



ANNUAL REPORT FISCAL YEAR 2013-2014



Office of Risk Management

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION

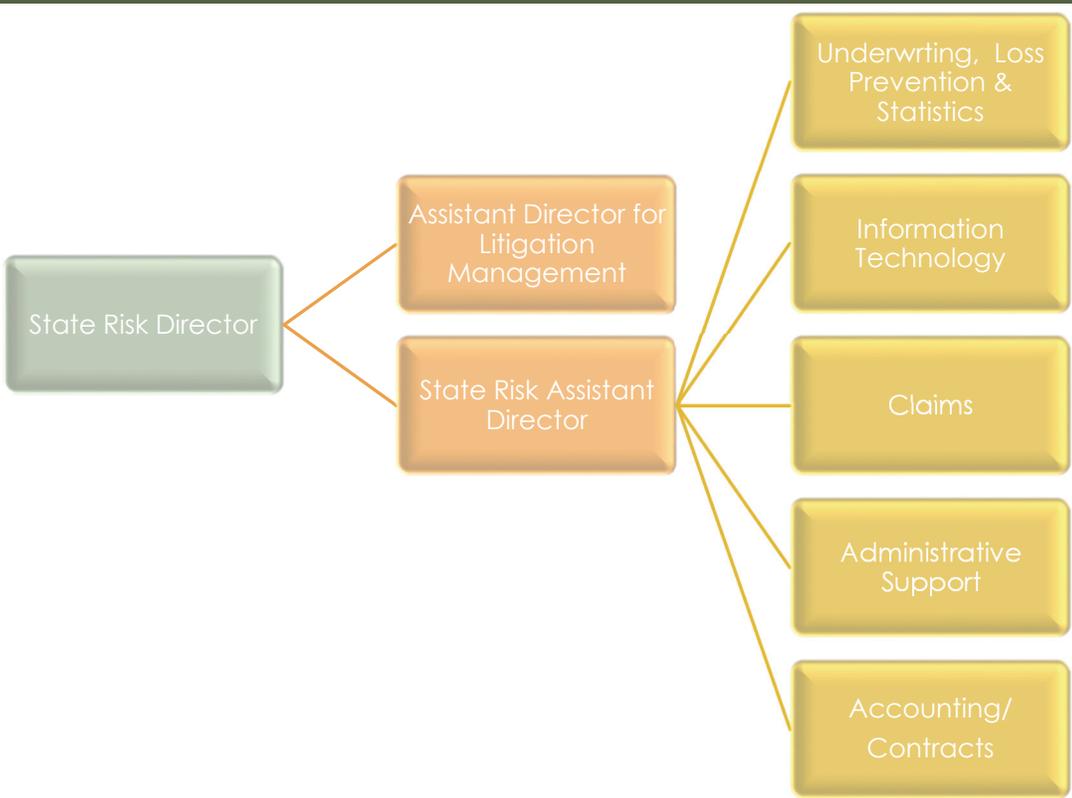
CONTENTS

Mission	4
Organizational Chart and Contact Information.....	5
Executive Staff	5
Contact Information.....	5
Director’s Address.....	6
Exposures Reported (Self-Insured Lines of Coverage)	7
Coverages by Expenditure.....	8
Underwriting Activities.....	9
Statewide Insurance Program	9
Excess Liability	9
Wet Marine.....	9
Property	9
Equipment Breakdown Protection (Boiler and Machinery).....	9
Flood Insurance	Error! Bookmark not defined.
LSU	9
Other Activities.....	10
Loss Prevention Activities.....	11
Appraisals	11
Audits/Compliance Reviews	11
Accident Trends.....	11
Training	11
Targeted Risk Management Program (TRIP).....	11
Claims Activity.....	12
General Liability.....	12
Medical Malpractice	12
Property	12
Property LSU.....	13
Road Hazards.....	13
Transportation (Auto Liability and Physical Damage).....	13
Worker’s Compensation	13
5 Year Trends Chart	14
5 Year Trends Table	14
Claims by Coverage and Agency –FY14.....	15
General Liability	15
Medical Malpractice	17
Property	18

Road Hazard.....	20
Transportation.....	20
Workers Compensation.....	22
Cash Expenditures by Line of Insurance.....	26
Cash Balance.....	27
Premiums Collected (10 Year).....	28
Financial Statements.....	29
Office of Risk Management Self-Insurance Fund.....	29
Auto Liability.....	30
Auto Physical Damage.....	31
Bonds and Crime.....	32
Worker's Compensation.....	33
Property.....	34
General Liability.....	35
Marine, Aviation and Boiler and Machinery.....	36
Medical Malpractice.....	37
Road Hazards.....	38
Miscellaneous (Other).....	39
LSU.....	40
Notes to the Financial Statements.....	41
State Comparisons.....	48

Our mission is to develop, direct, achieve and administer a cost effective comprehensive risk management program for all agencies, boards and commissions of the State of Louisiana and for any other entity for which the state has an equity interest, in order to preserve and protect the assets of the State of Louisiana.

ORGANIZATIONAL CHART AND CONTACT INFORMATION



EXECUTIVE STAFF

State Risk Director
State Risk Assistant Director
Assistant Director for Litigation Management
State Risk Administrator (Claims)
State Risk Administrator (Underwriting and Loss Prevention)

J. S. "Bud" Thompson, Jr.
Patti Gonzalez
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Act 715 Broker Legislation

We are pleased to announce that after twelve years of effort, procurement statutes have been modified to allow for the selection of a broker/consultant to act as the broke of record the placement of commercial insurance. Act 715 of the 2014 Louisiana Legislature Regular Session allows ORM, under the direction of the Commissioner of Administration, to enter into contracts with insurance brokers for consulting services and the direct purchase of insurance. In the past, insurance has been procured through an ITB and most recently an RFP process. The winning proposer became the de facto broker of record which put the program at disadvantage for both pricing and coverage. The new law will allow for a broker/consultant to be selected through an RFP process and then place the coverage. In FY15, ORM will release an RFP to select the insurance broker(s) for the excess property program and the casualty lines of insurance. This will allow ORM to participate with the awarded broker to market, negotiate and place the State's various coverage lines in the commercial insurance market. This single procurement change has the potential to save the State millions of dollars in not only commission and fees but also in the premiums that the State pays for commercial insurance.

Hurricane Recoveries

In March 2014, ORM and its excess insurers settled Hurricane Gustav (2008). The total insurable damages were \$82.4 million. After the \$50 million SIR, net recoveries received were \$32.4 million. In July 2013, Hurricane Katrina (2005) was settled for \$445 million in insurable damages. After the \$25 million SIR, \$420 million was received. We are currently negotiating with our excess insurers to settle Hurricane Rita (2005).

Third Party Administrator for Claims and Loss Prevention Services

ORM outsourced its claims management and loss prevention services on July 1, 2010 to F. A. Richard and Associates (FARA, A York Services Company). The contract was projected to have a five-year total claim savings of \$50 million and a net savings of \$22 million. Year three of the contract closed with a net savings total of \$15.9 million (70% of the \$22 million net savings projected) and \$34.2 million in total program savings. Savings calculations for year four which closed on June 30, 2014 are still being calculated. Given the prior years' performance figures, we anticipate that the savings goal will be reached by contract expiration. The current contract expires June 30, 2015. We are currently drafting an RFP to be released late October. We expect to award mid-March 2015 and the contract will commence July 1, 2015.

J. S. "Bud" Thompson, Jr.
State Risk Director

EXPOSURES REPORTED (SELF-INSURED LINES OF COVERAGE)

COVERAGE	EXPOSURE	AMOUNT
WORKER'S COMPENSATION	Regular Payroll	3,882,372,479 ¹
GENERAL LIABILITY ²	Total Compensation	3,926,788,169 ³
AUTOMOBILE LIABILITY	Total Miles	122,331,211 ⁴
AUTO PHYSICAL DAMAGE	# of Licensed Vehicles	11,572 ⁵
BOILER & MACHINERY	Boiler & Mach. Values	1,156,935,567
PROPERTY	Property Values	19,617,932,961
BONDS - SI	# of FTE Employees + O/S Board Members	79,148 ⁶
CRIME - SI	Peak Exposure- Crime	3,634,854 ⁷
MEDICAL MALPRACTICE:	See lists below:	
	<u>Hospitals/Medical Schools:</u>	
	Emergency Room Visits	81,154
	Hospital Clinic Visits	389,780
	Hospital Patient Days	50,366
	# of Babies Birthed	698
	# Outpatient Surgeries	6,767
	Average # of Interns/Residents	1,386
	Average # of Employee Physicians	877
	Average # of Contract Physicians	656
	Other Med Mal Exposures ⁸	10,574
	<u>Non-Hospitals/Medical Schools:</u>	
	Clinic Visits	1,476,671
	Patient Days	645,232
	Average # of Employee Physicians	140
	Average # of Contract Physicians	218
	Other Med Mal Exposures	31,255
	Average # of Interns/Residents	18

¹ Gross Payroll for WC excludes the payroll for the Superdome and N.O. Sports Arena since they are covered under a separate commercial WC policy.

² General Liability and Personal Injury Liability combined

³ Total Compensation is all Gross Payroll (including the Superdome/Arena) plus (# of O/S Board Members: 1,856 X \$15,000)

⁴ Total Miles is Total Public Vehicle Miles plus 5% of Private Vehicle Miles

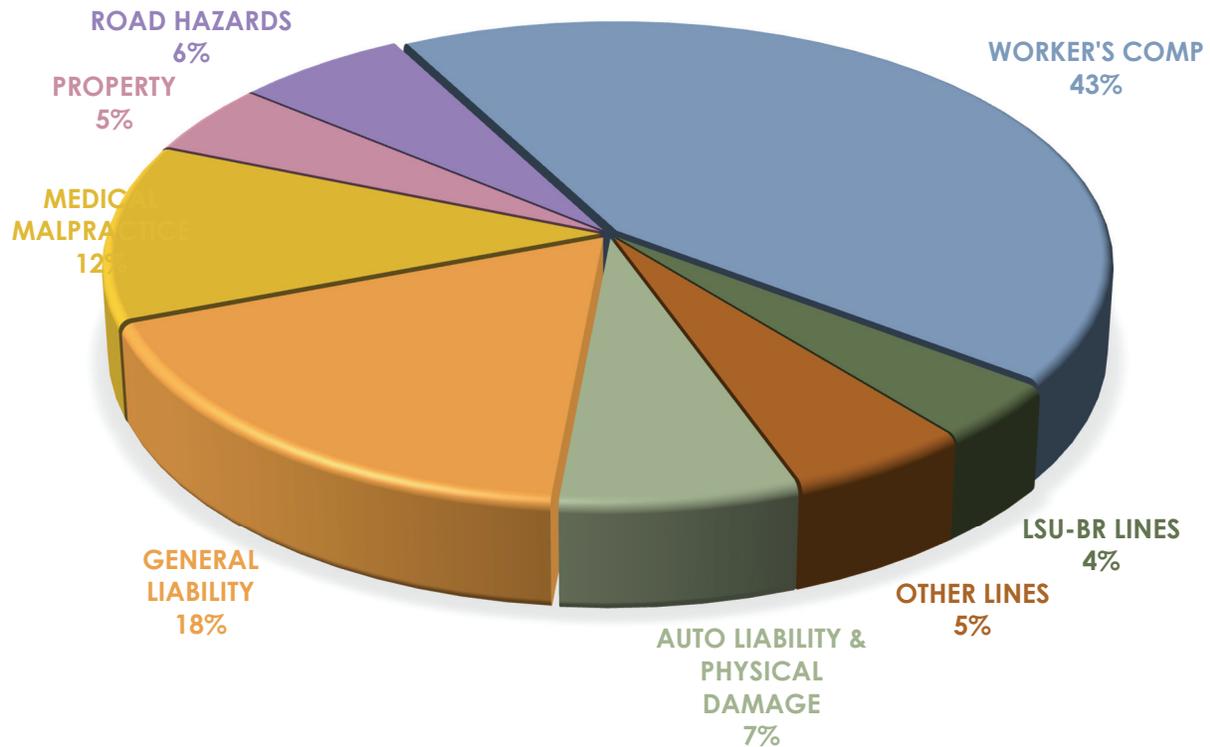
⁵ Licensed vehicles includes licensed trailers as well as licensed motorized vehicles

⁶ # of FTE Employees - (Full time EE of 64,109 + Part time EE of 26,379 X .5) =77,299 + # of O/S Board Members of 1,849=79,148 (Superdome/Arena has commercial bond policy so employees and 7 board members are excluded)

⁷ Peak Exposure - Crime - The total sum of the largest amount of cash on hand at any one time for each agency during the 4th quarter (Superdome/Arena have separate commercial crime policy so they are not included)

⁸ Consists primarily of nursing exposure which include medical students involved in clinical training and the exposure is per student per clinical training course per quarter.

COVERAGES BY EXPENDITURE



R.S. 39:1527, et seq., further designates the Office of Risk Management to be solely responsible for all Property and Casualty and Worker's Compensation insurance purchased by ORM or self-insured by ORM for all State departments, agencies, boards, and commissions.

ORM currently self-insures include property, workers' compensation, commercial general liability and personal injury liability, road and bridge hazards, automobile liability and physical damage, boiler and machinery, medical malpractice liability, bond, crime, aviation hull and liability, airport liability, bridge property, publishers media liability, and miscellaneous tort liability. Other coverages are provided as needed, including excess over self-insurance or specific commercial coverage, wet marine and Superdome workers' compensation.

