

State of West Virginia

Board of Risk and Insurance Management

2021 Annual Report



August 27, 2021

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, 2021 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

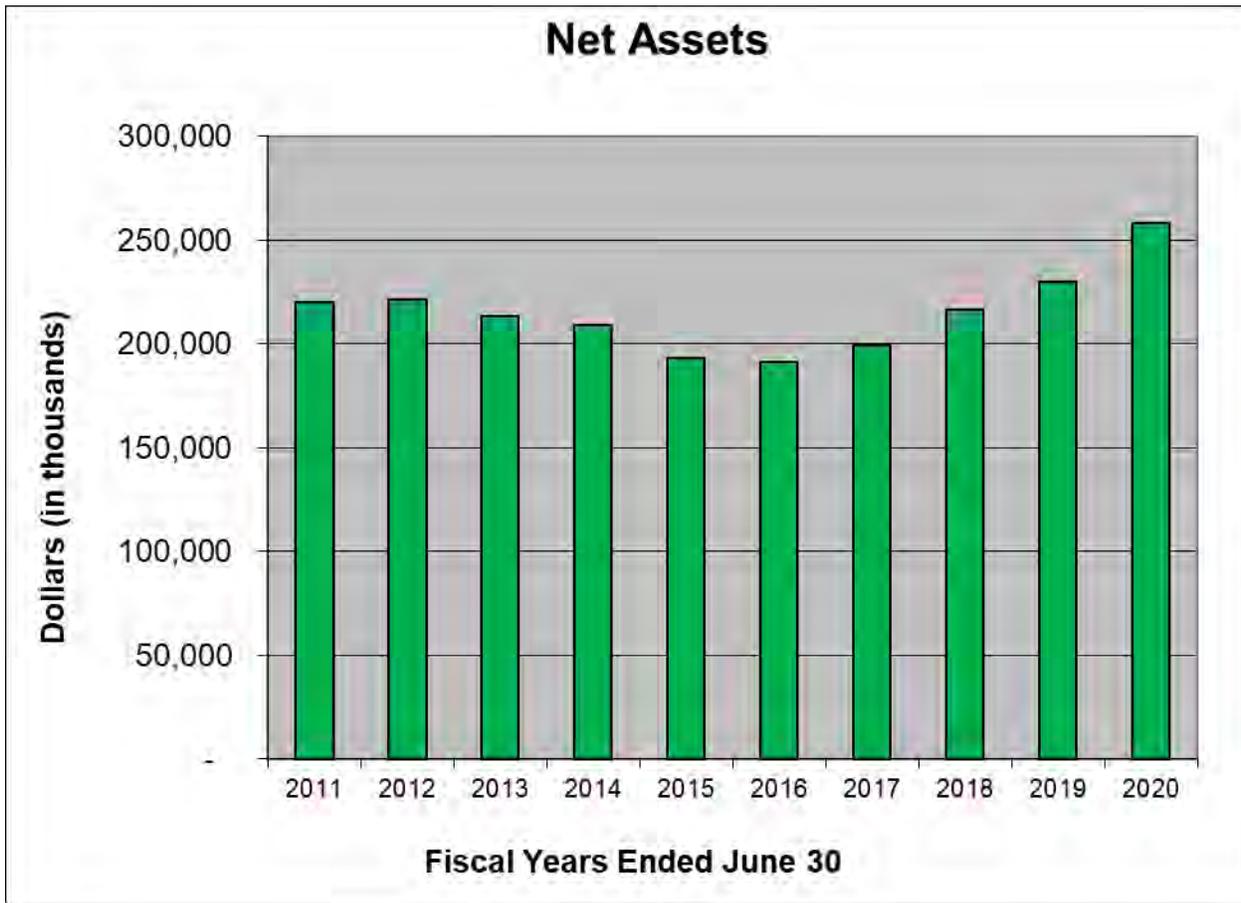
Below are audited results from operations of four most recent fiscal years ended June 30:

	2017	2018	2019	2020
	(In Thousands)			
Operating Revenues:				
Premiums	\$ 71,368	\$ 78,951	\$ 83,301	\$ 82,567
Less Excess Coverages	(6,681)	(6,518)	(6,627)	(6,915)
Net Operating Revenues	64,687	72,433	76,674	75,652
Operating Expenses:				
Claims & Claims Adjustment	59,149	57,393	80,169	65,349
General & Administrative	4,200	4,410	4,519	5,034
Total Operating Expenses	63,349	61,803	84,688	70,383
Operating Income (Loss)	1,338	10,630	(8,014)	5,269
Non-Operating Revenues				
Interest Income	9,841	6,712	21,044	22,818
OPEB Non-operating Income			30	24
Appropriation Transfer	(2,810)			
Net Income	8,369	17,342	13,060	28,111
Net Position at Beginning of Year	190,959	199,328	216,612	229,672
Cummulative Effect Adoption of GASB 75		(58)		
Net Position at Beginning of Year Restated	190,959	199,270	216,612	229,672
Net Position at End of Year	\$ 199,328	\$ 216,612	\$ 229,672	\$ 257,783

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 2020. 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, 2021. The June 30, 2021 report will be available near the end of October 2021.

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, 2020, 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 was behind in issuing the Certificate of Achievement. We just received notification that

BRIM was awarded the Certificate for 2020. 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.

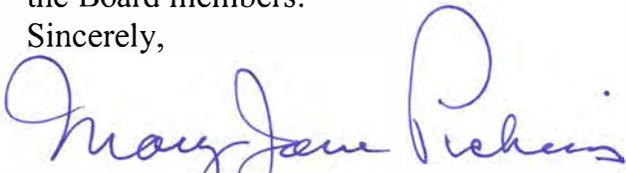
Comprehensive Annual Financial Report

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, 2021. The CAFR for fiscal year 2021 will be issued before December 31, 2021. 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 2020

LIABILITY	LIMIT OF LIABILITY
Automobile Liability Policy No.: CA 459-43-12 & 459-43-11 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Cyber Liability (State) Policy No.: UMR B1262F10687318 Company: Arthur J. Gallagher International	\$ 25,000,000 per occurrence
Cyber Liability (Boards of Education) Policy No.:01-420-80-92 Company: AIG Specialty Ins. Co.	\$ 6,000,000 per occurrence
General Liability Policy No.: CA 172-89-15 & 172-89-16 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Aircraft Liability Policy No.: AV003380147-18 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Unmanned Aircraft Liability Policy No.: UMO28176638-06 Company: National Union Fire Insurance Co.	\$ 1,000,000 per occurrence
Excess Liability-Bd. of Education Policy No.: XS1728940 Company: The Insurance Company of the State of Penn	\$ 5,000,000 per occurrence or claim
PROPERTY	LIMIT OF LIABILITY
Blanket Property Policy No.: MAF760728-20 Company: Axis Insurance Company	\$ 25,000,000 primary layer 1,000,000 deductible
Policy No.: NHD913889 Company: RSUI	\$ 100,000,000 in excess of 25,000,000
Policy No.: 795013012 Company: Atlantic Specialty	\$ 75,000,000 in excess of 125,000,000
Policy No.: UP2003382 Company: Chubb/Lloyds	\$ 200,000,000 in excess of 200,000,000
Policy No.: MAF760729-20 Company: Axis Insurance Company	\$ 10,000,000 flood with 1,000,000 deductible
Boiler and Machinery Policy No.: YB2L9L469170020 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 2020

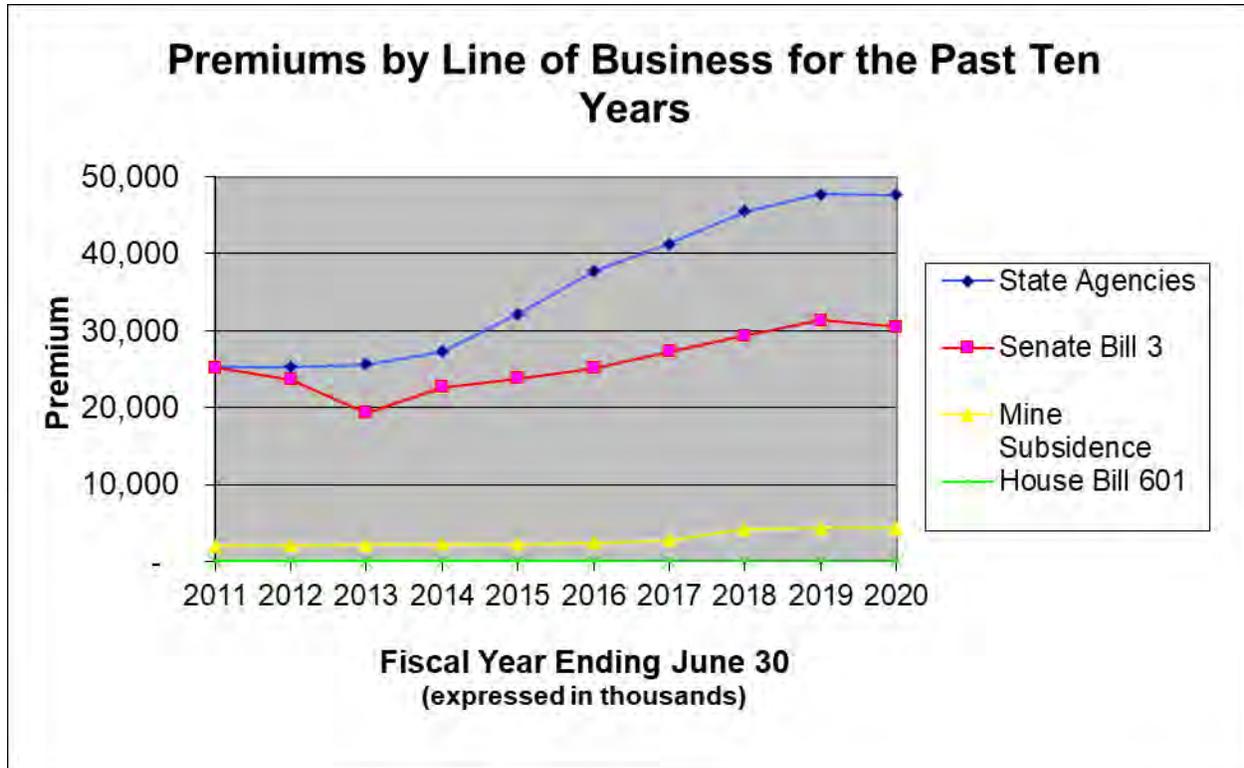
1 West Virginia University	\$10,360,538
2 Division of Highways	6,397,029
3 State Police	5,325,334
4 Division of Corrections	4,169,606
5 Department of Health & Human Resources	3,418,612
6 Marshall University	3,059,666
7 Regional Jail and Corrections Facility Authority	1,808,260
8 West Virginia University Medical Corp.	907,661
9 Supreme Court of Appeals	810,197
10 Parkways Authority	662,897
Total Top Ten	\$36,919,800

Total State Premium Billing for 2020	\$49,582,664
% of top 10 in relation to all state agency billings	74.46%

Top 20 SB 3 Premiums for Fiscal Year 2020

1 Kanawha County Board of Education	\$1,447,140
2 Berkeley County Board of Education	869,701
3 City of St. Albans	869,666
4 Raleigh County Board of Education	720,021
5 Cabell County Board of Education	602,818
6 Harrison County Board of Education	571,713
7 Putnam County Board of Education	525,136
8 Wayne County Board of Education	506,140
9 Jefferson County Board of Education	482,067
10 Monongalia County Board of Education	469,470
11 Mingo County Commission	463,739
12 Logan County Board of Education	433,297
13 Kanawha Valley Regional Transportation	424,152
14 Mercer County Board of Education	416,146
15 Fayette County Board of Education	396,753
16 Marion County Board of Education	391,020
17 Westbrook Health Services, Inc.	359,699
18 Ohio County Commission	320,122
19 Mingo County Board of Education	319,327
20 Wood County Board of Education	306,380
Total Top Twenty	\$10,894,507

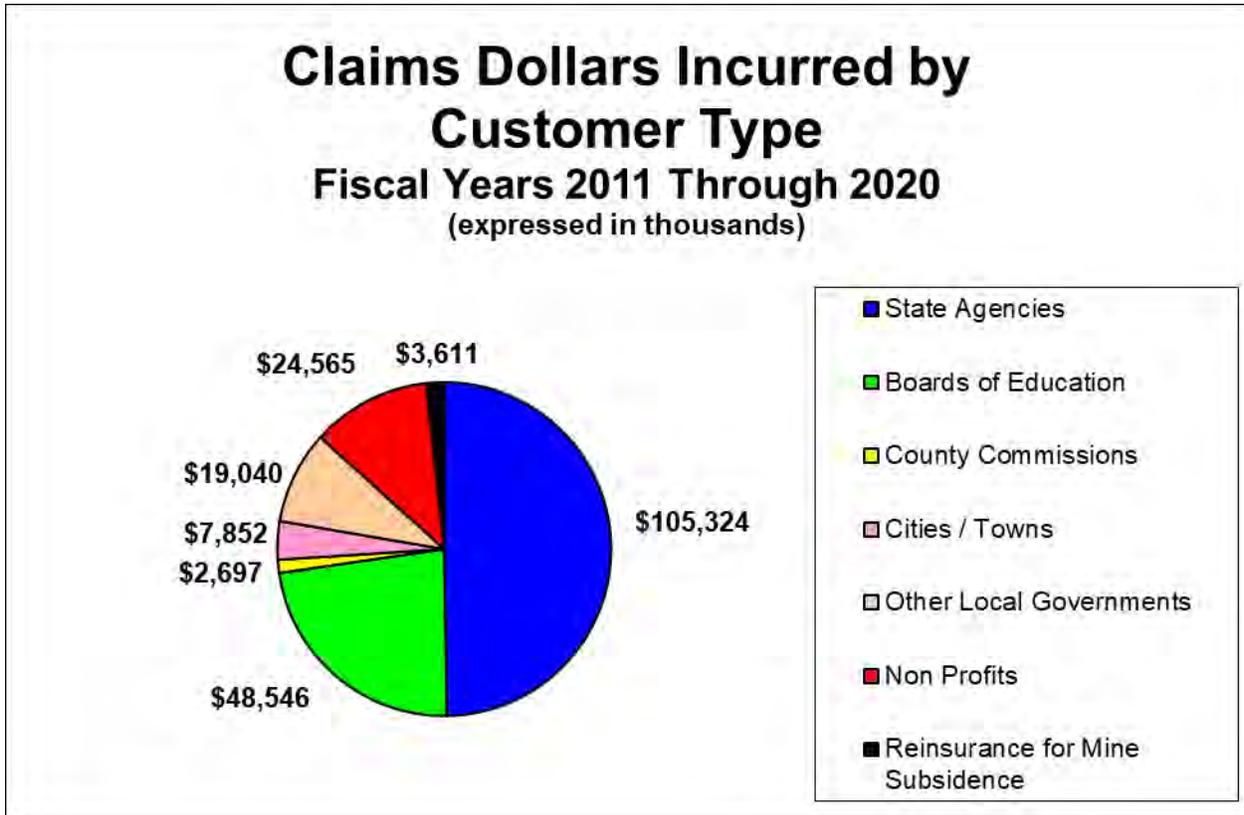
Total SB 3 Premium Billing for 2020	\$32,359,936
% of top 20 in relation to total SB 3 billings	33.67%



Fiscal Year	State Agencies	Senate Bill 3	Mine Subsidence	House Bill 601
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	
2020	\$47,675	\$30,524	\$4,368	

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

Source: BRIM’s internal financial statements.



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

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



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
September 15, 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: Dial-in number: +1 681-245-6817 Conference ID: 670 420 451#

Chairman Martin	Call to Order
Chairman Martin	Roll Call
Chairman Martin	Approval of Board Minutes June 16, 2020 Meeting

REPORTS

Nate Pearson/Scott Mountain BNY Mellon Investment 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 E. Summitt Chief Privacy Officer	Privacy Report

UNFINISHED BUSINESS

NEW BUSINESS

EXECUTIVE SESSION

ADJOURNMENT

Idm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**MINUTES OF THE MEETING
OF THE
WEST VIRGINIA BOARD OF RISK AND INSURANCE MANAGEMENT
June 16, 2020**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

**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
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, WV 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
Melody Duke, Deputy Director/Underwriting Manager
Jeremy Wolfe, Risk & Insurance Manager
John Fernatt, Senior Claim Representative
Valerie Poindexter, Senior Claim Representative
Stephen W. Panaro, CPA, Controller
Lora Myers, Recording Secretary

**BRIM PROGRAM
REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel
Ed Poe, Esq., BRIM Counsel
Chuck 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
Kelsey Richards, WVU Risk Management

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, June 16, 2020.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance. He requested that all other board meeting attendees email Lora Myers confirming their participation on the call.

APPROVAL OF MINUTES

- Vice Chairman Bob Mitts moved the approval of the March 17, 2020 board meeting minutes. The motion was seconded by James Wilson.
- Jim Dodrill requested the date be corrected on the minutes. Date was listed as March 20, 2019 and needed to be corrected to March 17, 2020. Correction was noted and no additional vote was necessary.
- 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 reviewed the Medical Malpractice Program for Marshall University and West Virginia University.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. Her report includes detailed information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Reported on the COVID-19 Pandemic. BRIM staff were sent home on March 18, 2020, some staff returned to pick up equipment and supplies on March 24, 2020. BRIM experienced a few technology and operational issues initially but overall has had a mostly seamless transition to working from home.

