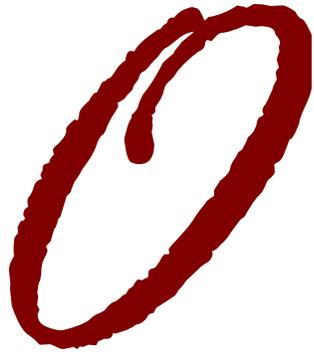


by Leo Reynolds

STATE OF LOUISIANA  
DIVISION OF ADMINISTRATION  
*Office of Risk Management*

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## ANNUAL REPORT FISCAL YEAR 2007



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.

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### *Director's Address*

*E*xceptional customer service and efficient fiscal management continue to be the strategies employed to support the mission of Office of Risk Management (ORM).

During the past five years, it has been my personal goal to promote these themes throughout the organization and provide each employee with the adequate tools and training necessary to maximize their effectiveness. I have charged our management team to evaluate services, technology, and processes continually seeking new opportunities to promote efficiency and improve customer service.

These strategies are visible in initiatives throughout the agency. Claims adjusters are charged to perform aggressive claims management to ensure claims are adjusted timely, efficiently and thoroughly. Employee workloads are evaluated continually and personnel are shifted as needed to ensure adequate staffing throughout the agency thereby maximizing our human resources. Loss prevention personnel transitioned to consultant roles thereby guaranteeing agencies receive adequate guidance on safety policies and procedures to provide a safe work environment, which is paramount to minimize risk. Information technology personnel have been successful in acquiring new software for claims management and legal bill review to minimize costs through reliable reporting and electronic bill submission and review. Additionally the insurance marketplace is continually monitored to ensure premium dollars are used efficiently to protect the State's assets.

Since the 2005 storms, we have become increasingly aware of the importance of customer service and responsible, efficient fiscal management. These themes are our best defense to minimize the cost of risk. The insurance market trends of the prior year echoed in Fiscal Year 2007 (FY07). Renewals of insurance coverages for governmental entities continue to be expensive especially in coastal regions. This hard insurance market is showing some softening in the liability and property lines.

### *Director's Address*

*This softening is encouraging as two years post Hurricanes Katrina and Rita; the 2005 storms still have an impact on our routine operations. ORM is still in the process of receiving funds from excess insurance carriers. The general liability line realized a 37% in new hurricane-related claims due to a prescription extension in hurricane damaged areas to accommodate the thousands of displaced citizens. Additionally, to comply with FEMA requirements in the Stafford Act, ORM procured National Flood Insurance Program (NFIP) policies on state-owned buildings below the I-10/I-12 corridor and those structures damaged in Katrina and/or Rita.*

*During this fiscal year, two pieces of legislation have significantly affected the Office of Risk Management. Legislative mandates assigned responsibility for the management of the New Orleans Levee District's non-flood assets to the Division of Administration. Second, legislative mandates allow the Department of Education, Recovery School District (RSD) to take over failing schools statewide.*

*A review of the Orleans Levee District, site revealed that the district's non-flood assets include an airport and fuel farm, harbor marinas, a police department, buildings leased to private companies, residential subdivision land, and land leased to varieties of companies and individuals. ORM is monitoring the activities and insurance coverage renewal on the non-flood assets and operations of the Levee District on behalf of DOA. As a result, ORM has issued reviews and recommendations as needed.*

*The RSD assumed control of a considerable number of schools as a result risk exposures increased across many lines. In the New Orleans area alone, more than 450 buildings transitioned to state care, custody and control, over \$15 million of computer equipment requires inventory, and identified security issues must be resolved. Self-insurance policies were written in all lines except property. Upon the request of the Department of Education supported by an Attorney General opinion, ORM began providing coverage for RSD schools. In FY07, ORM purchased flood policies for reported RSD school buildings at a premium of \$873,272. Excess coverage for property and boiler equipment was incorporated into current excess policies. In the future, ORM will bid RSD boiler and machinery and property coverage separately from the statewide program.*

