

**2013 - 2015
Risk Charges**

Risk Management Services

- **Claims Management**
 - Investigation
 - Claim payments
 - Mediation
 - Litigation
- **Risk Control**
 - Consultations
 - Risk Assessments
 - Special Event Insurance
 - Special Insurance Policies
- **Management of the Insurance Fund**

Costs Built Into Risk Charges

- Risk Management Program Administration
 - Claims Management, Risk Control, Finance, Administration.
- Commercial Coverage
 - Excess Property, Commercial Crime, Special Liability policies, etc.
- Actuarial Estimate Losses
 - Paid, reserved, and incurred but not reported losses.

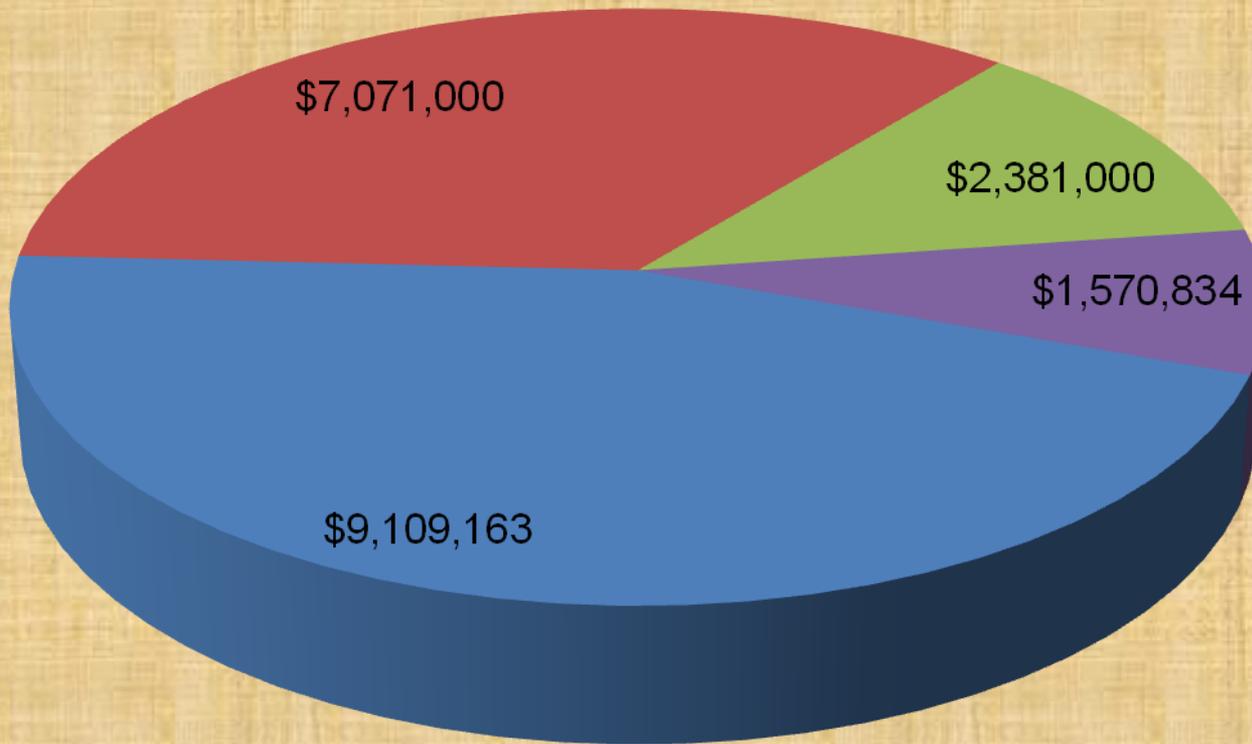
ORS 278.435

Regarding collections (apportionment) from agencies:

“(3) The apportionment shall be based, to the extent possible, upon the factors which reflect the relative risk and loss experience of each state agency, officer, board or commission or participating local public body.”