- Ms. Pickens has attended webinars relating to the pandemic and particularly those focusing on reopening businesses safely.
- Attached is a draft of BRIM's Return to Work Plan which outlines the protocols we will be following when we return to the office.
- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$4,139,549.17, unchanged since the March 2020 meeting. The most recent pro-rata distribution to claimants was \$2.1 million. The current balance of the fund is \$1,816,380.92.

START Back Here

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

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

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

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

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

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

BRIM Financial Report

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

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

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

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

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

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

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

Loss Control Report

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

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

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

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

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

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

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

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

Privacy Report

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

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

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

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

Ms. Summitt explained a privacy impact assessment (PIA) which is a tool used to assess the privacy impact and risks to the personally identifiable information (PII) stored, used and exchanged by information systems. A PIA evaluates privacy implications when information systems are created, when existing systems are significantly modified, or new technology is purchased. Since December 17, 2019, 7 PIAs have been completed and submitted. Staff changes at the Office of Technology have resulted in procedural changes for reporting to our office their recommendations

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

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

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

UNFINISHED BUSINESS

There was no unfinished business to be discussed.

NEW BUSINESS

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

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

ADJOURNMENT

Chairman Martin thanked everyone for attending. Meeting adjourned.

Board Chairman

Date

ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Executive Director's Report
September 15, 2020**

- A. Marshall University and West Virginia University Medical Malpractice Program
- As of September 7, 2020, Marshall has deposited \$650,000.00 into the escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$750.61. Disbursements totaling \$642,778.19 have been paid thus far in FY 2021.
 - As of September 7, 2020, a total of 421,450.31 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$1,586.90. Disbursements totaling \$424,072.32 have been paid thus far in FY 2021.
- B. State Agency/Senate Bill #3 Liability Claim & Litigation Information

TRIALS

Thus far in 2020, we have tried two cases to defense verdicts. **(New case in bold)**
Kara Ault vs. WV Division of Highways; 1/16/2020; Jefferson Co. Cir. Ct.; Plaintiff rear-ended Insured truck; Defense verdict

Frank Morgan vs. City of Logan; 7/31/2020; US. Dist. Ct. So. WV; Plaintiff alleged excessive force in his arrest by City of Logan police officers; Defense verdict

PAID CLAIMS (July 2020 Data)

YTD Indemnity payments total \$16,586,520 vs. PYTD payments of \$18,564,092, a decrease of 10.7%.

YTD Legal payments total \$11,821,883 vs. PYTD payments of \$9,272,758, an increase of 27.5%.

OUTSTANDING CLAIMS (July 2020 Data)

July 2020 Indemnity reserves total \$72,461,093 vs. July 2019 Indemnity reserves of \$62,655,136, an increase of 15.77 %.

July 2020 Expense reserves total \$25,492,140 vs. July 2019 Expense reserves of \$20,756,082, an increase of 22.8%.

CLAIMS COUNTS (July 2020 Data)

New claims YTD total 1606 vs. PYTD of 2502, a decrease of 35.8%.

Closed claims YTD total 1833 vs. PYTD of 2449, a decrease of 25.2%.

Open claims YTD total 1042 vs. PYTD of 1166, a decrease of 10.6 %.

DURATION – CLOSED CLAIMS (July 2020 Data)

YTD Duration of 167.106 Days vs. PYTD Duration of 117.135 Days, an increase of 42.7%.

CLOSING RATIO (July 2020 Data)

YTD Closing Ratio of 114.1% vs. PYTD Closing Ratio of 97.9%, an increase of 16.5

- C. COVID-19 Pandemic – We continue to work largely from home, with about half the staff in the office on Mondays and Tuesdays, and the other half in the office on Wednesdays and Thursdays. On Fridays we all work from home. We expect to continue with this schedule through the end of the calendar year. It has been a little inconvenient in some ways, but we've been able to work through the issues. We are fortunate to be a small agency with lots of contact with our staff, and we feel that the work is being performed well and nothing is being missed. We are doing daily health screenings, and everyone is following the protocols I've shared with the Board. I'm very proud of how well all BRIM staff has responded to the pandemic and the new ways we have to do our work and interact with each other.
- D. BRIM has been chosen as a pilot for the Office of Technology's new program to assess data security vulnerabilities among state agencies. The project arises from Legislation enacted in 2019 giving OT authority and funding to implement measures to improve data security. We are in the phase currently where we identify our technology-related assets, determine what types of events could interfere with the use or viability of those assets, and what the possible outcomes of those events could be. Ultimately, the project is designed to get agencies to identify the technology needed to fulfil their mission and to think about what is needed to protect it as well as how to recover from an event that harms or destroys it. This is all consistent with BRIM's role related to Continuation of Operations Plans in the Department.
- E. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,552.97 (down from \$4,139,549.17 at the time of the June Board meeting). The most recent pro-rata distribution made in August was in the amount of \$1.9 million. This distribution was for the fiscal year 2020 which ended on June 30, 2020. The September 3, 2020 balance in the fund is \$397,887.42. We will have one more annual pro-rata distribution in August 2021, and a final distribution in the early part of 2022 based on collections between July 1 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.

F. Risk Management Information System Update – We continue to work on data reconciliation between the new system and our legacy system. Our vendor, Asset Works, has made this a priority over the past few months and we believe progress is being made. Asset Works continues to build out the Underwriting Module and Loss Control functions, and we will need to continue with workflow additions to the system. Our goal for switching to the new system remains the first of 2021.

G. Policy Renewals – The July 1 policy renewals were successfully completed. We are in a difficult market now for liability and property coverage and we don't expect it to improve any time soon. We were able to include the Board of Education excess liability policy in the trust rather than a risk transfer policy which we feel is beneficial overall for the BOEs. On cyber for the BOEs, we plan to gather more robust underwriting information this fall to be used when we go to market in the spring for the BOE cyber liability coverage. Unfortunately, our efforts to partner with the State Department of Education to work with the BOEs on cyber risk at meetings and conferences have been on hold during the pandemic.

The state and SB3 liability and auto policies and BOE excess liability policy are on BRIM's website and we plan to put the aviation policy and statutory bond on the website soon. We are still waiting on the he property policies and the boiler & machinery policy but we will have them on the website as soon as we can.

H. BRIM Rules Projects – We had 6 new rules this year. The rules were out for public comment in early July with the comment period ending on August 8. Our three procedural rules have been filed with the Secretary of State following the public comment period. We received no comments. The effective date of these rules will be September 18, 2020. These three rules are Series 3, the Board's Administrative Rule, Series 9, Procurement, and Series 10, Procedure for Providing Notice of Claims. The Legislative rules will be taken up by the Legislative Rule Making Review Committee probably in October. The Legislative rules are Series 1, Mine Subsidence, Series 2, Public Entities Insurance Program, and Series 5, Notice of Claim (Series 5 is being repealed to be replaced by Series 10 procedural rule). I have already been corresponding with committee counsel assigned to our Legislative rules concerning questions related to Series 2.

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. We are trying to reschedule a meeting to get this project back on track. It's been difficult to resume projects like this after losing momentum entirely during the shutdown.

J. Records Management – We’ve been able to make quite a bit of progress this summer with the review of old claim files, determination of which files are outside of the retention schedule and can be destroyed, and readying the ones that must be kept for scanning and electronic retention. We know this will take many months to complete. After the claim files, we plan to move on to Underwriting and Loss Control files. Chuck Mozingo is working with us on a temporary basis and has been overseeing this project with the help of Solomon Phillips and Jameson McHugh during his time with us this summer.

K. Miscellaneous

1. I reported in June that we hired a summer intern through the Governor’s Internship Program, Jameson McHugh. Unfortunately, his summer internship was short because of the pandemic but he did great work and we appreciate his help. He left for law school about a month ago, and we wish him well and hope he stays in touch.
2. I’ve participated in a series of meetings and webinars this year relating to equity, diversity and inclusion generally as well as in the workplace. We are all aware of the tensions currently in this area and I want the Board to know that we do think about these issues at BRIM and are always working to ensure a work environment that everyone can feel comfortable in.
3. I want to inform the Board that one of our Privacy Office staff, Sue Haga, will retire at the end of October. We’ve enjoyed working with Sue over the past few years and wish her all the best as she enters this new chapter.
4. I want to congratulate Melody Duke on her appointment by the Governor to the PEIA Finance Board to represent the interests of state employees.
5. Upcoming Board Meeting schedule for 2020:
Tuesday, December 15, 2020 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

**Chief Financial Officer's Report
September 15, 2020**

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of May and June 2020. These totals are:

May	\$42,580.46
June	\$42,928.95

B. Audit Update

- Audit work has been completed remotely this year and no audit issues have been brought to BRIM's attention.
- BRIM will submit its draft of the June 30, 2020 audited financial statements by the September 15, 2020 deadline. The final financial statements will be submitted by the October 15, 2020 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, 2020 has been completed and reviewed.
- The current fiscal year saw a \$1.2 million decrease in the IBNR total vs. the prior year. Last year, unfavorable claims development for several prior years' reserves resulted in a net increase in the provision for insured events of prior years and a year over year increase in total IBNR of \$10.3 million.
- FY'20 retained case reserves increased by \$15.1 million when compared to last year. The net change in retained case reserves and IBNR produced a year over year increase in total retained reserves of \$13.9 million.
- For FY'19 the year over year total retained reserves increased by \$24.0 million, with IBNR increasing by \$10.3 million and retained case reserves increasing by \$13.7 million vs. FY'18, reflecting the negative impact of the unfavorable loss development last year.

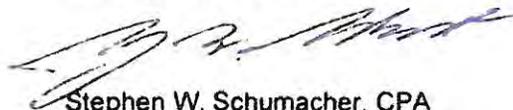
D. Financial Results

- Premium revenue for FY'20 is \$1.0 million lower than the prior year. The primary driver for the decreased premiums is the reduction in the actuarially estimated loss pics that were the basis for the FY'20 rates.
- Total net claims expense decreased when compared to FY'19. The year over year smaller overall increase of \$10.1 million in total retained reserves combined with smaller net claims payments of \$4.7 million for the current year provided the overall decrease in claims and claims adjustment expenses of \$14.8 million vs. last year.
- Investment income for FY'20 is \$1.7 million higher than for FY'19. Fixed income returns were the driver for BRIM's improved investment earnings for FY'20.

D. Financial Results (cont'd)

- The overall rate of return of 5.2% on all BRIM funds invested for the current fiscal year is comparable to last year's 5.4% return. The higher average amount of investable assets resulted in the \$1.7 million earnings improvement for FY'20 vs. FY'19.
- For trust funds the rate of return was 6.8% with earnings totaling \$16.2 million for FY'20. This compares to a 6.2% return in FY'19 with earnings of \$12.9 million.
- According to the July meeting minutes released in August, uncertainty and virus risks continue to weigh on the Federal Open Market Committee's economic outlook. In August, Federal Reserve officials agreed on a new framework governing how they will conduct policy over the long run including less emphasis on inflation's impact on the federal funds rate in the near-term. With the fed funds rate currently near zero, the Fed anticipates no increases thru 2022.
- As rates have trended lower across the short end of the yield curve in 2020, the lower reinvestment rate, currently about 0.25% for 3-5 year treasuries, will result in much lower returns for the trust in FY'21.
- BRIM's funds invested with the West Virginia Investment Management Board made about \$6.0 million or 3.8% vs. \$7.1 million or 4.7% last year. The strong rally in the equity markets over the last several months has stalled near-term and the markets have pulled back somewhat in recent weeks. The perception is that stocks, and in particular technology stocks, have gotten a little ahead of themselves recently. This has resulted in some profit taking and also created some volatility in the equity markets.
- BRIM's overall financial results provided for an improvement in net position of \$28.1 million for FY'20 versus an improvement in net position of \$13.1 million for FY'19. Adverse claims development hampered the overall results in FY'19.
- BRIM's current net position of \$257.8 million includes the mine subsidence program's restricted net position of \$78.6 million, leaving BRIM's unrestricted net position at \$179.2 as of June 30, 2020.
- Using only unrestricted net position, BRIM's loss reserve to net position ratio for FY'20 improved to 1.1 to 1.0. This compares to the FY'19 loss reserve to net position ratio of 1.2 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

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,271	\$ 29,342
Advance deposits with insurance company and trustee	264,014	224,786
Receivables	3,052	3,221
Prepaid insurance	0	0
Restricted cash and cash equivalents	20,808	16,936
Premiums due from other entities	1,134	1,112
Total current assets	<u>310,279</u>	<u>275,397</u>
Noncurrent assets:		
Equity position in internal investments pools	104,382	100,600
Restricted investments	60,280	58,096
Total noncurrent assets	<u>164,662</u>	<u>158,696</u>
Total assets	<u>474,941</u>	<u>434,093</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	215	373
	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	9,664	10,179
Agent commissions payable	1,486	1,514
Claims Payable	0	0
Accrued expenses and other liabilities	832	1,508
Total current liabilities	<u>81,318</u>	<u>75,857</u>
Estimated unpaid claims and claims adjustment expense net of current portion	135,460	128,322
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	<u>135,824</u>	<u>128,694</u>
Total liabilities	<u>217,142</u>	<u>204,552</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	145	200
	171	109
Net position:		
Restricted by State code for mine subsidence coverage	72,466	66,866
Unrestricted	157,204	149,745
Net Assets (Deficiency)	28,112	13,059
Net position	<u>\$ 257,782</u>	<u>\$ 229,670</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

	<u>2020</u>	<u>2019</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 82,567	\$ 83,301
Less coverage/reinsurance programs	(6,915)	(6,627)
Net operating revenues	<u>75,652</u>	<u>76,675</u>
Operating expenses		
Claims and claims adjustment expense	65,349	80,169
General and administrative	5,009	4,519
Total operating expenses	<u>70,358</u>	<u>84,689</u>
Operating income (loss)	5,294	(8,014)
Nonoperating revenues		
Investment income	22,818	21,044
OPEB Non Operating Income	0	30
Net nonoperating revenues	<u>22,818</u>	<u>21,073</u>
Changes in net position	28,112	13,059
Total net position, beginning of year	229,670	216,611
Total net position, end of period	<u>\$ 257,782</u>	<u>\$ 229,670</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
MaryJane.Pickens@wv.gov

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

State Agency loss control questionnaires were due on August 1, 2020. Since then, we have been evaluating those questionnaires. The results will be used to calculate loss control credits and surcharges for next fiscal year's premium. As of early September, we have completed 139 evaluations.

Due to the COVID-19 pandemic, BRIM and Liberty Mutual have decided to not host the annual boiler safety and operational seminars this fall. As a substitute, we will be providing educational material to participating insured regarding maintenance and safety needs associated with boilers and air conditioning units. We hope to be able to resume in-person seminars in the fall of 2021.

Since it came into its possession, the West Virginia Economic Development Authority requested BRIM's assistance regarding the idled former Ravenswood Century Aluminum Plant and surrounding properties for potential liability risks. In July, Jeremy Wolfe inspected the facility and provided guidance to the Authority and identified twenty-six loss prevention recommendations to help the Authority reduce its liability loss potential. We currently await the Authority's corrective action plan in response to the submitted recommendations, and additional work may be warranted at this location in the future. It should be noted that we do not insure the property at this facility.

During the months of June and July Aon conducted 81 inspections and Liberty Mutual Insurance conducted 418. The reports are being processed according to established procedures. Both Aon and Liberty have completed all inspections for the last fiscal year, though some of the last reports are still being received and processed. We agreed to an extension of the deadlines due to the COVID-19 pandemic and the problems associated with travelling and getting into various facilities.

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

7 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: West Virginia State Parks, West Virginia Economic Development Authority, West Virginia Department of Education, Ohio County Public Service District, West Virginia Educational Broadcasting Authority, Lottery Commission, and West Virginia Public Service Commission.

19 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: Town of Farmington, Mountain Cap of West Virginia, Barbour County Senior Center, Town of West Hamlin, City of Paden City, Town of Glasgow, West Virginia Board of Registration for Foresters, Town of Beverly, West Virginia Board of Dentistry, West Virginia Public Employees Insurance Agency, City of Williamson, West Virginia Division of Highways, Town of Clendenin, Williamson Health and Wellness Center, Town of Man, West Virginia Health Care Association, and the Town of Matewan.

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 14, 2020*

Respectfully submitted,



Robert A. Fisher
Deputy Director *and* Claim Manager



Chief Privacy Officer's Report September 15, 2020

A. Privacy Management Team Meetings

- On September 22, 2020, the Privacy Management Team virtual meeting will be held via a Microsoft TEAMS platform. Use of this platform for members of the PMT will be a first. The topics for presentation will be a continued discussion of the newly published NIST Privacy Framework, and a presentation of COVID-19 and Public Health. The final PMT for the year will be held December 8, 2020.

B. Privacy Training

- During the Second Quarter of 2020, 349 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Second Quarter of 2020, 369 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Second Quarter of 2020, 136 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- Privacy Officer Orientation for the Agency Privacy Officer for the West Virginia Department of Environmental Protection was conducted virtually, via Skype on June 25, 2020.
- On July 16, 2020, SPO staff did a live presentation online on *BRIM and Cyber Liability and Awareness* for the West Virginia Department of Education in their annual training for County Board of Education Treasurers. Approximately 110 participants logged onto the webinar.

