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

Contact person/phone: Tracy Kitaoka/586-0550

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 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 policies with limits of $225 million per occurrence. No change from the 2012 policy. The premium was $11.8 million, a decrease of $100,000 from $11.9 million in FY 12. The property loss 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. There were no changes in premium of $1.3 million. The self-insured retention remained at $4 million per occurrence. This coverage includes liability arising from the State owned dams and the State's responsibility, such as inspections, for non-owned dams. The crime insurance policy was purchased with the same limits as last year, $10 million per occurrence, with no changes in premium at $115,802.

2. The property data survey to identify all State buildings and determine replacement cost value for the purpose of insurance coverage with ongoing updates (property additions or deletions as necessary). This is a critical component in the marketing of the State's property insurance program.

3. Issued 550 Statements of Self-Insurance for various agencies which facilitated the use of non-State owned facilities or equipment, an increase from last year of 47, from 503.

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. Evaluate the performance of the statewide insurance broker and determine whether to extend an additional 12 months period on the current Request for Proposal (RFP) or issue a new RFP.

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 minimum insurance limits for general liability and automobile insurance for State 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 three (3) training session:
   a) Two (2) in conjunction with the State's insurance broker and the State Procurement Office for insurance requirements within contracts, SPO 150.
   b) One (1) for the Judiciary's staff.

2. Issued quarterly reports, implemented in FY 08, that assist the departments in managing their risks by making them aware of the losses and trends of concern. These reports provide an overview of how the departments are performing and provide loss control suggestions. The two reports issued quarterly are:
   a) Summary of the department's claim and loss transactions for the quarter and year-to-date in comparison with the prior fiscal year. This report is sent to the Department head along with a cover memo outlining any significant trends.
   b) Report on the details of the claims received, pending and closed during the quarter, along with a copy of the summary is sent to the departmental risk management coordinators.

One Year

1. Conduct loss prevention surveys of State facilities such as airports, schools, convention center, hospitals and other public facilities on a two to three year cycle.

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. Consider placing all training information on the Risk Management web site or utilizing webinars.

4. 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 518 tort claims in FY 13, a decrease from FY 12 (683), and received 160 pothole claims (included in the tort total), a decrease from FY 12 (184).

2. The program received 385 claims from auto accidents in FY 13, an increase from FY 12 (346). There were 350 claims resolved in FY 13, a decrease from FY 12 (383).

3. The program received 73 property claims in FY 13, a decrease from FY 12 (91).

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 automated 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 to ensure claims are investigated and processed properly will continue to be conducted during FY 14 with the assistance of the insurance broker. Annual informal training will continue

as changes occur or new coordinators are added. In addition, information will be placed on the web. Consider webinar training.

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 cost of 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. 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 discuss upgrades to place the risk management information database in the “cloud”.

One Year

1. Review Systems and Procedures Office’s recommendation on the upgrade to the risk management information database.

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, quarterly claims activity reports 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. The quarterly claims activity reports have provided additional information to the agencies regarding their claim and loss transactions and updates on insurance and loss control topics.

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.