

BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars this fall. We are hopeful that these seminars will continue to attract large crowds and that what is learned at the seminars will help keep boiler losses minor to a minimum as they have been for many years.

During the months of July, August, and September Aon conducted 203 inspections and Liberty Mutual Insurance conducted 262. The reports are being processed according to established procedures.

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

9 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 Williamson, Central West Virginia Transit Authority, Moundsville Housing Authority, Charleston/Kanawha Housing Authority, Tri-State Transit Authority, Cabell County Board of Education, Marion County Board of Education, Preston County Board of Education, and Monongalia County Board of Education.

10 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: Western Animal Rescue Alliance, Clay County Services Unlimited, Town of Grant Town, Town of Pax, Point Pleasant Housing Authority, Wetzel County Convention & Visitors Bureau, East Cabell County Humanities Organization, West Virginia Division of Labor, Doddridge County Board of Education, and Chief Logan Recreational Center.

2 Presentation Visits

These are visits during which we provide active training and/or outreach to a group of individuals.

Training Provided To: West Virginia Rural Water Association's annual conference and Raleigh County Board of Education.

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: *September 9, 2019*

Respectfully submitted,



Robert A. Fisher
Deputy Director *and* Claim Manager



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

Chief Privacy Officer's Report September 10, 2019

A. Privacy Management Team Meetings

- Since the June 18, 2019 BRIM board meeting, the Privacy Management Team met on July 16, 2019 for its bi-monthly PMT meeting. Twenty-seven DPOs/APOs from 16 different Executive and Higher Education/Constitutional agencies attended. Speakers from the WV Treasurer's Office and the WV Office of Technology presented on the importance of compliance with the Payment Card Industry Data Security Standards.
- The next Privacy Management Team meeting is scheduled for September 17, 2019.

B. Privacy Training

- During the Second Quarter of 2019, 864 members of the Executive Branch workforce took the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Second Quarter of 2019, 737 members of the Executive Branch workforce took the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Second Quarter of 2019, 422 members of the Executive Branch workforce took the online course *HIPAA/HITECH*, which is a general HIPAA training course.
- The State Privacy Office is investigating an update for the privacy training online course.

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

- June 17, 2019 – State Privacy Office staff presented a new privacy officer orientation training to 7 DPOs/APOs.
- July 24, 2019- State Privacy Office staff presented new privacy officer orientation and HIPAA training to 13 DPOs/APOs of the WV DHHR.
- Upcoming: On September 18-19, 2019 State Privacy Office staff will present “Purchasing – A Privacy Powerhouse” on two occasions to procurement officers statewide at the 2019 West Virginia Agency Purchasing Conference. As a component of this training, staff have created a redaction component that will be made available statewide as an ongoing resource to members of the Executive Branch.

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 June, 4 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



Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

AGENDA
BOARD MEETING OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
December 17, 2019

Chairman Martin

Call to Order

Chairman Martin

Approval of Board Minutes
September 10, 2019 Meeting

REPORTS

Norman Mosrie, Partner
Dixon Hughes Goodman LLP

Audited Financial Report
June 30, 2018
Dixon Hughes Goodman LLP

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Robert A. Fisher
Deputy Director/Claim Manager

Loss Control Report

Ashley E. Summitt
Chief Privacy Officer

Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
September 10, 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
Jeremy Wolfe, Loss Control Manager
Ashley Summitt, Chief Privacy Officer
Chuck Mozingo, Asst. Claims Manager
Melody Duke, Underwriting Manager
Valerie Poindexter, Claim Representative
Stephen W. Panaro, CPA, Controller
Luke Mitchell, Risk & Insurance Analyst I
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:**

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

GUESTS:

Allan L. McVey, Secretary, Department of Administration
Sandy Price, WVU Health Sciences Center
Michael Gansor, WVU Risk Management
Tom Sauvageot, WV Investment Management Board
Nate Pearson, Standish Mellon Asset Management
Scott Mountain, Standish Mellon Asset Management

CALL TO ORDER

Chairman Martin called the meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 10, 2019 at 1:03PM. Chairman Martin thanked the Board and BRIM staff for the donation made in honor and memory of his father's recent passing. 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 June 18, 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

Standish Mellon Asset Management

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

Mr. Pearson introduced himself and Mr. Mountain to the group. Mr. Mountain presented highlights of the Mellon Overview. Mr. Pearson reviewed the handout provided and reported a positive economic picture. He commented that he didn't see much in the way of a recession. Trend growth appears moderate and with stable rates we shouldn't experience loss. Chairman Martin thanked the gentlemen for the good news.