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 16, 2020 fourteen (14) 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 and Purchasing 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, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.
- 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.

D. Privacy Office Personnel

- Sue Haga, the Administrative Secretary for the State Privacy Office, is retiring from state employment effective October 31, 2020. Sue has been employed with the State of West Virginia for twenty-five (25) years and over nine (9) years in the Privacy Office. The Privacy Office has made an offer to a candidate, which has been accepted. The process of onboarding the person is in process with a tentative start date at the end of September.

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
December 15, 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: Dial-in number: +1 681-245-6817 Conference ID: 568 430 504#

Chairman Martin

Call to Order

Chairman Martin

Roll Call

Chairman Martin

Approval of Board Minutes
September 15, 2020 Meeting

REPORTS

Norman Mosrie, Partner
Dixon Hughes Goodman LLP

Audited Financial Report
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 15, 2020**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

**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
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

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

**BRIM PROGRAM
REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel
Ed Poe, Esq., BRIM Counsel
Chuck 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
Kelsey Richards, WVU Risk Management
Nate Pearson, BNY Mellon Investment Management
Scott Mountain, BNY Mellon Investment Management
Tom Sauvageot, WV Investment Management Board

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, September 15, 2020.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance.
- Chairman Martin complimented BRIM management and staff on the outstanding job during the pandemic to provide customer service.

APPROVAL OF MINUTES

- Member James Wilson moved the approval of the June 16, 2020 board meeting minutes. The motion was seconded by Vice Chairman Bob Mitts.
- Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

BNY Mellon Investment Management

- Chairman Martin welcomed Nate Pearson and Scott Mountain to make presentation for BNY Mellon Investment Management.
- Mr. Pearson and Mr. Mountain introduced themselves. A handout had been emailed previously for reference during the presentation. The gentlemen provided a brief history regarding BNY Mellon Investment Management including review of the organizational chart.
- Mr. Pearson presented a nine-month review. Beginning of the year looking good with low unemployment and stocks at an all-time high. January and February beginning to show shift with the early pandemic discussion. The second quarter brought the largest decrease we have ever seen and a huge jump in unemployment.
- Presentation continued with review of the Portfolio Performance. Market Terms were reviewed. In March equities are back to near all-time highs. Economy beginning to normalize. Upcoming risks: election, COVID-19 and vaccine.
- The BNY Mellon Investment Management's presentation was received, a copy is attached and made part of the record.

West Virginia Investment Management Board Report

- Chairman Martin welcomed Tom Sauvageot to present for the West Virginia Investment Management Board.
- Mr. Sauvageot referred to the BRIM Investment Review – June 30, 2020, a handout that had been emailed previously for reference during the presentation. He discussed Market Highlights, Asset Allocation, Portfolio Comments and Performance.
- Regarding Equities, the 10-year period has an average of 10%. Mr. Sauvageot commented on the efforts our domestic stock markets will make to try to recover. Chairman Martin was in agreement regarding the market.
- The West Virginia “Investment Management Board 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 reviewed the Marshall University and West Virginia University Medical Malpractice Programs.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. Her report includes detailed information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Ms. Pickens thanked Chairman Martin for the kind comments to the BRIM staff regarding the customer service provided during the pandemic. She reported that the staff continues to work a great deal from home, with some staff in the office on Mondays and Tuesdays while other staff work from the office on Wednesdays and Thursdays. Everyone works from home on Fridays, this schedule will most likely be followed through the end of the year.
- BRIM has been selected as a pilot for the Office of Technology’s new program to assess data security vulnerabilities among state agencies. This project arises from 2019 Legislation giving OT authority and funding to put in place measures to improve data security. The Tax Department was also selected to pilot this program.

- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$2,239,552.97 (down from \$4,139,549.17 at the June meeting). August distribution was in the amount of \$1.9 million. This distribution was for fiscal year 2020, unchanged since the March 2020 meeting. The September 3, 2020 fund balance is \$397,887.42. There will be an additional pro-rata distribution in August 2021. A final distribution will occur early in 2022 based on collections from July 1 – December 31, 2021. All funding streams are scheduled to end December 31, 2021, we expect all claims be paid and administrative expenses, and the fund should close June 30, 2022.
- Risk Management Information System updates were discussed. Continued work on data reconciliation between the new system and our legacy system. Asset Works has made this a priority and progress is being made. They continue building out the Underwriting Module and Loss Control functions. Our goal is switching to the new system first of the new year.
- Ms. Pickens reported on Policy Renewals. The July 1 policy renewals were completed successfully. We included Board of Education excess liability policy in the trust rather than a risk transfer policy which we feel is beneficial overall for the BOEs. Cyber for the BOEs, we plan to gather additional underwriting information to be used when we go to market in the spring for BOE cyber liability coverage. The State and SB3 liability and auto policies are on the BRIM website. We plan to add the aviation policy and statutory bond to the website as well. Property and Boiler & Machinery policy will be on the website as soon as possible.
- BRIM Rules Project was discussed. BRIM had six new rules this year. The rules were out for public comment in early July with the comment period ending August 8th. The three procedural rules have been filed with the Secretary of State, we received no comments. Effective date of the rules will be September 18, 2020. The Procedural Rules are: Series 3, the Board's Administrative Rule; Series 9, Procurement; and Series 10, Procedure for Providing Notice of Claims. Legislative Rules will be taken up by the Legislative Rule Making Review Committee. The Legislative Rules are: Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Notice of Claim (Series 5 is being repealed to be replaced by Series 10 procedural rule).
- Website updates were presented. The pandemic has interrupted this project and we are working to reschedule a meeting to get this project resumed. It is difficult to get back on track after losing momentum during the shutdown.
- Records Management updates were reviewed. We have made a good deal of progress this summer with review of old claim files, determination of which files are outside the retention schedule and can be destroyed, readying the ones to be kept for scanning and electronic retention. This will take months to complete. After the claim files, we plan to move to

Underwriting and Loss Control files. Mr. Mozingo is working temporarily and has been overseeing the project. Solomon Phillips and Jameson McHugh have been assisting with this effort.

- BRIM hired Jameson McHugh through the Governor's Internship Program as a summer intern. Although the summer internship was short due to pandemic, we appreciate the work Jameson assisted with and wish him well as he enters law school. We are also continuing to have Solomon Phillips with us for a while. Solomon graduated from Marshall this spring and has agreed to work on records management and other projects through the summer.
- Ms. Pickens reported that she has attended a series of meetings and webinars relating to equity, diversity and inclusion generally and in the workplace. The Board should know that we are concerned about these issues and are always working to ensure a work environment that everyone feels comfortable in.
- Ms. Pickens reported that the Annual Report was submitted on time. She thanked Stephen Panaro and Lora Myers for their work on this project.
- Ms. Pickens announced that she was just informed this afternoon that for the 25th year in a row, BRIM has been awarded the Achievement in Excellence for the CAFAR. She thanked Steve Schumacher, Stephen Panaro, and staff for their work.
- Sue Haga, a member of our Privacy staff, will retire at the end of October. She has been an enormous asset for BRIM and will be missed. We wish her all the best in the next chapter of her journey.
- Congratulations reported for Melody Duke on her appointment by the Governor to the PEIA Finance Board as representative of the interests of state employees.
- In conclusion, Mrs. Pickens announced the last Board Meeting date for 2020 is Tuesday, December 15, 2020 at 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.

- Mr. Schumacher gave an audit update. Audit work has been completed remotely this year and no issues have been mentioned. BRIM will submit its draft of the June 30, 2020 audited financial statements by the deadline. The final financial statements will be submitted by the October 15, 2020 deadline. BRIM's audited financial statements will be on BRIM's website shortly after the auditor's opinion has been issued.
- Mr. Schumacher reported on the actuarial results. AON risk fund study as of June 30, 2020 has been finalized. The current fiscal year saw a \$1.2 million decrease in the IBNR total vs. the prior year. FY'20 retained case reserves increased by \$15.1 million when compared to last year. FY'19 the year over year total retained reserves increased by \$24.0 million.
- Mr. Schumacher reported on current financial results. Premium revenue for FY'20 is \$1.0 million lower than the prior year. Total net claims expense decreased when compared to FY'19. Investment income for FY'20 is \$1.7 million higher than for FY'19. The overall rate of return is 5.2% on all BRIM funds invested for the current fiscal year is comparable to last year's return of 5.4%. For trust funds the rate of return was 6.8% with earnings totaling \$16.2 million.
- Mr. Schumacher also reported according to the July meeting minutes, uncertainty and virus risks continue to weigh on the Federal Open Market Committee's economic outlook. In August, Federal Reserve officials agreed on a new framework governing how they will conduct policy over the long run including less emphasis on inflation's impact on the federal fund rate in the near-term. With the fed funds rate currently near zero, the Fed anticipates no increase through 2022.
- Mr. Schumacher discussed BRIM's funds invested with the West Virginia Investment Management Board made approximately \$6.0 million or 3.8% vs. \$7.1 million or 4.7% last year. BRIM's overall financial results provided for an improvement in net position of \$28.1 million for FY'20 vs. an improvement in net position of \$13.1 million for FY'19. BRIM's current net position of \$257.8 million includes the mine subsidence program's restricted net position of \$78.6 million, leaving BRIM's unrestricted net position at \$179.2 million as of June 30, 2020.
- Mr. Schumacher thanked his staff of four including Stephen Panaro, Niki Casdorff-Miller and Connie Bloss on once again being awarded the Achievement in Excellence for the CAFAR.
- 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 loss control questionnaires were due on August 1, 2020. The results will be used to calculate loss control credits are surcharges for next fiscal year's premium. As early as September, we have completed 139 evaluations.
- Due to the pandemic, BRIM and Liberty Mutual have decided not to host the annual boiler safety and operational seminar in the fall. In substitution, we will provide educational material to participating insured regarding maintenance and safety needs. Hopefully, in-person seminars can resume in fall 2021.
- The West Virginia Economic Authority requested BRIM's assistance with the former Ravenswood Century Aluminum Plant and surrounding properties for potential liability risks. In July, Jeremy Wolfe inspected the facility; provided guidance to the Authority; and identified twenty-six prevention recommendations. Currently, we are awaiting the Authority's corrective action plan. BRIM does not insure the property at this facility.
- During the months of June and July, Aon conducted 81 inspections and Liberty Mutual conducted 418. We agreed to an extension of the deadlines due to the pandemic
- Mr. Fisher noted since his last report, the Loss Control technical staff reports 7 loss control visits and 19 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 the upcoming Privacy Management Team virtual meeting will be held September 22, 2020, via Microsoft TEAMS platform. The topics for presentation will be a continued discussion of the newly published NIST Privacy Framework, and a presentation of COVID-19 and Public Health. The final PMT meeting is scheduled for December 8, 2020.
- Ms. Summitt reported on privacy trainings. During the second quarter of 2020, 349 members of the Executive Branch workforce took the online course *Think WV Privacy*; 369 members took the online course *WV Confidentiality Agreement*; and 136 members took the online course *HIPAA/HITECH*.
- Training events by the SPO since June were discussed. Privacy Officer Orientation for the Agency Privacy Officer for the West Virginia Department of Environmental Protection was conducted virtually on June 25, 2020. SPO staff did a presentation online on BRIM and Cyber Liability

Awareness for the West Virginia Department of Education in their annual training for County Board of Education Treasurers. Approximately 110 participants logged in for the webinar on July 18, 2020.

- Since June 16, 2020, 14 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 and Purchasing staff are working to create a new PIA procedure.
- Sue Haga, Administrative Secretary for the State Privacy Office, is retiring effective October 31, 2020. Sue has been employed with the State of West Virginia for 25 years and over 9 years in the Privacy Office. The Privacy Office has made an offer to a candidate for employment which has been accepted. The new employee will tentatively start the end of September.
- Privacy Report was received and filed, a copy is attached and made part of the record.

EXECUTIVE SESSION

- Vice Chairman Bob Mitts moved to enter Executive Session. The motion was seconded by Member James Wilson. A vote took place and the MOTION ADOPTED.
- No action was taken during Executive Session

ADJOURNMENT

- Chairman Martin had to leave for another meeting and asked Vice Chairman Mitts to adjourn the meeting. Member James Wilson moved to adjourn the meeting. The motion was seconded by Member Gordon Lane. A vote took place and the MOTION ADOPTED.
- 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
December 15, 2020**

- A. Marshall University and West Virginia University Medical Malpractice Program
- As of December 4, 2020, Marshall has deposited \$1,375,000.00 into the escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$1,344.75. Disbursements totaling \$1,894,125.91 have been paid thus far in FY 2021.
 - As of December 4, 2020, a total of \$1,379,277.35 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$2,864.60. Disbursements totaling \$1,690,062.03 have been paid thus far in FY 2021.

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

TRIALS

Thus far in 2020, we have tried three cases to defense verdicts. **(New case in bold)**

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

Frank Morgan vs. City of Logan; 7/31/2020; US. Dist. Ct. So. WV; Plaintiff alleged excessive force in his arrest by City of Logan police officers; Defense verdict

Isabella Renaud vs. Jefferson County B.O.E.; 11/16/2020; Jefferson Co. Cir. Ct.; Plaintiff's minor tripped over another student in gym class and sustained a fractured skull; Defense verdict.

PAID CLAIMS (October 2020 Data)

YTD Indemnity payments total \$28,099,279 vs. PYTD payments of \$26,124,353, an increase of 7.5%.

YTD Legal payments total \$16,795,357 vs. PYTD payments of \$14,193,436, an increase of 18.3%.

OUTSTANDING CLAIMS (October 2020 Data)

October 2020 Indemnity reserves total \$81,899,987 vs. October 2019 Indemnity reserves of \$66,214,280, an increase of 23.7%.

October 2020 Expense reserves total \$26,865,006 vs. October 2019 Expense reserves of \$22,130,216, an increase of 21.4%

CLAIMS COUNTS (October 2020 Data)

New claims YTD total 2336 vs. PYTD of 3515, a decrease of 33.5%.

Closed claims YTD total 2639 vs. PYTD of 3425, a decrease of 22.9%.

Open claims YTD total 969 vs. PYTD of 1186, a decrease of 18.3 %.

DURATION – CLOSED CLAIMS (October 2020 Data)

YTD Duration of 144.543 Days vs. PYTD Duration of 107.314 Days, an increase of 34.7%.

CLOSING RATIO (October 2020 Data)

YTD Closing Ratio of 113% vs. PYTD Closing Ratio of 97.4%, an increase of 16%.

- C. COVID-19 Pandemic – The week before Thanksgiving I decided to have all BRIM staff return to remote work, and only come in the office when needed to perform a specific task and then return home. Given the uptick in COVID-19 cases in our state and anticipated travel over the holidays, I thought it was best to work from home until January when we can reevaluate. Secretary McVey is also urging DOA agencies to limit time spent in the office during this time. Some managers are in the office a day or two during the week, and others as needed.
- D. Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,552.97. The most recent pro-rata distribution made in August was in the amount of \$1.9 million. This distribution was for the fiscal year 2020 which ended on June 30, 2020. The December 4, 2020 balance in the fund is \$722,270.50. We will have one more annual pro-rata distribution in August 2021, and a final distribution in the early part of 2022 based on collections between July 1 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.
- E. Risk Management Information System Update – We continue to work on data reconciliation between the new system and our legacy system. Our vendor, Asset Works, has worked with us to develop reports that will function similarly to current reports we use to identify data errors that we then correct. Between now and the end of January, we will reconcile the months of July, August, September, and October of 2020 and if each month results in fewer mismatches and no new errors are identified, I plan to begin relying on the new system as the system of record in the quarter starting in April of 2021. Asset Works continues to build out the Underwriting Module and Loss Control functions, and we will need to continue with workflow additions to the system.
- F. BRIM Rules Projects – As previously discussed, we had 6 new rules projects this year. The three procedural rules were effective on September 18, 2020. These three rules are Series 3, the Board’s Administrative Rule, Series 9, Procurement, and Series 10, Procedure for Providing Notice of Claims. The Legislative rules were on the Legislative Rule Making Review Committee’s agenda in November. All three rules were approved by the Committee. The Legislative rules are Series 1, Mine Subsidence, Series 2, Public Entities Insurance Program, and Series 5, Notice of Claim (Series 5 is being repealed to

be replaced by Series 10 procedural rule). Technical modifications were made to the Public Entities rule and the modified rule was filed on November 30th.

