



**State of Hawaii
Risk Management
Office**

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Risk E-Notes

Message from the Risk Management Office

Quarterly Reports:

The quarterly reports for claim activity for FY 08, 2nd Quarter, being sent out within the next week, has a few changes. In addition to a listing of the claims received for departmental risk management coordinator, we are also including a listing of claims closed during the quarter and pending claims.

Earthquake Losses:

We have closed the majority of the losses since they were below the property insurance deductible. The deductibles are being covered by FEMA and the State's 25% share is being paid by State Civil Defense.

Property Losses:

We've had 2 large property losses as of this issue. The property insurance still has a \$1 million per occurrence deductible and will apply to these losses.

UH – Hamilton Library

On 11-04-07 water leaked from the ceiling due to the heavy rainfall causing damage to the library books and contents. The loss is estimated to be about \$200,000.

Luckily, the employees at Hamilton Library had prior experience with water damages from the catastrophic October 2004 flood which has helped keep the damage to a minimum.

DOE – Kealakehe Intermediate

On 1-19-08 there was an arson fire at the Administration building. The estimate of the damage is about \$250,000. However, since the building had been under renovation and the State had not accepted the building at the time of the fire, the contractor's insurance will pay for the damage.

This is a great example of why the contractor's insurance is important!

Training:

Risk Management is scheduling the upcoming training and we are once again seeking your input. Please provide your suggestions!

We have had such success on the "Insurance and Certificates of Insurance" and "Economical Loss Control Techniques" as well as the classes through the State Procurement Office, "Understanding Insurance Requirements for Contracts" class, that we will be having a "Risk Management and Insurance 101" training.

The training is tentatively scheduled for March 5, 2008 with the location to be determined. Notices will be sent out with an agenda next week.

In addition, we plan on having "Claims 101" training for the auto and tort claims and property losses. A tentative schedule is in May 2008

Message from Risk Management Office (continued)

OTHER NEWS:

Staffing:



SAD NEWS: We still have a vacant position in the Risk Management Office.



GOOD NEWS: We were able to vary the position from a clerk to a claims management specialist III ! We hope to have this position filled by March 2008.



We are completing the updates that have been submitted for the property data. A copy of each department's schedule that is used to insure our property and in the calculation of the risk management cost allocation will be distributed at the end of February 2008. We will require that you review and respond as to the accuracy of the inventory by the end of April.

The annual automobile inventory will be sent out again in April 2008. However, in order to make the updating as easy as possible, we ask that you continue to submit your request to add vehicles as you acquire them.

CLAIMS OVERVIEW

As of 12-31-07

	TORT		POTHOLE		% OF TOTAL	
	9/30/07	12/30/07	9/30/07	12/30/07	9/30/07	12/30/07
FY 08	160	327	19	71	12%	22%
FY 07	677		168		25%	
FY 06	981		399		41%	
FY 05	1107		496		45%	

	AUTO		PROPERTY	
	9/30/07	12/30/07	9/30/07	12/30/07
FY 08	85	140	76	99*
FY 07	374		267*	
FY 06	366		146	
FY 05	320		105	

*47 were earthquake claims.



CALENDAR OF EVENTS

January 2008

- 1st - Happy New Year!!
- 21st - Dr. Martin Luther King, Jr. Day

February 2008

- 18th - President's Day
- 29th - Department Property Schedule disbursed for review *(response back as to the accuracy of the values will be due in April)*

March 2008

- 21st - Good Friday
- 26th - Prince Kuhio Day Observed
- 27th - Annual Auto Inventory – request for update *(updates due back to RM Office by 5/9/08)*

HELPFUL HINTS:

AVOID PROCRASTINATION:

- Procrastination is the one time waster which we have total control!
- Understand the purpose of the task
- Discuss with others.
- Separate the task into manageable pieces and start on the easiest one.
- Set interim completion dates. Give yourself a
- Chart your progress.
- Set a REALISTIC deadline for completion.



BUILDING SECURITY

Office buildings are most subject to the property crimes of burglary, theft, and arson; in recent years, however, new threats, in the form of bombings, have raised the level of concern of real estate owners and managers. In addition to the direct loss, owners and managers must also contend with liability risks for the injuries suffered by tenants, guests, and visitors on the premises due to the criminal acts of employees and third parties. In general, most crimes in office buildings can be prevented by controlling access to the premises. This report provides information that can be used in setting up a security program for an office building.

COMPONENTS OF A SECURITY PROGRAM

A security program for an office building should consist of security measures for exterior and parking areas; access control at basement, ground, and street level entrances and exits; a lock and key control program; and general security consideration, such as identification or access control cards, security guards and patrols, and preemployment screening. Regardless of the measures utilized, however, security should not conflict with life safety code requirements.

General Security Considerations

General security considerations involve administrative procedures, access control systems, the use of security personnel, preemployment screening, and security hardware.

