Department of Administrative Services

DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES

Summary of Risk Charge Allocation Methodology

DAS Risk Management – May 2026

Agenda

01 Amount to Allocate

02 Allocation Formulas

Amount to Allocate

- Allocation begins with a decision of the amount to allocate for a biennium
- Driven mostly by Total Cost of Risk (TCOR) as determined mostly by external qualified actuaries, but also by
    - Asset levels in the Insurance Fund, and a
    - Wide variety of other factors.
    - But in the long-run risk must be funded through risk charges.
- Decided during budget process, with input from wide variety of stakeholders, for each of the Agency Request Budget (ARB), Governor's Request Budget (GRB) and Legislatively Approved Budget (LAB).
- In the spring of 2026 the decision was made to allocate $442,777,359 to agencies for the Agency Request Budget (ARB).

Allocation Formulas

Coverage	27-29 ARB share of the $442,777,359	Allocated to agency based on its share of the following
Commercial Property Insurance	8%	100% TIV
Self-Insured General Property	2%	75% Severity, 25% TIV
Self-Insured Auto Property	2%	80% Severity, 20% Claim Frequency
Self-Insured General Liability	60%	75% Severity, 15% Frequency, 10% FTEs
Self-Insured Auto Liability	1%	80% Severity, 20% Frequency
Self-Insured Workers' Comp	23%	90% Severity, 10% FTEs
Program Administration	4%	25% Each for Severity, Frequency, TIV and FTEs, subject to $1250 minimum biennial charge

- Severity = TOTAL PAYMENTS MADE on claims over relevant recent period; all claims included, none waived
- Frequency = TOTAL NUMBER OF CLAIMS over relevant recent period; all claims included, none waived
- TIV = Total Insured Value from most recent risk report submitted to DAS Risk Management
- FTEs = Most recent number of approved FTEs

- Once pieces are determined, risk charges are combined into totals for property, liability and workers' compensation, with half of the totals being invoiced to agencies at the beginning of each fiscal year of the biennium.

Closing slide

This presentation is a brief reference and does not provide a complete explanation of the allocation process. For full details or further questions, please contact Karl Anderson in DAS Risk Management.



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