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

West Virginia Investment Management Board

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

Mr. Sauvageot referred to the BRIM Investment Review – June 30, 2019 which the Board received as a handout. Market Highlights were discussed, modest but sustained economic growth has been experienced. Asset Allocation was reviewed. The good news is we are not expecting a recession and are celebrating strong returns. The bad news is bond portfolio yield. Trade uncertainty has had an effect on the market. Being no questions from the Board, the West Virginia Investment Management Board presentation concluded. Chairman Martin thanked Mr. Sauvageot for his report.

The West Virginia Investment Management Board's presentation 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 discussed the Medical Malpractice Programs for both Marshall University and West Virginia University. Mrs. Pickens reported on the State Agency/Senate Bill #3 Liability Claim and Litigation Information. To date in 2019, we have tried two cases to a defense verdict. The attached Executive Director's Report includes detailed information regarding paid claims, outstanding claims, claim counts and closed claims.

Mrs. Pickens gave a recap regarding the Patient Injury Compensation Fund (PICF). We are in the process of making a pro rata distribution of funds to claimants from PICF. Payment are pending in the State Auditor's Office. All claims litigation is final, we now have a sum remaining to be paid. The distribution for FY2019 is \$2.1 million. There are 15 claims receiving pro rata distributions. The funding sources for the PICF will terminate on December 31, 2021. The balance remaining after the current distribution is \$4,139,549. If the funding sources continue to perform as they have been, we are hopeful that all claims will be paid in full by June 30, 2022.

An update on the Risk Management Information System was discussed. We continue to work with AssetWorks, which acquired Emerson (original vendor) earlier this year. One of the vendor's leads, Dave Sumner, is retiring. An all-day meeting with the AssetWorks team has been scheduled for October 3rd to plan for the personnel transition. Some data differences between AIG data, the mainframe system data, and the new data system seem to have been concluded. This gets us closer to reliance on the new system as a data source for our actuaries as well as for Loss Control activities. We are beginning the reconciliation of data for property and mine subsidence, and we will be testing the Underwriting module extensively in the next few weeks.

Mrs. Pickens reported on the status of BRIM RFPs. Eight potential bidders attended the pre-bid conference and four submitted bids for the Consultant RFP. On July 1, 2019, we awarded the contract to Willis Towers Watson. On July 17, we met with the Willis team to launch the project. We have responded to questions and supplied information regarding our program, coverages and policies. On August 7 and September 4, we held conference calls with Willis to provide additional information.

Jeff Johnson, Senate counsel, has been designated as BRIM's contact from the Senate to provide updates on the project. We will also respond to Mr. Johnson with answers to any questions Senate leadership may have concerning the project. The House has not designated a staff contact.

Records Management was discussed. In August, we provided an inventory of both paper and electronic records to the DOA Secretary's designee in charge of Records Management Program. We are stepping up our efforts to destroy paper records that have reached their respective retention schedules. The next step is scanning paper records that have not reached their retention schedule destruction dates and destroy the paper versions. We have received one bid for imaging services and the

cost is significant enough for us to reconsider our goal of simply scanning all paper records that are not in excess of the retention schedule. A committee has been formed to initiate a plan that combines scanning, paper storage and destruction depending on the type and age of the record.

BRIM Policy renewals were discussed at the last Board meeting. We are in the process of reviewing the new policies and expect to have the liability and auto policies as well as the boiler and machinery policy on the website next week. The property policy should be available on the website later this month.

