

State Risk Newsletter

News From the Director

By: Buryl Thompson

Public Official Bonds 101

In Kentucky, Public Official Bonds are required for certain state officers according to statute, KRS 62.160, which also sets the minimum amount the bond must be written for. Public Official Bonds may only be procured for individuals when an enabling statute, such as KRS 62.160, permits it.

What are Bonds?

Bonds are three-party agreements involving the **principal** (the public official being bonded), the **surety** (the bonding company who issues the bond), and the **obligee** (the party to whom the bond is given and who is protected from loss, the state).

The surety guarantees to the obligee that the principal will fulfill an obligation or perform a duty as promised. In the example of a Public Official's Bond, the bonding company guarantees the state that the public official being bonded will faithfully and honestly perform their assigned duties to the best of their abilities and to otherwise protect the public interest.

The bond limit is called the penal amount, or the limit for which the bond is written, similar to the limit of liability on an insurance policy.

If the principal fails in their performance of their obligation to the obligee, the surety can fulfill the obligation or in most cases they will pay the loss up to the penal amount. However, the surety's payment does not erase the principal's duty to reimburse the surety. Unlike insurance, the principal is now obligated to indemnify (reimburse) the surety.

When a surety issues a bond, they are attesting to the principal's integrity and capability to perform their required duties. Therefore, the surety expects no losses to occur. Although some losses do occur in practice, they are reduced by the surety's right to recover its loss payment from the principal.

It is the state agencies responsibility to contact State Risk if they need to obtain a bond or to make a change to a bond. Contact Buryl Thompson at Buryl.Thompson@ky.gov or by phone at (502) 782-5438 if you would like additional information or if a state officer in your agency requires a bond.



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Agency Directory

Director's Office

Sheri Whisman - Director - 502-782-5444
 Buryl Thompson - Assist. Director - 502-782-5438
 Sandy Etherington - Fiscal Officer - 502-782-5442

Appraisal/Sprinkler/Underwriting

Gerry Hamilton - Appraiser - 502-782-5421
 Jennifer Collins - Ins Policy Spec - 502-782-5441
 James Baggett - Proc Dev Spec - 502-782-1866

Kentucky Self Insured Auto Program

Evelyn Smith - Program Manager - 502-782-5433

Property Claims

Evelyn Smith - Program Manager - 502-782-5433
 Audra Perkins - Proc Dev Spec - 502-782-0369

Auto Claims

Evelyn Smith - Program Manager - 502-782-5433
 James Baggett - Proc Dev Spec - 502-782-1866

eRIMS/MyRISK Assistance

Ryan Barnard - Resource Mgmt Analyst - 502-782-5435

APPRAISAL AND UNDERWRITING

By: Meagan Hart

Team Member Changes

Welcome - Cecil Sowers, Safety Coordinator

Cecil started December 1, 2021. He is coordinating the KRS 56.170 Sprinkler Inspection Program and Sprinkler deficiency collection and compliance. Cecil came from the private sector of safety and security bringing with him a vast array of safety experience and knowledge. Please send all sprinkler related inquiries to StateRiskSprinklerProgram@ky.gov

Departure - Ed McDaniel, Insurance Appraiser

Ed left the Division of State Risk in early December. All appraisal inquiries should be sent to: StateRiskUnderwriting@ky.gov

Departure – Meagan Hart, Program Manager

Meagan left the Division of State Risk in December. All appraisal and underwriting inquiries should be sent to StateRiskUnderwriting@ky.gov. All sprinkler inquiries should be sent to StateRiskSprinklerProgram@ky.gov.

The Fire and Tornado Fund:

We would like to thank you for your patience while we work through our staffing changes. We know this time has been tough as we adjust to a new way of doing things and we greatly appreciate your patience.

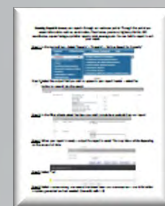
Certificate/Policy Review Meetings: Jeni Collins has kicked off the certificate/policy review meetings and they have initiated many great changes! We encourage you to review your certificates/policy and reach out to us about any discrepancies you may notice. The meetings will continue up to renewal, if you have a date in mind, please reach out to us now. During the meeting you can expect to review your certificate(s), coverages you may no longer require, coverages we offer, ask us policy questions, make changes to your certificate, etc. We look forward to meeting with you in person or virtually.

Building Appraisals: Gerry Hamilton has been busy conducting building appraisals. Gerry will be contacting customers who have recently added new structures to set up an appraisal visit. Keep in mind on an appraisal we will need access to all locked rooms (like mechanical rooms); we will take interior and exterior photos and measure the structure.

