

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES, AND POLICIES

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Program ID/Title: AGS-203/State Risk Management and Insurance Administration

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I. Goal

The program will endeavor to protect the State against catastrophic losses and to minimize the total cost of risk.

II. Objectives and Policies

- A. Identify and analyze the State's loss exposures to determine risks that should be self-insured versus commercially insured and purchase applicable Statewide property, liability, and crime insurance policies at cost effective terms.
- B. Coordinate loss control and cost containment activities to minimize accidental and fortuitous losses.
- C. Settle informal tort claims (up to \$10,000), adjust automobile claims (up to \$15,000) and property losses fairly and promptly.
- D. Manage the Risk Management revolving fund to assure the availability of funds for the purchase of insurance policies, payment of self-insured and insured losses, and other administrative costs of the risk management program.
- E. Operate and maintain a risk management information system with current information to identify and analyze loss exposures to determine frequency and severity of losses, to forecast losses, and to determine the most economical method of financing losses.

III. Action Plan with Timetable

- A. Identify and analyze the State's loss exposures to determine risks that should be self-insured versus commercially insured and purchase applicable Statewide property, liability, and crime insurance policies at cost effective terms.

Past Year Accomplishments

1. Purchased property insurance policy with named windstorm and flood limits of \$200 million per occurrence. Earthquake coverage limits was increased from \$100 million to \$200 million. Also, the state's 25% share of the coverage limits from \$1 million to \$5 million was eliminated. The premium was \$10.9 million, a decrease of \$700,000 from FY 14. The property all other peril (AOP) deductible remained at \$1 million per occurrence. The deductible for the catastrophic losses (hurricane, earthquake, and flood, including tsunami) remained at 3% of the value of the building and contents. The excess liability policy was purchased with the same limits of \$15 million per occurrence. The premiums remained the same at \$1.38 million. The self-insured retention remained at \$4 million per occurrence. The crime insurance policy was purchased with the same limits as last year, \$10 million per occurrence. The premium increased to \$119,951 from \$115,802 in FY 14.
2. Updated property data to identify all State buildings and determine replacement cost value for the purpose of insurance coverage with ongoing updates (property additions or deletions) and the Cost Allocation. This is a critical component in the marketing of the State's property insurance program and determining the Cost Allocation for all state departments.
3. Issued 578 Statements of Self-Insurance for various agencies which facilitated the use of non-State owned facilities or equipment, an increase from last year of 2, from FY 14.

One Year

1. Maintain or improve prior year's insurance coverage with increased limits and more advantageous terms and conditions if it is cost beneficial and within budget constraints.
2. Resolicit and select an insurance broker.
3. Continue property data surveys for the valuation of the State's physical assets, such as buildings and contents.
4. Review and update the standard contract minimum insurance limits for certain procurement contracts.

Two Years

Continue the One Year goals and objectives.

Five Years

Continue the One Year goals and objectives.

- B. Coordinate loss control and cost containment activities to minimize accidental and fortuitous losses.

Past Year Accomplishments

1. Conducted training sessions:
 - a) Provided DHS and DPS offices with contract insurance training
 - b) State employees viewed the “on demand” insurance requirements training session offered by the State Procurement Office.
2. Produced quarterly claims reports that assisted the departments in managing their risks by making them aware of the losses and trends of concern.

One Year

1. Conduct loss prevention surveys when requested of State facilities such as airports, schools, convention center, hospitals and other public facilities.
2. Maintain preventable loss deductible program and evaluate the feasibility of the program.
3. Continue training sessions for SPO and departmental risk management coordinators covering the following subject areas: insurance requirements for contracts, loss control, and claims processing. Place all training information on the Risk Management web site.
4. Continue to conduct training sessions for contract insurance requirements.
5. Update the Risk Management web site.

Two Years

Continue the One Year goals and objectives.

Five Years

Continue the One Year goals and objectives.

- C. Settle informal tort claims (up to \$10,000); adjust automobile claims (up to \$15,000) and property losses fairly and promptly.

Past Year Accomplishment

1. The program received 608 tort claims in FY 15, an increase from FY 14 (542), and received 85 pothole claims (included in the tort total), a decrease from FY 14 (146).
2. The program received 336 claims from auto accidents in FY 15, an increase from FY 14 (318).
3. The program received 116 property claims in FY 15, an increase from FY 14 (67).
4. The Program processes claim payments through automated interfaces between the Program's claims management system, Financial Management System (FMS), and Financial and Management Information System (FAMIS). This process requires only one fourth of the time previously needed in the manual process.

One Year

1. Update the Risk Management Manual that had been published in 1992 and/or place information on the Risk Management web site.
2. Continue to process all claims minimizing the cost of processing claims without compromising quality and productivity.
3. Review and update the program's procedures.
4. Workshops to train departmental risk management coordinators in the procedures for handling claims will continue to be conducted with the assistance of the state insurance broker. Annual informal training will continue as changes occur or new coordinators are added. In addition, new information will be placed on the Risk Management Office website.

Two Years

Continue Year One goals and objectives.

Five Years

Continue One and Two Years goals and objectives.

- D. Manage a revolving fund to assure the availability of funds for the purchase of insurance policies, payment of self-insured and insured losses, and administrative costs to the risk management program.

Past Year Accomplishment

1. The Program funded the purchase of the State wide insurance policies (which covers the large and catastrophic losses), the payment of claims made against or for the State, and covered administrative costs.
2. Agencies were billed for their share of the Program's costs based on the cost allocation process.

One Year

1. Continue the items in the Past Year Accomplishments.
2. Monitor and reevaluate the methodology of the cost allocation process.
3. Reevaluate the amount to be assessed in the risk management cost allocation for the next fiscal biennium.

Two Years

Continue One Year goals.

Five Years

Continue One and Two Years goals

- E. Operate and maintain a risk management information system with current information to identify and analyze loss exposures to determine frequency and severity of losses, to forecast losses, and determine the most economical method of financing losses.

Past Year Accomplishment

1. Met with Systems and Procedures Office to manage the progress of upgrading the database system to being web based.

One Year

1. Review Systems and Procedures Office's work to make all claim forms fillable and web based.

Two Years

Continue One Year goals.

Five Years

Continue One Year goals.

IV. Performance Measures

- A. Customer Satisfaction measure - The program receives feedback from the training evaluations to improve performance. The training evaluations consistently are rated as excellent. The sessions involving the insurance requirements for contracts have assisted agencies in identifying the types of insurance required for their contracts and provided tools to determine if the vendor has met the contract requirements.
- B. Program Standard measure – Monitor the Measures of Effectiveness for timely resolution of claims and payments, as well as the timely purchase of the State's property, excess liability, and crime insurance.
- C. Cost Effectiveness measure - Establish acceptable deductibles or self-insured retentions for the property, excess liability, and crime insurance. In addition, consider revising and adding additional deductibles for claims based upon frequency or cause, such as preventable automobile accidents. Investigate ways to contain and/or minimize the frequency and severity of losses that have greatest impact on total cost of risk.