

State of Alaska FY2009 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.

FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$36,884,300	Personnel:	
	Full time	5
	Part time	0
	Total	5

Key Component Challenges

Increased costs in world reinsurance and excess insurance markets continue to escalate with market revisions for catastrophe modeling for earthquake risks within Alaska as well as overall loss adjustments for recent world catastrophe loss costs. RM attempts to soften those impacts with adjustments to self insured retention amounts and special sub limit clauses in excess property policy forms, balanced against adequate protection for the expected or maximum probable loss projections.

Increased costs incurred in litigated cases defended by the special litigation section due to court decisions severely limiting summary judgment rulings – especially with pro se litigants continues to evidence value of “in house” defense team, but extra motion practice now required challenges even those program savings.

Significant Changes in Results to be Delivered in FY2009

- Underwrite return to work in alternative employment to limit workers' compensation and occupational disability exposures.
- Provide new workers' compensation loss reports to line management evidencing injury trends and increased loss costs.
- Enable accurate and timely OSHA log reporting using RM's RiskMaster software application.

Major Component Accomplishments in 2007

- Obtained defense verdict by Special Litigation section before Anchorage Superior court jury on wrongful death claim where decedent drowned in Bird Creek after attempting to cross the creek using a 1/4 inch cable that marked the boundary between public and private property.
- Train leasing/contract officers on indemnity terms; liability limitations; insurance requirements; and acceptable certificates of insurance.
- Underwrite workplace violence, marine employee fire response, workplace safety and emergency medical training programs and limited security patrol services.
- Advise agency safety committees focusing on workers' compensation loss trends to develop prevention strategies.
- Address high risk agency supervisors explaining tort liability, review operating practices to mitigate future loss exposures.

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

Contact Information
<p>Contact: Brad Thompson, Director Phone: (907) 465-5723 Fax: (907) 465-3690 E-mail: brad.thompson@alaska.gov</p>

**Risk Management
Component Financial Summary**

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	519.9	510.0	526.8
72000 Travel	4.8	17.4	17.4
73000 Services	33,595.6	36,326.6	36,326.6
74000 Commodities	14.3	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
Expenditure Totals	34,134.6	36,867.5	36,884.3
Funding Sources:			
1007 Inter-Agency Receipts	34,134.6	36,867.5	36,884.3
Funding Totals	34,134.6	36,867.5	36,884.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
Interagency Receipts	51015	3,721.0	0.0	0.0
Unrestricted Total		3,721.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	34,134.6	36,867.5	36,884.3
Restricted Total		34,134.6	36,867.5	36,884.3
Total Estimated Revenues		37,855.6	36,867.5	36,884.3

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	0.0	36,867.5	36,867.5
Adjustments which will continue current level of service:				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.2	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	16.6	16.6
FY2009 Governor	0.0	0.0	36,884.3	36,884.3

**Risk Management
Personal Services Information**

Authorized Positions		Personal Services Costs		
FY2008 Management Plan		FY2009 Governor		
Full-time	5	5	Annual Salaries	357,794
Part-time	0	0	COLA	15,760
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	171,969
			<i>Less 3.43% Vacancy Factor</i>	(18,723)
			Lump Sum Premium Pay	0
Totals	5	5	Total Personal Services	526,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
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
Totals	0	0	5	0	5