



Oregon

Kate Brown, Governor

Department of Administrative Services

Enterprise Goods & Services - Risk Management

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MEMORANDUM

To: Administrative and Business Services Directors, Budget Managers and Safety/Risk Managers

From: Shelly Hoffman, Risk Manager, Enterprise Goods and Services

Date: July 25, 2018

Subject: Notice of DAS Risk Management Risk Charges

This notice is to inform you of publication of the charges for the 2019-21 biennium. Risk Management worked in conjunction with the DAS Enterprise Goods and Services Customer Utility Board (CUB) to develop the cost of providing insurance to all state agencies, boards and commissions.

Risk charges for the 19-21 biennium was developed based on estimates of commercial insurance costs, risk overhead administrative cost, legal expenses and actuarially projected losses from the independent actuary report.

Pursuant to ORS 278.435(1), the intent of the biennial risk charge is to reflect the expected losses for the period based on actuarial estimates. For this reason, the goal is to collect risk charges during a biennium in an amount to cover the present value of all forecasted losses which arise from activities during the biennium. Risk charges and interest income provides funding for the Risk Management program.

In accordance with ORS 278.435(3), DAS-RM assesses risk charges based on the loss history of individual agencies. This method of assessment is designed to reflect relative risk and loss experience for each agency. If the past history of an agency indicates they represent 5% of the statewide loss payments for a particular coverage line, then generally the same percentage of exposure is attributed to that agency for future losses. Conversely, if an agency experiences lower than expected losses (as a share of total statewide losses) in the current period, it will likely relate to a lower share of future risk charges.

Due to past economic conditions and in recognition of the dire financial environment of the state budget, DAS-RM in consultation with the Customer Utility Board (CUB), made a policy decision to limit increases of risk charges from BN 2015-17 through BN 2017-19. DAS-Risk Management recommended \$148.2 million for the BN 2019-21 in risk charges but the CUB approved \$132.1 million which is BCAR recommended funding level.

July 24, 2018

Page 2

As of June 30th, 2018 the projected Insurance Fund assets and liabilities are \$119.0 million and \$165.2 million respectively; a difference of \$46.2 million which equates to 72.0% funded level.

Risk Management invites agency personnel to walk through the calculation of risk charges and discuss the overall assessment and allocation methodology.

Please register for the session you want to attend so we can provide you with your agency-specific risk charge information. Registration information can be found at: [iLearn registration](#). For questions regarding registration contact: Kluane.baer@oregon.gov.

*For more information about risk charges, contact **Onyemaechi Odoemelam**, Risk Finance analyst at Onyemaechi.odoemelam@oregon.gov or 503-373-1855.*