FY 2013-2014 was a stable and somewhat softer insurance market in most coverage lines; even catastrophe exposure property insurance saw some minor rate decreases and capacity enlargement. Although there were earthquakes and flooding events in Asia and India and severe storms/tornados in the U.S. and Europe, the economic losses from disaster events were below the annual average for this period. National and international events can affect the property insurance market negatively, especially in catastrophe-prone areas like Louisiana. Overall, renewals of liability lines of insurance for governmental entities continue to be more favorable than the property lines.

STATEWIDE INSURANCE PROGRAM

EXCESS LIABILITY

Excess coverage has not been purchased above the Commercial General Liability, Automobile Liability and Road and Bridge Hazard policies since FY 2005-06. The self-insurance limit remains at \$5,000,000 per occurrence for each line.

WET MARINE

The marine market remains relatively stable. The program was again bid for July 1, 2012 for a three-year contract. The second of three renewals of the program produced an annual premium of \$1,470,986.

PROPERTY

The property insurance program was procured through an RFP process for July 1, 2012 for a three-year contract with many changes incorporated to extend coverage and reduce premium, including 1) non-concurrent coverage layers, 2) extensive underlying policy changes to broaden coverage in the excess layers, and 3) additional building data supplied for the highest valued buildings to market our risk more proactively. Specifically, the top 10 buildings with the highest Average Annual Loss probability were identified and additional research was conducted to determine COPE and catastrophe data factors that would improve the wind modeling results for the program. Flood coverage was included in the program as opposed to purchasing individual National Flood Insurance Program (NFIP) policies. LSU was also removed from the statewide program and transitioned to their own dedicated program (see LSU below). The limit for FY 13-14 continues as \$200,000,000 excess of \$50,000,000 SIR for flood and named windstorm and \$10,000,000 SIR for all other perils. Even with the substantial changes made, excess property insurance does continue to be the most expensive coverage line at \$35,243,031 for FY 13-14.

EQUIPMENT BREAKDOWN PROTECTION (BOILER AND MACHINERY)

The Equipment Breakdown program is also stable. The program was procured as part of the RFP for the property insurance program for July 1, 2012. Its renewed annual premium for FY 13-14 is \$373,595. This program includes annual boiler inspections statewide and primary claims adjusting services in addition to the insurance coverage. LSU is excepted from this coverage (see LSU below).

LSU

Louisiana State University (LSU) approached ORM regarding their application for the Louisiana Granting Resources and Autonomy for Diplomas Act (GRAD Act) requesting assistance in the transition from the statewide insurance programs to dedicated high-deductible programs for Workers Compensation and Property. Much research, collaboration, and business practice changes were performed to transition LSU into the type of programs they were seeking. The Underwriting unit created separate insurance policies for these two coverage lines and assisted in developing the premiums that would be charged. The new high-deductible policies and claims handling procedures were effective July 1, 2012.

For FY 13-14, the high deductible programs continued. LSU Workers Compensation has an LSU deductible of \$500,000 per occurrence with a \$3,000,000 annual aggregate.

The LSU Excess Property and Equipment Breakdown Protection (Boiler and Machinery) was purchased through an RFP for April 1, 2013 for a 14-month period to June 1, 2014. The limits were \$250,000,000, with a named windstorm sublimit of \$150,000,000, excess of \$2,500,000 SIR with an LSU deductible of \$250,000 per occurrence. It also included an extended fire limit and certified and non-certified terrorism coverage. The 14-month premium was \$6,245,192.

MERCEDES BENZ SUPERDOME, SMOOTHIE KING CENTER, AND CHAMPIONS SQUARE

The Superdome/Arena/Champions Square has three lines of insurance where coverage is purchased as excess or commercial; the remaining coverages are part of the statewide self-insurance program. These programs insure the Louisiana Stadium and Exposition District Board and SMG, the management company, as per the management agreement contract. The Commercial General Liability program was bid for July 1, 2011 for a three-year contract, while Workers Compensation and Crime were bid for July 1, 2012 for three-year contracts each. All three coverages renewed for July 1, 2013 at the same rates.

The following is a breakdown of lines, limits and premiums for FY 13-14:

Coverage	ORM SIR	Limit	Premium
General Liability	\$5,000,000	\$100,000,000	\$528,532
Workers Compensation		Part I - Statutory Part II - \$1,000,000	\$274,937
Crime (including employee theft)		\$500,000	\$16,310

OTHER ACTIVITIES

Contract review continues to be a substantial service that the Underwriting Unit provides. At an agency’s request or when a certificate of insurance is to be issued, the terms and conditions of the insurance requirements and hold-harmless/indemnification agreements in contracts are reviewed. Opinions and recommended changes to the language are provided to comply with statutes and to best protect the State from transferred risks. By tailoring the wording appropriately, the State takes on less risk, claims and defense costs are limited, and thus the overall cost of risk is reduced.

APPRAISALS

FARA completed 310 of the 314 new appraisals submitted during the fiscal year. A total of 1850 re-appraisals of 2,096, were completed by FARA.

AUDITS/COMPLIANCE REVIEWS

All 582 audits/compliance reviews were completed by FARA, representing 100% participation by all state agencies. Of the 582 audits/compliance reviews performed, 580 achieved a rating of “compliant,” two were rated as “non-compliant.” The non-compliant agencies are as follows:

AGENCY	AUDIT TYPE	SCORE
LDCC -BASTROP CAMPUS	Compliance	62.31
	Review	
LDCC -WINNSBORO CAMPUS	Compliance	61.68
	Review	

ACCIDENT TRENDS

Trending results are now available on a monthly, quarterly, and annual basis due to a collaborative effort between ORM and FARA. As negative trends are identified, trending results are provided to FARA for further investigation and follow up by the Loss Prevention Officers (LPO) with their assigned agencies. Specifically, LPOs will address contributing factors for increase or decrease of reported incidents, types of accidents reported and the implementation of measures to decrease incidents.

TRAINING

Twenty-seven (27) training sessions were conducted during the past fiscal year. These sessions varied from training one individual to multiples in a group session.

TARGETED RISK MANAGEMENT PROGRAM (TRIP)

This collaborative effort between ORM and FARA is aimed at assisting those agencies with workers compensation per man hour claims costs that are above the national average. This index is a ratio of incurred workers compensation dollars to overall man hours worked. An LPO assigned by FARA to oversee this program reviews the data for each agency that agreed to participate. The LPO then consults with the agencies on a recurring basis to assist them in finding ways to minimize the occurrence and/or costs of claims.

CLAIMS OPENED FY14	
PROGRAM	FY14 OPENED
General Liability	815
Medical Malpractice	161
Property	498
Road Hazard	739
Transportation	1405
Workers Compensation	2738
TOTAL	6356

GENERAL LIABILITY

The total opened General Liability claims which include Civil Rights and Professional Liability for Fiscal Year 2014 was 815 which is a significant reduction from the 1046 new claims filed for fiscal year 2013. The number of new Civil Rights claims in this total was 247 which is slightly higher than the 229 opened for Fiscal 2013. 247 Civil Rights claims is a dramatic increase from the 144 filed in Fiscal year 2012 against state agencies. 136 of these 247 claims were filed mostly by inmates against DOC, 25 were claims against State Universities and the remaining 86 claims were against various agencies of the state. The increase in Civil Rights claims for the past 2 fiscal years is attributed to an increase in inmate Civil Rights litigation against the Department of Corrections and an increase in discrimination and wrongful termination claims against the higher education systems.

The number of claims closed for Fiscal year 2014 was 897 which is a significant decrease from the 1266 closed claims for Fiscal year 2013.

MEDICAL MALPRACTICE

The number of new Medical Malpractice claims filed for fiscal year 2014 is 161. This is a reduction from fiscal year 2013 at 169 and fiscal year 2012 at 194. This reduction may be attributed to the privatization of state hospitals. Medical Malpractice constitutional issue claims which primarily are disputing the statutory cap were reduced significantly for fiscal year 2014 to 0 from 16 filed in fiscal year 2013. Constitutional claims filed in fiscal year 2012 were at 35 and 34 for fiscal year 2011. This reduction is probably because of recent Louisiana Supreme Court decisions which affirmed the constitutionality of the statutory cap.

The number of closed Medical Malpractice claims for fiscal year 2014 is 140. This is a significant reduction in the number closed claims from fiscal year 2013 at 193 and fiscal year 2012 at 249. The higher total of closed claims for Fiscal Year 2013 could be due to TPA takeover of Medical Malpractice claims and more aggressive claim reviews and settlements.

PROPERTY

The Non-catastrophe volume of new Property claims has decreased slightly over the past 5 fiscal years. When comparing the average volume of new Non-Catastrophe Property for FYs 2010 through 2013 to FY 2014, we see a 12% decrease in volume. There was a spike in new claims for Fiscal Years 2012 and 2013 that can be directly attributed to Hurricane Isaac which produced approximately 955 claims.

PROPERTY LSU

LSU's Baton Rouge campus was insured separately this fiscal year. It sustained approximately 103 losses from Hurricane Isaac which generated claims and expense payments of approximately \$101,753.67 LSU also had 10 non-catastrophe property losses with a total payment of \$15,528.90.

ROAD HAZARDS

ORM saw an increase in volume for fiscal year 2014 of approximately 25% from the previous fiscal year and approximately 9% greater than the previous 4 fiscal years. No Large judgments were seen and there was no change in the total appropriations paid that year.

TRANSPORTATION (AUTO LIABILITY AND PHYSICAL DAMAGE)

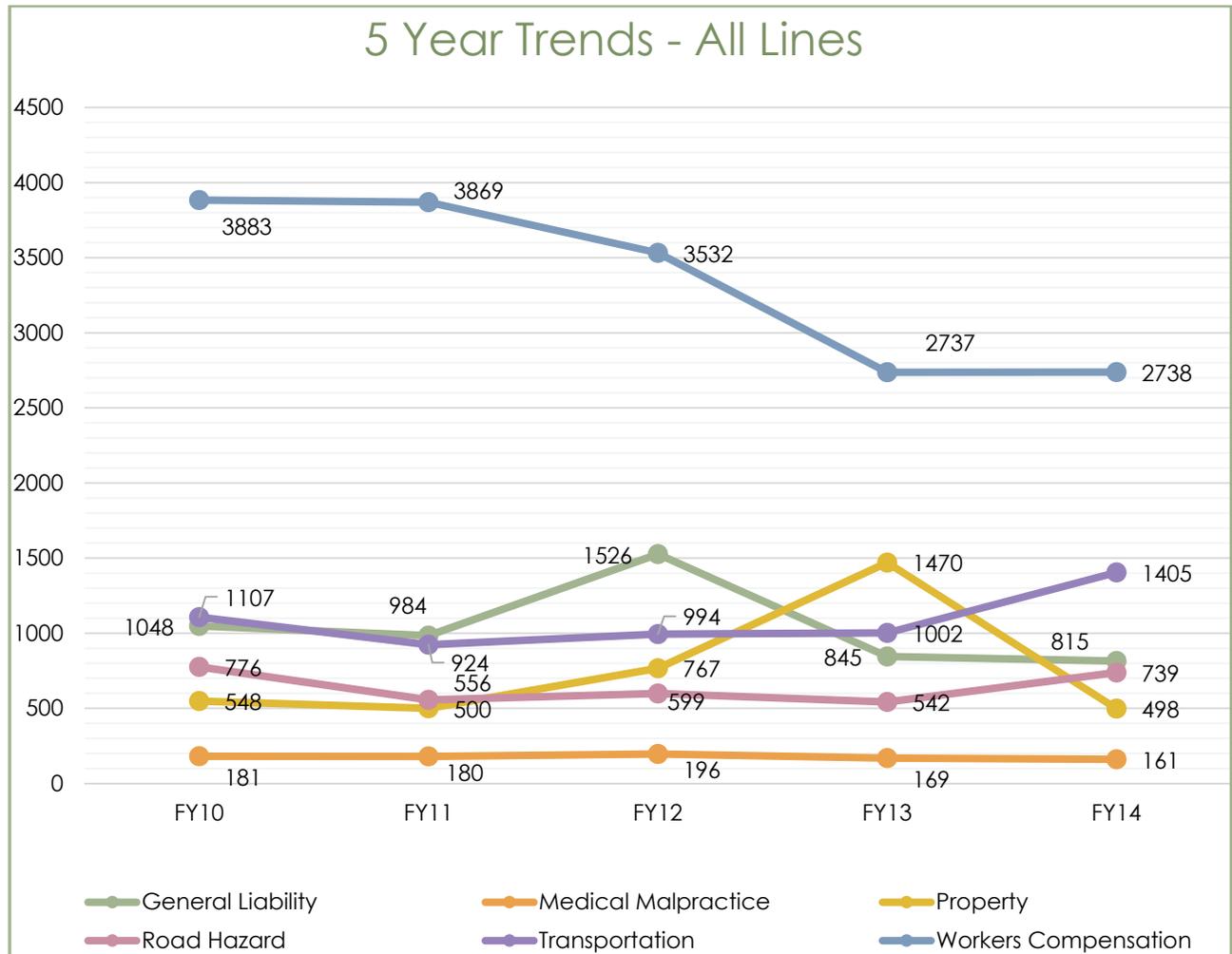
Claims are now grouped by damage type and this caused a variance in the claim counts. However, we saw no significant increase in new claims volume of Transportation claims in FY 2014.

