

BOARD OF CLAIMS
Minutes for the May 31, 2018 Meeting of the Board

Members Present:

Steve Summerall, designee for David H. Lillard, Jr., State Treasurer, Chair
Rebecca Hunter, Commissioner of Human Resources
Lauren Topping, designee for Tre Hargett, Secretary of State
Bryan Chriske, designee for Justin Wilson, Comptroller
Lucian Geise, designee for Larry Martin, Commissioner of Finance and Administration

Treasury Staff:

Rodney Escobar, Director of Claims and Risk Management, Treasury Department
Heather Iverson, Assistant General Counsel, Treasury Department

Also Present:

Lesley Farmer, Human Resources
Adam Ghassemi, Secretary of State
Carlene Patterson, AON
Jean Cofield, AON
Dr. Rev. Robert G. Butler
Delores Butler

Review of Minutes of March 21, 2018 Meeting

The first item of business was review of the minutes for the Board of Claims meeting on March 21, 2018. A motion to approve was made by Bryan Chriske, Comptroller, seconded by Lucian Geise, Finance and Administration. The motion passed unanimously approving the minutes.

Claim of Robert Butler T20182329

Heather Iverson, Assistant General Counsel with the Department of Treasury, presented Robert Butler's claim for wrongful imprisonment under T.C.A. Section 9-8-108(a)(7). Mr. Butler was convicted in 1977 and incarcerated, but a federal court granted his petition for habeas corpus in 1993 on the grounds of ineffective assistance of counsel. The charges against him were dismissed, and he was released. Under T.C.A. Section 9-8-108(a)(7) a claimant must be exonerated by the Governor in order to receive compensation from the Board of Claims for wrongful imprisonment. Mr. Butler was not exonerated by the Governor. Instead, a federal judge granted his petition for habeas corpus. Ms. Iverson recommended that the claim be denied because the claimant has not met the statutory requirements for compensation by the Board. Mr. Geise asked if Mr. Butler could make another claim in the event he is exonerated by the Governor, and Ms. Iverson explained that he could if he did so within one year of the exoneration. Mr. Chriske moved to accept the Department's recommendation, and Ms. Hunter seconded. The motion passed with 5 ayes and 0 nays.

Insurance Policies Lines of Coverage Renewal

Deputy Treasurer, Steve Summerall, provided introductory information concerning the purchase of the various lines of insurance policy coverages, and the Board's responsibility relative to each purchase of insurance. He advised that staff was prepared with recommendations for all lines of coverage.

Rodney Escobar, Director of Claims and Risk Management, introduced Carlene Patterson and Jean Cofield, AON Risk Solutions, (the state's insurance broker). Ms. Patterson stated that AON is very pleased with the outcome of the renewal. Ms. Patterson introduced their team of brokers that had conferenced called into the meeting. AON then began their presentation and provided a detailed report of all lines of coverage.

Aviation - Starr Insurance is the incumbent carrier. With the Aviation market hardening and carriers exiting the sector, AON was able to obtain a flat renewal for policy year 18-19 with a two year commitment and a cap of 7.5% increase for the 19-20 policy year. Individual agencies pay the premium. Any increases this year was as a result of organic growth in new planes and drones.

The Cyber Liability policy was then discussed. AON was able to obtain a flat renewal of approximately \$400,000 on our current cyber policy with XL Catlin and Chubb for a total of \$10 million limit. XL has provided some enhanced coverages with their new policy form.

The next item covered by the Board was a discussion on the State's property insurance program. The State's property values have increased 10% this policy year. AON was able to negotiate a 7.5% increase versus the full 10% increase AIG was asking. AIG offered a couple of coverage enhancements in this year's policy.

Standalone Terrorism - AON obtained a 5% decrease in the premium at approximately \$127,000. AON recommended a new sublimit of \$10 million for Malicious Act coverage for an extra \$22,000.

Earthquake excess coverage - AON was able to get a flat renewal of \$240,000 even though the New Madrid building values increased by 17%. We have 3 carriers on this coverage. This year, Hallmark and Navigators are the new carriers.

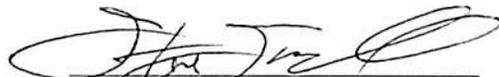
For Fine Arts, we have a flat renewal of \$44,000 with the same coverage as last year. The State Museum will be moving into its new home in late 2018.

Crime - we are in the second year of a 3 year policy term at a prepaid premium last year of \$241,000. Risk Management is gathering data from its agencies to give to AON to try to increase the fraudulent impersonation endorsement from \$500,000 to \$1 million.

Finally, AON stated that summing all of the insurance coverages, we had a 4% increase in premiums at \$240,000. A motion was made by Commissioner Hunter with a second by Lauren Topping, Secretary of State. It was passed unanimously.



Rodney Escobar
Director of Claims and Risk Management
State of Tennessee, Treasury Department
Executive Secretary to the Board of Claims



Steve Summerall, Designee for
David H. Lillard, Jr
State Treasurer
Chairman, Board of Claims