Projected 2013 – 2015 Property Costs

- Commercial Insurance
- General Property Losses
- Auto Property Losses
- Risk Management Admin



Total of \$20.1 Million

Property Allocation

11/13

- Auto Property
 - 100% Loss Based
(4-year look back 40/60)
- General Property
 - 75% Loss Based
(4-year look back 40/60)
 - 25% Exposure Based (TIV)

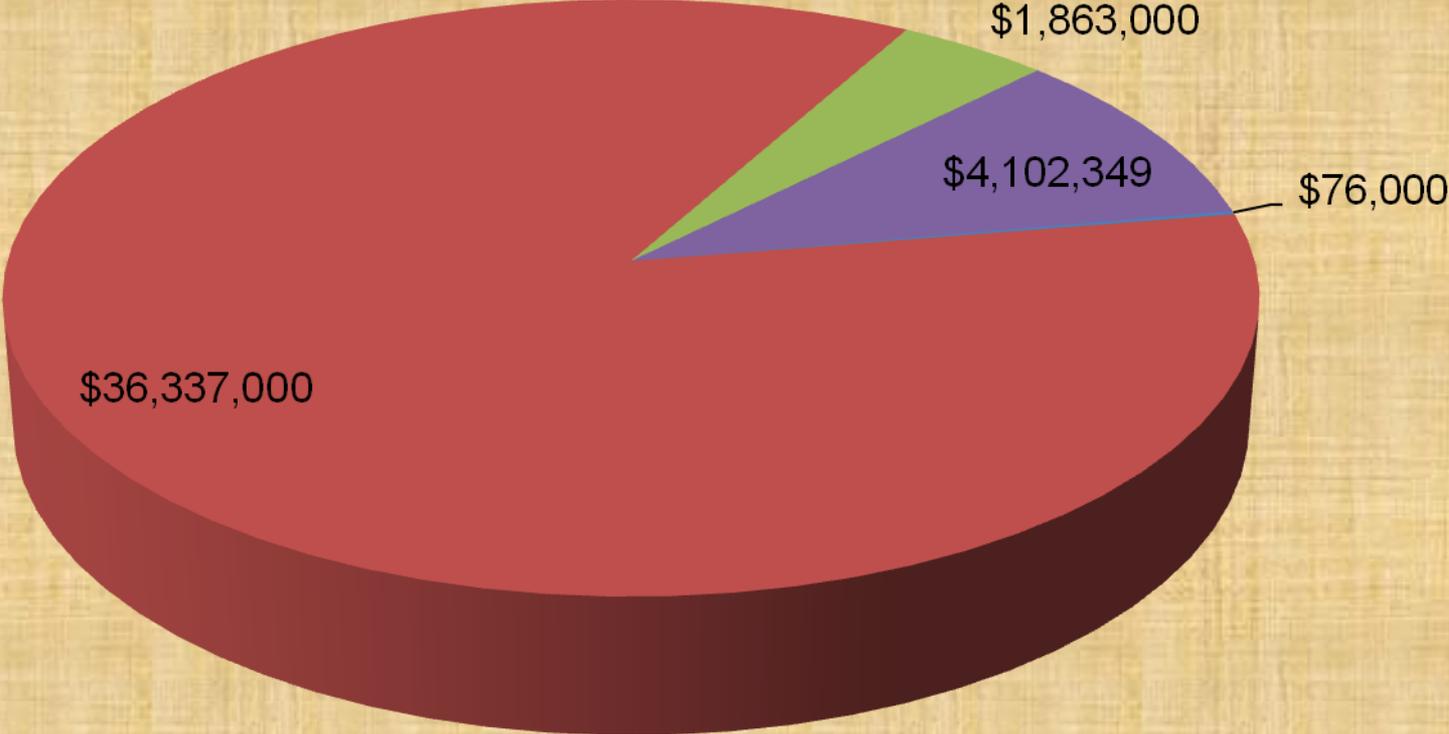
13/15

- Auto Property
 - **20% Frequency Based**
(4-year look back)
 - **80% Loss Based**
(4-year look back)
- General Property
 - 75% Loss Based
(4-year look back)
 - 25% Exposure Based (TIV)*

* Total Insured Value (TIV)

Projected 2013 – 2015 Liability Costs

- Commercial Insurance
- General Liability Losses
- Auto Liability Losses
- Risk Management Admin



Total of \$42.4 Million

Liability Allocation

11/13

- Auto Liability
 - 100% Loss Based (3-year look back)
 - Waive of the largest loss up to \$100,000
 - Cap at \$500,000 per loss
- General Liability
 - 100% Loss Based (6-year look back)
 - Waive of the largest loss up to \$200,000
 - Cap at \$500,000 per loss

13/15

- Auto Liability
 - **20% Frequency Based** (4-year look back)
 - **80% Loss Based** (4-year look back)
 - Waive of the largest loss up to \$100,000
- General Liability
 - **10% Exposure Based** (FTE from recent LAB)
 - **15% Frequency Based** (4-year look back)
 - **75% Loss Based** (4-year look back)
 - Waive of the largest loss up to \$200,000

General Liability Loss History Change

2011-2013

- Under the old methodology we would developed risk charges using a 6-year look back period.
 - For 13-15 that period of time would have been July 1, 2005 through June 30, 2011.
 - This is the six most recent fiscal years at the time of developing risk charges.