At the last meeting BRIM was still awaiting further information from USI on renewal of the BOE Renewal of Boards of Education Excess Policy. We accepted the quote from AIG; however, the terms are not as favorable as in the past. Other options were explored but the AIG proposal presented the best balance of cost and coverage while meeting the statutory requirements.

Mrs. Pickens introduced the new hire for the Loss Control Department. Luke Mitchell is a Risk & Insurance Analyst I. With Luke on staff, we expect to be able to reach out and assist more insured and be more proactive.

BRIM's Annual Report was filed by August 31, as required by statute. A copy was hand delivered to the Governor, Legislative Auditor, and State Budget Director.

Our two summer interns completed their summer positions and returned to school. While at BRIM this summer, Solomon Phillips and Erica Howell assisted in claims and underwriting primarily. They were bright, dependable people and wish them both well in their future endeavors.

Mrs. Pickens announced that STRIMA would be held the week of September 23rd. Attending will be myself, Robert and Melody. John Fernatt and Chuck Mozingo will be attending to present BRIM's Active Shooter Training as one of the conference sessions this year.

In conclusion, Mrs. Pickens announced the next Board meeting will be held Tuesday, December 17, 2019 @ 1PM.

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

BRIM Financial Report

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

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

Mr. Schumacher presented an Audit Update. The audit field work has been completed and no audit issues have been brought up. BRIM will submit its draft of the

June 30, 2019 audited financial statements by the deadline of September 15, 2019. The final financial statements will be submitted by the October 15, 2019 deadline. BRIM's audited financial statements will be released and available on the website after the auditor's opinion has been issued.

Mr. Schumacher discussed the Actuarial Results. AON's risk fund study of June 30, 2019 has been completed. Retained reserves and IBNR year were higher by \$13.7 million and \$10.3 million respectively at June 30, 2019, resulting in a year over year increase in total retained incurred of \$24.0 million.

Financial Results were discussed and reviewed by Mr. Schumacher. Premium revenue for FY19 is \$4.2 million higher than the prior year. Total net claims expense increased by \$22.8 million when compared to FY18. Investment income for FY19 was \$14.4 million higher than the prior year's investment income. The overall rate of return on all BRIM funds invested for the current fiscal year was a 5.2%, a significant improvement over FY18 return of 1.8%.

The Fed reduced rates by a quarter-point in late July; the final rate cut since the 2008 financial crisis. Tariff issues and slow global growth continued to weigh on the Fed's outlook for lower rates.

As short-term rates trend lower this year; the lower reinvestment rate for 3 to 5 year treasuries will result in a much lower return for the trust in FY20. BRIM's overall financial results provided for an improvement in net position of \$12.9 million for FY19 versus an increase in the net position of \$17.4 million for FY18. Adverse claims development in FY19 was offset by much better overall investment returns when compared to FY18. BRIM's current net position of \$229.5 million includes the mine subsidence program's restricted net position of \$72.4 million, leaving BRIM's unrestricted net position at \$157.1 at June 30, 2019.

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 introduced Luke Mitchell our new Risk & Insurance Analyst. Mr. Mitchell began working July 8, 2019. He has completed the onboarding training process and is engaged with our insured during visits. We welcome Luke.

State Agency loss control questionnaires were discussed. The questionnaires were due August 1, 2019. We have been evaluating questionnaires. Results will be used to calculate loss control credits and surcharges for the next fiscal year's premium.

Mr. Fisher discussed BRIM and Liberty Mutual Insurance will sponsor two boiler safety and operational seminars this fall. It is our hope that these seminars will continue to attract large crowds and the education received will help keep boiler losses to a minimum as they have been for years.

Mr. Fisher reported on inspections conducted during July, August and September. Aon conducted 203 inspections and 262 were conducted by Liberty Mutual Insurance. The reports are being processed. Since our prior report, our loss control technical staff have completed 9 Loss Control Visits and 10 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 July 16, 2019, for the bi-monthly PMT meeting. Twenty-seven DPOs/APOs from 16 different Executive and Higher Education/Constitutional agencies attended. Speakers from the WV Treasurer's Office and the WV Office of Technology presented on the importance of compliance with the Payment Card Industry Data Security Standards. The next Privacy Management Team meeting is scheduled for September 17, 2019.