- G. Website Updates – We initiated conversations with the Department of Commerce Communications Hub and WV Interactive before the Stay at Home Order, but the pandemic interrupted this project. We had a call with WV Interactive on December 14th to resume discussions. Our goal is to improve the website’s appearance, make it easier to navigate and locate information, and more fully integrate the State Privacy Office into the website.
- H. Records Management – As of mid-November, BRIM staff (under the guidance of Chuck Mozingo who is working on a temporary assignment) have scanned approximately 640 liability files (one “rack” in the claim file room) and are beginning to scan a second rack of liability files. We have retrieved the oldest 50 boxes of claim files from Iron Mountain. They were mine subsidence files and the records team has organized those files for scanning. Chuck has organized his team to scan from home, return boxes of scanned files to BRIM, get more boxes and repeat. Once all claim files have been either destroyed or scanned (depending on the requirements in BRIM’s record retention schedule), Chuck and his team will move on to Underwriting files.
- I. Miscellaneous
 - 1. Since the September Board meeting, we have had some personnel changes. Sue Haga, one of our State Privacy Office staff, retired at the end of October. We were able to celebrate her many years of public service to the state with a socially distanced and mask-wearing event in the parking lot near the Morris Street end. Sue’s replacement is Tara Taylor, who will be working with the Privacy Management team, preparing training materials, helping with privacy incident response, and many other critical tasks. She comes to us after many years at Concord University and we look forward to working with Tara as an important member of the State Privacy Office and BRIM team.
 - 2. A second personnel change is the permanent hiring of Solomon Phillips. The Board will recall that Solomon first came to BRIM as a summer intern in 2019 and returned to work over Christmas break last year and again this summer as a temporary employee following graduation from Marshall University. We were able to hire Solomon as a full-time employee this fall, and he is working in the Underwriting Department but presently focusing most of his time on our records management project. We’ve enjoyed having Solomon here at BRIM and believe he will grow into a valuable BRIM team member.
 - 3. BRIM met every deadline associated with its independent audit and submission of financial information to the Department’s Finance Division for the state’s Comprehensive Annual Financial Report, or CAFR. BRIM also received, for the 25th consecutive year, the GFOA (Government Finance Officers Association) award for excellence in financial reporting for fiscal year 2019.
 - 4. BRIM provided training in October and November at the request of the Glenville State College Board of Governors, USI, and the DOA Purchasing Division. On October 21st, Robert Fisher and Melody Duke presented to the Glenville State College Board of Governors, providing information about BRIM generally in addition to specific information about cyber liability insurance and addressing questions unique to the

Board of Governors. Melody and Jeremy Wolfe presented to well over 100 attendees at the virtual conference of the WV School Business Officials on October 27th, sharing information on cyber liability and Loss Control. And Robert and Melody presented at a Purchasing Division training on basics of insurance and insurance certificates. BRIM has partnered with the Purchasing Division regularly to focus on insurance requirements for vendors doing business with the state.

5. Upcoming Board Meeting schedule for 2021:

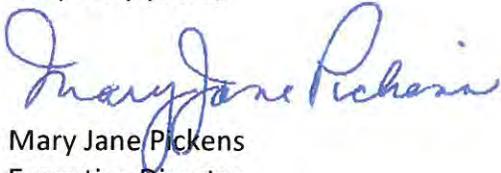
Tuesday, March 16, 2021 @ 1PM

Tuesday, June 15, 2021 @ 1PM

Tuesday, September 21, 2021 @ 1PM

Tuesday, December 21, 2021 @ 1PM

Very truly yours,

A handwritten signature in blue ink that reads "Mary Jane Pickens". The signature is written in a cursive, flowing style.

Mary Jane Pickens
Executive Director

MJP/ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

Chief Financial Officer's Report December 15, 2020

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of July, August, September and October 2020. These totals are:

July	\$29,427.78
August	\$38,000.36
September	\$51,508.34
October	\$44,461.61

B. Highlights of Management Discussion & Analysis for June 30, 2020

- IBNR decreased \$1.2 million vs. FY'19 while retained case reserves increased \$15.1 million for FY'20. The overall net increase of \$13.9 million in retained reserves resulted in the higher outstanding claims liability at year-end.
- A \$4.5 million decrease in the provision for insured events of prior fiscal years helped operating results for the current fiscal year (FY'20). Conversely, 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 last fiscal year. The combined effect on year over year operating results was a favorable swing of \$15.6 million.
- The impact of the Covid-19 pandemic affected claims processing and settlement activity in the second half of the FY'20. This was reflected in reduced claims payments versus the prior year. Lower net payments of \$9.0 million improved BRIM's operating results for the current fiscal year vs. the prior.
- Including restricted funds, BRIM's investment income was \$22.8 million in FY'20 compared to \$21.0 million in FY'19, providing a \$1.8 million year over year increase.
- The overall return on BRIM funds invested, including restricted funds, was 5.2% for both FY'20 and FY'19, exceeding BRIM's target rate of return of 4%.

C. Current Financial Results for the Four Months Ended October 31, 2020

- 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 was reduced by a credit that was provided to insureds for the estimated impact of Covid-19 pandemic on the utilization and exposure of owned and leased vehicles covered by the policy. Otherwise, the actuarially projected loss pics for both years remained about the same.
- FY'20 thru October reflects accruals increasing claims liabilities by \$2.7 million for the current year vs. a \$3.9 million increase for the same period last year.
- Net claims payments for the first four months of FY'20 are approximately \$3.4 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.

C. Current Financial Results for the Four Months Ended October 31, 2020 (cont'd)

- Equity returns are the primary driver for the current year's investment returns. A combination of fixed income and equity returns provided the better overall investment income for the first four months last year.
- The short end of the yield curve will minimize the returns realized on BIM's fixed income holdings for the foreseeable future as the Federal Reserve has indicated that the fed funds rate will remain near zero through at least 2022.
- In the prior fiscal year, positive operating results together with investment income through October 31 resulting in an increase of \$8.5 million to BRIM's net position.
- The current year's negative operating results were offset by investment earnings and provided the overall increase of \$5.3 million to BRIM's net position.

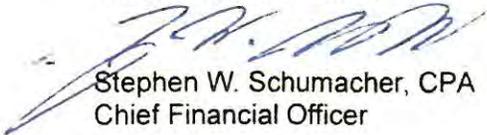
D. Premium to Net Asset Reserve Ratio

- 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 a higher risk than the calculated composite of the benchmark group of entities. However, BRIM does fall between the highest and lowest ratio of entities within the benchmark study.
- The premium to net asset ratio indicates that BRIM would need an additional \$83 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 32% below the calculated mid-point for the level of net premium generated by BRIM for FY'20 vs. the composite benchmark. This compares to last year's 25% shortfall.
- Any premium increases without a pro-rata increase in net assets adversely affects BRIM's risk level relative to the benchmark.

E. Other Financial Ratios

- The premium to net asset ratio, also know as the premium to surplus 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'20 (.79 to 1.0) is slightly better than the ratio for private carriers for the first half of 2020 (.81 to 1.0).
- BRIM's loss ratio of 86% vs. the industry average of 69% is higher than the industry average for the first half of 2020 primarily due to some adverse claim development.
- BRIM's expense ratio of 7% is very favorable versus the industry average of 29% for the first half of 2020.
- BRIM's combined ratio of 93% was better than the industry average of 98%, based on property and casualty industry results as reported by ISO for the first half of 2020.

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

	2020	2019
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,232	\$ 26,851
Advance deposits with insurance company and trustee	267,641	235,669
Receivables	3,907	3,848
Prepaid insurance	1,569	4,604
Restricted cash and cash equivalents	22,211	18,209
Premiums due from other entities	1,134	1,112
Total current assets	<u>319,694</u>	<u>290,293</u>
Noncurrent assets:		
Equity position in internal investments pools	108,100	102,629
Restricted investments	62,428	59,268
Total noncurrent assets	<u>170,528</u>	<u>161,897</u>
Total assets	<u>490,222</u>	<u>452,190</u>
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	16,201	15,388
Agent commissions payable	773	719
Claims Payable	0	605
Accrued expenses and other liabilities	2,302	2,199
Total current liabilities	<u>88,613</u>	<u>81,567</u>
Estimated unpaid claims and claims adjustment expense net of current portion	138,191	132,192
Compensated absences	151	124
Net pension liability	214	249
Total noncurrent liabilities	<u>138,556</u>	<u>132,564</u>
Total liabilities	<u>227,169</u>	<u>214,131</u>
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,616	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	5,254	8,518
Net position	<u>\$ 263,036</u>	<u>\$ 238,188</u>

Unaudited

External Benchmark Comparison (FY'20)

(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
\$ 24,457,351	\$ 67,703,147	0.361	Local Governments
\$ 11,559,023	\$ 34,735,001	0.333	Community Centers
\$ 4,523,927	\$ 10,330,671	0.438	Municipalities
\$ 12,883,070	\$ 49,598,649	0.260	Local Governments
\$ 29,067,980	\$ 129,318,468	0.225	Municipalities and Special Districts
\$ 5,083,127	\$ 22,294,308	0.228	Water Districts and River Authorities
\$ 87,574,478	\$ 313,980,244	0.279	Combined Entities

Step 2: Derivation of Statistics

Entity Count Per Above (0.438 - 0.225)/2 = .107	6	Number of Similar Organizations Included in Analysis
	0.107	Average of the Range Between the Highest & Lowest PNAR
\$ 87,574,000	\$ 313,980,000	0.279
\$ 71,284,000	\$ 179,166,000	0.398

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) 0.122	Less Risk (PNAR Factor & NAR \$ Level) 0.172	Average Risk (PNAR Factor & NAR \$ Level) 0.222	Average Risk (PNAR Factor & NAR \$ Level) 0.272	More Risk (PNAR Factor & NAR \$ Level) 0.322	High Risk (PNAR Factor & NAR \$ Level) 0.372	High Risk (PNAR Factor & NAR \$ Level) 0.422
\$ 87,500,000	\$ 717,200,000	\$ 508,700,000	\$ 394,100,000	\$ 314,000,000	\$ 271,700,000	\$ 235,200,000	\$ 207,300,000
\$ 85,000,000	\$ 696,700,000	\$ 494,200,000	\$ 382,900,000	\$ 312,500,000	\$ 264,000,000	\$ 228,500,000	\$ 201,400,000
\$ 82,500,000	\$ 676,200,000	\$ 479,700,000	\$ 371,600,000	\$ 303,300,000	\$ 256,200,000	\$ 221,800,000	\$ 195,500,000
\$ 80,000,000	\$ 655,700,000	\$ 465,100,000	\$ 360,400,000	\$ 294,100,000	\$ 248,400,000	\$ 215,100,000	\$ 189,600,000
\$ 77,500,000	\$ 635,200,000	\$ 450,600,000	\$ 349,100,000	\$ 284,900,000	\$ 240,700,000	\$ 208,300,000	\$183,600,000
\$ 75,000,000	\$ 614,800,000	\$ 436,000,000	\$ 337,800,000	\$ 275,700,000	\$ 232,900,000	\$ 201,600,000	\$177,700,000
\$ 72,500,000	\$ 594,300,000	\$ 421,500,000	\$ 326,600,000	\$ 266,500,000	\$ 225,200,000	\$ 194,900,000	\$171,800,000
\$ 70,000,000	\$ 573,800,000	\$ 407,000,000	\$ 315,300,000	\$ 257,400,000	\$ 217,400,000	\$ 188,200,000	\$165,900,000
\$ 67,500,000	\$ 553,300,000	\$ 392,400,000	\$ 304,100,000	\$ 248,200,000	\$ 209,600,000	\$ 181,500,000	\$ 160,000,000
\$ 65,000,000	\$ 532,800,000	\$ 377,900,000	\$ 292,800,000	\$ 239,000,000	\$ 201,900,000	\$ 174,700,000	\$ 154,000,000
\$ 62,500,000	\$ 512,300,000	\$ 363,400,000	\$ 281,500,000	\$ 229,800,000	\$ 194,100,000	\$ 168,000,000	\$ 148,100,000
\$ 60,000,000	\$ 491,800,000	\$ 348,800,000	\$ 270,300,000	\$ 220,600,000	\$ 186,300,000	\$ 161,300,000	\$ 142,200,000
\$ 57,500,000	\$ 471,300,000	\$ 334,300,000	\$ 259,000,000	\$ 211,400,000	\$ 178,600,000	\$ 154,600,000	\$ 136,300,000
\$ 55,000,000	\$ 450,800,000	\$ 319,800,000	\$ 247,700,000	\$ 202,200,000	\$ 170,800,000	\$ 147,800,000	\$ 130,300,000
\$ 52,500,000	\$ 430,300,000	\$ 305,200,000	\$ 236,500,000	\$ 193,000,000	\$ 163,000,000	\$ 141,100,000	\$ 124,400,000
\$ 50,000,000	\$ 409,800,000	\$ 290,700,000	\$ 225,200,000	\$ 183,800,000	\$ 155,300,000	\$ 134,400,000	\$ 118,500,000
\$ 47,500,000	\$ 389,300,000	\$ 276,200,000	\$ 214,000,000	\$ 174,600,000	\$ 147,500,000	\$ 127,700,000	\$ 112,600,000
\$ 45,000,000	\$ 368,900,000	\$ 261,600,000	\$ 202,700,000	\$ 165,400,000	\$ 139,800,000	\$ 121,000,000	\$ 106,600,000
\$ 42,500,000	\$ 348,400,000	\$ 247,100,000	\$ 191,400,000	\$ 156,300,000	\$ 132,000,000	\$ 114,200,000	\$ 100,700,000
\$ 40,000,000	\$ 327,900,000	\$ 232,600,000	\$ 180,200,000	\$ 147,100,000	\$ 124,200,000	\$ 107,500,000	\$ 94,800,000

Net Premium \$ 71,300,000
Calculated N.A. \$ 262,100,000



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

Loss Control Report to the Board December 2020

We completed the evaluations of state agencies' fiscal year 2022 loss control questionnaire submissions. Approximately 120 agencies will be receiving a premium credit for their participation in our Standards of Participation program that is designed to help our insured reduce and control losses through active risk management initiatives.

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. We've already received several hundred responses and are beginning our evaluations. We are about three weeks ahead of where we normally are in the process.

During the months of October and November, Aon conducted 197 inspections and Liberty conducted 921. The reports are being processed according to established procedures.

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

11 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: West Virginia School of Osteopathic Medicine, West Virginia Department of Agriculture, Tax Department, West Virginia Department of Natural Resources, West Virginia Parkways Authority, Shepherd University, West Virginia Division of Environmental Protection, West Virginia State Parks, and Blue Ridge Community and Technical College.

22 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.

Charleston Urban Renewal Authority, Mountain Health Network, City of Sistersville, Elk River Trail Foundation, Inc., Town of Poca, Town of Iaegar, Town of Gilbert, Town of Rivesville, City of Fairmont Sewer and Water Board, Mingo County Housing Authority, City of Westover, Wetzel County Hope and Memories, Highland School, Inc., Martinsburg Housing Authority, West Virginia University Alumni Association, Town of Marlinton, West Virginia State Fire Commission, Town of Monongah, West Virginia Board of Social Work, Workforce West Virginia, and West Virginia Board of Hearing Aide Dealers.

Dated: *December 14, 2020*

Respectfully submitted,



Robert A. Fisher
Deputy Director *and* Claim Manager



Chief Privacy Officer's Report December 15, 2020

A. Privacy Management Team Meetings

- On December 8, 2020, the Privacy Management Team virtual meeting was held via a Microsoft TEAMS platform. We had 28 attendees from 16 different agencies, representing the Executive Branch, the Judicial Branch and WV constitutional officers. The topics for presentation was a final discussion of the newly published NIST Privacy Framework, and the annual presentation of 2020 HIPAA Preemption Analysis by the law firm Pullen, Fowler, Flanagan, Brown and Poe, PLLC. The next PMT for the year will be held January 26, 2021, where the State Privacy Office will commemorate Data Privacy Day virtually.

B. Privacy Training

- During the Third Quarter of 2020, 1019 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Third Quarter of 2020, 1194 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Third Quarter of 2020, 180 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- Comprehensive orientation and training of the State Privacy Office's new Administrative Assistant in general privacy, incident response management and HIPAA.
- Planning for the State Privacy Office's annual commemoration of International Data Privacy Day will be held (virtually) on January 26, 2021. Due to the event

being conducted via TEAMS, the format and content is being amended from the day long events which we previously have provided.

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 16, 2020, fourteen (14) 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 and Purchasing staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.

D. Privacy Office Personnel

- Tara Taylor, the new Administrative Assistant for the State Privacy Office, began her employment at the end of September. The majority of her orientation and training has been conducted digitally online and despite those hurdles she is doing quite well with tremendous enthusiasm for the job.
- The Chief Privacy Officer passed the IAPP (International Association of Privacy Professionals) CIPP/U.S. (Certified Information Privacy Professional -United States credential) exam, a requirement of the position.

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 16, 2021

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: Dial-in number: +1 681-245-6817 Conference ID: 668 436 606#

Chairman Martin

Call to Order

Chairman Martin

Roll Call

Chairman Martin

Approval of Board Minutes
December 15, 2020 Meeting

REPORTS

Jo Ellen Cockley, FCAS, MAAA
Associate Director & Actuary

Risk Funding Study
as of June 30, 2020

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
December 15, 2020**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

**BOARD MEMBERS
PRESENT:** Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
Edward Magee, Ed.D., CPA, Member
Gordon Lane, Jr., Member
Joseph Price, Member
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

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

**BRIM PROGRAM
REPRESENTATIVES:** Steve Fowler, Esq., BRIM Counsel
Ed Poe, Esq., BRIM Counsel
Chuck 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
Kelsey Richards, WVU Risk Management
Norman Mosrie, Partner, Dixon Hughes Goodman LLP

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, December 15, 2020 @ 1:03PM.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance.
- Chairman Martin complimented BRIM management and staff on the outstanding job during the pandemic to provide customer service.

