

# Wise Words

WE INSURE STATE EQUITY

State of Alabama • Department of Finance • Division of Risk Management

March 2009

**PLEASE CIRCULATE**

## **LARGE PROPERTY LOSSES CLOSE 2008**

After a relatively quiet claims year, the State Insurance Fund finished the year with two large losses sustained by separate school systems one week apart during the month of December. Fortunately there were no injuries associated with either loss.

An apparent tornado caused extensive damage to Oakman Elementary and High School locations on December 9, 2008. The schools are part of the Walker County School System. The Elementary school had the more severe damage with most of the roof being either damaged or missing from the East Wing Addition. As a result, the structural integrity of the building may have been compromised and extensive interior water damage occurred. At the High School, the press box and bleachers were lifted and destroyed. The estimated reserve for both locations is \$2.1 million to include anticipated expense costs.

A fire, believed to have been caused by faulty wiring in the attic, destroyed the century old Bibb County Junior High School building in Centreville. The fire occurred at approximately 2 p.m. on December 16, 2008. The Bibb County School System had recently converted the building from a school building to administrative offices and storage. The estimated reserve for this location is \$2.9 million to include anticipated expense costs.

The State Insurance Fund purchases excess insurance to cover the fund against catastrophic losses of this nature.



*Oakman HS*



*Bibb County JHS*

## Wise Words

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## Wise Words

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## TIME TO CERTIFY PROPERTY INSURANCE

The State Insurance Fund certifications are scheduled for mail out in March. It is important that our certified copy be returned by June 30, 2009, to allow our office plenty of time to update values prior to October's renewal. Please follow the instructions enclosed with the certification.

Changes which occur during the fiscal year such as renovations to existing buildings, new buildings, purchase of new computers or other equipment, demolition or sale of buildings should be reported promptly to our office to ensure adequate coverage. Remember, it is critical that these values be scrutinized for accuracy. We can only provide limits and values based on data we have on hand.

For property covered under Replacement Cost Value (RCV), the margin clause of 115% makes it imperative that your values are as close to 100% as possible. Also, remember there is no more blanket replacement coverage (BRC) for contents. Contents that were once insured at blanket replacement cost (BRC) are now insured at replacement cost value (RCV) or Stated Amount (STA) on a per building basis.

If you have any questions, call Dan Burgess at (334) 223-6172.

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## EQUIPMENT MAINTENANCE PROGRAM

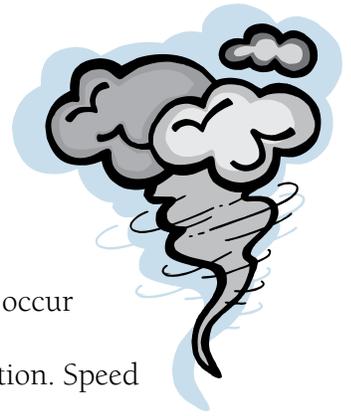
The Department of Finance, Division of Risk Management is proud to announce another successful year of the Equipment Maintenance Program (EMP). Since The Remi Group, LLC began the administration of the EMP in December 2005 the State of Alabama has saved a total of \$3,742,148.18 as compared to individual vendor maintenance pricing.

TRG's equipment maintenance program provides an effective alternative to original equipment manufacturer and third party maintenance service agreements. The program is designed to provide corrective and preventative maintenance on a wide variety of electronic equipment at a guaranteed 25% discount from standard vendor maintenance contracts. The EMP allows the end users the freedom to select their preferred service vendor for each service event. Invoices are sent directly to The Remi Group for processing and payment while all service information is captured, recorded and presented to the State in a series of detailed management reports via The Remi Group's online website. The Remi Group continues to find new and innovative ways to enhance the program further which ultimately increases the State of Alabama's savings year after year.

For more information about the program: [www.riskmgt.alabama.gov/RM/EquipMaint.aspx](http://www.riskmgt.alabama.gov/RM/EquipMaint.aspx) or contact Nancy Dodd at (334)353-8751 or email at [NDodd@TheRemiGroup.com](mailto:NDodd@TheRemiGroup.com)

# TORNADO!

In Alabama, our peak tornado season is in March through May. However, tornadoes can occur at any time of the year.



## Tornado Facts:

- Tornadoes are most likely to occur between 3 and 9 p.m. but have been known to occur at all hours of the day or night.
- The average tornado moves from southwest to northeast, but can move in any direction. Speed can vary from nearly stationary to 70 mph, but the average is 30 mph.
- Tornadoes may appear nearly transparent until dust and debris are picked up.
- In an average year, 800 tornadoes are reported nationwide, resulting in 80 deaths and over 1,500 injuries.

## Tornado Safety:

Stay informed by listening to NOAA Weather Radio, commercial radio, and television for the latest watches and warnings. Tornadoes occasionally develop in areas in which severe thunderstorms watch or warning is in effect. Remain alert to signs of an approaching tornado and seek shelter if threatening conditions exist. What to look for:

- Dark, often greenish sky
- Wall cloud
- Large hail
- Loud roar; similar to a freight train

If a Warning is issued or if threatening weather approaches:

- In a home or building, move to a pre-designated shelter, such as a basement.
- If an underground shelter is not available, move to an interior room or hallway on the lowest floor and get under a sturdy piece of furniture.
- Stay away from windows.
- Get out of automobiles.
- Mobile homes, even if tied down, offer little protection and should be abandoned.

## How to use Fire Extinguishers

### Use the PASS Method

- Pull the Pin at the top of the extinguisher. The pin releases a locking mechanism and will allow you to discharge the extinguisher.
- Aim at the base of the fire, not the flames. This is important- in order to put out the fire, you must extinguish the fuel.
- Squeeze the lever slowly. This will release the extinguishing agent in the extinguisher. If the handle is released, the discharge will stop.
- Sweep from side to side. Using a sweeping motion, move the fire extinguisher back and forth until the fire is completely out. Operate the extinguisher from a safe distance, several feet away, and then move towards the fire once it starts to diminish.



**Remember: AIM AT THE BASE OF THE FIRE, NOT AT THE FLAMES!!!**

## What Coverage Do You Have on Your Vacant Buildings?

There is no coverage for a scheduled property that is vacant or unoccupied for 60 consecutive days unless the SIF has been notified and an agreed amount of coverage applied to that property, not to exceed salvage value. “Vacant” means the building contains no contents that pertain to the operations or activities customary to the occupancy of the building.

When we issue the SIF property policy to the owner of a building, we include a vacancy endorsement that becomes a part of the policy. We consider a building to be vacant unless at least 31% of its total square footage is:

- Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
- Used by the building owner to conduct customary operations.

Buildings currently under construction or renovation are not considered vacant if you notify Risk Management before construction or renovations begin. Also, a building that is temporarily unoccupied due to seasonal us-

age, such as a school building during summer break, will not be considered unoccupied for purposes of this endorsement.

If the building where loss or damage occurs has been “vacant” or “unoccupied” for more than 60 consecutive days before loss or damage occurs, the SIF will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

1. Vandalism;
2. Sprinkler leakage, unless you have protected the system against freezing;
3. Building glass breakage;
4. Water damage;
5. Theft, even if there is evidence of forcible entry; or
6. Attempted theft or burglary.

It is important for you to notify us of any buildings that you own that are vacant or unoccupied. If not, you may end up with a claim that we will be unable to pay. For additional information regarding vacancy, contact Dan Burgess, Underwriting Manager, at 334-223-6172.