Ms. Summitt reported on privacy trainings. During the second quarter of 2019, 864 members of the Executive Branch workforce took the online course *Think WV Privacy*; 737 members took the online course *WV Confidentiality Agreement*; and 422 members took the online course *HIPAA/HITECH*. The State Privacy Office is investigating an update for the privacy training online course, trying to make it more current.

Training events by the SPO since June were discussed. June 17, 2019, State Privacy Office staff presented a new privacy officer orientation training to 7 DPOs/APOs. July 24, 2019, State Privacy Office staff presented new privacy officer orientation and HIPAA training to 13 DPOs/APOs of the WV DHHR. In the near future, State Privacy Office staff will present "Purchasing – A Privacy Powerhouse" on two occasions to procurement officers statewide at the 2019 WV Agency Purchasing Conference.

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 June 4 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

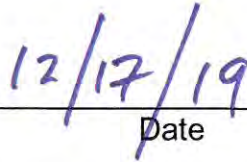
There was no new business to be discussed.

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
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

December 17, 2019

- A. Marshall University and West Virginia University Medical Malpractice Program
- As of December 6, 2019, Marshall has deposited \$725,000.00 into the escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$13,719.60. Disbursements totaling \$742,755.52 have been paid thus far in FY 2020.
 - As of December 6, 2019, a total of \$1,068,505.02 has been deposited into WVU's escrow account for FY 2020. The fiscal year-to-date cumulative interest totals \$26,335.44. Disbursements totaling \$1,546,028.95 have been paid thus far in FY 2020.
- B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far in 2019, we have tried two cases to a defense verdict. Both cases have been reported in prior Board meetings.

Timothy York vs. WV Dept. of Health & Human Services (501-233817) McDowell Co. Cir. Ct.; Plaintiff alleged during internship at insured hospital, he lacked sufficient hours to keep his grant. He left for another position, making more money. Demand was \$80,000. Offer was \$5,000. Defense verdict on 1/31/2019.

Monongahela Power vs. WV Div. of Highways (501-672784) Harrison Co. Mag. Ct.; Insured employee was mowing and struck the plaintiff's unmarked guy wire. Demand was \$2,408.91. There was no offer. Defense Verdict on 6/27/2019. **Plaintiff's appeal to the Harrison Co. Cir. Ct. ended in dismissal.**

PAID CLAIMS (October 2019 Data)

YTD Indemnity payments total \$26,124,353 vs. PYTD payments of \$35,815,126, a decrease of 27.06%.

YTD Legal payments total \$14,193,436 vs. PYTD payments of \$13,166,588, an increase of 7.8%.

OUTSTANDING CLAIMS (October 2019 Data)

October 2019 Indemnity reserves total \$66,214,280 vs. October 2018 Indemnity reserves of \$46,946,770, an increase of 41.04%.

October 2019 Expense reserves total \$22,130,216 vs. October 2018 Expense reserves of \$18,691,398, an increase of 18.4%.

CLAIMS COUNTS (October 2019 Data)

New claims YTD total 3460 vs. PYTD of 3406, an increase of 1.6%.

Closed claims YTD total 3522 vs. PYTD of 3600, a decrease of 2.17%.

Open claims YTD total 1186 vs. PYTD of 1065, an increase of 11.4%.

DURATION – CLOSED CLAIMS (October 2019 Data)

YTD Duration of 110.005 Days vs. PYTD Duration of 126.495 Days, a decrease of 13.04%.

CLOSING RATIO (October 2019 Data)

YTD Closing Ratio of 101.8% vs. PYTD Closing Ratio of 105.7%, a decrease of 3.7%.

