ITEM 1: CALL TO ORDER, CHAIR COMMENTS AND INTROSCTIONS

Chair Garrelts called the special meeting to order at 2:31 p.m. on Tuesday, April 5, 2022. All Committee members were present via Zoom video conference and there was a quorum. He then handed it over to Todd Scharff with the Department of Administrative Services (DAS) Risk Management, for the next agenda item, the Lloyd’s of London insurance policy for the 2022 fire season.

ITEM 2: INSURANCE POLICY FOR 2022 FIRE SEASON [Decision Item]

Todd Scharff opened this topic recognizing both Lee Lockrem and Lindsay Cunningham from Willis Towers Watson who were present. The latest insurance proposal for the 2022 fire season from Lloyd’s of London was displayed on the screen and reviewed by the committee. Todd noted that the good news is that the final terms have been received and have not changed since the March Emergency Fire Cost Committee meeting; $25M coverage, with a $75M retention and an annual premium of $3.975M (not including taxes and fees).

Lee explained that the insurance market is still unsettled, and underwriters are under continued pressure to restrict some coverages. Therefore, the $75M retention (up from $50M) is appropriate. She noted the difficulty of this renewal with no participation from Bermuda and the US markets but some carriers with the Lloyd’s of London syndicates increased their participation and exposure in the policy which continued the significant commitment to the policy renewal.
The committee members then discussed the terms of the renewal. Erik Lease appreciated the hard work that was done to renew the policy. Steve Cafferata asked if there were any candidates left or if we “ran out” of options. Lee Lockrem replied that we “ran out” of candidates but there were two new London syndicates. She added that the initial terms set by Derek Hansen with Conopious were achieved.

Chair Garrelts reminded the committee of the need to recognize statutorily, that the Oregon Forestland Protection Fund (OFLPF) is capped in the amount they can contribute to the policy premium and that the fund will not be able to contribute the normal 50% this year. He also noted that this policy is for net costs ($75M), which is a high retention point. Brennan views the policy as a catastrophic insurance policy, similar to major medical insurance, however, it is still a good investment for the state of Oregon and the General Fund because of the unpredictable nature the state is facing with fire seasons today and drought conditions. He reiterated that the first insurance policy for the state is FEMA reimbursement dollars, however, there may be a need to reconsider continuation of the policy in the future if there are other options in place for net fire costs.

A motion to make a recommendation to the State Forester to pursue the insurance policy for the 2022 fire season, as presented, was made by Chris Johnson, and seconded by Steve Cafferata. All were in favor, and none opposed, and the motion passed unanimously.

ITEM 3: PUBLIC COMMENT / GOOD OF THE ORDER

State Forester Cal Mukumoto provided closing comments noting that he would be meeting with the Co-Chairs of the Ways and Means Committee later in the week and will recommend moving forward with the policy. He understands the need for this insurance to cover net large fire costs and that if we let this policy go, we may never be able to obtain it in the future.

There being no further business before the committee, Chair Garrelts adjourned the meeting at 2:48 p.m. The next regular meeting of the Emergency Fire Cost Committee will be held at 10:00 a.m. on Tuesday, June 7, 2022 at the ODF Headquarters in Salem, Oregon.