WORKER'S COMPENSATION

The most notable trend in workers' compensation claims handling is that there continues to be an increase in medical and indemnity payout while claim counts continue to decrease. Utilizing industry standard cost savings initiatives should greatly reduce the State's exposure for Workers' Compensation claims handling.

There are several cost savings initiatives in the planning stage that would aid in reducing workers' compensation claims costs. These include Transitional Return to Work, Post-Accident Drug Screening and utilization of the Second Injury Board's Knowledge Questionnaire which will aid in the solicitation and recovery of second injury fund dollars. The Transitional Return to Work Plan will be implemented during the month of October, 2014.

5 YEAR TRENDS CHART



5 YEAR TRENDS TABLE

COVERAGE	FY10	FY11	FY12	FY13	FY14
General Liability	1048	984	1526	845	815
Medical Malpractice	181	180	196	169	161
Property	548	500	767	1470	498
Road Hazard	776	556	599	542	739
Transportation	1107	924	994	1002	1405
Workers Compensation	3883	3869	3532	2737	2738
Grand Total	7543	7013	7614	6765	6356

CLAIMS BY COVERAGE AND AGENCY –FY14

PROGRAM	AGENCY	FY14
GENERAL LIABILITY		815
	5th Circuit Court Of Appeals	1
	Acadiana Area Human Services District	2
	Board Examiners Of Interior Design	1
	Board Of Barber Examiners	1
	Constitutional Claims	4
	CRT - Office Of State Museum	3
	DED - Office Of Business Development	1
	Department Of Military Affairs	21
	DEQ - Office Of Envir. Compliance	1
	DHH - Capitol Area Human Services District	2
	DHH - Florida Parishes Human Services Authority	3
	DHH - Louisiana Emergency Response Network Bd	1
	DHH - Medical Vendor Administration	3
	DHH - Office For Citizens With Dev. Disabilities	39
	DHH - Office Of Aging & Adult Services (OAAS)	1
	DHH - Office Of Behavioral Health	7
	DHH - Office Of Public Health	2
	DHH - Office Of The Secretary	5
	DHH - South Central LA Human Services Authority	1
	District Courts	13
	DNR - Office Of Conservation	7
	DOA - Commissioner's Office	1
	DOA - Louisiana Tax Commission	1
	DOA - Office Of Community Development	2
	DOA - Office Of Group Benefits	1
	DOA - Office Of Risk Management	1
	DOA - State Building	4
	DOA - State Land Office	1
	DOC - Administration	14
	DOC - Allen Correctional Center	1
	DOC - Avoyelles Correctional Center	3
	DOC - Division Of Probation & Parole	7
	DOC - Dixon Correctional Institute	18
	DOC - Elayn Hunt Correctional Center	14
	DOC - Louisiana Correctional Institute For Women	2
	DOC - Louisiana State Penitentiary	88
	DOC - Prison Enterprises	3
	DOC - Rayburn Correctional Center	20
	DOC - Wade Correctional Center	28
	DOJ - Office Of Attorney General	5
	DOTD - H.Q./Management & Finance	1

PROGRAM	AGENCY	FY14
	DOTD - Office Of Engineering	21
	DOTD - Office Of The Secretary	1
	DPS - Management & Finance	2
	DPS - Office Of Legal Affairs	1
	DPS - Office Of Motor Vehicles	5
	DPS - Office Of State Fire Marshal	3
	DPS - Office Of State Police	18
	DWLF - Office Of Fisheries	4
	DWLF - Office Of Secretary	9
	DWLF - Office Of Wildlife	10
	E.A. Conway Medical Center	1
	Earl K. Long Medical Center	1
	Education - Recovery School District	6
	Education - State Activities	4
	Ethics Administration	2
	Grambling State University	7
	Imperial Calcasieu Human Services District	3
	LA Housing Corporation	3
	Lallie Kemp Regional Med. Center	3
	LCTCS - Baton Rouge Community College	6
	LCTCS - Board Of Supervisors	1
	LCTCS - Bossier Parish Community College	1
	LCTCS - Capital Area Technical College Region	2
	LCTCS - Elaine Nunez Community College	1
	LCTCS - Isaac Delgado Community College	5
	LCTCS - L.E. Fletcher Community College	2
	LCTCS - Louisiana Delta Community College	1
	LCTCS - Northwest Louisiana Technical College Region	1
	LCTCS - River Parishes Community College	1
	LCTCS - South La Community College	4
	LCTCS - SOWELA Community College	1
	Licensing Board Of Contractors	1
	Louisiana Auctioneers Licensing Board	1
	Louisiana Board Of Dentistry	1
	Louisiana Teachers Retirement System	1
	Louisiana House Of Representatives	1
	Louisiana Office Facilities Corp.	1
	Louisiana Office Of Alcohol and Tobacco Control	2
	Louisiana Schools For The Deaf And Visually Impaired	1
	Louisiana Special Education Center	1
	Louisiana St Boxing & Wrestling Comm.	1
	Louisiana Tech. University	5
	LSED - Superdome	16
	LSED-Commission	2
	LSU A & M College	47

PROGRAM	AGENCY	FY14
	LSU Board Of Super. Staff	3
	LSU Health Sciences Center-New Orleans	8
	LSU Health Sciences Ctr.-Shreveport	8
	LSU-Agricultural Center	9
	LWC - Workforce Support And Training	5
	McNeese State University	4
	Medical Center Of La At N.O.	4
	Municipal Fire & Police C.S.	1
	New Orleans City Park Improvement Assoc.	19
	Nicholls State University	2
	Non-agency Claims	6
	Northeast La War Veteran's Home	1
	Northshore Technical Community College	2
	Northwestern State University	4
	OCDD-region 3 (was 1547)	1
	OCFS - Office of Children & Family Services	20
	Office Of Coastal Protection And Restoration	1
	Office Of Cosmetology	2
	Office Of Financial Institutions	1
	Office Of Forestry	2
	Office Of Juvenile Justice	3
	Office Of Revenue	3
	Office Of State Parks	37
	Office Of The Governor	2
	Paul M. Hebert Law Center	1
	Pennington Biomed. Research Ctr.	1
	Sabine River Authority	6
	Secretary Of State	1
	Southeastern Louisiana University	23
	Southern University - Agricultural Center	1
	Southern University - Baton Rouge	13
	Southern University - New Orleans	4
	Southern University - Shreveport	4
	Southern University Board Of Supervisor	1
	St. Board Elementary & Secondary Education	6
	University Medical Center	1
	University Of La System Board of Supervisors	4
	University Of Louisiana At Lafayette	28
	University Of Louisiana At Monroe	16
	University Of New Orleans	4
	Veteran's Affairs	5
	Washington-St. Tammany RMC	3
MEDICAL MALPRACTICE		161
	DHH - Office Of Behavioral Health	1
	DHH - Office Of Public Health	2

PROGRAM	AGENCY	FY14
	DHH - South Central LA Human Services Authority	1
	E.A. Conway Medical Center	2
	Earl K. Long Medical Center	7
	Huey P. Long Medical Center	4
	Lallie Kemp Regional Med. Center	9
	LCTCS - Isaac Delgado Community College	1
	Leonard J. Chabert Medical Cntr	5
	Louisiana Special Education Center	1
	LSU Health Sciences Center-New Orleans	41
	LSU Health Sciences Ctr.-Shreveport	45
	Medical Center Of La At N.O.	22
	University Medical Center	8
	W. O. Moss Regional Med. Center	4
	Washington-St. Tammany RMC	8
PROPERTY		498
	Acadiana Area Human Services District	2
	CENTRAL LOUISIANA TECHNICAL COMMUNITY COLLEGE	3
	CRT - Office Of State Museum	1
	CRT - Office of Tourism	4
	Department Of Military Affairs	26
	DHH - Jefferson Parish Human Services Auth	1
	DHH - Office For Citizens With Dev. Disabilities	5
	DHH - Office Of Aging & Adult Services (OAAS)	1
	DHH - Office Of Behavioral Health	22
	DHH - Office Of Public Health	1
	DHH - Office Of The Secretary	1
	DOA - Administrative Services Program	1
	DOA - State Building	15
	DOC - Administration	1
	DOC - Avoyelles Correctional Center	2
	DOC - Dixon Correctional Institute	6
	DOC - Elayn Hunt Correctional Center	8
	DOC - Louisiana State Penitentiary	25
	DOC - Rayburn Correctional Center	4
	DOC - Wade Correctional Center	1
	DOTD - H.Q./Management & Finance	2
	DOTD - Office Of Engineering	59
	DOTD - Office Of The Secretary	1
	DPS - Donald J. Thibodaux Training Academy	2
	DPS - Office Of Motor Vehicles	1
	DPS - Office Of State Police	7
	DWLF - Office Of Fisheries	3
	DWLF - Office Of Secretary	3
	DWLF - Office Of Wildlife	9
	Education - Recovery School District	23

PROGRAM	AGENCY	FY14
	Education - State Activities	2
	Grambling State University	9
	Imperial Calcasieu Human Services District	2
	LA Housing Corporation	6
	Lallie Kemp Regional Med. Center	1
	LCTCS - Baton Rouge Community College	20
	LCTCS - Bossier Parish Community College	5
	LCTCS - Elaine Nunez Community College	1
	LCTCS - Isaac Delgado Community College	1
	LCTCS - L.E. Fletcher Community College	1
	LCTCS - Louisiana Delta Community College	4
	LCTCS - Northwest Louisiana Technical College Region	3
	LCTCS - South La Community College	1
	Louisiana Naval Memorial Commission	1
	Louisiana Office Facilities Corp.	2
	Louisiana Schools For The Deaf And Visually Impaired	2
	Louisiana Tech. University	11
	LSED - Superdome	3
	LSU A & M College	2
	LSU Health Sciences Center-New Orleans	3
	LSU Health Sciences Ctr.-Shreveport	1
	LSU-Agricultural Center	17
	LSU-Alexandria	1
	LSU-Eunice	1
	McNeese State University	7
	New Orleans Center For The Creative Arts	1
	New Orleans City Park Improvement Assoc.	10
	Nicholls State University	3
	Northshore Technical Community College	6
	Northwestern State University	10
	OCFS - Office of Children & Family Services	4
	Office Of Agriculture	5
	Office Of Forestry	2
	Office Of Juvenile Justice	4
	Office Of Revenue	1
	Office Of State Parks	4
	Pennington Biomed. Research Ctr.	1
	Sabine River Authority	2
	Saints Training Facility (LSED #3)	1
	Secretary Of State	9
	Southeastern Louisiana University	4
	Southern University - Agricultural Center	2
	Southern University - Baton Rouge	30
	Southern University - Shreveport	3
	Southwest Louisiana War Veterans Home	1

PROGRAM	AGENCY	FY14
	University Of Louisiana At Lafayette	25
	University Of Louisiana At Monroe	12
	University Of New Orleans	10
	War Veteran's Center	1
ROAD HAZARD		739
	DOTD - Office Of Engineering	737
	DOTD - Office Of The Secretary	1
	Office Of Homeland Security & Emerg Prep	1
TRANSPORTATION		1405
	Central La State Hospital (Was 1410)	2
	CRT - Office Of State Library	2
	CRT - Office Of State Museum	3
	DED - Office Of Business Development	2
	DED - Office Of Secretary	2
	Department Of Military Affairs	15
	DEQ - Management And Finance	1
	DEQ - Office Of Envir Services	1
	DEQ - Office Of Envir. Compliance	13
	DEQ - Office Of The Secretary	3
	DHH - Capitol Area Human Services District	2
	DHH - Florida Parishes Human Services Authority	3
	DHH - Jefferson Parish Human Services Auth	3
	DHH - Medical Vendor Administration	2
	DHH - Metropolitan Human Services District	5
	DHH - Office For Citizens With Dev. Disabilities	17
	DHH - Office Of Aging & Adult Services (OAAS)	2
	DHH - Office Of Behavioral Health	9
	DHH - Office Of Public Health	13
	DHH - Office Of The Secretary	6
	DHH - South Central LA Human Services Authority	1
	DNR - Office Of Conservation	7
	DNR-Office of the Secretary	2
	DOA - Administrative Services Program	4
	DOA - Commissioner's Office	1
	DOA - Louisiana Property Assistance Agency	2
	DOA - Office Of Risk Management	1
	DOA - State Building	2
	DOC - Administration	12
	DOC - Avoyelles Correctional Center	1
	DOC - Division Of Probation & Parole	96
	DOC - Dixon Correctional Institute	7
	DOC - Elayn Hunt Correctional Center	6
	DOC - Louisiana Correctional Institute For Women	1
	DOC - Louisiana State Penitentiary	41
	DOC - Rayburn Correctional Center	2