- C. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$4,139,549.17. The last pro-rata distribution to claimants was in the amount of \$2.1 million. We continue to believe that the funding streams should be adequate to retire all claims in full by June 30, 2022. The funding sources are to terminate on December 31, 2021 and we will then have 6 months to pay all administrative expenses of the fund as well as claims and any balance will then be transferred to general revenue.
- D. Risk Management Information System Update – Progress continues to be made. The Claims Module is fully functional and at this point only small changes are being made. We are hopeful that we can successfully reconcile the data with the mainframe at the end of the year and if so, we will begin to rely solely on the new system. We are getting closer to reconciliation of the property and mine subsidence data – so far it looks positive. Testing continues on the Underwriting and Loss Control modules.
- E. RFP – Consultant Contract – The Willis Towers Watson team was in our office on October 2, 2019, to continue discussions as part of their review of BRIM's programs. We continue to work with them and have provided quite a bit of information over the past several months. They are currently drafting the report. We have extended the due date in light of the additional time it is taking for completion of the review and preparation of the report.
- F. Budget Discussions – We were finally successful in receiving approval for a budget amendment to the FY 2020 budget to increase our personal services line. We are also seeking approval for 2 additional positions. Currently we have no open positions and could only fill a position if it is vacated by a current employee. While we don't anticipate agency growth, we do need a couple open positions in the event we need to have a period of transition before a long-time employee leaves, and the additional budget and positions will enable us to plan better for continuity purposes.

- G. BRIM was asked to present to a meeting of Chief Financial Officers and Procurement Officers that the Higher Education Planning Commission held on November 12, 2019 in Lewisburg. Robert Fisher and Melody Duke gave the presentation and it appeared to be very well-received. The presentation provided general information about insurance, its purpose, and how it fits into procurement processes and management of vendors doing business with higher education institutions. Melody went over a typical certificate of coverage, pointing out the information contained in each part of the certificate and its significance.
- H. Property Policy Meeting – On December 4, 2019, we reviewed our property policy for possible changes for FY 20-21. Some of the issues discussed were 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 and clarifying some terms. We wanted to get an early start on discussions for renewal on July 1 and in the next few months we will continue to work on the policy language with the carriers.
- I. Miscellaneous
1. As you all know, Chuck Mazingo is embarking on a well-deserved retirement at the end of this month. While his departure will be painful for us personally, we wish him all the best. We also anticipate that he will be returning in a few weeks on a limited basis to continue to help out for as long as it continues to work for Chuck and BRIM.
 2. We are happy to have Solomon Phillips, one of our summer interns, back with us for his Christmas break from Marshall. Solomon will be helping out primarily with the Underwriting Department until mid-January when he has to return to Huntington to finish up his degree.
 3. There have been a few lawsuits in the northern part of the state filed against carriers that have 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 that there was anything unusual in the handling of the claims, but we wanted to mention them to the Board because we have received a few subpoenas for claim files and we could be involved in further discovery as the cases progress.

Upcoming Board Meeting schedule for 2020:


Tuesday, March 17, 2020 @ 1PM

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
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Mary Jane Pickens
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Deputy Cabinet Secretary
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**Chief Financial Officer's Report
December 17, 2019**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of July, August, September and October 2019. These totals are:

July	\$44,423.31
August	\$27,454.74
September	\$72,293.08
October	\$22,278.66

B. Highlights of Management Discussion & Analysis for June 30, 2019

- An \$11.1 million increase in FY'19 for the provision for insured events of prior fiscal years negatively impacted BRIM's operating results for FY'19. The increase is an indication of the recent adverse claims development occurring for several prior years.
- FY'18 and FY'17 saw decreases for provisions for insured events of prior fiscal years of \$14.6 million and \$11.6 million respectively, resulting in a positive impact on BRIM's operating results for both previous fiscal years.
- Including restricted funds, BRIM's investment earnings for FY'19, FY'18 and FY'17 are \$21.0 million, \$6.7 million and \$9.8 million respectively.
- The overall return on BRIM funds invested, including restricted funds, was 5.2% for FY'19, exceeding BRIM's target rate of return of 4%. The higher return helped to offset the unfavorable claims development that impacted claims reserves in FY'19.
- The overall returns on all BRIM funds invested was 1.8% for FY'18 and 2.7% for FY'17; well below BRIM's target rate.