2013-2015

- Under the new methodology we developed risk charges using a 4-year look back period.
 - For 13-15 that period of time was July 1, 2007 through June 30, 2011.
 - This is the four most recent fiscal years at the time of developing risk charges.

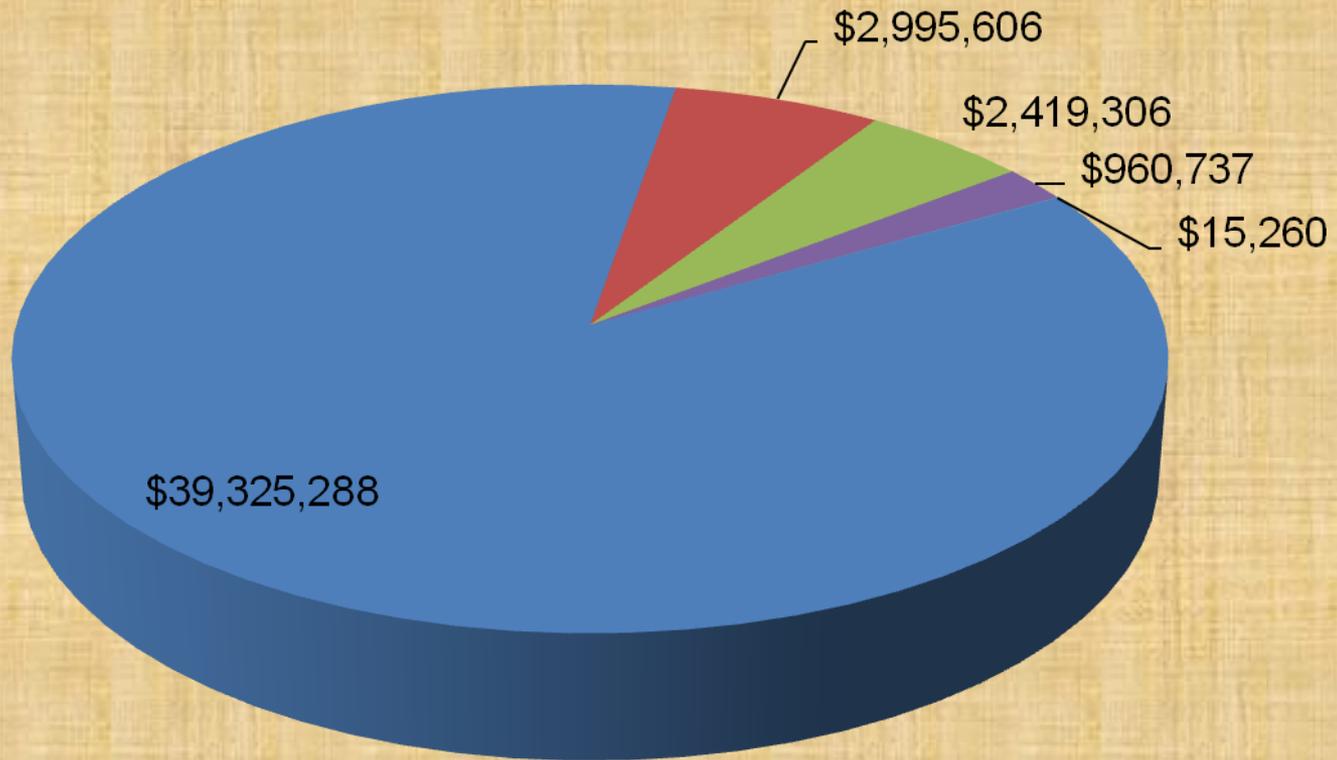
Liability Pools

Two pools are available for certain agencies with no more than 20 FTE. For risk charges they will be treated as a single agency and charges are divided equally among the members of the pool.

- Licensing and General Government Pool
- Promotional Commissions Pool

Projected 2013 – 2015 Workers' Compensation Costs

- Claims Costs
- SAIF Premiums
- DCBS Tax
- Risk Management Admin
- Commercial Insurance



Total of \$45.7 Million

Workers' Compensation (No Changes)

- Workers' Compensation Claims
 - 100% Loss Based
(4-year look back)
 - Waive up to four average time-loss claims (one per year)
 - \$35,682,030 / 2,429 claims
= \$14,690
 - \$14,690 X 4 = \$58,760
Maximum for 11-13 biennium
- SAIF Premium
- DCBS Tax
- Commercial Insurance
- Risk Management Administration