PROGRAM	AGENCY	FY14
	DOC - Wade Correctional Center	3
	DOJ - Office Of Attorney General	39
	DOTD - Office Of Engineering	307
	DPS - Management & Finance	1
	DPS - Office Of Legal Affairs	1
	DPS - Office Of Motor Vehicles	8
	DPS - Office Of State Fire Marshal	22
	DPS - Office Of State Police	326
	DPS - Public Service Commission	1
	DWLF - Office Of Fisheries	11
	DWLF - Office Of Management & Finance	1
	DWLF - Office Of Secretary	45
	DWLF - Office Of Wildlife	18
	Education - Recovery School District	1
	Education - State Activities	2
	Grambling State University	1
	Imperial Calcasieu Human Services District	1
	LA Housing Corporation	2
	LCTCS - Bossier Parish Community College	1
	LCTCS - Isaac Delgado Community College	1
	LCTCS - Northwest Louisiana Technical College Region	3
	Legislative Auditor	4
	Louisiana Board Of Pharmacy	1
	Louisiana Commission. On Law Enforcement	1
	Louisiana School For Math, Science, Arts	1
	Louisiana University Marine Consortium	1
	Louisiana House Of Representatives	1
	Louisiana Office Of Alcohol and Tobacco Control	9
	Louisiana Special Education Center	1
	Louisiana Supreme Court	2
	Louisiana Tech. University	5
	Louisiana Used Motor Vehicle Commission	1
	LSU A & M College	31
	LSU Board Of Super. Staff	1
	LSU Health Sciences Center-New Orleans	6
	LSU Health Sciences Ctr.-Shreveport	5
	LSU-Agricultural Center	19
	LSU-Shreveport	1
	LWC - Workforce Support And Training	6
	McNeese State University	5
	Mental Health Advocacy	1
	Motor Vehicle Commission	2
	New Orleans City Park Improvement Assoc.	1
	Nicholls State University	6
	Northeast La War Veteran's Home	1

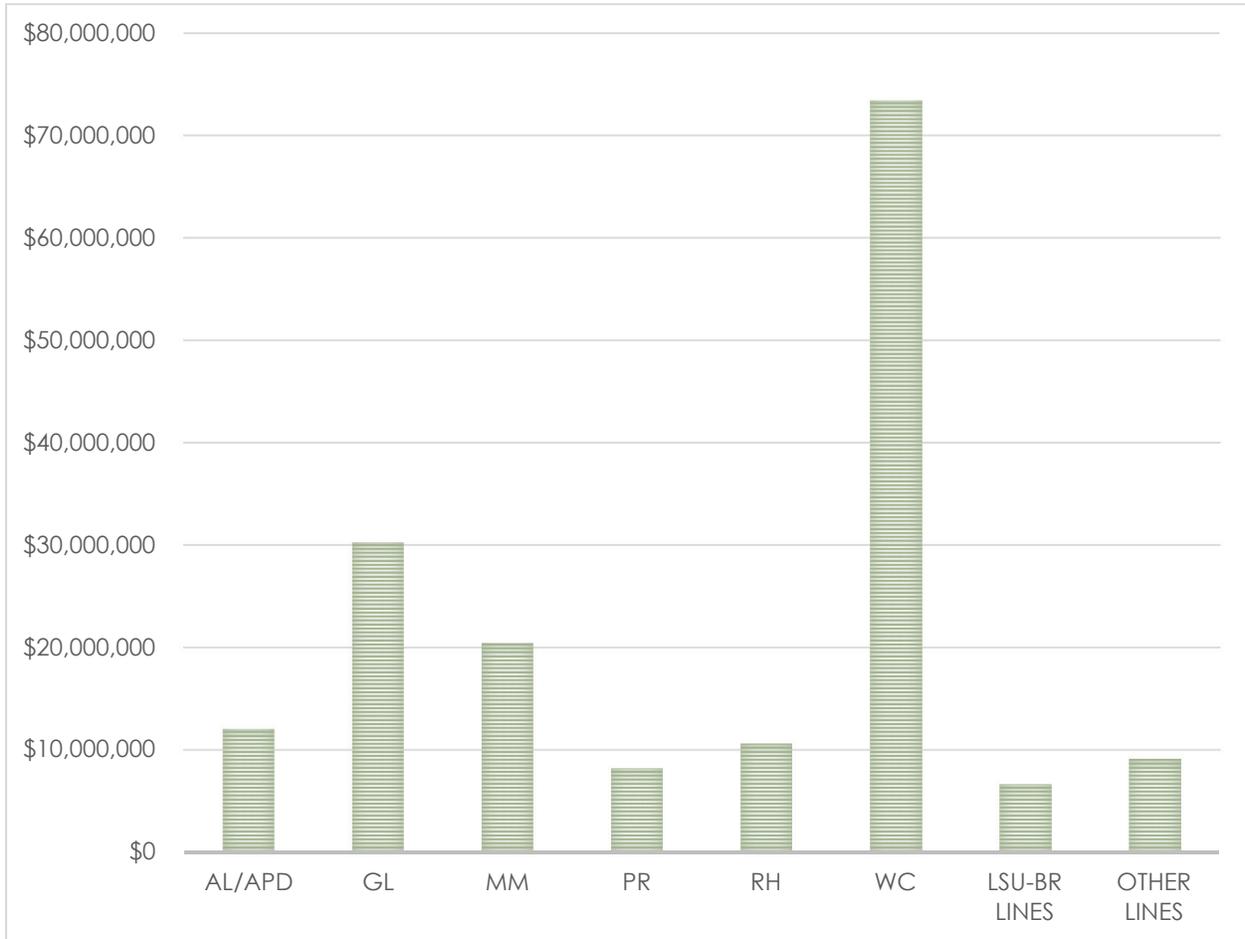
PROGRAM	AGENCY	FY14
	Northwest LA Human Services District	2
	Northwestern State University	3
	OCFS - Office of Children & Family Services	74
	Office Of Agriculture	27
	Office Of Coastal Protection And Restoration	2
	Office Of Forestry	12
	Office Of Homeland Security & Emerg Prep	5
	Office Of Juvenile Justice	26
	Office Of Revenue	2
	Office Of State Parks	8
	Office Of The State Treasurer	1
	Secretary Of State	4
	Southeastern Louisiana University	6
	Southern University - Baton Rouge	3
	Southwest Louisiana War Veterans Home	1
	University Of Louisiana At Lafayette	17
	University Of Louisiana At Monroe	3
	University Of New Orleans	5
	War Veteran's Center	5
WORKERS COMPENSATION		2738
	3rd Circuit Court Of Appeals	1
	4th Circuit Court Of Appeals	1
	Acadiana Area Human Services District	1
	Board Of Medical Examiners	3
	Central LA Human Services District	2
	CENTRAL LOUISIANA TECHNICAL COMMUNITY COLLEGE	1
	Criminal Court-Parish Of Orleans	3
	CRT - Office Of State Museum	1
	CRT - Office of Tourism	2
	DED - Office Of Business Development	1
	Department Of Military Affairs	40
	Department of Revenue	2
	DEQ - Office Of Envir Services	3
	DEQ - Office Of Envir. Compliance	4
	DEQ - Office Of The Secretary	3
	DHH - Capitol Area Human Services District	8
	DHH - Florida Parishes Human Services Authority	11
	DHH - Jefferson Parish Human Services Auth	6
	DHH - Medical Vendor Administration	8
	DHH - Metropolitan Human Services District	9
	DHH - Office For Citizens With Dev. Disabilities	149
	DHH - Office Of Aging & Adult Services (OAAS)	30
	DHH - Office Of Behavioral Health	160
	DHH - Office Of Public Health	15

PROGRAM	AGENCY	FY14
	DHH - Office Of The Secretary	8
	DHH - South Central LA Human Services Authority	2
	DNR - Office Coastal Restoration & Mgt.	1
	DNR - Office Of Conservation	2
	DNR-Office of the Secretary	2
	DOA - Administrative Services Program	3
	DOA - Facility Planning & Control	3
	DOA - Legal	1
	DOA - Louisiana Property Assistance Agency	3
	DOA - Office Of Community Development	2
	DOA - Office Of Group Benefits	2
	DOA - Office Of Information Technology	5
	DOA - Office Of Risk Management	1
	DOA - Office Of Telecommunications Mgmt.	4
	DOA - Patients Compensation Fund	1
	DOA - State Building	16
	DOA - State Purchasing Office	2
	DOC - Administration	1
	DOC - Avoyelles Correctional Center	27
	DOC - Division Of Probation & Parole	56
	DOC - Dixon Correctional Institute	17
	DOC - Elayn Hunt Correctional Center	39
	DOC - Louisiana Correctional Institute For Women	14
	DOC - Louisiana State Penitentiary	57
	DOC - Prison Enterprises	1
	DOC - Rayburn Correctional Center	34
	DOC - Wade Correctional Center	3
	DOJ - Office Of Attorney General	12
	DOTD - H.Q./Management & Finance	1
	DOTD - Office Of Engineering	260
	DOTD - Office Of The Secretary	1
	DPS - Donald J. Thibodaux Training Academy	15
	DPS - Liquefied Petroleum Gas Commission	1
	DPS - Management & Finance	4
	DPS - Office Of Motor Vehicles	13
	DPS - Office Of State Fire Marshal	5
	DPS - Office Of State Police	89
	DWLF - Office Of Fisheries	11
	DWLF - Office Of Management & Finance	1
	DWLF - Office Of Secretary	13
	DWLF - Office Of Wildlife	10
	E.A. Conway Medical Center	10
	Education - Recovery School District	19
	Education - Special School District #1	7
	Education - State Activities	8

PROGRAM	AGENCY	FY14
	Ethics Administration	1
	Grambling State University	14
	HCSD Administration	2
	Huey P. Long Medical Center	9
	Imperial Calcasieu Human Services District	1
	Lallie Kemp Regional Med. Center	14
	LCTCS - Baton Rouge Community College	19
	LCTCS - Board Of Supervisors	1
	LCTCS - Bossier Parish Community College	3
	LCTCS - Elaine Nunez Community College	4
	LCTCS - Isaac Delgado Community College	2
	LCTCS - L.E. Fletcher Community College	1
	LCTCS - Northwest Louisiana Technical College Region	1
	LCTCS - River Parishes Community College	1
	LCTCS - South Central Louisiana Technical College Region	1
	LCTCS - South La Community College	1
	LCTCS - SOWELA Community College	1
	Legislative Auditor	3
	Leonard J. Chabert Medical Cntr	1
	Louisiana Commission on Law Enforcement	3
	Louisiana Educational Television Auth	4
	Louisiana Teachers Retirement System	2
	Louisiana University Marine Consortium	4
	Louisiana Office Of Alcohol and Tobacco Control	2
	Louisiana Schools For The Deaf And Visually Impaired	11
	Louisiana Senate	4
	Louisiana Special Education Center	14
	Louisiana Tech. University	24
	LSU Board Of Super. Staff	3
	LSU Health Sciences Center-New Orleans	102
	LSU Health Sciences Ctr.-Shreveport	114
	LSU-Agricultural Center	46
	LSU-Alexandria	3
	LSU-Eunice	4
	LSU-Shreveport	5
	LWC - Workforce Support And Training	21
	McNeese State University	19
	Medical Center Of La At N.O.	20
	New Orleans Center For The Creative Arts	1
	New Orleans City Park Improvement Assoc.	7
	Nicholls State University	9
	Northeast Delta Human Services Authority	2
	Northeast La War Veteran's Home	9
	Northshore Technical Community College	3
	Northwest LA Human Services District	2

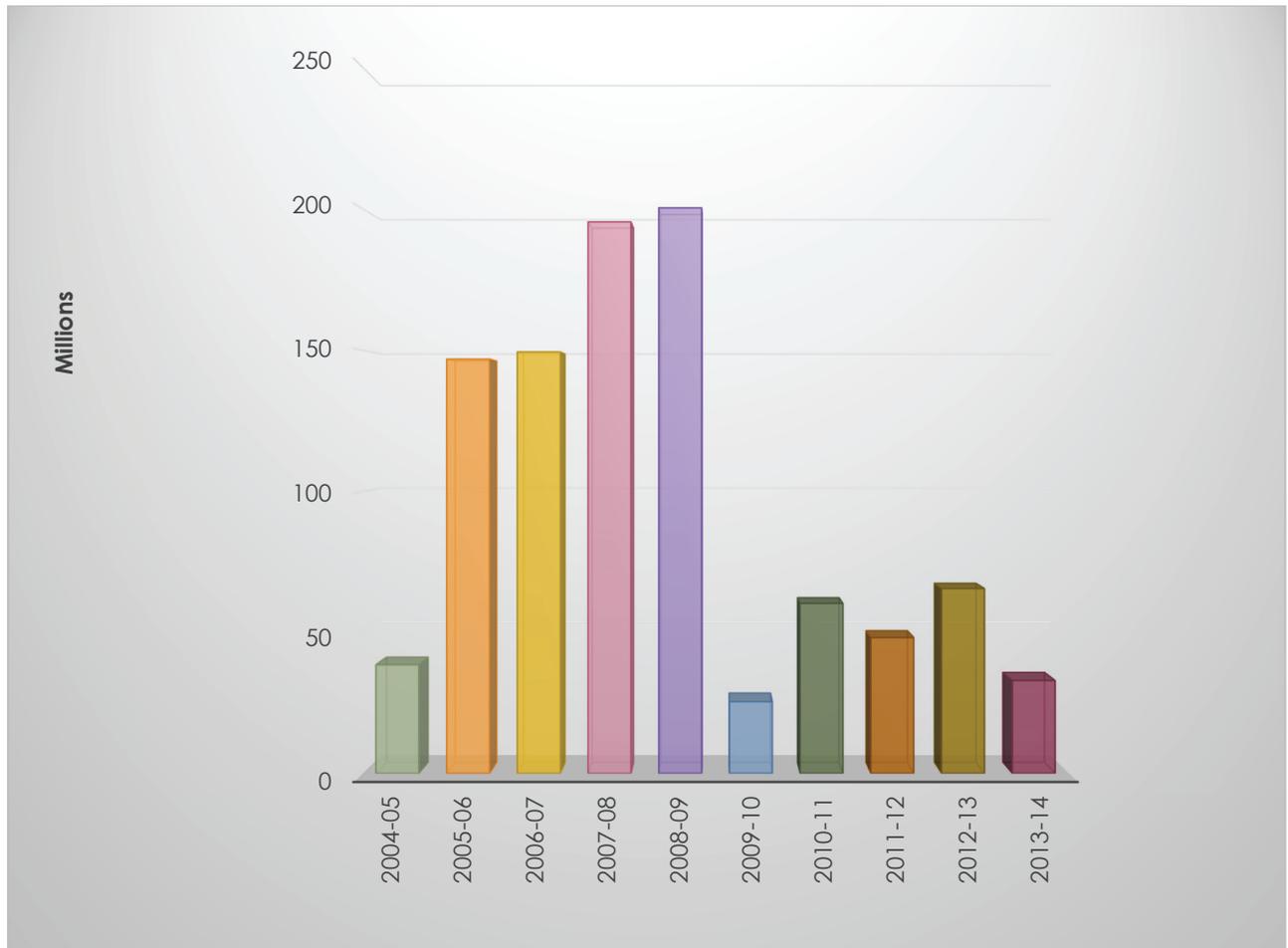
PROGRAM	AGENCY	FY14
	Northwest La War Veterans Home	9
	Northwestern State University	17
	OCFS - Office of Children & Family Services	504
	Office Of Agriculture	14
	Office Of Elderly Affairs	1
	Office Of Financial Institutions	1
	Office Of Forestry	8
	Office Of Homeland Security & Emerg Prep	8
	Office Of Juvenile Justice	96
	Office Of Revenue	1
	Office Of State Parks	43
	Office Of Student Financial Asst.	4
	Office Of The State Treasurer	3
	Pennington Biomed. Research Ctr.	11
	Sabine River Authority	1
	Secretary Of State	3
	Southeast La War Veterans Home	10
	Southeastern Louisiana University	25
	Southern University - Baton Rouge	14
	Southern University - New Orleans	4
	Southern University - Shreveport	5
	Southwest Louisiana War Veterans Home	18
	University Of Louisiana At Lafayette	87
	University Of Louisiana At Monroe	10
	University Of New Orleans	34
	Veteran's Affairs	1
	War Veteran's Center	17
	Washington-St. Tammany RMC	20
Grand Total		6356