Important! All forms are *electronic* and should be emailed *directly* from the form by selecting the *email button* on the bottom of the form. (You will need to download the form to your computer) This ensures the form goes to the StateRiskUnderwriting@ky.gov mailbox and the Division of Real Properties. All forms should be completed in their entirety; missing information slows down the underwriting/appraisal process and may cause your coverage to be removed/ delayed.

You can access your account through our customer portal or email StateRiskUnderwriting@ky.gov.

If you don't have access to the customer portal (eRIMS) you'll need to download the form, then fill it out. Submit the form by clicking on the email button.



Running reports in the customer portal

All Fire and Tornado underwriting requests should be sent to StateRiskUnderwriting@ky.gov. Please be patient on communication; we receive a large number of requests and we work hard to process them as fast and accurately as possible.

SPRINKLER



State Risk recently visited the *Ashland Inc. Fire Protection and Safety Laboratory* at Eastern Kentucky University.

We were able to further our knowledge of fire suppression systems and expand on the sprinkler training opportunities for you. Stay tuned for exciting future opportunities!



Outstanding Deficiencies

All deficiencies prior to the current year are considered *past due*. We want to thank everyone who has been working hard to turn in Corrective Action Statements (CAS). From January to December 2021, our customers *removed 2,675 deficiencies* from Commonwealth locations with approximately *1,060* of those being in the last quarter; however, many remain. We urge you to correct the deficiencies you have on your account and submit the Corrective Action Statement (CAS) as soon as possible to satisfy the Endorsement D- Protective Safeguards of your Fire and Tornado Property Insurance policy. As a reminder: Open deficiencies may negatively influence your premium and/ or claim payment in the event of a loss.

For a current list of your outstanding deficiencies please email
StateRiskSprinklerProgram@ky.gov



Corrective Action Statement
CAS

Recent Deficiency Finds:

A birds nest on the sprinkler head.



Missing escutcheons.



Paint on the sprinkler head



Covered Heads



Damaged Heads



SPRINKLER

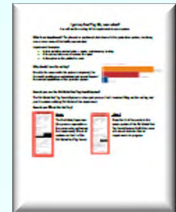
Red Tag Impairment Kits

For a refresher on what an impairment is and how to handle it watch the quick four minute FM Global video *Know More Risk: Four Principles for Handling Impairments* <https://youtu.be/sES3eokSJTg>

State Risk highly recommends you utilize the free Red Tag Permit Kit to continue to protect the Commonwealth's employees and assets.

There are multiple benefits to utilizing the red tag kits:

- The red tag kit shows the impairment steps in an easy-to-follow manner.
- The red tag kit can be referenced for history on the system for prior impairments.
- The red tag clearly identifies for others there is an impairment and extra caution should be taken in the area.
- The kit helps prevent improperly closed valves.
- FM Global provides reliable follow up to ensure the impairment has had protection restored.



Red Tag Kit Instructions

To remove the red tag impairment FM Global recommendation from your Risk Report, you may call in or report electronically a red tag impairment on your next Johnson Control annual inspection. This will help practice the red tag process and show FM Global and State Risk you are prepared in an emergency shut down/impairment situation.

If your system is impaired, report your impairment electronically at <https://redetag.fmglobal.com/> and for free Red Tag Permit Kits contact StateRiskSprinklerProgram@ky.gov or your onsite FM Global consultant engineer.



A beautiful day for a fire pump test at Kentucky State University!

Drum Roll Please.... This quarter's top three agencies/ Universities submitting Corrective Action Statements and removing sprinkler deficiencies; earning the top spots on the **Brag Board** are:

Department of Parks

The Department of Parks turned in the largest number of Corrective Action Statements this quarter, clearing many of their deficiencies from their account!



Murray State University

Murray State University came in second place this quarter removing deficiencies from their account by completing and turning in the second largest number of Corrective Action Statements (CAS) this quarter!



University of Louisville

The University of Louisville stuck with the clean up of deficiencies, this quarter and removed the third highest amount of Corrective Action Statements (CAS)!