C. Current Financial Results for the Four Months Ended 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 an additional accrual for October.
- Net premium revenue for the first four months of FY'20 is comparable to FY'19. The actuarially projected loss pics for both years remained about the same.
- FY'20 thru 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.
- Net claims payments for the first four months of FY'20 are approximately \$2.1 million higher than last year. Reserve increases along with the net claims payments made year-to-date are included in claims and claims adjustment expenses.
- Positive equity returns together with solid fixed income results are the reason for the current year-to-date investment earnings improvement versus the negative investment returns for the same period last fiscal year. This amounts to a year over year favorable swing of \$9.5 million in investment returns for the four months.
- 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 a change.

C. Current Financial Results (cont'd)

- In the prior fiscal year, positive operating results weren't sufficient to offset the investment losses through October 31 resulting in a decrease of \$0.9 million to BRIM's net position for the first four months of FY'19.
- The current year saw negative operating results that, when combined with solid investment earnings, resulted in an overall increase of \$2.9 million to BRIM's net position for the first four months of FY'20.

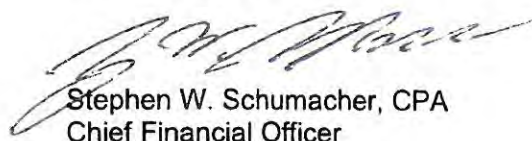
D. Premium to Net Asset Reserve Ratio

- 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.
- The net asset reserve policy formulates a composite benchmark by combining a group of external insurance entities premiums to net assets to calculate a net asset ratio. This is then used as a basis to evaluate BRIM's premium to net assets ratio.
- A range of premium to net assets is used as a guide to help evaluate the current risk level for BRIM's calculated ratio and how BRIM is tracking versus similar type insurance entities that comprise the benchmark study.
- The attached range exhibit shows that BRIM has assumed a higher risk than the calculated composite of the benchmark group of entities. The premium to net asset ratio indicates that BRIM would need an additional \$53 million in net assets to fall near the middle of the range for a comparable level of risk to the benchmark. BRIM's net position (i.e. capital) is about 25% below the calculated mid-point for the level of net premium generated by BRIM for FY'19 vs. the composite benchmark. This is a significant improvement over last year's 31% shortfall.
- It should be noted that 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.

E. Other Financial Ratios

- The premium to net asset ratio is only one measure of financial stability/strength and should be considered in conjunction with other useful benchmarks to gauge BRIM's overall financial position and stability.
- BRIM's loss reserve to surplus ratio for FY'19 (.83 to 1.0) is slightly higher than the ratio for private carriers for the first half of 2019 (.80 to 1.0).
- BRIM's loss ratio of 105% vs. the industry average of 70% is significantly higher than the industry average for the first half of 2019 due to BRIM's adverse claims development in FY'19.
- 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.

Respectfully submitted,



Stephen W. Schumacher, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	<u>2019</u>	<u>2018</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,855	\$ 28,135
Advance deposits with insurance company and trustee	229,970	201,534
Receivables	3,848	4,390
Prepaid insurance	4,604	4,249
Restricted cash and cash equivalents	18,207	14,759
Premiums due from other entities	1,112	878
Total current assets	<u>284,596</u>	<u>253,946</u>
Noncurrent assets:		
Equity position in internal investments pools	102,629	94,215
Restricted investments	59,268	54,409
Total noncurrent assets	<u>161,897</u>	<u>148,623</u>
Total assets	<u>446,493</u>	<u>402,569</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	373	438
	65	44
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	62,656	50,453
Unearned premiums	15,388	15,568
Agent commissions payable	719	1,147
Claims Payable	605	99
Accrued expenses and other liabilities	2,135	2,141
Total current liabilities	<u>81,503</u>	<u>69,408</u>
Estimated unpaid claims and claims adjustment expense net of current portion	132,192	117,041
Compensated absences	124	122
Net pension liability	249	331
Total noncurrent liabilities	<u>132,565</u>	<u>117,494</u>
Total liabilities	<u>214,068</u>	<u>186,901</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	200	330
	109	73
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,205	149,745
Net Assets (Deficiency)	2,885	(864)
Net position	<u>\$ 232,556</u>	<u>\$ 215,747</u>