CASH EXPENDITURES BY LINE OF INSURANCE



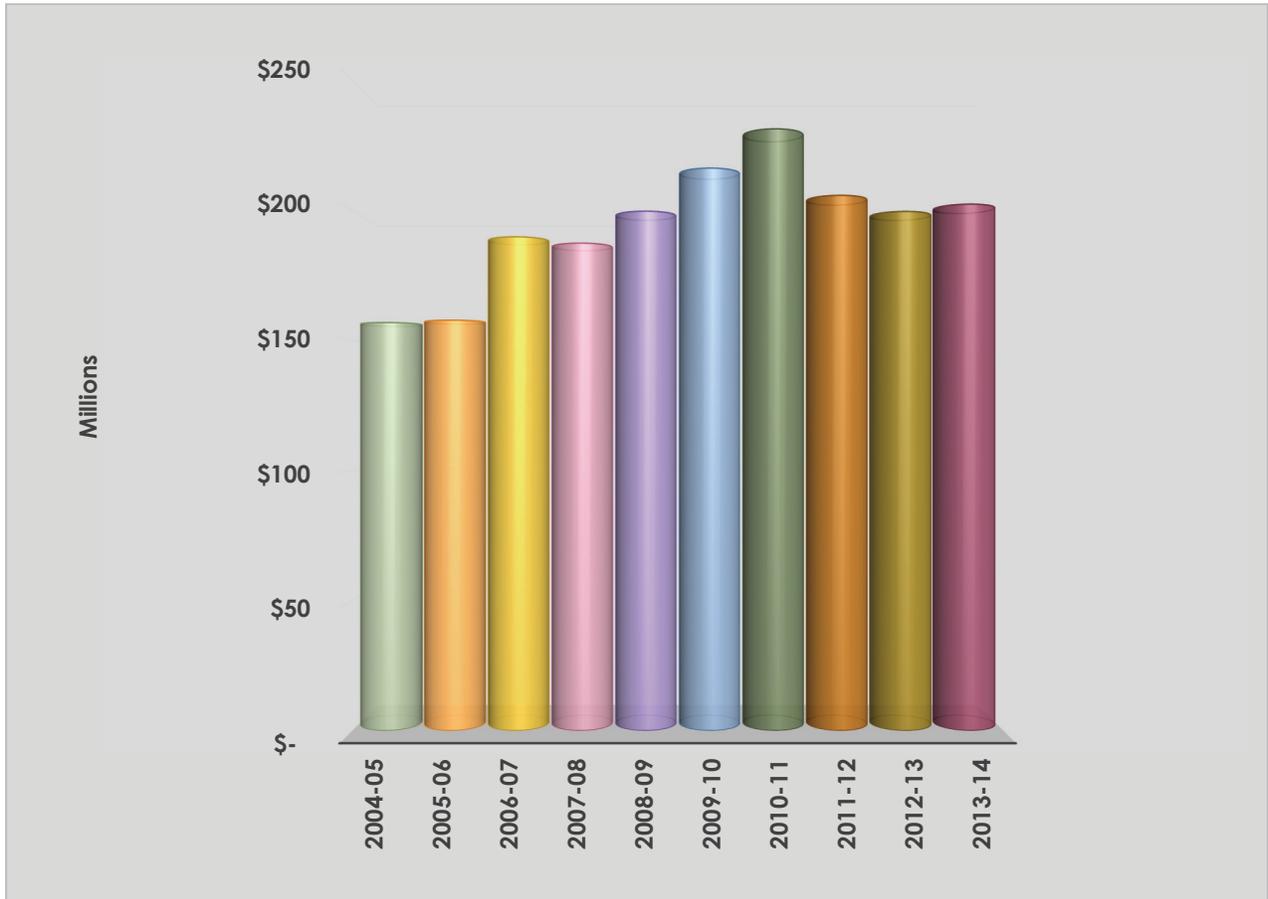
COVERAGE	AMOUNT
Auto Liability & Physical Damage	\$12,046,415
General Liability	\$30,234,857
Medical Malpractice	\$20,425,058
Property	\$8,181,692
Road Hazards	\$10,642,493
Worker's Comp	\$73,409,585
LSU-BR Lines	\$6,627,012
Other Lines	\$9,099,056
Total	\$170,666,168

CASH BALANCE



Fiscal Year	Total Cash Balance
2001-02	\$ 33,018,390
2002-03	\$ 13,960,861
2003-04	\$ 31,102,806
2004-05	\$ 38,890,171
2005-06	\$ 146,762,225
2006-07	\$ 149,320,353
2007-08	\$ 195,228,282
2008-09	\$ 200,165,299
2009-10	\$ 25,752,191
2010-11	\$ 60,556,638
2011-12	\$ 48,472,331
2012-13	\$ 65,786,838
2013-14	\$ 33,323,355

PREMIUMS COLLECTED (10 YEAR)



Fiscal Year	Total Premium Collected
2001-02	\$ 99,215,760
2002-03	\$ 107,363,592
2003-04	\$ 156,403,159
2004-05	\$ 156,848,117
2005-06	\$ 157,766,241
2006-07	\$ 189,776,122
2007-08	\$ 187,357,889
2008-09	\$ 199,656,108
2009-10	\$ 216,203,915
2010-11	\$ 231,293,527
2011-12	\$ 205,738,206
2012-13	\$ 199,555,082
2013-14	\$ 202,365,446

FINANCIAL STATEMENTS

OFFICE OF RISK MANAGEMENT SELF-INSURANCE FUND

Statement of Financial Position

ASSETS

Cash and investments	\$33,323,355
Insurance receivables	\$22,958,358
Interest receivable and other assets	\$183,903
Prepaid insurance	\$40,191,534
Capital assets, net of accumulated depreciation	\$9,963
Total assets	\$96,667,113

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Loss and expense reserves	\$970,653,844
Unearned premium	\$4,370,872
Other liabilities	\$4,442,337
Total liabilities	\$979,467,053
<u>Net assets</u>	
Unrestricted net assets	(\$882,799,940)
Total liabilities and net assets	\$96,667,113

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$200,991,935
Other revenue	\$37,200
Hurricane recoveries	\$235,922
General fund appr./non-tort reimbursement	\$13,289,752
Add unearned premium from prior year	\$5,258,269
Less: Unearned premium at statement date	(\$4,370,872)
Less: Cost of insurance	(\$43,736,944)
Total operating revenues	\$171,705,262

OPERATING EXPENSES

General and administrative expenses	\$6,406,700
<u>Claims cost:</u>	
Losses	\$66,992,887
Less: Deductible payment in lieu of premiums	(\$642,860)
Allocated loss adjustment expense	\$33,446,776
Unallocated loss adjustment expense	\$20,082,861
Change in provision for losses/expenses	\$2,776,607
Total operating expenses	\$129,062,971
Operating income (losses)	\$42,642,291

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$133,747
Gain(loss) on disposal of capital assets	\$752
Total non-operating revenues (expenses)	\$134,499
Net income (losses) before transfers	\$42,776,790
<u>Transfers in</u>	
Transfers in	\$1,733,320
<u>Transfers out</u>	
Transfers out	(\$51,979,166)
Total (net) transfers	(\$50,245,846)
Change in net assets	(\$7,469,056)
Total net assets - beginning	(\$1,096,819,385)
Prior period adjustment	\$221,488,501
Total net assets - beginning, adjusted	(\$875,330,884)
Total net assets - ending	(\$882,799,940)

AUTO LIABILITY

Statement of Financial Position

ASSETS

Cash and investments	\$12,700,440
Insurance receivables	\$639,079
Interest receivable and other assets	\$193
Prepaid insurance	\$0
Capital assets, net of accumulated depreciation	\$375
Total assets	\$13,340,087

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$45,588,465
Unearned premium	\$0
Other liabilities	\$166,139
Total liabilities	\$45,754,604
Net assets	
Unrestricted net assets	(\$32,414,517)
Total liabilities and net assets	\$13,340,087

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$9,829,291
Other revenue	\$0
Total operating revenues	\$9,829,291

OPERATING EXPENSES

General and administrative expenses	\$285,025
Claims cost:	
Losses	\$6,800,660
Allocated loss adjustment expense	\$2,446,125
Unallocated loss adjustment expense	\$1,219,956
Change in provision for losses/expenses	\$4,262,626
Total operating expenses	\$15,014,392
Operating income (losses)	(\$5,185,101)

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$3,480
Gain(loss) on disposal of capital assets	\$31
Total non-operating revenues (expenses)	\$3,511
Net income (losses) before transfers	(\$5,181,590)

Transfers in	\$0
Transfers out	(\$127,213)
Total (net) transfers	(\$127,213)
Change in net assets	(\$5,308,803)

Total net assets - beginning	(\$27,105,714)
Prior period adjustment	\$0
Total net assets - beginning, adjusted	(\$27,105,714)
Total net assets - ending	(\$32,414,517)

AUTO PHYSICAL DAMAGE

Statement of Financial Position

ASSETS

Cash and investments	\$986,030
Insurance receivables	\$511,257
Interest receivable and other assets	\$15
Capital assets, net of accumulated depreciation	\$88
Total assets	\$1,497,390

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$1,140,698
Other liabilities	\$686
Total liabilities	\$1,141,384
Net assets	
Unrestricted net assets	\$356,006
Total liabilities and net assets	\$1,497,390

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$237,277
Other revenue	\$0
Total operating revenues	\$237,277

OPERATING EXPENSES

General and administrative expenses	\$27,757
Claims cost:	
Losses	\$1,026,089
Allocated loss adjustment expense	\$122,670
Unallocated loss adjustment expense	\$118,133
Change in provision for losses/expenses	\$738,170
Total operating expenses	\$2,032,819
Operating income (losses)	(\$1,795,542)

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$319
Gain(loss) on disposal of capital assets	\$3
Total non-operating revenues (expenses)	\$322
Net income (losses) before transfers	(\$1,795,220)

Transfers in	\$0
Transfers out	\$0
Total (net) transfers	\$0
Change in net assets	(\$1,795,220)

Total net assets - beginning	\$2,151,226
Prior period adjustment	\$0
Total net assets - beginning, adjusted	\$2,151,226
Total net assets - ending	\$356,006

BONDS AND CRIME

Statement of Financial Position

ASSETS

Cash and investments	\$1,047,956
Insurance receivables	\$9,965
Interest receivable and other assets	\$14
Prepaid insurance	\$16,310
Capital assets, net of accumulated depreciation	\$11
Total assets	\$1,074,256

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$496,417
Unearned premium	\$0
Other liabilities	\$0
Total liabilities	\$496,417
Net assets	
Unrestricted net assets	\$577,839
Total liabilities and net assets	\$1,074,256

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$44,587
Other revenue	\$0
Less: Cost of insurance	(\$16,310)
Total operating revenues	\$28,277

OPERATING EXPENSES

General and administrative expenses	\$956
Claims cost:	
Losses	\$664,648
Allocated loss adjustment expense	\$107,048
Unallocated loss adjustment expense	\$858
Change in provision for losses/expenses	\$248,320
Total operating expenses	\$1,021,830
Operating income (losses)	(\$993,553)