APPROVAL OF MINUTES

- Member Edward Magee moved the approval of the September 15, 2020 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 welcomed Norman Mosrie to present the Audited Financial Report June 30, 2020 for Dixon Hughes Goodman LLP.
- Mr. Mosrie introduced himself and commented he was glad to be joining the group virtually. He referenced the Report to the Board of Directors, Financial Statements and Required Supplementary Information.
- Mr. Mosrie reviewed the Independent Auditors' Report. There were no audit adjustments. BRIM was given a clean opinion
- Presentation included review of Page 14 – Notes to Financial Statements. Advance Deposit and Claims Reserves were most effected by the pandemic. Premiums were mostly flat. Reserves were adjusted due to the Miracle Meadows cases.
- Mr. Mosrie presented a run through of all Financial Statements and offered explanation or to answer any questions.

- Mr. Schumacher commented on the fluctuation over the past years. Payments of adverse claims due to Miracle Meadows were mentioned.
- Chairman Martin thanked Mr. Mosrie for his presentation. He also complimented the BRIM Finance team and thanked them for their assistance with the audit.
- The Dixon Hughes Goodman LLP Audited Financial Report 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 welcomed new board member, Joseph Price, to the BRIM Board of Directors.
- Ms. Pickens reviewed the Marshall University and West Virginia University Medical Malpractice Programs. She explained for the benefit of the new board member that these agreements had been in place for many years and are always part of the Executive Director's Report.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. Her report includes detailed information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Ms. Pickens reported during the March 2020 board meeting we first discussed how to handle the staff working from home. Mid-year, the staff returned to the office with certain departments in the office on Mondays and Tuesdays while others work from the office on Wednesdays and Thursdays; everyone working from home on Fridays. Just before Thanksgiving, all BRIM staff returned to remote work, only coming to the office to perform a specific task. We are hopeful that we will be able to return to the office at least part time in 2021.
- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$2,239,552.97. August distribution was in the amount of \$1.9 million. This distribution was for fiscal year 2020. The December 4, 2020 fund balance is \$722,270.50. There will be an additional pro-rata distribution in August 2021. A final distribution will occur early in 2022 based on collections from July 1 – December 31, 2021. All funding streams are scheduled to end December 31, 2021, we expect all claims be paid and administrative expenses. The fund should close June 30, 2022.

- Risk Management Information System updates were discussed. Continued work on data reconciliation. Asset Works has worked with us to develop reports that will function similarly to current reports used in identifying data errors to then be corrected. By the end of January, we will reconcile July through October 2020 and if each month shows fewer mismatches and no new errors are identified, the plan is to rely on the new system starting April 2021. Our vendor continues working to build the Underwriting Module and Loss Control functions.
- BRIM Rules Project was discussed. BRIM had six new rules projects this year. Three procedural rules were effective on September 18, 2020. These three rules are: Series 3, the Board's Administrative Rule; Series 9, Procurement; and Series 10, Procedure for Providing Notice of Claims. Legislative Rules will be taken up by the Legislative Rule Making Review Committee. The Legislative Rules are: Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Notice of Claim (Series 5 is being repealed to be replaced by Series 10 procedural rule).
- Website updates were presented. A call was held December 14th with WV Interactive to resume discussions started before the pandemic interrupted this project. The goal is to improve the website appearance, make it easier to navigate and locate information, and more fully integrate the State Privacy Office into the website
- Records Management updates were reviewed. Mid-November, BRIM staff (working with guidance from Chuck Mozingo who is with us on a temporary work assignment) have scanned approximately 640 liability files. The oldest 50 boxes of claim files have been retrieved from Iron Mountain. These files were mine subsidence and the records team has organized those for scanning. Once all claims files have been either destroyed or scanned (according to the BRIM record retention schedule), the team will move to Underwriting files. This effort is being made to reduce storage costs and make certain we only store what is necessary.
- Personnel changes have occurred at BRIM since the September 2020 board meeting. Sue Haga, a member of the Privacy Office, retired at the end of October. Fortunately, we celebrated her many years in public service with the state with a socially distanced, mask-wearing event in our parking lot. Tara Taylor has been hired to fill the vacancy in the Privacy Office. She will be preparing training materials, helping with privacy incident response and many other tasks. Tara is joining BRIM after many years at Concord University and we are happy to have her join our team. An additional personnel change is the permanent hiring of Solomon Phillips. Solomon is a Marshall graduate and has been with BRIM as both a summer intern and a temporary. Solomon is working for the Underwriting Department but is currently assisting with the records management project. We believe Solomon is a good fit at BRIM and will grow to be a valuable team member.

- BRIM has met all deadlines associated with its independent audit and submission of financial information to the Department of Finance Division for the state's CAFR. BRIM received the GFOA (Government Finance Officers Association) award for excellence in financing reporting for the 25th consecutive year
- Training was provided by BRIM in October at the request of the Glenville State College Board of Governors, USI, and the DOA Purchasing Division. Presentations were made by Robert Fisher and Melody Duke providing information about BRIM generally. Cyber Insurance and Loss Control presentations were made by Melody Duke and Jeremy Wolfe to well over 100 attendees at the virtual conference of the WV Business Officials on October 27th. Robert and Melody presented at a Purchasing Division training on basics of insurance and insurance certificates. BRIM has been partnering with the Purchasing Division regularly to focus on insurance requirements for vendors doing business with the state.
- Ms. Pickens announced upcoming Board Meeting dates for 2021:
 - Tuesday, March 16, 2021 at 1PM
 - Tuesday, June 15, 2021 at 1PM
 - Tuesday, September 21, 2021 at 1PM
 - Tuesday, December 21, 2021 at 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, August, September, and October. He commented that some expenses during this period were for "work from home" necessities.
- Mr. Schumacher reported on Highlights of Management Discussion and Analysis for June 30, 2020. IBNR decreased \$1.2 million vs. FY'19 while retained case reserves increased \$15.1 million for FY'20. A \$4.5 million decrease in the provision for insured events of prior fiscal years helped operating results for the current fiscal year (FY'20).
- The impact of the pandemic affected claims processing and settlement activity in the last half of FY'20. This was reflected in lower claims payments versus the prior year. Lower net payments of \$9.0 million improved BRIM's operating results for the current fiscal year.

- Overall return on BRIM funds invested, including restricted fund, was 5.2% for both FY'20 and FY'19, exceeding BRIM's target rate of return of 4%.
- Mr. Schumacher reported on Current Financial Results for the Four Months Ended October 31, 2020. The current results reflect the actuarially estimated unpaid losses from AON's risk funding study as of September 30 for both years, plus additional accrual for October.
- FY'20 thru October reflects accruals increasing claims liabilities by \$2.7 million for the current year vs. \$3.9 million increase for the same period last year. Net claims payments for the first four months of FY'20 are approximately \$3.4 million higher than last year. Reserve increases along with the net claim payments made year-to-date are included in claims and claims adjustment expenses. Stock markets began to rally with the hopeful end of the pandemic.
- Mr. Schumacher explained equity returns are the primary driver for the current year's investment returns. A combination of fixed income and equity returns provided the better overall investment income for the first four months last year. The short end of the yield curve will minimize the returns realized on BRIM's fixed income holdings for the foreseeable future as the Federal Reserve has indicated that the fed funds rate will remain near zero through at least 2022.
- Explanation was made regarding the prior fiscal year, positive operating results together with investment income through October 31 resulting in an increase of \$8.5 million to BRIM's net position. The current year's negative operating results were offset by investment earnings and provided the overall increase of \$5.3 million to BRIM's net position.
- 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 stability.
- Mr. Schumacher also reported 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. Any premium increases without a pro-rata increase in net assets adversely affects BRIM's risk level relative to the benchmark.
- 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 began his report with the history of the Loss Control Department. The process deals with the questionnaires to offer premium credits. Evaluations were completed of agency fiscal year 2022 loss control questionnaires. Approximately, 120 agencies will be receiving premium credit for their participation in our Standards of Participation program.
- Mr. Fisher reported that in October we sent out loss control questionnaires to our senate bill #3 insured. The completed questionnaires and supporting documents are due on January 1, 2021.
- During the months of October and November, Aon conducted 197 inspections and Liberty conducted 921. The reports are being processed according to established procedures.
- Mr. Fisher reported on Loss Control Visits and 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 on the most recent Privacy Management Team meeting, which was held on December 8, 2020 via Microsoft Teams platform. Attending were 28 individuals from 16 agencies, representing the Executive Branch, the Judicial Branch and WV constitutional officers. The topics for presentation was a final discussion on the newly published NIST Privacy Framework, and the annual presentation of 2020 HIPAA Preemption Analysis by the law firm Pullen, Fowler, Flanagan, Brown and Poe, PLLC. The upcoming PMT will be held on January 26, 2021, where the State Privacy Office will hold a virtual Privacy Data Day.
- Ms. Summitt reported on privacy trainings. During the third quarter of 2020, 1,019 members of the Executive Branch workforce took the online course *Think WV Privacy*; 1,194 members took the online course *WV Confidentiality Agreement*; and 180 members took the online course *HIPAA/HITECH*.
- Discussion regarding the training events held by the SPO since the last board meeting. Comprehensive orientation and training of the State

Privacy Office's new Administrative Assistant in general privacy, incident response management and HIPAA. Planning for the State Privacy Office's annual commemoration of International Data Privacy Day.

- 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 September 16, 2020, 14 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 and Purchasing staff, are working to create a new PIA procedure.
- PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Officer regarding the need for a Privacy Impact Assessment.
- Ms. Summitt announced that Tara Taylor is the new Administrative Assistant for the State Privacy Office. Most of her orientation and training has been conducted digitally online and despite those hurdles she is doing well with tremendous enthusiasm for the job.
- Ms. Summitt also reported that she passed the IAP (International Association of Privacy Professionals) CIPP/U.S. (Certified Information Privacy Professional – United States credential) exam, required of the position.
- Privacy Report was received and filed, a copy is attached and made part of the record.

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

Chairman Martin complimented the staff for handling the "work from home" situation so well. Meeting adjourned at 2:02PM.

Board Chairman

Date

ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary

**Executive Director's Report
March 16, 2021**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of March 2, 2021, Marshall has deposited \$2,075,000.00 into the escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$1,666.44. Disbursements totaling \$2,059,584.79 have been paid thus far in FY 2021.
- As of March 2, 2021, a total of \$1,684,574.82 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$3,594.48. Disbursements totaling \$3,224,081.29 have been paid thus far in FY 2021.

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

TRIALS

Thus far, in 2021, we have tried no cases to verdict.

In 2020, we tried four cases to verdict, with three defense verdicts and one plaintiff verdict. (New case in bold)

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

Frank Morgan vs. City of Logan; 7/31/2020; US. Dist. Ct. So. WV; Plaintiff alleged excessive force in his arrest by City of Logan police officers; Defense verdict.

Isabella Renaud vs. Jefferson County B.O.E.; 11/16/2020; Jefferson Co. Cir. Ct.; Plaintiff's minor tripped over another student in gym class and sustained a fractured skull; Defense verdict.

Michelle Hargrave vs. Town of Northfork; 11/17/20; McDowell Co. Cir.Ct.; Plaintiff was charged with Federal Tax Lien in her position with the Insured; Plaintiff verdict, with judgment, pre-judgment and post-judgement interest, totaled \$45,666.00.

PAID CLAIMS (February 2021 Data)

YTD Indemnity payments total \$4,431,347 vs. PYTD payments of \$5,712,447, a decrease of 22.4%.

YTD Legal payments total \$2,595,188 vs. PYTD payments of \$3,183,570, a decrease of 18.5 %.

OUTSTANDING CLAIMS (February 2021 Data)

February 2021 Indemnity reserves total \$61,522,950 vs. February 2020 Indemnity reserves of \$68,064,977, a decrease of 9.6%.

February 2021 Expense reserves total \$26,674,023 vs. February 2020 Expense reserves of \$23,861,754, an increase of 11.8%.

CLAIMS COUNTS (February 2021 Data)

New claims YTD total 532 vs. PYTD of 608, a decrease of 12.5%.

Closed claims YTD total 538 vs. PYTD of 600, a decrease of 10.3%.

Open claims YTD total 985 vs. PYTD of 1152, a decrease of 14.5%.

DURATION – CLOSED CLAIMS (February 2021 Data)

YTD Duration of 118.757 Days vs. PYTD Duration of 125.252 Days, a decrease of 5.2%.

CLOSING RATIO (February 2021 Data)

YTD Closing Ratio of 101.1% vs. PYTD Closing Ratio of 98.7%, an increase of 2.4%.

- C. COVID-19 Pandemic – BRIM staff continues to work primarily remotely, with the freedom to come into the office as needed to perform certain tasks, or when internet is unreliable at home, etc. The Board will recall that during the summer and fall, we were coming into the office in shifts to allow for social distancing. Before Thanksgiving, however, we returned to mostly remote work due to the uptick in infections and the upcoming holiday season. The management team has now been fully vaccinated as part of Governor Justice's vaccination plan, and as more state employees are able to be fully vaccinated, we expect to begin bringing staff back to in-office work. Until then we will continue to work remotely, which has been successful here at BRIM.
- D. Patient Injury Compensation Fund (PICF) – Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,552.97. The most recent pro-rata distribution made in August was in the amount of \$1.9 million. This distribution was for the fiscal year 2020 which ended on June 30, 2020. The March 5, 2021 balance in the fund is \$955,399.38. We will have one more annual pro-rata distribution in August 2021, and a final distribution in the early part of 2022 based on collections between July 1 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.
- E. On February 10 we met with representatives from Gallagher to review the cyber liability program and prepare for going to market for coverage for FY 2022. The outlook is not entirely positive, as the Board likely knows. The cyber insurance market shifted in 2020 from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are regularly seeking rate increases in a range of about 25% to 50% for the public space. The increase in both frequency and severity of ransomware claims started in 2019 and continued in 2020. This is now the "cybercrime of choice" and figures for ransomware demands are reaching the seven and eight figure range. The remote

workforce has been a concern with markets. In WV's favor is our very prompt reporting of incidents and the level of oversight and modernization from our Office of Technology. We have gathered updated applications from our Boards of Education and updated revenues. We expect the Boards of Education to be the most challenging part of the book of business, but we will continue in the coming weeks to work toward the 7-1-2021 renewal.

- F. Also, on February 10 we met with USI and RT Specialty representatives to prepare for property insurance renewals for 7-1-2021. The property market is hardening but there is some increased capacity. We have been able to secure multi-year pricing in the past, and that is proving to be more challenging going forward. As part of our effort to review the market we've had meetings with our peers in the states of Wisconsin and Montana and we plan to speak to a few other states. We can report back that our challenges in West Virginia are not unique, but we always appreciate interaction and input from other state risk managers. Another update relating to the property program relates to insurance appraisals – this service will need to be bid out, and the RFP is ready to be issued later in the Spring.
- G. BRIM was asked by the Fleet Management Division to reassign one of its two vehicles to Fleet to be used in the Capitol Motor Pool. This is an initiative that is supported by the Governor's Office as a way to reduce the number of vehicles that are owned by state agencies that are considered "underutilized" based on a rule requirement of 1,100 miles per month. The Fleet Management Division is implementing a Kiosk system designed to automate and streamline renting vehicles from the Motor Pool and dispensing keys. The goal is to save money across state government through more efficient sharing of state-owned vehicles.
- H. Risk Management Information System Update – At the December Board meeting I told the Board that we planned to focus on data reconciliation between the new system and our legacy system for the months of July through the end of 2020. Melody Duke is processing the "kick outs" from the new report designed by Asset Works so that they may be corrected going forward. Stephen Panaro is working on the monthly summary comparison report. I remain optimistic that we will begin to rely on the new system by the end of the current fiscal year. Asset Works will continue to build out Underwriting and Loss Control modules – the recent focus has been on reconciliation of claim data.
- I. BRIM Rules Projects – SB 126 is the Department of Administration rules bundle. BRIM's 3 rules and one Purchasing Division rule are included in the bundle. The bill completed legislative action on _____. The BRIM rules include Series 1, Mine Subsidence; Series 2, Public Entities Insurance Program; and Series 5, Procedures for Providing Written Notification of Claims of Potential Liability to the State or its Employees. This last rule, Series 5, is being repealed in light of the promulgation in 2020 of a replacement procedural rule. The other two legislative rules are being amended. Another bill, SB 296, which repeals outdated and unneeded rules, repeals BRIM's Series 4. This is a very old rule (1992) that discontinued a medical professional liability insurance program through BRIM for OB-GYNs and family practitioners following survey responses to gauge level of interest in the program. The survey determined that there was insufficient interest in either a primary or excess insurance program, and the rule therefore terminated it. The

rule is now irrelevant and is repealed by SB 296. With the passage of these bills and the final filing of Series 1 and 2, the BRIM's rules will have been updated as needed.

- J. Website Updates – We have continued to work with WV Interactive on a completely new and updated BRIM website. It will fully incorporate the State Privacy Office and will be easier for the public to use and navigate. We anticipate receiving a proposal from WV Interactive in the coming weeks.
- K. Records Management – Our Team working on scanning and paper file destruction completed scanning all liability files in the claim file room the first week of January. This included approximately 876 liability claim folders as well as the accompanying extra volumes to those files, for a total of approximately 1,010 files. Additionally, the total number of liability claim files triaged and destroyed without scanning was 2,310, bringing the total liability claims processed to over 3,300.