Unaudited

West Virginia Board of Risk and Insurance Management
 Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 27,510	\$ 27,671
Less coverage/reinsurance programs	(2,311)	(2,378)
Net operating revenues	25,199	25,293
Operating expenses		
Claims and claims adjustment expense	27,507	21,879
General and administrative	1,561	1,490
Total operating expenses	29,068	23,369
Operating income (loss)	(3,869)	1,923
Nonoperating revenues		
Investment income	6,754	(2,787)
Net nonoperating revenues	6,754	(2,787)
Changes in net position	2,885	(864)
Total net position, beginning of year	229,671	216,611
Total net position, end of period	\$ 232,556	\$ 215,747

Unaudited

External Benchmark Comparison (FY'19)

(BRIM Net Premium/Net Position)

Step 1: Calculation of the Average Premium to Net Assets Ratio (PNAR) - Similar Organizations

Premium or Operating Revenue	Net Assets	Premium to Net Asset Ratio (PNAR)	Type of Insured Entities
\$ 23,396,705	\$ 57,443,253	0.407	Local Governments
\$ 10,605,573	\$ 23,658,484	0.448	Community Centers
\$ 4,378,464	\$ 8,386,628	0.522	Municipalities
\$ 12,436,160	\$ 46,052,440	0.270	Local Governments
\$ 31,394,499	\$ 99,330,713	0.316	Municipalities and Special Districts
\$ 5,243,879	\$ 19,027,767	0.276	Water Districts and River Authorities
\$ 87,455,280	\$ 253,899,285	0.344	Combined Entities

Step 2: Derivation of Statistics

Entity Count Per Above (0.522 - 0.270)/2 = .126	6	Number of Similar Organizations With Data Available
	0.126	Average of the Range Between the Highest & Lowest PNAR
\$ 87,455,000	\$ 253,899,000	0.344
\$ 72,372,000	\$ 157,206,000	0.460

Combined PNAR of Similar Organizations (Average Risk)
BRIM's Premium Revenue, NAR and Calculated PNAR

Step 3: Matrix of Net Assets Risk Ratings for Various Premium Levels (\$ rounded to nearest 100,000)