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$263
Gain(loss) on disposal of capital assets	\$0
Total non-operating revenues (expenses)	\$263
Net income (losses) before transfers	(\$993,290)

Transfers in	\$0
Transfers out	\$0
Total (net) transfers	\$0
Change in net assets	(\$993,290)

Total net assets - beginning	\$1,571,129
Prior period adjustment	\$0
Total net assets - beginning, adjusted	\$1,571,129
Total net assets - ending	\$577,839

WORKER'S COMPENSATION

Statement of Financial Position

ASSETS

Cash and investments	\$92,783,926
Insurance receivables	\$2,610,048
Interest receivable and other assets	\$1,419
Prepaid insurance	\$220,266
Capital assets, net of accumulated depreciation	\$2,953
Total assets	\$95,618,612

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$506,341,507
Unearned premium	\$0
Other liabilities	\$3,052,677
Total liabilities	\$509,394,184
Net assets	
Unrestricted net assets	(\$413,775,572)
Total liabilities and net assets	\$95,618,612

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$86,240,662
Other revenue	\$0
Less: Cost of insurance	(\$362,055)
Total operating revenues	\$85,878,607

OPERATING EXPENSES

General and administrative expenses	\$1,948,895
Claims cost:	
Losses	\$58,227,577
Allocated loss adjustment expense	\$3,745,117
Unallocated loss adjustment expense	\$9,125,941
Change in provision for losses/expenses	\$9,808,508
Total operating expenses	\$82,856,038
Operating income (losses)	\$3,022,569

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$23,019
Gain(loss) on disposal of capital assets	\$235
Total non-operating revenues (expenses)	\$23,254
Net income (losses) before transfers	\$3,045,823

Transfers in	\$0
Transfers out	\$0
Total (net) transfers	\$0
Change in net assets	\$3,045,823

Total net assets - beginning	(\$416,821,395)
Prior period adjustment	\$0
Total net assets - beginning, adjusted	(\$416,821,395)
Total net assets - ending	(\$413,775,572)

PROPERTY

Statement of Financial Position

ASSETS

Cash and investments	(\$92,409,390)
Insurance receivables	\$2,839,486
Interest receivable and other assets	\$37,154
Prepaid insurance	\$33,421,882
Capital assets, net of accumulated depreciation	\$3,320
Total assets	(\$56,107,548)

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$35,559,105
Unearned premium	\$0
Other liabilities	(\$120,472)
Total liabilities	\$35,438,633
Net assets	
Unrestricted net assets	(\$91,546,181)
Total liabilities and net assets	(\$56,107,548)

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$64,007,991
Other revenue	\$0
Hurricane recoveries	\$235,922
General fund appr./non-tort reimbursement	
Add unearned premium from prior year	\$351,332
Less: Cost of insurance	(\$35,510,384)
Total operating revenues	\$29,084,861

OPERATING EXPENSES

General and administrative expenses	\$1,962,548
Claims cost:	
Losses	(\$33,395,164)
Allocated loss adjustment expense	\$764,421
Unallocated loss adjustment expense	\$3,339,503
Change in provision for losses/expenses	(\$10,975,981)
Total operating expenses	(\$38,304,673)
Operating income (losses)	\$67,389,534

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$0
Gain(loss) on disposal of capital assets	\$236
Total non-operating revenues (expenses)	\$236
Net income (losses) before transfers	\$67,389,770

Transfers in	\$0
Transfers out	(\$48,650,516)
Total (net) transfers	(\$48,650,516)
Change in net assets	\$18,739,254

Total net assets - beginning	(\$330,538,883)
Prior period adjustment	\$220,253,448
Total net assets - beginning, adjusted	(\$110,285,435)
Total net assets - ending	(\$91,546,181)

GENERAL LIABILITY

Statement of Financial Position

ASSETS

Cash and investments	\$178,780,476
Insurance receivables	\$482,511
Interest receivable and other assets	\$2,471
Prepaid insurance	\$524,925
Capital assets, net of accumulated depreciation	\$1,104
Total assets	\$179,791,487

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$161,827,088
Other liabilities	\$401,452
Total liabilities	\$162,228,540
Net assets	
Unrestricted net assets	\$17,562,947
Total liabilities and net assets	\$179,791,487

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$20,281,877
Other revenue	\$0
Less: Cost of insurance	(\$528,532)
Total operating revenues	\$19,753,345

OPERATING EXPENSES

General and administrative expenses	\$587,297
Claims cost:	
Losses	\$13,001,348
Less: Deductible payment in lieu of premiums	
Allocated loss adjustment expense	\$13,842,989
Unallocated loss adjustment expense	\$2,274,691
Change in provision for losses/expenses	\$7,026,343
Total operating expenses	\$36,732,668
Operating income (losses)	(\$16,979,323)

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$44,602
Gain(loss) on disposal of capital assets	\$71
Total non-operating revenues (expenses)	\$44,673
Net income (losses) before transfers	(\$16,934,650)

Transfers in	\$0
Transfers out	(\$372,851)
Total (net) transfers	(\$372,851)
Change in net assets	(\$17,307,501)

Total net assets - beginning	\$34,870,448
Prior period adjustment	\$0
Total net assets - beginning, adjusted	\$34,870,448
Total net assets - ending	\$17,562,947

MARINE, AVIATION AND BOILER AND MACHINERY

Statement of Financial Position

	Marine Risk Group	Aviation Risk Group	Boiler & Machinery Risk Group
<u>ASSETS</u>			
Cash and investments	(\$5,308,112)	\$5,500,737	(\$2,692,672)
Insurance receivables	\$41,733	\$35,023	\$100,311
Interest receivable and other assets	\$11	\$72	\$3
Prepaid insurance	\$1,208,305	\$0	\$428,974
Capital assets, net of accumulated depreciation	\$105	\$46	\$4
Total assets	(\$4,057,958)	\$5,535,878	(\$2,163,380)
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities			
Loss and expense reserves	\$1,260,188	\$62,526	\$814,834
Other liabilities	\$2,394	\$251	(\$48)
Total liabilities	\$1,262,582	\$62,777	\$814,786
Net assets			
Unrestricted net assets	(\$5,320,540)	\$5,473,101	(\$2,978,166)
Total liabilities and net assets	(\$4,057,958)	\$5,535,878	(\$2,163,380)

Statement of Activities and Changes in Net Assets

<u>OPERATING REVENUES</u>			
Premiums written	\$2,229,431	\$723,596	\$1,040,183
Other revenue	\$0	\$0	\$0
Less: Cost of insurance	(\$1,641,779)	\$0	(\$373,595)
Total operating revenues	\$587,652	\$723,596	\$666,588
<u>OPERATING EXPENSES</u>			
General and administrative expenses	\$99,609	\$15,500	\$29,743
Claims cost:			
Losses	(\$58,461)	\$2,580	\$661,692
Allocated loss adjustment expense	\$96,956	\$150	\$1,263
Unallocated loss adjustment expense	\$427,355	\$65,950	\$22,359
Change in provision for losses/expenses	\$741,719	\$14,451	\$233,495
Total operating expenses	\$1,307,178	\$98,631	\$948,552
Operating income (losses)	(\$719,526)	\$624,965	(\$281,964)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	\$0	\$1,241	\$0
Gain(loss) on disposal of capital assets	\$11	\$2	\$4
Total non-operating revenues (expenses)	\$11	\$1,243	\$4
Net income (losses) before transfers	(\$719,515)	\$626,208	(\$281,960)
Transfers in			
	\$0	\$0	\$0
Transfers out			
	\$0	\$0	\$0
Total (net) transfers	\$0	\$0	\$0
Change in net assets	(\$719,515)	\$626,208	(\$281,960)
Total net assets - beginning	(\$4,601,025)	\$4,846,893	(\$2,696,206)
Prior period adjustment	\$0	\$0	\$0
Total net assets - beginning, adjusted	(\$4,601,025)	\$4,846,893	(\$2,696,206)
Total net assets - ending	(\$5,320,540)	\$5,473,101	(\$2,978,166)

MEDICAL MALPRACTICE

Statement of Financial Position

ASSETS

Cash and investments	\$221,399,672
Insurance receivables	\$9,920,721
Interest receivable and other assets	\$3,782
Capital assets, net of accumulated depreciation	\$649
Total assets	\$231,324,824

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$103,792,533
Other liabilities	\$81,908
Total liabilities	\$103,874,441
Net assets	
Unrestricted net assets	\$127,450,383
Total liabilities and net assets	\$231,324,824

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Premiums written	\$9,333,561
Other revenue	\$37,200
Total operating revenues	\$9,370,761

OPERATING EXPENSES

General and administrative expenses	\$460,407
Claims cost:	
Losses	\$11,626,531
Allocated loss adjustment expense	\$6,712,955
Unallocated loss adjustment expense	\$1,625,165
Change in provision for losses/expenses	(\$4,759,427)
Total operating expenses	\$15,665,631
Operating income (losses)	(\$6,294,870)

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$60,530
Gain(loss) on disposal of capital assets	\$42
Total non-operating revenues (expenses)	\$60,572
Net income (losses) before transfers	(\$6,234,298)

Transfers in	\$0
Transfers out	\$0
Total (net) transfers	\$0
Change in net assets	(\$6,234,298)

Total net assets - beginning	\$133,684,681
Prior period adjustment	\$0
Total net assets - beginning, adjusted	\$133,684,681
Total net assets - ending	\$127,450,383

ROAD HAZARDS

Statement of Financial Position

ASSETS

Cash and investments	(\$354,464,413)
Insurance receivables	\$1,000,000
Interest receivable and other assets	\$81
Prepaid insurance	\$0
Capital assets, net of accumulated depreciation	\$1,277
Total assets	<u><u>(\$353,463,055)</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Loss and expense reserves	\$108,744,622
Other liabilities	\$812,111
Total liabilities	<u>\$109,556,733</u>
Net assets	
Unrestricted net assets	<u>(\$463,019,788)</u>
Total liabilities and net assets	<u><u>(\$353,463,055)</u></u>

Statement of Activities and Changes in Net Assets

OPERATING REVENUES

Other revenue	\$0
General fund appr./non-tort reimbursement	\$10,339,752
Total operating revenues	<u>\$10,339,752</u>

OPERATING EXPENSES

General and administrative expenses	\$708,543
Claims cost:	
Losses	\$2,863,361
Allocated loss adjustment expense	\$5,595,392
Unallocated loss adjustment expense	\$1,475,197
Change in provision for losses/expenses	(\$6,090,633)
Total operating expenses	<u>\$4,551,860</u>
Operating income (losses)	<u>\$5,787,892</u>

NON-OPERATING REVENUES (EXPENSES)

Interest income	\$0
Gain(loss) on disposal of capital assets	\$83
Total non-operating revenues (expenses)	<u>\$83</u>
Net income (losses) before transfers	<u>\$5,787,975</u>

Transfers in	\$0
Transfers out	(\$2,828,586)
Total (net) transfers	<u>(\$2,828,586)</u>
Change in net assets	<u>\$2,959,389</u>

Total net assets - beginning	(\$465,979,177)
Prior period adjustment	\$0
Total net assets - beginning, adjusted	<u>(\$465,979,177)</u>
Total net assets - ending	<u><u>(\$463,019,788)</u></u>

MISCELLANEOUS (OTHER)

Statement of Financial Position

	<u>Survivor Benefits Payments</u>	<u>Future Medical Fund</u>
<u>ASSETS</u>		
Cash and investments	\$3,551	\$770,835
Total assets	<u>\$3,551</u>	<u>\$770,835</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Other liabilities	\$0	\$0
Total liabilities	<u>\$0</u>	<u>\$0</u>
Net assets		
Unrestricted net assets	\$3,551	\$770,835
Total liabilities and net assets	<u>\$3,551</u>	<u>\$770,835</u>

Statement of Activities and Changes in Net Assets

<u>OPERATING REVENUES</u>		
General fund appr./non-tort reimbursement	\$2,950,000	\$0
Total operating revenues	<u>\$2,950,000</u>	<u>\$0</u>
<u>OPERATING EXPENSES</u>		
Claims cost:		
Losses	\$3,700,000	\$1,229,166
Total operating expenses	<u>\$3,700,000</u>	<u>\$1,229,166</u>
Operating income (losses)	<u>(\$750,000)</u>	<u>(\$1,229,166)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest income	\$293	\$0
Total non-operating revenues (expenses)	<u>\$293</u>	<u>\$0</u>
Net income (losses) before transfers	<u>(\$749,707)</u>	<u>(\$1,229,166)</u>
Transfers in	\$750,000	\$983,320
Transfers out	\$0	\$0
Total (net) transfers	<u>\$750,000</u>	<u>\$983,320</u>
Change in net assets	<u>\$293</u>	<u>(\$245,846)</u>
Total net assets - beginning	\$3,258	\$1,016,681
Prior period adjustment		
Total net assets - beginning, adjusted	<u>\$3,258</u>	<u>\$1,016,681</u>
Total net assets - ending	<u>\$3,551</u>	<u>\$770,835</u>