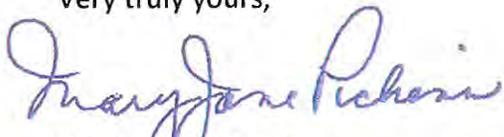
With the on-premises liability files completed by that first week of January, our team pulled the oldest 50 claim boxes from Iron Mountain. It turned out that the boxes contained approximately 1500 very old mine subsidence claim files. Virtually all files contained photos which, without going into detail, required time consuming steps to scan and document the subject of the photos. The team continues to work through this cumbersome process with the photos. To summarize, about 1,020 of the old mine subsidence claim files in the first 50 boxes have been fully scanned, with about 480 files to go. The target date to fully complete processing of those first 50 boxes is mid-April.

In a week or so the Team will request the next oldest 50 boxes from Iron Mountain. The mine subsidence claim files are the most difficult to scan, so this project will speed up if the old boxes contain liability or property claim files (many of which will be old enough to simply destroy under the provisions of BRIM's approved record retention schedule).

- L. Upcoming Board Meeting schedule for 2021:

Tuesday, June 15, 2021 @ 1PM
Tuesday, September 21, 2021 @ 1PM
Tuesday, December 21, 2021 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

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



Allan L. McVey
Cabinet Secretary

Mary Jane Pickens
Executive Director
Deputy Cabinet Secretary
MaryJane.Pickens@wv.gov

Chief Financial Officer's Report March 16, 2021

A. P Card Report

CD copies contain the supporting detail for P card purchases for the months of November and December 2020 and January 2021. These totals are:

November	\$35,367.71
December	\$47,427.13
January	\$18,868.92

B. Current Financial Results

- The financial results presented are for the seven months ending January 31, 2021. The results reflect the actuarially estimated IBNR from AON's risk funding study as of December 31, 2020, plus an estimated additional accrual for January.
- Retained case reserves are \$6.3 million lower this year vs. the prior year and the current year actuarially estimated retained IBNR is also \$6.8 million lower than the prior year. Combined, total current and non-current estimated claims liabilities (i.e., unpaid claims) are \$13.1 million lower than last year.
- Premium revenue is down by \$1.5 million for FY'21. The decrease mirrors the reduction for FY'21 vs. FY'20 resulting from the annualized credits issued in the first quarter of FY'21 to insureds for the estimated impact of the Covid-19 pandemic on the reduced utilization and exposure of owned and leased vehicles covered by their policy.
- Higher net claims payments YTD for FY'21 combined with the net change in estimated claims liabilities resulted in an increase in claims and claims adjustment expenses of \$3.1 million for the first seven months of FY'21 when compared to FY'20.
- Investments results reflect market values as of January 31, 2021.
- Equity market returns were \$16.3 million for the first seven months of the fiscal year and fixed income returns were \$2.5 million with a total combined investment earnings of \$18.8 million versus last fiscal year's investment returns of \$14.4 million.
- Lower premium revenue and higher claims expense were offset by improved investment earnings for FYTD'21. The better investment returns through January of this year helped to improve BRIM's net position by \$17.0 million year vs. \$15.8 million last year.

C. Financial Markets

- On February 24th, 2020, the Dow dropped 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 2020, all the major stock indexes were down close to 10%. In late March, the stock market losses deepened further with the major indexes down around 30% from their recent highs set in early February of last year.

C. Financial Markets (cont'd)

- All the major U.S. stock indexes are now up around 35% since last March's lows and are at or near record highs.
- The yield on the 10-year Treasury has risen near-term to around 1.6%. With this recent back up in rates, investors are becoming somewhat more cautious about taking on more risk in stocks.
- Two weeks ago, the Federal Reserve reiterated their stance that they will continue to maintain the fed funds rate near zero for the foreseeable future and that they will continue to support liquidity in the financial markets through additional bond purchases.
- With a relatively short duration for fixed income holdings in the trust, funds are currently being reinvested at a 0.5% rate. Extremely low short-term interest rates will continue to dampen the overall returns for BRIM's fixed income investments.

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

	2021	2020
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,717	\$ 26,640
Advance deposits with insurance company and trustee	244,336	243,891
Receivables	6,978	4,457
Prepaid insurance	1,831	2,878
Restricted cash and cash equivalents	23,112	19,263
Premiums due from other entities	1,134	1,112
Total current assets	<u>298,107</u>	<u>298,240</u>
Noncurrent assets:		
Equity position in internal investments pools	116,811	105,538
Restricted investments	67,458	60,948
Total noncurrent assets	<u>184,269</u>	<u>166,486</u>
Total assets	<u>482,376</u>	<u>464,727</u>
Deferred Outflows of Resources	215	373
Deferred Outflows of Resources - OPEB	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	17,384	15,662
Agent commissions payable	794	795
Claims Payable	00	253
Accrued expenses and other liabilities	2,783	3,036
Total current liabilities	<u>90,297</u>	<u>82,402</u>
Estimated unpaid claims and claims adjustment expense net of current portion	116,870	136,653
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	<u>117,234</u>	<u>137,026</u>
Total liabilities	<u>207,531</u>	<u>219,428</u>
Deferred Inflows of Resources	145	200
Deferred Inflows of Resources - OPEB	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	17,046	15,758
Net position	<u>\$ 274,829</u>	<u>\$ 245,429</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

	<u>2021</u>	<u>2020</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 46,589	\$ 48,139
Less coverage/reinsurance programs	<u>(2,607)</u>	<u>(4,038)</u>
Net operating revenues	43,982	44,101
Operating expenses		
Claims and claims adjustment expense	42,876	39,819
General and administrative	<u>2,864</u>	<u>2,955</u>
Total operating expenses	<u>45,740</u>	<u>42,773</u>
Operating income (loss)	(1,758)	1,328
Nonoperating revenues		
Investment income	18,804	14,431
Net nonoperating revenues	<u>18,804</u>	<u>14,431</u>
Changes in net position	17,046	15,758
Total net position, beginning of year	257,783	229,670
Total net position, end of period	<u>\$ 274,829</u>	<u>\$ 245,429</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
March 2021**

Senate Bill #3 loss control questionnaires were due on January 1, 2021. Since then, we evaluated those questionnaires to determine and apply credits or surcharges based on insured participation in our Standards of Participation program. We completed the evaluations in February

Aon has been partnering with us on a project that identifies locations that are situated in flood zones. Aon gathers this information during its scheduled inspections. We plan to visit with affected insureds this spring to review their flood mitigation plans and to make any needed recommendations. We have identified 90 locations with total insured values in excess of \$680,000,000.

In addition to our normal consultation services, we plan to concentrate on insureds who operate day care facilities or similar operations that deal with the care of children. During the coming spring and summer, we will meet with these insureds and will conduct abuse/molestation risk assessments in an attempt to identify primary areas of weakness if they exist. Past experience has proven that claims emanating from these operations are both emotionally charged and financially expensive when poor procedures are in place.

During the months of January and February Liberty conducted 727 inspections. The reports are being processed according to established procedures. Aon is in the process of transitioning to a new reporting format and we expect to receive their completed inspection reports during the month of March.

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 occurred during this reporting period.

Dated: *March 15, 2021*

Respectfully submitted,

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

Robert A. Fisher
Deputy Director *and* Claim Manager



Chief Privacy Officer's Report March 16, 2021

A. Privacy Management Team Meetings

- On January 26, 2021, the Privacy Management Team held a virtual meeting via Microsoft TEAMS platform in celebration of *International Data Privacy Day*. We had over 80 attendees, broadening our attendance base by encouraging Agency Privacy Officers (APOs), not normally invited to participate in PMT meetings, to attend. The topic for presentation was a panel discussion entitled "*A Holistic Approach to Cyber Risk Management*", led by Arthur J. Gallagher & Company Vice President John Farley, with expert panelists John Clarke, Cyber Risk Management Consultant, Michael Bruemmer, Vice President at Experian, Tom Owns, Director of the Cyber Liability Practice at Arthur J. Gallagher, Johny Mongan, Arthur J. Gallagher Cyber Expert, and Scott Koller, Partner at Baker Hostetler. Erica Connick, Arthur J. Gallagher Vice President, was instrumental in forming this expert panel. Because of the level of content for this panel discussion, the State Privacy Office was able to apply for and be approved for 1.8 CLE credits from the West Virginia State Bar, with 11 attendees taking advantage of the credit. The next PMT for the year will be held March 23, 2021, using a virtual format.

B. Privacy Training

- During the Fourth Quarter of 2020, 778 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course.
- During the Fourth Quarter of 2020, 717 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the Fourth Quarter of 2020, 140 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- An RFQ was awarded in conjunction with WVOT's Cyber Security Office, to replace outdated privacy and security online training for the state employees. State Privacy Office staff have spent time constructing a training and working to customize it from the vendor's vast library of privacy and security training modules.
- Two new departmental privacy officers (DPOs) who needed special attention to the processing of a large number of complex incidents, have required long sessions of incident response management trainings, providing much more instruction in incident management than DPOs normally would receive.

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 15, 2020, fourteen (14) 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 and Purchasing staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.

D. Privacy Office Personnel

- The State Privacy Office has interviewed a law student from WVU for a summer legal internship project.

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 15, 2021

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: Dial-in number: +1 681-245-6817 Conference ID: 952 993 670#

Mary Jane Pickens
Executive Director

Call to Order

Mary Jane Pickens
Executive Director

Roll Call

Mary Jane Pickens
Executive Director

Election of Officers

Newly Elected Chairperson

Approval of Board Minutes
March 16, 2021 Meeting

REPORTS

Mary Jane Pickens
Executive Director

Executive Director's Report

Stephen W. Schumacher, CPA
Chief Financial Officer

Financial Report
PCard Report

Jeremy C. Wolfe
Loss Control 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 16, 2021**

(meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response)

**BOARD MEMBERS
PRESENT:** Bruce R. Martin, CIC, CRM, Chairman
Bob Mitts, CPCU, Vice Chairman
Edward Magee, Ed.D., CPA, Member
Gordon Lane, Jr., Member
Joseph Price, Member
James A. Dodrill, Board Secretary, Ex-Officio Member
Commissioner, WV Office of the Insurance Commissioner

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

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

GUESTS: Kelsey Richards, WVU Risk Management
Dr. John David, Professor Emeritus WVU
Southern Appalachian Labor School

CALL TO ORDER

- Chairman Martin called the board meeting of the West Virginia Board of Risk and Insurance Management to order on Tuesday, March 16, 2021 @ 1:03PM.
- The meeting was held telephonically to practice social distancing guidelines for the COVID-19 pandemic response.
- Chairman Martin called roll for the board members; all were in attendance.

APPROVAL OF MINUTES

- Member Edward Magee moved the approval of the September 15, 2020 board meeting minutes. The motion was seconded by Member Gordon Lane, Jr.
- Being no discussion, a vote took place and the MOTION ADOPTED.

REPORTS

Aon Risk Solutions

- Chairman Martin welcomed Jo Ellen Cockley to present the Aon Risk Funding Study Report as of June 30, 2020 for Aon Risk Solutions.
- Ms. Cockley introduced herself and commented she was glad to be part of the meeting. She referenced the Risk Funding Study as of June 30, 2020, which was emailed prior to the meeting.
- Review of Property/Casualty Marketplace Overview. Explained that a decrease in non-catastrophic losses in first half of 2020. Decrease in auto liability claims due to fewer miles driven. Finished the year with strong capital despite a challenging 2020.
- Presentation included review of Medical Malpractice. West Virginia claim frequency and severity are comparable to the national averages and have been stable.
- Review of Page 12 – COVID-19 Update. Higher claims activity in Workers Compensation, primarily for healthcare. Continued litigation regarding business interruption coverage.
- Presentation included review of Unpaid Loss. Estimated unpaid loss increased \$13.7 million (7.2%) from 6/30/2019. Loss Funding was discussed in detail. Mine Subsidence was reviewed and continues to perform at a favorable loss ratio (average = 23% over the past 10 years). Highlights from the Interim Study were also reviewed.

- Ms Cockley completed her report and asked for any questions, no questions. Chairman Martin thanked Ms. Cockley for her presentation.
- The Aon Risk Solutions Report 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 reviewed the Marshall University and West Virginia University Medical Malpractice Programs.
- Ms. Pickens reviewed the State Agency/Senate Bill #3 Liability Claim and Litigation Information. In 2020, four cases were tried to verdict, three defense verdicts and one plaintiff verdict. Her report also details information regarding trials, paid claims, outstanding claims, claim counts, closed claims and closing ratio.
- Ms. Pickens reported on the handling of the COVID-19 Pandemic by BRIM. BRIM staff continues to work primarily from home. The BRIM Management Team has been fully vaccinated. As more employees are fully vaccinated, we expect to bring staff back to the office full-time.
- The Patient Injury Compensation Fund (PICF) was reviewed. The outstanding balance owed to claimants is \$2,239,552.97. The most recent pro-rata distribution was made in August in the amount of \$1.9 million. This distribution was for fiscal year 2020. The March 5, 2021 fund balance is \$955,399.38. There will be an additional pro-rata distribution in August 2021. A final distribution will occur early in 2022 based on collections from July 1 – December 31, 2021. All funding streams are scheduled to end December 31, 2021, we expect all claims be paid in full as well as administrative expenses. Closing for the fund should be June 30, 2022.
- BRIM staff met with representatives from Gallagher on February 10, 2021, to review the cyber liability program and prepare for going to market coverage for FY2022. Outlook is not entirely positive, the cyber insurance market shifted in 2020 from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are seeking rate increases of 25% to 50% for the public space. Increase in both frequency and severity of ransomware claims started in 2019 continuing the following year. Now the “cybercrime of choice”, figures for ransomware demands are reaching eight figures. The remote workforce has been a concern with markets. To West Virginia's favor, is our prompt reporting of incidents and the level of oversight and modernization from our Office of Technology. Board of Education have submitted updated applications; however, are

expected to be the most challenging part of the book of business. We will continue working toward the July 1, 2021 renewal.

- Additionally, on February 10, 2021, BRIM staff met with USI and RT Specialty representatives to prepare for property insurance renewals for July 1, 2021. The property market is hardening but there is increased capacity. We have been able to secure multi-year pricing in the past, that is proving to be more challenging. In our efforts to review the market, we've have been meeting with our peers in Wisconsin and Montana and plan to meet with a few other states. Challenges in West Virginia are not unique, but the interaction and input from other risk managers is appreciated. Additional update relating to the property program is insurance appraisals, this service will be bid out and the RFP is ready to be issued later this Spring.
- Fleet Management Division asked BRIM to reassign one of two vehicles to Fleet for use in the Capitol Motor Pool. This is an initiative that is supported by the Governor's Office to reduce the number of vehicles owned by state agencies and are considered underutilized based on the rule of 1,100 miles per month. Fleet is implementing a Kiosk system designed to automate renting vehicles from the Motor Pool and dispensing keys. The goal is to save money across state government through efficient sharing of vehicles.
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- Website updates were presented. BRIM has continued to work with WV Interactive on a completely new website. It will fully incorporate the State Privacy Office and will improve website appearance, make it easier to navigate and locate information.
- Records Management updates were discussed. Our team working on scanning and paper file destruction completed scanning all liability files in the claim file room the first week of January. This included approximately 876 liability claim folders as well as the accompanying extra volumes to those files. The oldest 50 boxes of claim files have been retrieved from Iron Mountain. These files were mine subsidence and contain photos which require time consuming steps to scan and document the subject of the photos. The team continues to work through this process. The target date to fully complete processing of those 50 boxes is mid-April. This effort is being made to reduce storage costs and store only what is necessary.
- Ms. Pickens announced upcoming Board Meeting dates for 2021:
 - Tuesday, June 15, 2021 at 1PM
 - Tuesday, September 21, 2021 at 1PM
 - Tuesday, December 21, 2021 at 1PM
- The Executive Director's Report was received and filed, a copy is attached and made part of the record.

BRIM Financial Report

- Chairman Martin called on Mr. Schumacher to present the Chief Financial Officer's Report.
- Mr. Schumacher discussed PCard activity for November 2020, December 2020 and January 2021.
- Mr. Schumacher told the board that Ms. Cockley's report covered much of the current information. He reviewed the current financial results in detail. The results reflect the actuarially estimated IBNR from Aon's risk funding study as of December 31, 2020, plus an estimated additional accrual for January. Retained case reserves are \$6.3 million lower this year vs. the prior year and the current year actuarially estimated retained IBNR is also \$6.8 million lower than the prior year. Combined, total current and non-current estimated claims liabilities are \$13.1 million lower than last year.
- Premium revenue is down by \$1.5 million for FY'21. The decrease mirrors the reduction for FY'21 vs. FY'20 resulting from the annualized credits issued in the first quarter of FY'21 to insureds for the estimated impact of the Covid-19 pandemic on the reduced utilization and exposure of owned and leased vehicles covered by their policy.