- Identification cards should be issued to all employees and tenants. The cards should have, as a minimum, a photograph of the bearer, the bearer's signature, and the signature of the individual authorized to issue the card. Employees and tenants ideally should be required to display their I.D. cards at all times; at the very least, they should be required to display them on demand. For large facilities, the use of color codes on identification cards should be considered and a code established for specific buildings, floors, or areas. The stock for the cards should be controlled to ensure that the system cannot be compromised.
- Uniformed security personnel, either contract or proprietary, should be provided at entrance areas. Adequate training in, among other things, human relations, emergency procedures, patrol methods, legal liability, and first aid should be provided. Many States have laws that require background checks and specific training for security personnel, especially for armed personnel.

Building Security (continued)

- Security personnel should patrol the building on a regular schedule during any closed period. Watchclock key stations should be installed in the basement, selected equipment rooms, and all operating floors. Watchclock tapes should be checked regularly when there is no off-premises monitoring of the patrols.
- Maintenance personnel who operate on all floors or areas of the building should be issued a distinctive uniform. The supply of the uniforms should be controlled by issuing one uniform at a time to each individual and replacing the uniform on an exchange basis. Identification cards issued to maintenance personnel should be displayed at all times.
- Custodial personnel reporting to the building after the end of the normal business day, whether employees or a contract service, should be required to check in and check out with the security department.
- Preemployment screening should be carried out on all security, maintenance, and custodial personnel. The screening should include, as a minimum, checks of past employment, personal references, and criminal history.
- Restrooms used by tenants and employees should be so located that they can be entered only from a protected or secured area.
- Restrooms in unprotected areas should remain locked with keys that are available only at a secure, central location on each floor or at each tenant's location. The doors to restrooms should be equipped with automatic door closers and a latch-type lock to ensure they are not accidentally left unlocked.
- Employees and tenants should be advised to exercise reasonable care in protecting personal property. Purses should not be left on top of desks or on the floor, or wallets and checkbooks left in jackets, in unoccupied offices.
- Procedures should be established for documenting all security-related complaints made by employees and tenants, and the actions taken by building management to resolve them. Also, a policy should be established for notifying tenants (for example, by a newsletter) of significant security-related incidents.
- Building management should keep informed about crime trends in the neighborhood. Communication with the management of other local buildings through associations and trade groups, as well as with the local police, is recommended.

- To avoid liability for misrepresentation, leases, advertising literature, and promotional releases should not make any representations about the safety or security of the building. Leasing agents should be advised to not make oral promises regarding safety or security measures.
- Security equipment should be covered under a service and maintenance agreement. Emergency and security equipment should be repaired on a priority basis.
- An emergency or disaster plan, including provisions for evacuating the building, should be developed. This plan should be in writing and tested regularly.

Ground or Street Level

Entrance areas provide the first impression of the level of security awareness in a building. An office building should not give the appearance of being open to casual visitors; building traffic should be controlled. Establishing a policy of identification and control sends a psychological message about management's commitment to security to those without a legitimate purpose for being in the building.

- A reception or security desk should be provided in the lobby of the building, preferably near the building directory. The desk should be positioned to provide for the best view of doorways and persons entering the building. A uniformed receptionist or guard should be stationed at the desk at all times.
- If there is an automated access control system for employees, the entrance should be located as far away from visitor traffic as possible, but within sight of the reception desk. If there is no automated access control system, a guard or receptionist should check employee identification.
- Visitors should be funneled to the reception desk and not be able to access the secure side without passing close to the desk. All visitors should be required to identify the person they are visiting and that person should be called to confirm the appointment. If policy requires it, visitors should be escorted to their destination. Visitors should be required to wear a visitor's badge; however, it should be noted that, if employees are not required to wear badges, visitors have only to remove theirs to look like employees.
- A messenger center for packages, food, and other deliveries should be established. Messengers should not be allowed to roam the building freely.
- The doors from emergency stairwell exits on this level should not have exterior door handles, and exterior hinge pins should be secured against removal. Door locks should comply with local building, fire prevention, and life safety codes.

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Building Security (continued)

- Police and fire department telephone numbers should be conveniently posted at the reception desk.
- If closed circuit television (CCTV) systems are utilized, all street-level doors and elevator banks, including freight elevators, should be monitored by the system.
- Emergency exits should be alarmed and monitored to detect their unauthorized use. NFPA 101, *The Life Safety Code*, published by the National Fire Protection Association (NFPA), permits the use, under specific conditions, of delayed egress locks on emergency exits.
- Burglar alarm, fire alarm, and CCTV systems can be monitored at the reception desk. However, it is usually preferred that these systems be monitored at a separate security console.

Basement Level

Many office buildings have at least one basement level, usually containing the shipping and receiving docks and parking areas. A ramp from ground level will provide for vehicular entrance and exit.

- Only one point of entrance and exit should service the basement area. An overhead door of solid construction should be used to secure the opening. A CCTV camera can be installed for continuous surveillance of the door and ramp. All entering vehicles should be checked.
- The freight elevator doors leading into the shipping and receiving area should be secured during periods of non-use.

Parking Areas

Crime in parking garages is a serious concern, and liability for the injuries suffered by invitees due to third-party criminal activity is a significant exposure. Building owners and managers must take proactive measures to reduce crime and security liability exposures in parking areas.

