



**State of Hawaii  
Risk  
Management  
Office**

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**Welcome to the Newsletter's Inaugural Issue!**

**E Komo Mai**

This newsletter is designed as a forum for:

- sharing ideas to manage the State of Hawaii's exposure to risk
- allowing us to learn from incidents that occur in other departments
- disseminating information relating to relevant legislation or court awards
- dealing with public and employee safety issues or training
- and ...*this will evolve as we move forward!*

*This is YOUR newsletter and it's success and value will depend on your participation, suggestions, and input!*

Email your ideas to:

Julie Ugalde at the Risk Management Office at [julie.a.ugalde@hawaii.gov](mailto:julie.a.ugalde@hawaii.gov)

**NAME OUR NEWSLETTER CONTEST CONTINUES!**



*Risk Management Office and Aon Risk Services staff members are ineligible.*

**Message from  
Risk Management Office**

**UPCOMING DEADLINES**



**State Automobile Insurance  
Program Summary**

Due Date: **May 15, 2005**

*Questions?*

*Call the Risk Management Office!*



**State Property Insurance  
Data Requirements**

Due Date: **June 1, 2005**

*Questions?*

*Call Aon Risk Services!*

808.540.4365 (Mike Seu)

or 808.540.4333 (Bill Sandkuhler)

There's still time to submit your creative entries and have a chance to win a Long's Gift Certificate. Submit all entries to Julie Ugalde at the Risk Management Office before June 30, 2005.

## Security is Everyone's Business

The State's Risk Management Office in partnership with the Aon Risk Services has taken the first steps in identifying the State's property at risk with the property survey that was sent out to all the departments in our first risk management coordinators meeting held on February 9<sup>th</sup>. While the exposure identification process is progressing, the Risk Management Office has also embarked upon a loss control initiative. This initiative had a training session on April 28<sup>th</sup> that covered the following topics:

- Property Inspections
- Security Inspections
- People Safety
- Day End Inspections
- After Hours Activity Inventory

The implementation of a loss control program can greatly reduce the likelihood of loss; however, it cannot completely eliminate the possibility of loss. The size and geographical spread of risk on the State's property schedule does not allow the Risk Management Office to implement the program alone, no matter how well it is designed to prevent loss. The successful implementation of a loss control program can only be accomplished with the assistance and cooperation of all the State departmental risk management coordinators at the various locations.

Based upon natural statistics, arson was the leading single cause of fires in public use buildings, accounting for almost 40% of fires for which a cause could be determined. The remaining 60% were due to defective or improperly installed equipment (25%), defective electrical wiring (22%), lightning strikes (7%) and the balance from smoking materials, torches, spontaneous ignition and exterior exposures.

The peril of fire is the most frequent cause of loss for the State of Hawaii and, after hurricane and flood

perils, is the third most severe cause of loss. Theft is also a frequent source of claims on State properties. Implementing security improvement measures can prevent the majority of these losses. Security measures will not only decrease the frequency and severity of theft losses, but also reduce the occurrence of vandalism and arson fires,

The final aspect of our exposure identification is to familiarize the Risk Management Office with the physical facilities of the locations and the activities occurring on the premises. In completing the After Hours Survey, you may be amazed by the number of activities occurring on the premises. The identification of these exposures will enable the Risk Management Office to evaluate the information and submit suggestions on how to minimize the State's exposure to loss from these activities.

**Inspections forms are available at the Risk Management Office or from Aon Risk Services. Please email your request to:**

*julie.a.ugalde@hawaii.gov*

or

*bill\_sandkuhler@ars.aon.com*



## Calendar of Events

### February 2005

- February 9<sup>th</sup> – Risk Management Coordinators Meeting  
*Topic: Introductions, Overview of Risk Management & Insurance, and Property Inventory Data Call*
- February 21<sup>st</sup> – President’s Day

### March 2005

- March 25<sup>th</sup> – Kuhio Day Observed / Good Friday

### April 2005

- April 28<sup>th</sup> – Risk Management Coordinators Meeting  
*Topic: Property Inspections, Security Inspections, People Safety, Day-End Inspection, After Hours Inventory training session.*

