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

NAME OUR NEWSLETTER CONTEST CONTINUES!

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 9th. 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 28th 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 9th – Risk Management Coordinators Meeting
  Topic: *Introductions, Overview of Risk Management & Insurance, and Property Inventory Data Call*
- February 21st – President’s Day

March 2005
- March 25th – Kuhio Day Observed / Good Friday

April 2005
- April 28th – Risk Management Coordinators Meeting
  Topic: *Property Inspections, Security Inspections, People Safety, Day-End Inspection, After Hours Inventory training session.*

May 2005
- May 15th – Due date for State Automobile Insurance Program Summary
- May 30th – Memorial Day

June 2005
- June 1st – Due date for State Property Insurance Data Requirements
- June 1st - 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 10th – King Kamehameha I Day
PROPERTY INSURANCE

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

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

Coverage & Limits:
- Public Employee Dishonesty: $10 million
- Forgery or Alteration: $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% of 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.