- Decals should be issued to tenants and employees for identifying automobiles authorized to park on the property.
- An area, separate from employee and tenant parking, should be assigned for visitor parking.
- Parking areas should be patrolled by guards on an unscheduled, but frequent, basis. The frequency of patrols should be recorded.
- Escorts to automobiles should be provided on request to employees and tenants.
- Adequate lighting and CCTV surveillance should be provided to all areas of the parking area. See RP-20-98, *Lighting for Parking Facilities*, published by the

Illuminating Engineering Society of North America (IESNA), for information on recommended lighting levels for parking areas.

Exterior Areas

Building owners and managers are also responsible for securing exterior areas of their facility. In some cases, courts have found for plaintiffs injured on adjacent property, where a building owner or manager was aware of the use of the property by invitees (i.e., gained some economic benefit from such use) and had knowledge of criminal activity on the property.

- A perimeter fence, if feasible, should be provided to serve as a deterrent to intruders.
- The exterior of the building should be checked for design features that create hiding spaces for assailants and these spaces should be fenced or otherwise secured to limit access.
- Foliage and shrubbery should be trimmed and maintained to eliminate hiding spaces and provide for natural surveillance of the property.
- Lighting should be provided to illuminate building entrances, pedestrian walkways, and vehicular entrances. See the *IESNA Lighting Handbook*, published by IESNA, for recommended minimum illumination levels for these areas.
- Scheduled guard patrols of the property should be conducted.

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STATE OF HAWAII
STATEWIDE INSURANCE PROGRAM

DECEMBER 1, 2007 TO DECEMBER 1, 2008

PROPERTY INSURANCE	LIABILITY INSURANCE	CRIME INSURANCE																				
<p>Coverage & Limits: Real and Personal Property - "All Risk" of Direct Physical Loss, including</p> <ul style="list-style-type: none"> Windstorm \$ 175 million Occurrence Flood \$ 175 million per Occ. / Aggregate Earthquake \$ 175 million per Occ. / Aggregate Terrorism: \$ 50 million Occurrence (stand-alone) Boiler & Machinery \$ 175 million Occurrence <p>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, Pollution Cleanup & removal.</p> <p>Deductibles: Windstorm: 3% of values per unit of insurance, subject to a "per occurrence" minimum of \$1,000,000 EQ, Flood Damage, Tsunami & Volcanic Action: 3% of values per unit of insurance, subject to a "per occurrence" minimum of \$1,000,000 (Note: max applicable to Honolulu Int'l Airport is \$25M for all CAT perils) Other Losses: \$1,000,000 per Occurrence</p> <p>Insurers: Primary: Underwriters at Lloyds, Axis Specialty Europe Ltd., Ironshore Ins. Ltd., Allied World Assurance Co. Excess Property: Various London & Domestic Markets Terrorism: Underwriters at Lloyds Deductible Buy Back: Underwriters at Lloyds, Ironshore Ins. Ltd.</p> <p>Premium & Taxes: \$11,242,221</p>	<p>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 or Advertising Injury) \$10 million Employees Benefits Liability Aggregate</p> <p>Bodily Injury and Property Damage Personal and Advertising Injury Errors and Omissions Liability Employment Practices Liability Automobile Liability Watercraft Liability Dam Coverage Terrorism Coverage</p> <p>Major Exclusions: Pollution, Asbestos, Airport & Aircraft, Medical Malpractice, Nuclear Energy, Subsidence, Inverse Condemnation, Workers' Compensation/Employer's Liability, ERISA, Failure to Procure Insurance, Failure to Supply Utilities, Intentional Injury, Fungus, Uninsured/Underinsured Motorist</p> <p>Self-Insured Retention: \$4 million/Occurrence or Wrongful Act</p> <p>Insurer: Everest Reinsurance Company</p> <p>Premium: \$1,205,300</p>	<p>Coverage & Limits:</p> <table border="0"> <tr><td>Public Employee Dishonesty</td><td>\$10 million</td></tr> <tr><td>Forgery or Alternation</td><td>\$10 million</td></tr> <tr><td>Theft, Disappearance and Destruction</td><td>\$10 million</td></tr> <tr><td>Robbery & Safe Burglary</td><td>\$10 million</td></tr> <tr><td>Computer Fraud</td><td>\$10 million</td></tr> <tr><td>Wire Transfer Communication Fraud</td><td>\$10 million</td></tr> <tr><td>Money Orders and Counterfeit Paper Currency</td><td>\$10 million</td></tr> <tr><td>Faithful Performance of Duty</td><td>\$10 million</td></tr> <tr><td>Credit/Debit or Charge Card Forgery</td><td>\$10 million</td></tr> <tr><td>Claims Expense Coverage</td><td>\$ 100,000</td></tr> </table> <p>Deductible: \$500,000 per Occurrence \$1,000 Claims Expense</p> <p>Insurer: National Union Fire Ins. Co.</p> <p>Premium: \$146,046</p>	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	\$10 million	Credit/Debit or Charge Card Forgery	\$10 million	Claims Expense Coverage	\$ 100,000
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NOTE: Deductible paid by the State Risk Management Fund or through Legislative Appropriation

12/07/07