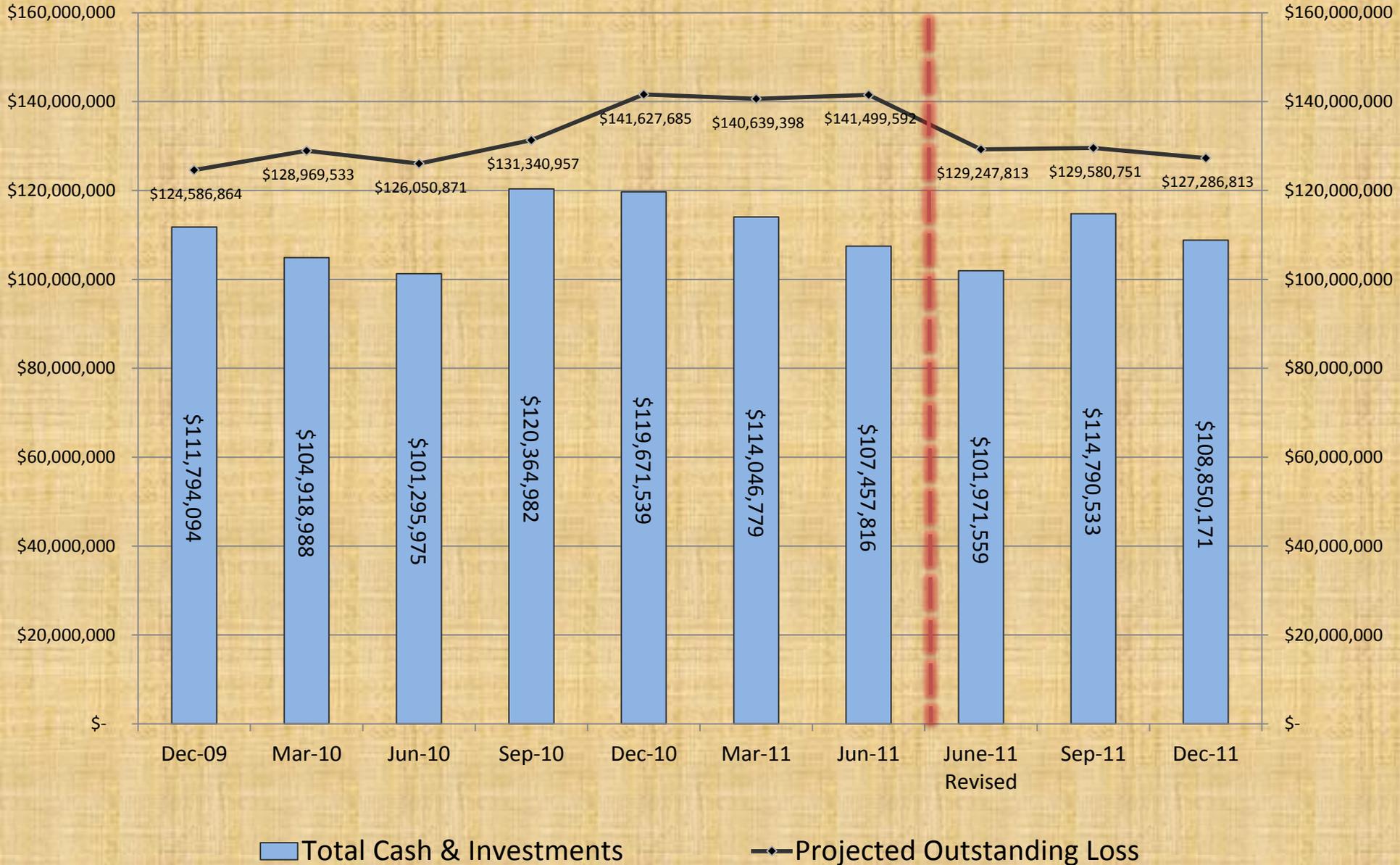
Minimum Charges

- **Property**
 - No minimum
- **Auto Liability**
 - No minimum
- **General Liability**
 - \$2,000 per agency
 - \$8,000 per pool (4 X the rate for non-pool agencies)
- **Workers' Compensation**
 - \$1,500 per agency (Agencies with payroll > \$50K)

Recent Challenges

- Legislative Sweeps
 - \$20.2 Million June 2009
 - \$30.0 Million August 2009
 - \$5.0 Million August 2011
 - \$13.3 Million by July 2012
- Virtual Freeze to Risk Charge
 - Budget Cuts
 - 1.0% Policy Decision for 11/13
 - 1.7% Policy Decision for 13/15
- OUS Separation on July 1, 2012

Insurance Fund By Quarter



Questions?

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