### May 2005

- May 15<sup>th</sup> – Due date for State Automobile Insurance Program Summary
- May 30<sup>th</sup> – Memorial Day

### June 2005

- June 1<sup>st</sup> – Due date for State Property Insurance Data Requirements
- June 1<sup>st</sup> - Risk Management Coordinators Meeting  
*Topic: Overview of general exposures to loss; suggested insurance requirements for State contracts; and the anatomy of a certificate of insurance training session.*
- June 10<sup>th</sup> – King Kamehameha I Day

STATE OF HAWAII  
STATEWIDE INSURANCE PROGRAM  
DAGS/RISK MANAGEMENT

DECEMBER 1, 2004 TO DECEMBER 1, 2005

PROPERTY INSURANCE

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**Coverage & Limits:**

Real and Personal Property  
Statewide Blanket Policy

“All Risk” of Direct Physical Loss, including

Windstorm	\$ 100 million Occurrence
Flood	\$ 25 million Aggregate
Earthquake	\$ 25 million Aggregate
Terrorism:	\$ 50 million Occurrence

The following are included:

Business Interruption; Extra Expense; Valuable Papers; EDP Equipment & Media; Demolition & Increased Cost of Construction; Newly Acquired Property; Fine Arts; Debris Removal; Off Premises Utility Interruption; Transit; Professional Fees; Builders Risk Soft Costs.

**Deductibles:**

Windstorm:

3% of values per unit of insurance, subject to a “per occurrence” minimum of \$250,000

EQ, Flood Damage, Tsunami & Volcanic Action:

3% % of values per unit of insurance, subject to a “per occurrence” minimum of \$250,000

Other Losses:

\$250,000/Occurrence

**Insurers:**

Lexington Insurance Co.  
Landmark American Insurance Co.  
United States Fire Insurance Co.  
Arch Specialty Insurance Co.

**LIABILITY INSURANCE**

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**Coverage & Limits:**

\$10 million Any one occurrence or Wrongful Act or series of continuous repeated or related occurrences

\$10 million Products/Completed Operations Hazard Aggregate

\$10 million Errors & Omissions Liability Aggregate (other than Personal Injury)

\$10 million Employees Benefits Liability Aggregate

Bodily Injury and Property Damage

Personal and Advertising Injury

Errors and Omissions Liability

Employment Practices Liability

Automobile Liability

Watercraft Liability (except research vessels)

Terrorism Coverage

**Major Exclusions:**

Pollution, Asbestos, Airport & Aircraft, Medical Malpractice, Nuclear Energy, Dams (can be purchased back), Subsidence, Inverse Condemnation, Workers'

Compensation/Employer's Liability, Educators Legal Liability, ERISA, Insurance, Failure to Supply Utilities, Intentional Injury

**Self-Insured Retention:**

\$3 million/Occurrence or Wrongful Act

**Deductible:**

50% of \$1,000,000 limit, in excess of the Retention

**Insurer:**

Insurance Co. of the State of Pennsylvania

**CRIME INSURANCE**

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**Coverage & Limits:**

Public Employee Dishonesty	\$10 million
Forgery or Alternation	\$10 million
Theft, Disappearance and Destruction	\$10 million
Robbery & Safe Burglary	\$10 million
Computer Fraud	\$10 million
Wire Transfer Communication Fraud	\$10 million
Money Orders and Counterfeit Paper Currency	\$10 million
Faithful Performance of Duty:	\$ 1 million (to 3/29/05) \$10 million (eff. 3/29/05)
Claims Expense Coverage	\$50,000 or 10%/loss
Credit, Debit or Charge Card Forgery	\$100,000

**Deductible:**

12/01/04 to 3/29/05:	\$250,000/Occurrence \$ 1,000 claim expense
3/29/05 to 12/01/05:	\$500,000/Occurrence \$ 1,000 c/d/c card forgery

**Insurer:**

12/01/04 to 3/29/05: Continental Casualty Company  
3/29/05 to 12/01/05: Westchester Fire Insurance Co.