Actual Premium Levels	Low Risk (PNAR Factor & NAR \$ Level) 0.194	Less Risk (PNAR Factor & NAR \$ Level) 0.244	Average Risk (PNAR Factor & NAR \$ Level) 0.294	0.344	0.394	More Risk (PNAR Factor & NAR \$ Level) 0.444	High Risk (PNAR Factor & NAR \$ Level) 0.494
\$ 87,500,000	\$ 451,000,000	\$ 358,600,000	\$ 297,600,000	\$ 254,000,000	\$ 222,100,000	\$ 197,100,000	\$177,100,000
\$ 85,000,000	\$ 438,100,000	\$ 348,400,000	\$ 289,100,000	\$ 247,100,000	\$ 215,700,000	\$ 191,400,000	\$172,100,000
\$ 82,500,000	\$ 425,300,000	\$ 338,100,000	\$ 280,600,000	\$ 239,800,000	\$ 209,400,000	\$ 185,800,000	\$167,000,000
\$ 80,000,000	\$ 412,400,000	\$ 327,900,000	\$ 272,100,000	\$ 232,600,000	\$ 203,000,000	\$ 180,200,000	\$161,900,000
\$ 77,500,000	\$ 399,500,000	\$ 317,600,000	\$ 263,600,000	\$ 225,300,000	\$ 196,700,000	\$ 174,500,000	\$156,900,000
\$ 75,000,000	\$ 386,600,000	\$ 307,400,000	\$ 255,100,000	\$ 218,000,000	\$ 190,400,000	\$ 168,900,000	\$151,800,000
\$ 72,500,000	\$ 373,700,000	\$ 297,100,000	\$ 246,600,000	\$ 210,800,000	\$ 184,000,000	\$ 163,300,000	\$146,800,000
\$ 70,000,000	\$ 360,800,000	\$ 286,900,000	\$ 238,100,000	\$ 203,500,000	\$ 177,700,000	\$ 157,700,000	\$141,700,000
\$ 67,500,000	\$ 347,900,000	\$ 276,600,000	\$ 229,600,000	\$ 196,200,000	\$ 171,300,000	\$ 152,000,000	\$136,600,000
\$ 65,000,000	\$ 335,100,000	\$ 266,400,000	\$ 221,100,000	\$ 189,000,000	\$ 165,000,000	\$ 146,400,000	\$131,600,000
\$ 62,500,000	\$ 322,200,000	\$ 256,100,000	\$ 212,600,000	\$ 181,700,000	\$ 158,600,000	\$ 140,800,000	\$126,500,000
\$ 60,000,000	\$ 309,300,000	\$ 245,900,000	\$ 204,100,000	\$ 174,400,000	\$ 152,300,000	\$ 135,100,000	\$121,500,000
\$ 57,500,000	\$ 296,400,000	\$ 235,700,000	\$ 195,600,000	\$ 167,200,000	\$ 145,900,000	\$ 129,500,000	\$116,400,000
\$ 55,000,000	\$ 283,500,000	\$ 225,400,000	\$ 187,100,000	\$ 159,900,000	\$ 139,600,000	\$ 123,900,000	\$111,300,000
\$ 52,500,000	\$ 270,600,000	\$ 215,200,000	\$ 178,600,000	\$ 152,600,000	\$ 133,200,000	\$ 118,200,000	\$106,300,000
\$ 50,000,000	\$ 257,700,000	\$ 204,900,000	\$ 170,100,000	\$ 145,300,000	\$ 126,900,000	\$ 112,600,000	\$101,200,000
\$ 47,500,000	\$ 244,800,000	\$ 194,700,000	\$ 161,600,000	\$ 138,100,000	\$ 120,600,000	\$ 107,000,000	\$ 96,200,000
\$ 45,000,000	\$ 232,000,000	\$ 184,400,000	\$ 153,100,000	\$ 130,800,000	\$ 114,200,000	\$ 101,400,000	\$ 91,100,000
\$ 42,500,000	\$ 219,100,000	\$ 174,200,000	\$ 144,600,000	\$ 123,500,000	\$ 107,900,000	\$ 95,700,000	\$ 86,000,000
\$ 40,000,000	\$ 206,200,000	\$ 163,900,000	\$ 136,100,000	\$ 116,300,000	\$ 101,500,000	\$ 90,100,000	\$ 81,000,000
			Net Premium	\$ 72,400,000			
			Calculated N.A.	\$ 210,500,000			



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
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

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 Mozingo, 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
(Joined via phone) Norman Mosrie, Partner, Dixon Hughes Goodman LLP

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
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
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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

	<u>2020</u>	<u>2019</u>
	<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	<u>292,543</u>	<u>267,651</u>
Noncurrent assets:		
Equity position in internal investments pools	105,538	96,208
Restricted investments	60,948	55,560
Total noncurrent assets	<u>166,486</u>	<u>151,768</u>
Total assets	<u>459,029</u>	<u>419,418</u>
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	<u>81,983</u>	<u>69,915</u>
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	<u>137,026</u>	<u>130,391</u>
Total liabilities	<u>219,009</u>	<u>200,306</u>
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	<u>\$ 240,150</u>	<u>\$ 219,192</u>

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. Mazingo'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 Mazingo 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 in 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 ensured 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/lm

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

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

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

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

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.

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

	<u>2020</u>	<u>2019</u>
	<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	<u>303,177</u>	<u>274,295</u>
Noncurrent assets:		
Equity position in internal investments pools	99,680	99,327
Restricted investments	57,565	57,361
Total noncurrent assets	<u>157,245</u>	<u>156,688</u>
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	<u>82,367</u>	<u>70,447</u>
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	<u>139,648</u>	<u>132,228</u>
Total liabilities	<u>222,015</u>	<u>202,675</u>
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	<u>\$ 238,536</u>	<u>228,388</u>

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

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

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

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