PROPERTY AND AUTO CLAIMS

By: Evelyn Smith

The Claims Section is responsible for administering property and auto insurance claims for all State Agencies and State Universities throughout the Commonwealth of Kentucky. We are a team with a priority in quality customer service to expedite repairs and/or replacement of damages that occur; and with Kentucky weather, you can expect the unexpected. Also, [please note our website has changed](#) and this is where you will find information and forms to file property and auto claims, as well as the form to request training for specific topics:



State Risk Website

The [Fire & Tornado self-insurance property policy](#) covers all damages that are not excluded from this policy for all your properties reported to our Underwriting Section for coverage. Also, remember that building coverage includes coverage for Boilers and Equipment Breakdown claims that are caused by a covered cause of loss. For each claim occurrence, there is only one \$5,000 deductible. Please take priority steps to mitigate further damages as soon as possible and identify the “cause of loss”. The tornado that damaged and destroyed many buildings throughout Kentucky in early December, was unbelievable; and immediate attention was given for claim adjusters to assess damages.

In compliance with KRS 46.110, state agencies and state universities having control or custody of damaged property, any/all damages should be reported by submitting a claim as soon as possible.

Please note We have made changes and claims are reported by submitting a completed Notice of Loss form SRC-10 to our new central email address for property claims:

FT.PropertyClaims@ky.gov

With this new email address for new property claims, Audra Perkins and Evelyn Smith can view all emails which will allow priority attention to be given. So please begin using this immediately and we are in the process of changing the email addresses on our Claim forms, to make it easier.

The [KY Self-insurance Auto Program \(KSAP\) policy](#) provides auto liability coverage, required by Kentucky State law and physical damage coverage is optional, which would cover damages caused by anything, other than being hit by another insured motorist, who was at fault. When accidents occur to your insured vehicle, you should notify your supervisor immediately and complete the KSAP Accident Claim Form SRC-12.

Please note We have made changes to the KSAP claim form, SRC-12. Effective immediately, please email the form for all auto claims to:

KSAPAutoClaims@ky.gov

James Baggett joined our Division of State Risk & Insurance Services on October 1, 2021, and has been assisting with KSAP claims. James Baggett and Evelyn Smith will have access to this new email address, which will improve priority attention. We are also in the process of putting this new email address on our forms.

“Risky Business”

Natural Disasters: What to do before, during and after.

By: Sheri Whisman

Natural disasters are events that happen unexpectedly, like the tornadoes we experienced on December 10, 2021 and on January 1, 2022. A storm during winter months that brings tornadoes always seems to take us by surprise. For this reason, it is important to have a plan that allows us to react immediately.

Things to address and check *before* a disaster happens

- Know your properties. Learn where shut off valves are located (gas and water especially).
- If time allows, shut off gas and water connections to the property.
- Keep trees pruned away from structures.
- Make sure first aid kits are stocked and product inside is current and up to date. Include a few days of required medication in your first aid kits until the pharmacies reopen.
- Have ample drinking water supply where you can get to it.
- Make sure your tetanus vaccination is up to date.
- Obtain a NOAA Weather Radio. Insert fresh batteries in case the electricity is out.

After a tornado or catastrophic event, there are many hazards you could face, including injuries from walking among debris or entering damaged buildings. Protecting yourself requires promptly treating any injuries suffered during the storm and using extreme care to avoid further hazards.

- If you are trapped, attract attention to yourself by banging on a wall or pipe closest to you.
- Use a cloth or mask to protect your mouth, nose, and eyes from dust.
- If you can get to your phone, send a text if cell service is working. Sometimes a text will be productive when calls won't go out.
- Check for injuries. Do not attempt to move seriously injured people unless they are in immediate danger of further injury. Get medical assistance immediately.
- Stop a bleeding injury by applying direct pressure to the wound.

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“Risky Business”

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Stay tuned for information from emergency management officials. Respond to requests for volunteer assistance from police, fire fighters, emergency management, and relief organizations, but do not go into damaged areas unless assistance has been requested. Your presence could hamper relief efforts, and you could endanger yourself.

Be careful near damaged buildings

- Do not enter a damaged building until local authorities determine it is safe. Tornadoes , floods and earthquakes can damage buildings and make them unsafe. Sometimes damage is unseen when it comes to structural compromises.
- Be aware of hazards from exposed nails and broken glass or other hazards.
- Be aware of possible structural, electrical, or gas-leak hazards. Check gas, electrical, and water lines for damage. If you smell gas or see a broken line, shut off the main valve from the outside. (Note: if gas is turned off, a professional must restore service.)
- Do not use matches, lighters, appliances, or light switches until you are sure there are no gas leaks. Sparks from electrical switches could ignite gas, causing an explosion.
- If you see frayed wiring or sparks, or if there is an odor of something burning, you should immediately shut off the electrical system at the main circuit breaker. If the power is out, use flashlights instead of candles.
- Keep a fire extinguisher handy, and make sure your know how to use it. Stay away from power lines.

