



Oregon

Tina Kotek, Governor

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MEMORANDUM

To: DAS Risk Management File, for Posting on DAS Risk Management Web Site

From: Shelly Hoffman, Risk Manager
Karl Anderson, Risk Finance Analyst

Date: August 1, 2023

Subject: Notice of DAS Risk Management Risk Charges
Legislatively Approved Budget (LAB) for 2023-2025 Biennium

Risk Management has completed the final iteration of risk charges for the 2023-2025 biennium. The charges are included in the “Oregon State Government Price List of Goods and Services” for the 2023-25 Biennium, published by the Department of Administrative Services during July of 2023.

The 2023-2025 LAB Risk Charges total \$182,567,154, which is an increase of \$50 million over the legislatively approved risk charges for the 2021-2023 biennium, which was an increase of \$15 million over the prior biennium.

The total is allocated to the three main coverages of property, liability and workers’ compensation, and is then allocated to 121 agencies based on recent claim counts and severity, full-time equivalents, and property values. The methodology that allocates the totals to agencies has not changed from the prior three biennia.

Pursuant to ORS 278.435(1), the intent of the total biennial risk charge is to reflect the expected losses for the period. It is based on analyses by external, qualified independent actuaries. Risk charges would ideally be sufficient to, along with investment income on the Insurance Fund, cover the present value of all forecasted losses and expenses which arise from all activities during a biennium, including the “tails” of claims that extend beyond the respective biennium. In recent biennia, funding to a full degree has not occurred due to budget constraints. This is partially responsible for the relatively large increase being needed for the 2023-2025 biennium.

For more information about risk charges, refer to the DAS Risk Management web site or contact Karl Anderson, Risk Finance Analyst at karl.anderson@das.oregon.gov or 971-917-1590.