



Oregon

John A. Kitzhaber, MD, Governor

Department of Administrative Services

State Services Division - Risk Management

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MEMORANDUM

To: Administrative and Business Service Directors
Safety-Risk Insider Distribution
Biz Buzz Distribution

From: Jen Coney, Risk Manager 

Date: April 2, 2012

Subject: 2013-2015 Agency Risk Charges

The Department of Administrative Services (DAS) recently released the price list for the 2013-2015 budget development process. It includes budgeted Risk Charges for state-owned property, tort liability and workers' compensation. These charges fund the state's Self-Insurance Fund, which is managed by DAS Risk Management.

DAS Risk Management has had conversations with Agency Directors, Administrative and Business Services Directors in addition to numerous one-on-one discussions with staff in individual agencies to discuss the change to the risk charge methodology for the 2013-2015 biennium. The result of those conversations is a methodology that standardizes the period of time considered for loss history, removes the "capping" of losses, and adds the elements of frequency and exposure to the way Risk Charges are calculated.

A major impact to the Self-Insurance Fund continues to be the legislatively mandated transfers to the General Fund. Since 2009, \$55.2 million has been transferred to the General Fund – and another \$13.3 million will be transferred by the end of this fiscal year. The impact on the Self-Insurance Fund is that we are operating with a fund that is not actuarially sound. If Risk Management were to recover the entire amount needed to make the Self-Insurance Fund actuarially sound, we would need to collect an additional 23% more from agencies than currently planned.

In recognition of the dire financial environment of the state budget, Risk Management will continue to minimally increase the overall risk charges. During the 2011-2013 biennium, the risk charges increased 1% overall and for the coming 2013-2015 biennium, they will increase only 1.7% overall. It is important to note, however, that operating with a Fund that is not actuarially sound presents a significant risk of increased future funding requirements.

Understand your Risk Charges

Agencies are invited to attend one of the sessions listed below, which will be an opportunity to learn more about the Risk Charge methodology and how Risk Charges are calculated. Dustin Ball, Risk Finance Analyst, will share background information and will be available for questions.

Please contact Dustin if you plan to attend: dustin.ball@state.or.us or (503) 373-1855.

- Monday, April 9th 10:00am – 12:00pm
- Monday, April 16th 2:00 – 4:00pm
- Monday, April 23rd 10:00am – 12:00pm

Location for all sessions: Mount Mazama Conference Room (Basement)
DAS East General Services Building
1225 Ferry Street SE
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