Statement of Financial Position

	Workers' Compensation	Boiler & Machinery Risk Group	Property
ASSETS			
Cash and investments	(\$14,813,233)	(\$275,166)	(\$10,687,282)
Insurance receivables	\$0	\$156,729	\$4,611,495
Interest receivable and other assets	\$127,120	\$1	\$11,567
Prepaid insurance	\$0	\$143,668	\$4,227,204
Capital assets, net of accumulated depreciation	\$9	\$1	\$21
Total assets	(\$14,686,104)	\$25,233	(\$1,836,995)
LIABILITIES AND NET ASSETS			
Liabilities			
Loss and expense reserves	\$3,823,499	\$175,904	\$1,026,458
Unearned premium	\$0	\$143,668	\$4,227,204
Other liabilities	\$45,609	(\$8)	(\$362)
Total liabilities	\$3,869,108	\$319,564	\$5,253,300
Net assets			
Unrestricted net assets	(\$18,555,212)	(\$294,331)	(\$7,090,295)
Total liabilities and net assets	(\$14,686,104)	\$25,233	(\$1,836,995)

Statement of Activities and Changes in Net Assets

OPERATING REVENUES			
Premiums written	\$1,319,698	\$218,624	\$5,485,157
Other revenue	\$0	\$0	\$0
Hurricane recoveries			
General fund appr./non-tort reimbursement			
Add unearned premium from prior year		\$133,794	\$4,773,143
Less unearned premium at statement date	\$0	(\$143,668)	(\$4,227,204)
Less cost of insurance	\$0	(\$146,855)	(\$5,157,434)
Total operating revenues	\$1,319,698	\$61,895	\$873,662
OPERATING EXPENSES			
General and administrative expenses	\$41,337	\$4,952	\$234,131
Claims cost:			
Losses	\$578,225	\$0	\$64,635
Less: Deductible payment in lieu of premiums	(\$578,225)	\$0	(\$64,635)
Allocated loss adjustment expense	\$11,645	\$0	\$45
Unallocated loss adjustment expense	\$185,013	\$3,670	\$199,070
Change in provision for losses/expenses	\$1,390,963	\$41,218	\$96,835
Total operating expenses	\$1,628,958	\$49,840	\$530,081
Operating income (losses)	(\$309,260)	\$12,055	\$343,581
NON-OPERATING REVENUES (EXPENSES)			
Interest income	\$0	\$0	\$0
Gain(loss) on disposal of capital assets	\$5	\$1	\$28
Total non-operating revenues (expenses)	\$5	\$1	\$28
Net income (losses) before transfers	(\$309,255)	\$12,056	\$343,609
Transfers in			
	\$0	\$0	\$0
Transfers out			
	\$0	\$0	\$0
Total (net) transfers	\$0	\$0	\$0
Change in net assets	(\$309,255)	\$12,056	\$343,609
Total net assets - beginning			
	(\$18,245,957)	(\$306,387)	(\$8,668,957)
Prior period adjustment			
	\$0	\$0	\$1,235,053
Total net assets - beginning, adjusted			
	(\$18,245,957)	(\$306,387)	(\$7,433,904)
Total net assets - ending	(\$18,555,212)	(\$294,331)	(\$7,090,295)

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Office of Risk Management is an agency of the State of Louisiana reporting entity and was created in accordance with Title 39, Chapter 1527:1544 of the Louisiana Revised Statutes of 1950 as a part of the Executive branch of government. The Office of Risk Management is charged with administering the Self-Insurance Program within the State of Louisiana.

The mission of the Office of Risk Management is to develop, direct, achieve and administer a cost effective comprehensive risk management program for all agencies, boards and commissions of the State of Louisiana and for any other entity for which the State has an equity interest, in order to preserve and protect the assets of the State of Louisiana.

Funds of the Self-Insurance program may only be used for payment of losses incurred by State agencies under the program together with insurance premiums, legal expenses and administrative costs. The Office has the duty to negotiate, compromise, and settle all claims, including all tort claims against the State or State agencies covered by the program, and all tort claims against the State or State agencies not covered by the program when funding is provided by the legislature through the State General Fund.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Risk Management prepares an annual report in compliance with Louisiana Revised Statute 39:1537 that requires the commissioner of administration to submit to the governor, the attorney general, and the legislature annually a formal report on the State's risk management program. Compliance with this statute necessitates a financial statement presentation that reports financial data associated with the State's risk management program by type and line of coverage.

The accompanying unaudited accrual financial statements have been prepared to meet the specific requirements of LRS 39:1537. This basis of accounting provides information that is more characteristic of the insurance industry reporting standards than governmental reporting standards.

In addition to the accompanying regulatory financial statements, the Office of Risk Management prepares annual financial statements in accordance with the procedures established by the Division of Administration. In these annual statements, the financial activities of the Office of Risk Management are accounted for on a governmental accounting fund basis whereby a set of separate, self-balancing accounts are maintained to account for appropriated or authorized activities. The information presented is reported under the modified accrual basis of accounting as prescribed by generally accepted accounting principles for such fund level reporting.

The general fixed assets and long-term obligations of the agency are not recognized in the financial statements prepared by the Office of Risk Management at governmental accounting fund level. All capital assets of the primary government are, however, reported at the government-wide level of reporting, as required by generally accepted accounting principles.

Annually the State of Louisiana issues a comprehensive annual financial report that comply with requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), which includes the activity contained in the Office of Risk Management annual financial statements prepared under generally accepted accounting principles. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

LRS 39:1537 does not dictate disclosure requirements for capital assets and long-term debt; accordingly, the accompanying financial statements are not prepared in conjunction with the requirements of GASB 34. Additionally, since these financial statements are prepared using accrual financial data rather than modified accrual financial data, these statements have not been prepared in compliance with generally accepted accounting principles.

1. Self-Insurance Fund – Lines of Coverage and Miscellaneous Programs

Auto Liability

The auto liability line of coverage is used to account for all bodily injury and/or property damage claims on State-owned licensed/rented/leased vehicles used for State business. Auto non-ownership liability is also accounted for in this line of coverage, providing excess coverage from the operation of an employee's personally-owned vehicle while on State business. This coverage is fully self-insured by the State of Louisiana.

Auto Physical Damage

The auto physical damage line of coverage is used to account for all auto physical damage claims on State-owned licensed/rented/leased vehicles used for State business. This coverage is fully self-insured by the State of Louisiana.

Bonds and Crime

The bonds and crime line of coverage is used to account for loss of money, securities, and other property damaged and/or stolen as a result of crime committed by State employees or by a third party. This coverage is fully self-insured by the State of Louisiana.

Workers' Compensation

This line of coverage is used to account for workers' compensation coverage provided to all State employees, and this coverage is fully self-insured. Commercial insurance coverage, however, is purchased under the authority of R.S. 39:1527, et seq., and provides coverage to certain other entities for which the State has an equity interest.

Property

The property line of coverage is used to account for first party losses to buildings and contents in which the State has an insurable interest. In addition, it is used to account for scheduled bridge property losses, equipment breakdown losses, fixed marine facility losses and flood claims. The State of Louisiana provides property coverage for losses up to a limit of \$250,000,000, which includes commercial excess insurance coverage of \$200,000,000 and a Self-Insured Retention (SIR) of \$50,000,000 for the perils of flood, wind and earthquake. A sublimit of \$10,000,000 was provided for all other perils. Flood coverage for 2013-2014 is included in the program and has a \$100,000,000 excess sublimit. An additional \$50,000,000 excess of \$200,000,000 was purchased for all perils, excluding flood and earthquake, to provide for more wind cover. Also, an additional \$100,000,000 excess of \$250,000,000 was purchased for fire losses only.

General Liability

The general liability line of coverage is used to account for third party injuries or losses and wrongful acts where the State is legally liable. This coverage is fully self-insured by the State for State agencies. Commercial insurance coverage, however, is purchased and provides coverage to certain other entities for which the State has an equity interest.

Personal Injury

The personal liability line of coverage is used to account for claims for damages based on false arrest, detention or imprisonment; malicious prosecution; wrongful entry or eviction; libel, slander or defamation of character; or violation or deprivation of rights, privileges, or immunities secured by law. This coverage is fully self-insured by the State of Louisiana.

Marine, Aviation and Equipment Breakdown

The marine line of coverage is used to account for watercraft liability and loss or damage to covered vessels, including its machinery, fittings and equipment. This coverage is provided through a combination of State self-insurance and commercial insurance policies.

The aviation line of coverage is used to account for aircraft liability, airport liability and physical damage to aircraft that are covered under the policy. This coverage is fully self-insured by the State of Louisiana.

The equipment breakdown line of coverage is used to account for loss or damages to boilers and certain machinery located in buildings for which the State has legal liability. This coverage is provided through a combination of State self-insurance and commercial insurance policies.

Medical Malpractice

The medical malpractice line of coverage is used to account for claims at all State health care facilities, including the charity hospital system as well as health units and mental health clinics. In addition it is used to account for claims for clinics and hospitals in the State’s prison system, LSU Clinics, and LSU staff and residents in private hospitals throughout the State. This coverage is fully self-insured by the State of Louisiana.

Road Hazard

The road hazard line of coverage is used to account for Office of Risk Management costs for investigating, adjusting and managing claims against the State of Louisiana's Department of Transportation and Development (DOTD) for damages resulting from the establishment, design, construction, existence, ownership, maintenance, use, extension, improvement, repair, or regulation of any State bridge, tunnel, dam, street, road, highway, or expressway. The Office of Risk Management does not insure this coverage, but receives general fund appropriations to cover costs of services noted above and for settlement of small non-litigated claims.

Miscellaneous Programs

Survivor’s benefits payments made in accordance with RS 33:1947 Et al. are accounted for as a miscellaneous program. Premiums are not billed or collected for these payments, but funding is provided through State General Fund appropriations made to the Office of Risk Management.

Medical care costs, paid through the Future Medical Care Fund established in the State Treasury by RS 39:1533.2, are accounted for as a miscellaneous program. At the close of each fiscal year, the treasurer reimburses the Future Medical Care Fund from the Self-Insurance Fund an amount equal to the monies expended from the Future Medical Care Fund during that fiscal year, .

2. Basis of Accounting

The Office of Risk Management maintains secondary accounting records by type and line of insurance coverage, following accrual accounting principles. This secondary system is updated monthly, and reconciled to the Office of Risk Management financial transactions entered in the statewide administrative applications through normal business processes. The secondary accounting records were used in preparation of the accompanying unaudited accrual financial statements.

Accrual accounting is a method that measures the performance and position of an entity by reporting economic events, regardless of when cash transactions occur. The general idea is that economic events are recognized by matching revenues to expenses at the time in which the transaction occurs rather than when payment is made (or received).

B. ASSETS

Cash and investments – All cash and investments of the Office of Risk Management are held in accounts approved by the State Treasury and under the oversight of the cash management program of the State of Louisiana. Balances at June 30, 2013 are as follows:

Self-insurance fund	\$32,552,520
Future medical care fund	770,835
Total	<u>\$ 33,323,355</u>

Insurance receivables – Balances at June 30, 2014, are as follows:

Insurance premiums due from State agencies	\$ 19,909,618
Excess insurance receivable due from reinsurers	3,048,740
Total	<u>\$22,958,358</u>

Prepaid insurance – Payments had been made as of the balance sheet date for certain commercial excess insurance policies where the coverage period(s) extend beyond June 30, 2014.

C. LIABILITIES

Loss and expense reserves – Reserves for losses and loss expense liability within risk limitations, net of excess insurance. Balances at June 30, 2014, are as follows:

Reserves for payment of claims	\$ 299,089,646
Reserves for allocated loss adjustment expenses	78,398,491
Reserves for unallocated loss adjustment expenses	90,867,017
Reserves for incurred but not reported	524,023,134
Estimated recoveries	(21,724,444)
Total	<u>\$ 970,653,844</u>

Other Liabilities – Balances at June 30, 2014, are as follows:

Accounts payable and other accrued liabilities	4,483,417
Amount payable to State Treasury for FUMD	1,229,166
Workers' compensation assessment payable	3,100,626
Total	<u>\$ 8,813,209</u>

D. NET ASSETS

In the equity section of the Office of Risk Management's financial statements, net assets represents the accumulation over time of any differences (positive or negative) between accrual revenues and expenses. For many years the budgets for the Office of Risk Management have been appropriated at less than actuarial cost requirements, therefore the Self Insurance Fund accrual financial statements reflect a deficit net asset balance. The deficit of (\$882,799,940) incorporates the net unfunded accrued claims liability at June 30, 2014.

E. REVENUES

The Office of Risk Management's primary source of revenue relates to the premiums written for program participants, including both self-insurance and commercial excess insurance premiums, net of the cost paid for commercial excess premiums.

Premiums are developed based on cash needs and allocated to the program participants on the basis of exposure and experience. Once developed, the premium is submitted to the State Office of Planning and Budget. After budgets have been established and passed by the Legislature, the Office of Planning and Budget prepares a schedule of the risk management program authorized premiums, at appropriation. Annual premiums are billed to participants using this schedule at the beginning of the fiscal year.

A secondary source of revenue relates to State General Fund appropriations to the program to cover costs of the Office of Risk Management relating to road hazards and to fund survivor's benefits in accordance with RS 33:1947 et al.

F. EXPENSES

Typical annual accrual expenses of the Office Risk Management program include the following:

General and administrative expenses includes costs for administrative salaries and related benefits, travel, training, operating services, supplies, professional services for loss prevention and other consulting services.

Claims loss payments are direct costs necessary in managing specific claims. Medical and indemnity payments on workers compensation claims are examples.

Allocated loss adjustment expenses include costs that are assignable or allocable to specific claims. Fees paid to attorneys, experts, and investigators used to defend claims are examples.

