

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Administration Risk Management RDU/Component Budget Summary**

**RDU/Component: Risk Management***(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Mitigate state's risk of financial loss (cost of risk) from accidental loss and injury.

**Core Services**

- Claims processing, litigation management, contract review, insurance administration and consulting.

**FY2010 Resources Allocated to Achieve Results**

**FY2010 Component Budget: \$36,924,800**

**Personnel:**

Full time	5
Part time	0
<b>Total</b>	<b>5</b>

**Key Component Challenges**

Increased construction replacement costs valuations and world reinsurance and excess markets escalations for catastrophe modeling of earthquake risks as well as overall loss adjustments for recent world catastrophe loss costs continue to challenge the Risk Management (RM) property insurance program. For FY2009 RM increased per occurrence policy limits to \$200 million for all perils except quake and flood. FY2010 market conditions will determine if RM can maintain this limit to address maximum probable loss calculations.

Increased litigation costs due to transition of experienced Assistant Attorneys General within the Special Litigation and Workers' Compensation section. Independent counsel have been contracted to assist in addressing current heavy load of complex workers' compensation cases.

**Significant Changes in Results to be Delivered in FY2010**

- Continue to explore modified return to work in alternatives to limit workers' compensation and occupational disability claim costs. Workers' compensation is now able to offset occupational disability benefit to avoid duplicate concurrent indemnity of wage loss
- Enable additional loss analysis and cost allocation calculations with enhanced reporting available through new intelligence reporting module within RM's RiskMaster software application.
- Provide online access to agency specific workers' compensation loss reports to line management evidencing injury trends and increased loss costs.

**Major Component Accomplishments in 2008**

- Post resolution of high damage claim continue to address high risk agency supervisors explaining tort liability, review operating practices to mitigate future loss exposures.
- Obtained resolution and pending recovery of AMHS fast ferry propulsion gear and engine repair costs.
- Underwrite workplace violence, marine employee fire response, workplace safety and emergency medical training programs and limited security patrol services.
- Train leasing/contract officers on indemnity terms; liability limitations; insurance requirements; and acceptable certificates of insurance.

**Statutory and Regulatory Authority**

AS 23.30.045 Employer's liability for compensation  
AS 23.30.090 Self-insurance certificates  
AS 37.05.287 Insurance for State assets  
AS 37.05.289 State insurance catastrophe reserve account  
AS 09.50.250 Actionable claims against the State  
AS 44.21.040 Records or accounts of claims and warrants  
AS 09.50.270 Payment of judgment against the State

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### Risk Management Component Financial Summary

*All dollars shown in thousands*

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	519.0	548.0	567.3
72000 Travel	22.5	17.4	17.4
73000 Services	34,208.4	36,326.6	36,326.6
74000 Commodities	18.7	10.0	10.0
75000 Capital Outlay	0.0	3.5	3.5
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>34,768.6</b>	<b>36,905.5</b>	<b>36,924.8</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	34,768.6	36,905.5	36,924.8
<b>Funding Totals</b>	<b>34,768.6</b>	<b>36,905.5</b>	<b>36,924.8</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
Interagency Receipts	51015	2,091.9	0.0	0.0
Unrestricted Fund	68515	1.7	0.0	0.0
<b>Unrestricted Total</b>		<b>2,093.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	34,768.6	36,905.5	36,924.8
<b>Restricted Total</b>		<b>34,768.6</b>	<b>36,905.5</b>	<b>36,924.8</b>
<b>Total Estimated Revenues</b>		<b>36,862.2</b>	<b>36,905.5</b>	<b>36,924.8</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>36,905.5</b>	<b>36,905.5</b>
<b>Adjustments which will continue current level of service:</b>				
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	19.3	19.3
<b>FY2010 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>36,924.8</b>	<b>36,924.8</b>

**Risk Management  
Personal Services Information**

<b>Authorized Positions</b>			<b>Personal Services Costs</b>	
	<b>FY2009 Management Plan</b>	<b>FY2010 Governor</b>		
Full-time	5	5	Annual Salaries	384,576
Part-time	0	0	COLA	15,221
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	185,472
			<i>Less 3.07% Vacancy Factor</i>	(17,969)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>5</b>	<b>5</b>	<b>Total Personal Services</b>	<b>567,300</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Accounting Tech I	0	0	1	0	1
Claims Administrator	0	0	2	0	2
Division Director	0	0	1	0	1
Risk Manager	0	0	1	0	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>