- Investment results reflect market values as of January 31, 2021.
- Lower premium revenue and higher claims expense were offset by improved investment earnings for FYTD'21. The better investment returns through January of this year helped improve BRIM's net position by \$17.0 million this year vs. \$15.8 million last year.
- Mr. Schumacher reported on Financial Markets. All the major US stock indexes are now up around 35% since last March's lows and are at near record highs. The yield on the 10-year Treasury has risen near-term to around 1.6%. With recent back up in rates, investors are becoming more cautious about taking on more risks in stocks. The Federal Reserve is keeping their stance that they will continue to support liquidity in the financial markets through additional bond purchases.
- With a relatively short duration for fixed income holdings in the trust, funds are currently being reinvested at a 0.5% rate. Extremely low short-term interest rates will continue to dampen the overall returns for BRIM's fixed income investments.
- Mr. Schumacher asked for questions regarding the Financial Report. No questions, Chairman Martin thanked Mr, Schumacher for his report.
- 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 stated that Senate Bill #3 loss control questionnaires were due January 1, 2021. Then questionnaires are evaluated to determine and apply credits or surcharges based on insured participation in our Standards of Participation program. Evaluations were completed in February.
- BRIM has been partnering with Aon on a project that identifies locations that are situated in flood zones. Aon gathers information during scheduled inspections. We plan to visit with affected insured this spring to review their flood mitigation plans and make any necessary recommendations. There have been 90 locations identified with a total insured value exceeding \$680,000,000.
- In addition to our normal consultation services, we plan to concentrate on insured who operate day care facilities or similar operations that deal with the care of children. We will meet with these insured and will conduct abuse/molestation risk assessments attempting to identify primary areas of weakness.

- During the months of January and February, Liberty conducted 727 inspections. The reports are being processed according to established procedures. Aon is in the process of transitioning to a new reporting format and we expect their completed inspection reports in March.
- The number of loss control visits reduces during the period when loss control questionnaires are evaluated. No consultation visits occurred during this period.
- 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 on the most recent Privacy Management Team meeting, which was held virtually on January 26, 2021. This meeting was in celebration of International Data Privacy Day. There were over 80 in attendance. The increased attendance was due to encouraging Agency Privacy Officers (APOs) to attend. A panel discussion entitled “*A Holistic Approach to Cyber Risk Management*”, led by Arthur J. Gallagher & Company Vice President John Farley, with expert panelists John Clarke, Cyber Risk Management Consultant, Michael Bruemmer, Vice President of Experian, Tom Owns, Director of Cyber Liability Practice at Arthur J. Gallagher, Johnty Morgan, Arthur J. Gallagher Cyber Expert, and Scott Koller, Partner at Baker Hostetler, Erica Connick, Arthur J. Gallagher Vice President, was instrumental in forming this expert panel. Due to the level of content for the panel discussion, the State Privacy Office was able to apply and be approved for 1.8 CLE credits from the West Virginia State Bar, with 11 attendees taking advantage of the credit. The next PMT for the year will be held March 23, 2021.
- Ms. Summitt reported on privacy trainings. During the fourth quarter of 2020, 778 members of the Executive Branch workforce took the online course *Think WV Privacy*; 717 members took the online course *WV Confidentiality Agreement*; and 140 members took the online course *HIPAA/HITECH*.
- Discussion regarding the training events held by the SPO since the last board meeting. An RFQ was awarded in conjunction with WVOT’s Cyber Security Office, to replace outdated privacy and security online training for state employees. State Privacy Office staff have spent time constructing a training and working to customize it from the vendor’s vast library of privacy and security training modules

- Two new departmental privacy officers (DPOs) who needed special attention to the processing of a large number of complex incidents, have required long sessions of incident response management trainings, providing much more instruction in incident management than DPOs normally would receive.
- 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 15, 2020, 14 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 and Purchasing staff, are working to create a new PIA procedure.
- PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Officer regarding the need for a Privacy Impact Assessment.
- Ms. Summitt reported that the State Privacy Office has interviewed a law student from WVU for a summer legal internship project. Hopeful that the position works out and we have some projects for him to undertake.
- Privacy Report was received and filed, a copy is attached and made part of the record.

UNFINISHED BUSINESS

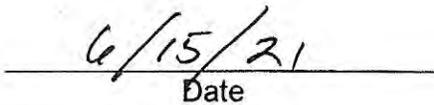
NEW BUSINESS

- Member Joseph Price moved to go to Executive Session. The motion was seconded by Member Gordon Lane, Jr.
- Being no discussion, a vote took place and the MOTION ADOPTED.
- Met in Executive Session to discuss a claim, no action was taken. Moved back to Public Session.

ADJOURNMENT

- Member Gordon Lane, Jr. moved to adjourn meeting. The motion was seconded by Member Joseph Price.
- Being no discussion, a vote took place and the MOTION ADOPTED.


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 15, 2021**

A. Marshall University and West Virginia University Medical Malpractice Program

- As of June 6, 2021, Marshall has deposited \$2,075,000.00 into the escrow account for FY2021. The fiscal year-to-date cumulative interest totals \$1,909.77. Disbursements totaling \$2,910,438.23 have been paid thus far in FY 2021.
- As of June 6, 2021, a total of \$3,597,824.33 has been deposited into WVU's escrow account for FY 2021. The fiscal year-to-date cumulative interest totals \$4,207.71. Disbursements totaling \$4,541,665.46 have been paid thus far in FY 2021.

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

TRIALS

Thus far, in 2021, we have tried two cases to plaintiff's verdicts.

Larissa Kessler & Daniel Sindledecker vs. Potomac Center; 5/14/2021; Hardy Co. Cir. Ct.; Plaintiffs alleged abuse at facility. Although no evidence of abuse of plaintiffs, others were abused there. Demand was \$2 million. Offer was \$200,000. Plaintiff verdict for \$3.5 million. Case will be appealed.

Rocky Cutright vs. Upshur Co. B.O.E.; 5/21/2021; Upshur Co. Cir. Ct.; Insured driver lost control and drove through the Plaintiff's yard and struck his house. The case was tried on damages. The last demand was \$99,000 and the last offer was \$60,000. Plaintiff verdict for \$116,000, with credit for \$5,000 advance payment.

PAID CLAIMS (May 2021 Data)

YTD Indemnity payments total \$15,917,577 vs. PYTD payments of \$12,265,191, an increase of 29.78%.

YTD Legal payments total \$6,956,960 vs. PYTD payments of \$8,832,853, a decrease of 21.24 %.

OUTSTANDING CLAIMS (May 2021 Data)

May 2021 Indemnity reserves total \$59,049,413 vs. May 2020 Indemnity reserves of \$71,323,675, a decrease of 17.21%.

May 2021 Expense reserves total \$26,687,342 vs. May 2020 Expense reserves of \$24,234,963, an increase of 10.12%.

CLAIMS COUNTS (May 2021 Data)

New claims YTD total 1503 vs. PYTD of 1232, an increase of 22%.

Closed claims YTD total 1582 vs. PYTD of 1394, an increase of 13.5%.

Open claims YTD total 955 vs. PYTD of 1010, a decrease of 5.4%.

DURATION – CLOSED CLAIMS (May 2021 Data)

YTD Duration of 106.113 Days vs. PYTD Duration of 136.284 Days, a decrease of 22.14%.

CLOSING RATIO (May 2021 Data)

YTD Closing Ratio of 105.3% vs. PYTD Closing Ratio of 113.1%, a decrease of 6.9%.

- C. COVID-19 Pandemic – On June 1st, BRIM staff returned to the split shift, 2-days-in, 3-days-remote schedule we maintained last summer and fall. On June 22nd, we will all return to the office full time. We have a schedule for return of equipment used in home offices during the pandemic to ensure inventory accuracy and we will evaluate computers to confirm they have received the updates and patches they should have received. Pursuant to CDC guidelines and the Governor's orders, masks and social distancing are optional for those of us who are fully vaccinated. Anyone who isn't fully vaccinated must still wear a mask and social distance, however this could change before June 22nd based on updated orders from the Governor.

- D. Patient Injury Compensation Fund (PICF) – Patient Injury Compensation Fund (PICF) -- The outstanding balance owed to claimants is \$2,239,553. After the close of the current fiscal year, we will pay any outstanding administrative costs of the fund and then make a distribution to claimants. The pro-rata distribution made in August of 2020 was in the amount of \$1.9 million and we expect a similar distribution this year. The balance of the fund as of June 8, 2021 is \$1,812,560. The final distribution will be made in the early part of calendar 2022 based on collections between July 1, 2021 and December 31, 2021. All funding streams are scheduled to end on December 31, 2021 and we continue to expect all claims to be paid in full as well as all administrative expenses of the fund, and the fund should be closed on June 30, 2022.

- E. We were able to bind cyber liability coverage for the Boards of Education last week. Unfortunately, we were unable to renew on the same policy terms as the expiring policy. AIG will continue to be the insurer on the Boards of Education, but we will have lower coverage limits, a new ransomware sublimit and a significantly higher premium for the 7/1 renewal. We are still working on some outstanding items due for renewal of the state cyber liability policy, but we expect to have the same coverage limit with a 45% premium increase. Significantly, the retention at BRIM on the state policy will go from \$1 million to \$2.5 million. These changes are due to the quickly changing underwriting landscape for cyber liability coverage. The cyber insurance market shifted in 2020 from a long period of flat to falling cyber insurance premiums to a marketplace where underwriters are regularly seeking rate increases in a range of about 25% to 50% for the public space. The increase in both frequency and severity of ransomware claims started in 2019 and continued in 2020. This is now the "cybercrime of choice" and figures for ransomware demands are reaching the seven and eight figure range. In WV's favor is our very prompt reporting of incidents and the level of oversight and modernization from our Office of Technology.

- F. We have received a proposal for renewal of the property policy that is under review. The premium will increase in the middle layers. As reported in the March meeting, we were prepared for a harder market this renewal. We continue to be concerned about losing the rate lock-in on the bottom (\$25 million) layer after this renewal. We are also evaluating a proposal for a separate crime policy that we have received. We will make final decisions in the coming days.

- G. 2021 Legislative Session – Senate Bill 126, which authorized BRIM's rule amendments, is the only bill that directly affected our agency. There were bills that will affect claims and the court system. Attached is a list prepared by Misty Peal, Deputy General Counsel and Legislative Liaison, of bills she tracked for the Department of Administration. While the list encompasses legislation potentially affecting the whole department, some of them are of interest to BRIM as well.

- H. Property Appraisal RFP – The Request for Proposals for property appraisal services was released on June 7. Below are the relevant dates relating to this RFP:

RFP Released to Public	6/7/2021
Vendor's Written Questions Submission Deadline	6/28/2021
Addendum Issued	7/12/2021
Bid Due Date	8/6/2021
Oral Presentation	8/16 – 20/2021
Contract Award Target Date	9/1/2021

I. Other Procurement Efforts:

BRIM released an Expression of Interest for Engineering and Geotechnical Services on 4/29/21 for services related to Mine Subsidence claim investigations. We received 8 responses, some of which from firms that are able to provide core drilling subsurface investigation. The review committee is in the process of reviewing the responses from all firms. We expect to award multiple contracts by July 1, 2021.

BRIM also released an RFP for Independent Claim Adjusting Services on 4/29/21 for services related to property and mine subsidence claim investigations. We received 6 responses. The review committee is in the process of individually scoring each submission. Once the technical scoring is completed, the committee will open the cost proposals. We intend to have contracts awarded by July 1, 2021.

The pandemic has caused us to evaluate whether rebid of the property and liability inspection contract, the boiler and machinery insurance and inspection contract, and the actuarial services contract, is in the best interest of BRIM's insurance programs and the state. We have secured agreements from Aon and Liberty Mutual to extend these contracts for one year on the same terms, conditions, and cost as the expiring contract. Given the disruption to inspection schedules and the insurance markets due to the pandemic, we determined that a one-year extension of the current contracts would preserve the efficiency and quality of these services during the still-uncertain coming months. We will plan to bid these contracts next fiscal year.

- J. Risk Management Information System Update – We continue to move forward on reconciliation of the data between the legacy system and the new system. The process developed by the vendor to identify mismatched liability claims or policy level data that does not match is working based on the months that have been reconciled so far. We still need to reconcile the April and May liability claim data. If it continues to look good, we anticipate ending double entry of claim data on July 1. The property and mine subsidence data have been clean, and we haven't had the same issues as we had with the liability claim data.
- K. Website Updates – We have signed a statement of work with WV Interactive, following our approval of the new website prototypes for computer and mobile devices. We have divided the content among a few of us on the management team and in a few weeks, we will have the content outlined. We expect the WV Interactive work to take place over the summer.
- L. Records Management – Our Team working on scanning and paper file destruction completed scanning all liability files in the claim file room the first week of January 2021. Once the file room was completed, the team moved to the boxes stored off-site at Iron Mountain.

As of June 9th, the team had triaged and destroyed a total of 4,393 liability claim files pursuant to the retention policy. This is up from 2,301 since the March board meeting. A record of all destroyed liability claim files is maintained in a spreadsheet by claim number. A total of 250 boxes have been retrieved from Iron Mountain and we believe about 600 claim files remain there. The team has also scanned a total of 1,310 mine subsidence claims files. This number is up from 1,020 as of the March board meeting.

We expect the pace to pick up quite a bit on the remaining claim files at Iron Mountain due to the age of the files the team is now working on.

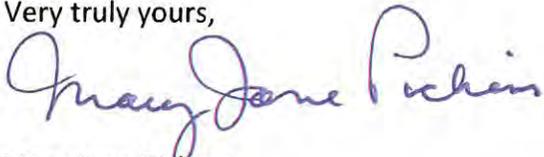
Meanwhile, Underwriting staff is organizing underwriting files to get them ready for scanning or destruction, as appropriate under the record retention schedule. Underwriting has completed the review and purge of approved file retention of all 1,000 + active files along with 50 of the boxes from Iron Mountain. There are approximately 230 boxes left in storage.

M. STRIMA – Sec. McVey has approved travel for the director, Robert Fisher, and Melody Duke to attend STRIMA in Boise, Idaho this year. The conference is from August 29 – September 2, 2021. If we are able to obtain a scholarship from STRIMA, Steve Schumacher plans to attend this year as well. The conference agenda looks great and will cover many topics of interest to all states. I have attached the agenda for the Board's information.

N. Upcoming Board Meeting schedule for 2021:

Tuesday, September 21, 2021 @ 1PM
Tuesday, December 21, 2021 @ 1PM

Very truly yours,



Mary Jane Pickens
Executive Director

MJP/ldm

Bill #		Effective In	Date
<u>SCR14</u>	Creating WV Women's Suffrage Memorial		Complete
<u>HR26</u>	Requesting the JCGF study the extent COVID-19 revealed efficiencies/inefficiencies in the executive branch		Complete
<u>HCR98</u>	For WV PEIA Finance Board to examine how they can enhance reimbursement rates to providers		Complete
<u>11</u>	Declaring work stoppage or strike by public employees to be unlawful	90 Days	June 2, 2021
<u>34</u>	Creating exemption to state sales and use tax for rental and leasing of equipment	Date Certain	July 1, 2021
<u>126</u>	DOA Rules Bundle	Passage	March 11, 2021
<u>270</u>	Providing for collection of tax by hotel marketplace facilitators	90 Days	June 7, 2021
<u>272</u>	Relating to WV Employment Law Worker Classification Act	90 Days	June 9, 2021
<u>275</u>	Relating generally to WV Appellate Reorganization Act of 2021	90 Days	June 30, 2021
<u>277</u>	Creating COVID-19 Immunity Act	Passage	March 11, 2021
<u>280</u>	Relating to e-commerce modernization	90 Days	June 6, 2021
<u>296</u>	Relating generally to repealing certain rules (BRIM)	90 Days	June 8, 2021
<u>305</u>	Providing exemption from consumers sales and service tax for certain aircraft maintenance	90 Days	June 21, 2021
<u>389</u>	Relating to State Resiliency Office plan for emergency and disaster response, recovery, and resiliency	90 Days	June 21, 2021
<u>390</u>	Reorganizing Health Care Aut. under DHHR and clarifying responsibilities for all-payer claims database	Passage	July 4, 2021
<u>398</u>	Relating to moratorium on PEIA coverage with exceptions	Passage	March 26, 2021
<u>421</u>	Authorizing Workforce West Virginia to hire at-will employees	Passage	April 10, 2021
<u>429</u>	Exempting Division of Emergency Mgt from Purchasing Division requirements for certain contracts	90 Days	July 4, 2021
<u>458</u>	Relating to possession of firearms by individuals during state of emergency	90 Days	July 1, 2021
<u>460</u>	Relating to Deputy Sheriff Retirement System Act	90 Days	July 8, 2021
<u>463</u>	Consolidating Inspect. Gen of former Workers' Comp Fraud & Abuse Unit and Dir of Insurance Fraud Unit	90 Days	July 7, 2021
<u>470</u>	Limiting release of certain personal information maintained by state agencies	90 Days	July 1, 2021
<u>472</u>	Updating criteria for regulating certain occupations and professions	90 Days	July 9, 2021
<u>478</u>	Permitting use of established federal marketplace programs to purchase supplies	90 Days	July 4, 2021
<u>486</u>	Relating to powers and duties of Chief Technology Officer	90 Days	July 9, 2021
<u>517</u>	Relating to sunset provisions of legislative rules	Passage	July 7, 2021
<u>587</u>	Making contract consummation with state more efficient	Passage	March 25, 2021
<u>613</u>	Adding classification and base salaries of certain civilian employees of State Police Forensic Laboratory	Passage	April 2, 2021
<u>657</u>	Relating to free expression on state institution of higher education campuses	Date Certain	July 1, 2021
<u>714</u>	Relating to Physician Assistant Practice Act	90 Days	July 8, 2021
<u>718</u>	Relating generally to Coal Severance Tax Rebate	90 Days	July 8, 2021
<u>2002</u>	Relating to Broadband	Passage	July 8, 2021
<u>2005</u>	Relating to health care costs	Date Certain	April 10, 2021
<u>2006</u>	Relating to the West Virginia Contractor Licensing Act	Date Certain	May 27, 2021
<u>2008</u>	Amending requirements for licensure - elevator mechanics, crane operators, HVAC, electricians, and plumbers	90 Days	July 7, 2021
<u>2011</u>	Eliminating any time requirements for part time personnel to work during a working year	90 Days	June 15, 2021
		Passage	June 16, 2021
			March 16, 2011