Unallocated loss adjustment expenses includes external, internal, and administrative claims handling expenses, including determination of coverage, that are not included in allocated loss adjustment expenses. Third party administrator fees and State assessments for worker compensation self-insured programs are examples.

Change in provision for losses/expenses relates to any adjustments to reserves liabilities necessary during the fiscal period, to arrive at the total reserves liabilities recognized on accrual financial statements prepared.

G. TRANSFERS

Amounts transferred out of the Self-Insurance Fund during the fiscal year ended June 30, 2014, relate to:

Transfer to State Treasury under Act 646 of 2014	\$ 34,000,000
Transfer to State Treasury to V25	16,000,000
Transfer to reimburse the future medical care cash fund	1,229,166
Total	<u>\$ 51,229,166</u>

H. RISK EXPOSURES

There are four basic types of risks to which the State is exposed. Loss can occur as a result of (1) damage to or loss of property, (2) loss of income or increased costs because of damage to or loss of property, (3) liability to others as a result of injury to persons or property and (4) on the job injuries to State employees. These four main types of risks are not mutually exclusive, they are interrelated. Many accidents and claims involve losses in several risk areas.

Risk Management is a process for identifying and controlling risks. Until the mid-1970's, the traditional method of minimizing losses was to transfer risk to a commercial insurance company. Over the years, the State has been pushed toward self-insurance because of increases in insurance premiums and policy cancellations by commercial insurance companies. Now the Office of Risk Management handles the risks to which the State is exposed through a program that includes self-insurance to a specific level and excess commercial insurance for certain risks above that level. The dollar limits will vary according to coverage.

The best way to mitigate against loss, however, is through loss prevention and safety programs. Such programs help minimize losses, save money, and most importantly, protect State employees and citizens. The Office of Risk Management aggressively pursues loss prevention through utilization of a third party administrator for loss control inspections, training and consultation with agencies on their safety programs.

I. CHANGES IN COVERAGE

During fiscal year 2013-2014, The State of Louisiana provided property coverage for losses up to a limit of \$250,000,000, which included excess coverage of \$200,000,000 and a Self-Insured Retention (SIR) of \$50,000,000 for the perils of flood, wind, and earthquake. A sub-limit SIR of \$10,000,000 was provided for all other perils. Flood coverage is included in the program and has a \$100,000,000 excess sublimit. An additional \$50,000,000 excess of \$200,000,000 was purchased for all perils, excluding flood and earthquake, to provide for more wind cover. Also, an additional \$100,000,000 excess of \$250,000,000 was purchased for fire losses only.

During the 2011 Regular Legislative Session, legislation was passed relative to the Louisiana Granting Resources and Autonomy for Diplomas Act (Act No. 418). The act provides for additional operational autonomies to be granted to public postsecondary education institutions, including but not limited to authority and exemptions relative to budgetary management, capital outlay, risk management, and procurement. As part of the transition to full grad autonomy, at the beginning of FY 12-13, LSU Baton Rouge elected a larger deductible for both workers' compensation and property under the state-wide self-insured program. A deductible of \$500,000 per occurrence was chosen for workers' compensation and a \$250,000 deductible per occurrence for property. The state-wide premium for those two lines of insurance was reduced due to LSU taking on more of the risk internally. The large deductible program for these two coverage lines continues for FY 13-14 in anticipation that LSU will be granted their grad autonomy.

J. UPDATE ON CASE LAW IMPACT

Past significant changes in case law continue to have an adverse impact on the state's liability in general liability claims. On September 3, 1993, the Supreme Court of Louisiana, per case No. 93-C-0472, reversed a lower court's decision in applying Louisiana Revised Statute 13:5106 (B) (1) which provides that "(I) any suit for personal injury, the total amount recoverable, exclusive of medical care and related benefits and loss of earnings, and loss of future earnings, as provided in this Section, shall not exceed five hundred thousand dollars (\$500,000)." The Supreme Court held that the ceiling contravenes the constitutional proscription against sovereign immunity contained in LSA - Constitution, Article XII, § 10. As a result of this ruling, the \$500,000 ceiling on general damages in a personal injury suit was removed and the State of Louisiana faced larger exposure in suits of this nature. This action has the potential to have an adverse effect on 39 claims with outstanding reserves that total \$12.9 million.

In 1995, the Louisiana electorate ratified a constitutional amendment authorizing the Legislature to cap liability. The result was tort reform acts passed by the Legislature which places a cap on general damages of \$500,000 with no cap on special damages, and limits joint and solidary liability to a tortfeasor's allocated degree of fault.

On May 9, 1996, Act No. 63, known as the "Louisiana Governmental Claims Act" was approved by the governor. This act placed limits on all suits for personal injury and wrongful death. The act states "the total amount recoverable, including all derivative claims, exclusive of property damages, medical care and related benefits and loss of earnings, and loss of future earnings, shall not exceed five hundred thousand dollars." This Act was not applied retroactively, but did provide for a reduction of costs in claims following its enactment. In February of 2004, the Louisiana Supreme Court ruled that La. R.S. 13:5106, as amended by said Act 63, limits the recovery of wrongful death damages, exclusive of loss of earnings, to \$500,000 per claimant and is not a limit per victim. The result was to expand the potential liability associated with such claims. By Act 1 of 2005, the Legislature further amended such statute to change the effect of the Supreme Court ruling by making explicit the limit is, in fact, per victim, or \$500,000, in toto, exclusive of earning loss.

K. ESTIMATING UNPAID CLAIM LIABILITIES

The philosophy relevant to the Office of Risk Management reserving policy is based on the best determination of the State's exposure taking into consideration the severity of the injury and the comparative fault if applicable. In those cases where suit has been filed, the attorney is requested to evaluate the State's exposure as early as possible in order to establish a proper reserve.

Workers compensation reserves are based on exposure determined by the severity of injury, age of claimant, education or lack of it, and potential for return to employment.

L. CATASTROPHIC EVENTS

Hurricane Katrina

Hurricane Katrina struck the state of Louisiana on August 29, 2005. As of June 30, 2014, state agencies have filed claims for Hurricane Katrina property losses with reserves in excess of \$614.0 million. Claims filed through June 30, 2014 have exceeded insurance coverage by \$114.0 million for this catastrophic event. Through June 30, 2014, ORM has paid state agencies in excess of \$209.2 million for Hurricane Katrina property claims. State agencies continue to make requests for reimbursement of damages. In Fiscal Year 2012-2013, ORM received the final payment from the excess insurance carriers.

Hurricane Rita

Hurricane Rita struck the State of Louisiana on September 24, 2005. As of June 30, 2014, State agencies have filed claims for Hurricane Rita property losses with reserves in excess of \$13.2 million. Payments to State agencies total approximately \$12.0 million through June 30, 2014, and the Office of Risk Management continues to receive requests from State agencies for reimbursement of property losses.

Hurricane Gustav

Hurricane Gustav struck the State of Louisiana on September 1, 2008. As of June 30, 2014, State agencies have filed claims for Hurricane Gustav property losses with reserves in excess of \$146.9 million. Property claims paid through June 30, 2014, are more than \$104.7 million. In Fiscal Year 2013-2014, ORM received the final payment from the excess insurance carriers.

Hurricane Ike

Hurricane Ike struck the State of Louisiana on September 13, 2008. As of June 30, 2014, State agencies have filed claims for Hurricane Ike property losses with reserves in excess of \$4.5 million. Property claims paid through June 30, 2014, were \$2.1 million.

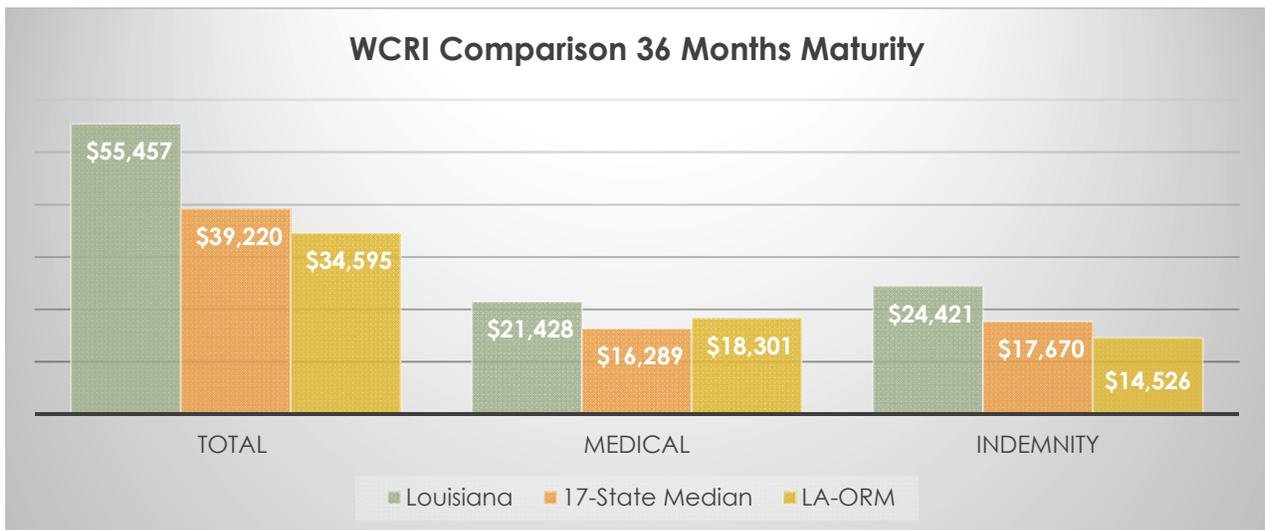
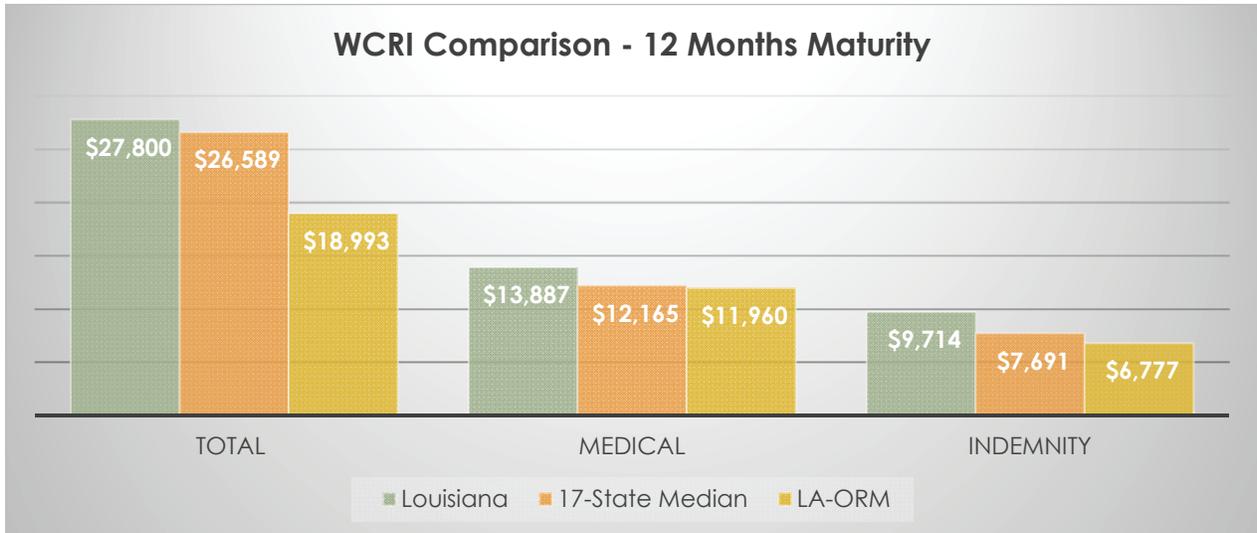
Hurricane Isaac

ORM is the applicant for the state for reimbursement from FEMA for repairs to building and content damage caused by Hurricane Isaac. ORM received \$235,193 in FEMA reimbursements in FY 2013-2014 for insurable losses. As of June 30, 2014 state agencies have filed claims for Hurricane Isaac property losses with reserves of \$9.4 million. Payments made on claims total \$3.9 million through June 30, 2014.

M. OTHER CLAIMS DISCLOSURES

Boudreaux vs. State of Louisiana - A judgment of \$93 million was awarded and with interest is now estimated to be in excess of \$307.1 million. Attempts to reach a compromise on this judgment have been unsuccessful to date.

According to the Workers Compensation Research Institute CompScope Benchmarks for Louisiana, the current average state (LA-ORM) expenditure per claim is less than the expenditures of the Louisiana statewide average for claims evaluated at both 12 months and 36 months. The average medicals paid at 36 months was approximately 11% higher than the 17-state median but less than the Louisiana average. This may be attributed to the shift towards hospital outpatient services in Louisiana. Providers are able to charge a higher amount for these services as they are paid at 90% of usual and customary rather than fee scheduled as inpatient services are. The surveyed states are Arkansas, California, Florida, Georgia, Indiana, Iowa, Illinois, Louisiana, Massachusetts, Michigan, Minnesota, North Carolina, New Jersey, Pennsylvania, Texas, Virginia, and Wisconsin.



Note: Thirty-six (36) months maturity refers to claims arising from October 1, 2010 through September 30, 2011, evaluated as of March 31, 2014. Twelve (12) months refers to claims arising in October 1, 2012 through September 30, 2013, evaluated as of March 31, 2014. The 17-state median is the average of the states ranked 9th on a given measure; these states change depending on the measure being evaluated.