Prevent carbon monoxide (CO) poisoning

- Fuel-burning equipment creates carbon monoxide (CO). This can include equipment like generators, pressure washers, charcoal grills, and camp stoves. You can't smell or see CO, but if it builds up in your structure, it can cause sudden illness and death.
- Never use portable gasoline or coal-burning equipment or camp stoves inside a structure, basement, or garage. Keep it outside and at least 20 feet from any window, door, or vent.
- Use a battery-operated or battery backup CO detector any time you use a generator or anything else that burns fuel.

Visit [Preventing Carbon Monoxide Poisoning After a Disaster](#) for more information.

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“Risky Business”

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Drink safe water - eat safe food.

- Throw away perishable foods that have not been refrigerated properly due to power outages; also discard foods with an unusual odor, color, or texture. When in doubt, throw it out.
- Throw away food that may have come in contact with storm water. Unsafe food can make you sick, even if it looks, smells and tastes normal.
- Listen to reports from local officials for advice on water precautions in your home. Do not use water you suspect or have been told is contaminated to make baby formula, make ice, brush your teeth, wash and prepare food, wash your hands, or wash dishes. Even though you have running water from a city or municipal source after a disaster, doesn't mean that the water is safe for consumption.
- Bottled, boiled, or treated water are safe for drinking, cooking, and personal hygiene. Your state or local territorial health department can make specific recommendations for boiling or treating water in your area. Utilize bottled water when boil water advisories are in place if bottled water is readily available.

For more information on how to keep food safe and use safe water after a natural disaster or emergency visit [Keep Food Safe](#) and [Use Safe Water](#).

Disaster is over...now what? Take steps to protect yourself and your loved ones during cleanup after a tornado.

- Wear sturdy shoes or boots, long sleeves, and gloves when handling or walking on or near debris.
- Learn proper safety procedures and operating instructions before operating any gas-powered or electric-powered saws or tools.
- Take care of your emotional health. During and after a tornado, it is natural to experience different and strong emotions. Coping with these feelings and getting help when you need it will help you, your family, and your community recover from a disaster.

Following these planning and recovery steps can maybe ease the strain you experience when going through a natural disaster. No matter how much preparation we have, we are never fully prepared. After an event, take the time to sit down and assess what worked, what didn't in your disaster plan. This is the best time to update your emergency action plan.

For further information, contact State Risk. More resources are also available at CDC and FEMA.

(Some material used from CDC and FEMA)



Is Your Facility Ready for Winter?

Winter weather is now right around the corner! As such, we would like to kindly remind everyone to begin preparing your facility for winter conditions; the worst of which can result in frozen pipes, water damage to building interiors, collapsed roofs, power disruption, and general risk to employees and the public.

Protecting water filled piping systems from freezing is a key item to include in your winter weather preparedness activity. Take time to prepare your facility now for potential freezing conditions. The plan should also detail actions needed to maintain normal business operations if building heat were lost. Another common winter hazard is roof collapse under the weight of drifted snow. Have a plan in place to monitor snow accumulations, particularly near changes in roof elevation where snow drifts can build up.

Please take some time to review the attached freeze checklist and Winter Storm brochures which are also available via the following link. <https://www.fmglobal.com/research-and-resources/nathaz-toolkit/severe-weather>. The link contains other information such as a podcast, loss history, and other tips you can use to protect your facility.

Contact your local FM Global field engineer, your FM Global Account Engineer (david.morris@fmglobal.com) or the FM Global Cleveland Operations client service desk at 1-888-216-9330 if you have any questions concerning winter weather prevention.

If you need to close a fire protection system control valve or shut off a fire pump perhaps due to a frozen pipe, water main break, or any other reason, please be sure to report the closure to FM Global [here](#), and use FM Global Red Tag Permits to help manage the impairment to fire protection equipment.



Protecting Your Facilities
From Winter Storms



Emergency Checklist: Freeze-Up

State Risk Mailboxes

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

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

Underwriting:

StateRiskUnderwriting@ky.gov

Sprinkler Program:

StateRiskSprinklerProgram@ky.gov

KSAP Underwriting:

KSAPUnderwriting@ky.gov

KSAP Claims:

KSAPAutoclaims@ky.gov

Fire & Tornado Claims:

FT.PropertyClaims@ky.gov