<u>2014</u>	Relating to role of the Legislature in appropriating federal funds	Passage	March 31, 2021
<u>2019</u>	Elevating Economic Development and Tourism Departments	90 Days	May 27, 2021
<u>2022</u>	Budget Bill	Passage	April 10, 2021
<u>2024</u>	Expand use of telemedicine to all medical personnel	Passage	March 30, 2021
<u>2026</u>	Relating to modernization of collection of income taxes by adopting uniform provisions relating to mobile workforce.	90 Days	June 28, 2021
<u>2260</u>	Relating to procurement of child placing services	Passage	March 31, 2021
<u>2263</u>	Update the regulation of pharmacy benefit managers	90 Days	June 28, 2021
<u>2266</u>	Relating to expanding certain insurance coverages for pregnant women	Passage	April 10, 2021
<u>2290</u>	Initiating a State Employment First Policy to facilitate integrated employment of disabled persons	90 Days	June 28, 2021
<u>2366</u>	Requiring agencies who approved proposed rule affecting fees or special revenues to provide fiscal note	90 Days	July 4, 2021
<u>2499</u>	Tax reduction for arms and ammo manufacturing	90 Days	June 30, 2021
<u>2573</u>	Relating generally to the transparency and accountability of state grants to reduce waste, fraud, and abuse	90 Days	July 9, 2021
<u>2667</u>	To create a cost saving program for state buildings regarding energy efficiency.	90 days	July 9, 2021
<u>2694</u>	Create the 2nd Amendment Preservation Act	90 Days	July 9, 2021
<u>2720</u>	Creating a Merit-Based Personnel System within DOT	Date Certain	Jan. 1, 2022
<u>2747</u>	Transferring the Parole Board to the Office of Administrative Hearings	90 Days	July 9, 2021
<u>2760</u>	Relating to economic development incentive tax credits	90 Days	July 9, 2021
<u>2763</u>	Creating WV Cyber Incident Reporting	90 Days	July 5, 2021
<u>2789</u>	Supplementing and amending the appropriations to Public Defender Services	Passage	March 22, 2021
<u>2804</u>	Expiring funds to the unappropriated surplus balance in the State Fund, General Rev (BRIM Mine Sub.)	Passage	March 22, 2021
<u>2854</u>	Relating to WV Municipal Police Officers and Firefighters Retirement System	90 Days	June 22, 2021
<u>2855</u>	Relating to Natural Resources Police Officers Retirement System	90 Days	June 22, 2021
<u>2877</u>	Expand direct health care agreements beyond primary care to include more medical care services	90 Days	June 22, 2021
<u>2884</u>	Making changes to FOIA law to protect public utility customer databases from disclosure, with exceptions	90 Days	July 4, 2021
<u>2933</u>	Anti-Discrimination Against Israel Act	90 Days	July 8, 2021
<u>2957</u>	Repeal outdated code sections (alt fuel vehicles)	Date Certain	July 1, 2022
<u>3191</u>	Requiring employers to send notifications when retirees are hired as temporary, part-time employees	90 Days	July 4, 2021
<u>3215</u>	Amending the requirements to become an elected prosecutor	90 Days	July 6, 2021
<u>3311</u>	Relating to the cost of medical records	90 Days	July 9, 2021
		90 Days	July 8, 2021

The STRIMA conference does not only provide an avenue to work with our sister states and compare our insurance programs, but it also provides many educational sessions on current market trends. The insurance product purchase has become very challenging around many lines of coverage. The STRIMA conference allows for states to brainstorm creatively to manage the risk facing their states while combining the perspective of the insurance marketplace to navigate the insurance purchasing solutions. For the 2021 Conference, the sessions are geared around many of the issues facing risk managers. Find below information on the multifaceted educational sessions.

Cascading Crises - Managing Risk in Adversity - Today's Risk Managers are facing complex challenges that include pandemics, natural disasters, and civil unrest. Learn how to prepare for and manage concurrent events, while protecting your assets and prioritizing available resources.

Virtual Medicine in the World of Occupational Injuries - Virtual care has grown exponentially and is now available from the onset of the claim, through pain management and return to work. Learn how implementing telemedicine impacts direct and indirect costs without compromising the quality of care.

Captive Insurance Strategies - Is captive insurance a solution for you? This session will focus on evaluating and implementing captive insurance options and solutions in an increasingly disruptive insurance market.

Effectively Managing Social Media Risk - The escalating use of social media has impacted the public's perception of state government. In this session we will learn how to avoid liability while balancing employee rights to free speech.

FEMA - Do's and Don'ts - Risk Managers and consultants will discuss the impact that catastrophic events have had on their states and how they managed the FEMA process. Learn how to manage disaster preparation and the extensive federal requirements during national disasters and emergencies.

Insurance Marketplace - Impacts and Predictions - Market conditions have led to volatile insurance premium increases to state governments. This session will focus on impacts to multiline property and casualty rates and coverage. What can you do to position your program for success?

The Talent Gap - Igniting the Next Generation's Career Path in Risk and Insurance - In the wave of retirees exiting the risk and insurance industry, how will you navigate the talent gap? This session will help you attract, train, and retain new talent while minimizing the loss of institutional knowledge.

Skyrocketing Liability Claims and How They are Affecting the Market - Public entities across the nation are grappling with skyrocketing liability verdicts, which ultimately increase the cost of risk. Attend this session to discuss the impact of plaintiffs' use of Reptile Theory, the 24-hour news cycle, the impact of new generations on jury pools, and the increased utilization of litigation funding. Explore opportunities to minimize the impact of these factors on overall costs of risk.

Protect Yourself - Insurance Requirements in Contracts - This session will explain how to establish insurance requirements in your agreements with contractors, tenants, and vendors and how to monitor their compliance with those requirements. It will discuss types of insurance coverages, minimum limits, and hold harmless language that should be required in every contract.

Real Property Appraisals, COPE, and Secondary Modifiers - In a hardening property insurance market, an accurately valued building and property inventory is essential. Learn how building data elements are utilized by insurance underwriters and carriers in catastrophic modeling and premium rates.

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 15, 2021

A. P-Card Report

CD copies mailed to the board contain the supporting detail for P-card purchases for the months of February, March and April 2021. These totals are:

February	\$34,820.85
March	\$41,914.48
April	\$36,047.90

B. Current Financial Results

- The financial results presented are for the ten months ended April 30, 2021. The results reflect the actuarially estimated unpaid losses from AON's risk funding study as of March 31, 2021, plus an estimated additional accrual for April.
- Net premium revenue for FY'21 has decreased by \$1.1 million vs. FY'20. The decrease reflects the annualized credits issued in the first quarter of FY'21 to insureds for the estimated impact of the Covid-19 pandemic on the reduced utilization and exposure of owned and leased vehicles covered by their policy.
- Retained case reserves are \$10.1 million lower this year vs. the prior year and the actuarially estimated retained IBNR is also \$1.9 million lower than the prior year. Combined, total current and non-current estimated claims liabilities (i.e., unpaid claims) are \$12.0 million lower than last year.
- Net claims payments for the first ten months of FY'21 are approximately \$19.6 million higher than the same period last year.
- The \$12.0 million decrease in the retained unpaid reserves this year combined with the overall increase of net claims payments totaling \$19.6 million for FY'21 resulted in a net overall claims expense increase of \$7.6 million for this year vs. the prior year.
- BRIM's fixed income earnings through April 30th total \$0.6 million. Equity market investment earnings year-to-date total \$24.5 million for a combined total investment return of \$25.1 million.
- Annualized return on investments for the ten months ended April 30 is 6.5% this year compared to 3.9% last year. The recovery in the equity markets is the underlying driver of the overall returns for the current year.
- House bill 2804, passed by the legislature March 22, 2021, transferred \$13.5 million from the Mine Subsidence Fund to the General Revenue Fund to be available for appropriation during the fiscal year ending June 30, 2021.

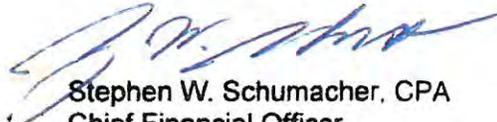
B. Current Financial Results (cont'd)

- Slightly lower premium revenue, higher claims expense and the transfer of the funds from the Mine Subsidence Fund were offset by better investment returns. This resulted in the increase to BRIM's net position for the current fiscal year to date of \$8.1 million compared to last year's improvement of \$17.4 million for the same period.

C. Financial Markets

- The Fed's belief is that the recent uptick in inflation is transitory and that the federal funds rate will remain unchanged at least into next year. However, their course on monetary policy and liquidity has started to transition. The Fed announced that the sale of \$13.8 billion of corporate bonds and exchanges traded funds held by the Fed should be completed by the end of this year. Later this summer they will also most likely start talking about initiating a program to reduce the roughly \$8.0 trillion of Treasury debt and agency mortgage-backed securities being held by the Fed.
- All the major stock market indexes are near record highs and short-term interest rates have increased slightly from their recent lows in late July 2020.
- As the economy recovers, investors continue to favor the potentially higher returns in the equity markets.

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>2021</u>	<u>2020</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,678	\$ 25,603
Advance deposits with insurance company and trustee	246,146	257,899
Receivables	1,578	5,805
Prepaid insurance	732	1,151
Restricted cash and cash equivalents	10,543	20,142
Premiums due from other entities	1,134	1,112
Total current assets	<u>286,812</u>	<u>311,712</u>
Noncurrent assets:		
Equity position in internal investments pools	121,594	99,680
Restricted investments	70,220	57,565
Total noncurrent assets	<u>191,814</u>	<u>157,245</u>
Total assets	<u>478,626</u>	<u>468,958</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	215	373
	84	65
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	69,336	62,656
Unearned premiums	17,018	15,350
Agent commissions payable	1,123	1,124
Claims Payable	238	12
Accrued expenses and other liabilities	3,985	3,225
Total current liabilities	<u>91,700</u>	<u>82,367</u>
Estimated unpaid claims and claims adjustment expense net of current portion		
	120,631	139,275
Compensated absences	150	124
Net pension liability	214	249
Total noncurrent liabilities	<u>120,995</u>	<u>139,648</u>
Total liabilities	<u>212,695</u>	<u>222,015</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	145	200
	171	109
Net position:		
Restricted by State code for mine subsidence coverage	78,617	72,466
Unrestricted	179,166	157,204
Net Assets (Deficiency)	8,131	17,402
Net position	<u>\$ 265,914</u>	<u>\$ 247,072</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>2021</u>	<u>2020</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 67,813	\$ 68,935
Less coverage/reinsurance programs	(3,705)	(5,764)
Net operating revenues	<u>64,108</u>	<u>63,171</u>
Operating expenses		
Claims and claims adjustment expense	63,445	55,825
General and administrative	4,163	4,184
Total operating expenses	<u>67,608</u>	<u>60,009</u>
Operating income (loss)	(3,500)	3,162
Nonoperating revenues		
Investment income	25,131	14,240
Legislative appropriation	(13,500)	0
Net nonoperating revenues	<u>11,631</u>	<u>14,240</u>
Changes in net position	8,131	17,402
Total net position, beginning of year	257,783	229,670
Total net position, end of period	<u>\$ 265,914</u>	<u>\$ 247,072</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
MaryJane.Pickens@wv.gov

**Loss Control Report to the Board
June 2021**

During the month of May, we sent out Loss Control Questionnaires to all state agencies. The deadline for submission to BRIM is August 1, 2021. At that time, we will gather the necessary information for calculation of loss control credits or surcharges for fiscal year 2023.

As a result of the ongoing Coronavirus disease (COVID-19)/pandemic. We have offered to extend our contracts for insurance loss control inspection services with Aon Global Risk Consulting and Liberty Mutual Insurance. These extensions will be for a term of one year under the same terms, conditions, and pricing. We believe this approach is necessary for the continuation of these unique and complex services during this ongoing declared national and state emergency.

May 5, 2021, Jeremy Wolfe conducted a virtual presentation for the West Virginia Association of School Business Officials. His presentation touched on BRIM's Standards of Participation program and Cyber Liability Risk Management.

During the months of March, April, and May Aon conducted 152 inspections and Liberty Mutual Insurance conducted 684. The reports are being processed according to established procedures.

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

12 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: West Virginia Public Transit Association, Linwood Alive, West Virginia Auditor's Office, Bluefield Arts & Revitalization Corporation, Central West Virginia Outreach Center, Inc., One Unique Recovery House, Habitat for Humanity of the Tri-State, Inc., Friends of the Alban Arts & Conference Center, Potomac Valley Transit Authority, C-K AutumnFest, Inc., Mountain State Railroad & Logging Historical Association, and Sprouting Farms Corporation.

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: Seneca High Adventure Christian Camp, City of Montgomery, City of War, Cabell Wayne Association of the Blind, Jefferson County Fair Association, Monongalia County Urban Mass Transit Authority, Doddridge County Senior Citizens, and New River Community & Technical College, Bob Burdette Center.

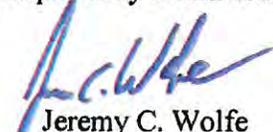
18 Flood Mitigation Visits

These visits assist insured in developing and implementing a Flood Preparedness and Mitigation Plan as a result of insured location(s) being located in high risk areas prone to flooding.

Insured Accounts Visited Include: Putnam County Board of Education, Cabell Cabell County Board of Education, Preston County Board of Education, Raleigh County Board of Education, Jackson County Board of Education, Mingo County Board of Education, Fayette County Board of Education, West Virginia Department of Health & Human Resources, McDowell County Board of Education, Ohio County Board of Education, Marion County Board of Education Mercer County Board of Education, Bridgevalley Community & Technical College, City of Williamson Housing Authority, Town of Marlinton, Southern West Virginia Community & Technical College, and Morgan County Board of Education.

Dated: June 8, 2021

Respectfully submitted,



Jeremy C. Wolfe
Risk & Insurance Manager



Allan L. McVey
Cabinet Secretary

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Executive Director
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Chief Privacy Officer's Report June 15, 2021

A. Privacy Management Team Meetings

- On March 23, 2021, the Privacy Management Team held a virtual meeting via Microsoft TEAMS platform with 32 members attending, representing 26 agencies. The presentation included a legislative update on HB276, a bill which requires major cybersecurity incidents at the city and county level be reported to the WVOT. Lori Tarr also gave a thorough presentation on the processes involved with incident management, entitled *The Who, What, When, Why and How Approach to Recognizing, Reporting and Investigating Incidents*.
- On June 8, 2021, the Privacy Management Team held a virtual meeting via Microsoft TEAMS platform with a presentation by the US HHS Office of Civil Rights entitled "An Update on Health Information Policy". The presenters from the Philadelphia HHS branch office were Diana Vincenzo, Amy Kaplan and Deborah Kolodner. Forty-eight attendees from both HIPAA-covered and non-covered agencies attended.
- The next Privacy Management Team meeting is scheduled for July 13th.

B. Privacy Training

- During the First Quarter of 2021, 0 members of the Executive Branch workforce completed the online course *Think WV Privacy*, which is a general privacy awareness training course. *The Privacy Office has completed the work to customize a new privacy training to replace this outdated and nonfunctioning one.*
- During the First Quarter of 2021, 228 members of the Executive Branch workforce completed the online course *WV Confidentiality Agreement*, which is required of all workforce members.
- During the First Quarter of 2021, 115 members of the Executive Branch workforce completed the online course *HIPAA/HITECH*, which is a general HIPAA training course.

The following training events were held by the SPO since the last board meeting:

- On April 28th, Privacy Staff presented virtually a privacy webinar entitled *Purchasing as a Privacy Powerhouse*, for the annual WV Purchasing Division conference.
- State Privacy Office attended virtually the WV Digital Government Summit on May 11th.
- State Privacy Office staff attended virtually the Privacy and Security Academy conference on May 25-26.
- State Privacy Office staff has finalized the customization of its new privacy training and is making the thirty-minute online training available to all members of the Executive Branch and available to other state agencies not comprising the State's Executive Branch.
- The State Privacy Office's summer intern was trained initially on privacy by receiving the standard privacy officer orientation training.

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 16, 2021, seventeen (18) 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 and Purchasing staff, are working together to create a new PIA procedure.
- At this point, PIA completion is not mandatory for agencies, but the Purchasing Division is requiring that agencies purchasing a technology/software product speak with the Privacy Office regarding the need for a Privacy Impact Assessment.

D. Privacy Office Personnel

- The State Privacy Office has hired a law student from WVU for a summer legal internship project. His name is Brandon Chinn from Southington, Ohio and beginning his third year of law school at WVU. Next year, he will complete his combined JD and MPA degree. His internship with BRIM and the State Privacy Office will satisfy his internship requirement needed for his MPA degree.

Very truly yours,

Ashley Summitt

Ashley Summitt, JD
Chief Privacy Officer
WV Executive Branch