

EMERGENCY FIRE COST COMMITTEE

SPECIAL MEETING

APRIL 5, 2022

In accordance with the provisions of ORS 477.455, a meeting of the Emergency Fire Cost Committee (EFCC) was held via Zoom Video Conferencing on Tuesday, April 5, 2022.

Committee Members Present

Brennan Garrelts, Chair
Steve Cafferata
Chris Johnson
Erik Lease

Others Present

Nancy Hirsch, EFCC Administrator
Lorna Hobbs, EFCC Finance Coordinator
Tim Keith, EFCC
Chrystal Bader, Executive Support, ODF
Shauna Morris, Administrative Support, ODF
Esmeralda Boies, State Forester's Executive Assistant
Cal Mukumoto, State Forester
Kyle Abraham, Deputy State Forester
Bill Herber, Deputy Director for Administration, ODF
James Short, Deputy Assistant Director for Administration, ODF
Mike Shaw, Interim Chief of Fire Protection, ODF
Ron Graham, Deputy Chief, Operations, Fire Protection, ODF
Joy Krawczyk, Public Affairs Program Manager, ODF
Jessica Prakke, Public Affairs Specialist, ODF
Adam Meyer, Interim Policy & Prevention Manager, ODF
Mark Hubbard, Finance, ODF
Stacy Miller, Fire Finance, ODF
Dave Larson, Southern Oregon Area Director, ODF
Jamie Paul, Assistant to the EOA Area Director, ODF
Dennis Lee, Klamath-Lake District Forester, ODF
Matt Howard, NEO District Forester, ODF
Pat Skrip, DFPA District Manager
Ole Buch, Western Lane District Forester, ODF
Carrie Boss, COD Interim District Business Manager, ODF
Todd Scharff, DAS Risk Management
Matt Stayner, Legislative Fiscal Office
Lee Lockrem, Willis Towers Watson
Lindsay Cunningham, Willis Towers Watson
Kyle Williams, Director of Forest Protection, Oregon Forests & Industries Council (OFIC)
Cindy Robert, MANU
Jason Miner, Governor's Natural Resource Policy Advisor
Ann Walker, Ann Walker Consulting LLC

ITEM 1: CALL TO ORDER, CHAIR COMMENTS AND INTRODUCTIONS

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.

Minutes drafted by: Chrystal Bader
Minutes reviewed by: Nancy Hirsch and Steve Cafferata