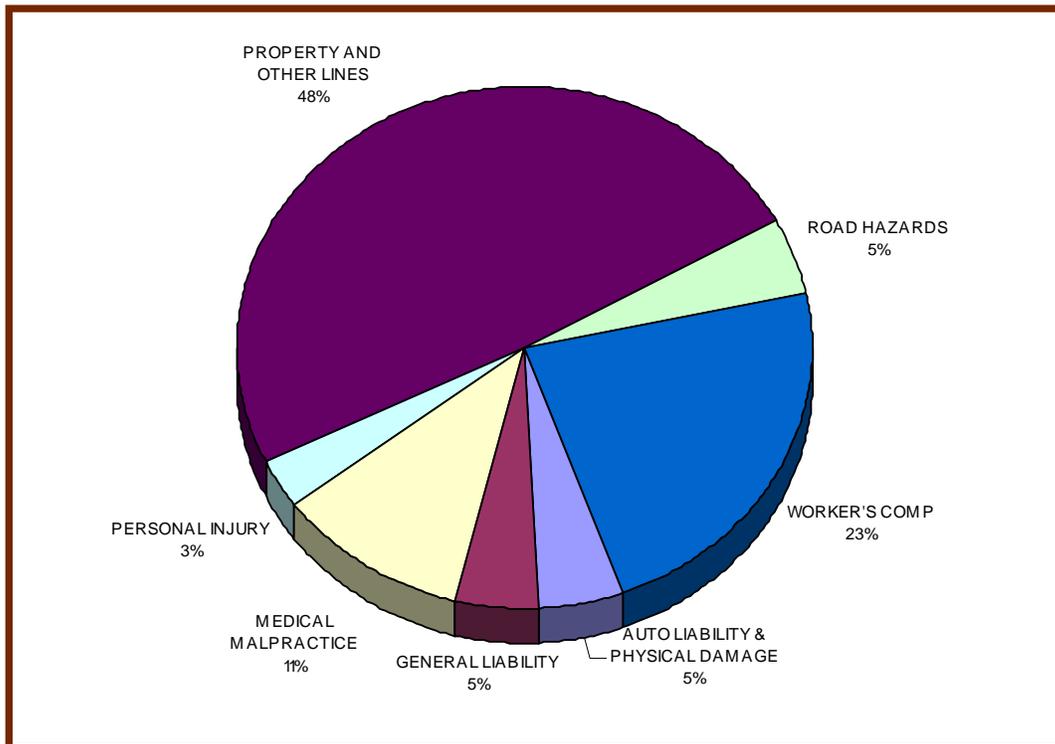
### *History of ORM*

*R.S. 39:1527, et seq., created the Office of Risk Management within the Division of Administration in order to provide a comprehensive risk management program for the state. The Office of Risk Management is an ancillary agency and as such, all of its revenue, derived wholly from premiums, is considered self-generated since premiums are billed directly to state agencies.*

*Complimentary to the billing of premium to fund the reserve are the reserves themselves. As is standard within the risk management and insurance industries, reserves, or the estimated total value of a claim, are set by the adjuster upon receipt of the claim. These reserves represent contingent liabilities per FASB 5, and as such must be reported on the Office or Risk Management's financial statements in addition to the State's financial statements. Coverage is provided by loss year, that is to say, that all claims with cause of loss in a particular year are included in that year whether reported in that loss year or some later year. Thus, in looking at the total losses of any year, total cost includes already paid losses, reserved losses, or the expected future payout, and a reserve for claims not yet reported, but which can be estimated with relative certainty. The sum of these reserves is examined by the independent actuarial firm of Tillinghast, a Towers Perrin Company, which issues an opinion as to the reasonableness of the total reserve figure.*

*Premiums are developed each year by ORM using actuarial concepts to provide for premiums in each year sufficient to pay all claims that will arise from that loss year. These recommended premiums, if budgeted and appropriated, would support a reserve for present and future payments. Currently, ORM operates on a modified “pay as you go” basis with premiums budgeted to meet current cash needs on all lines of coverage with the exception of Road Hazards. Claims resulting from this line are paid from legislative appropriations from the State’s General Fund.*

*ORM utilizes both experience rating and loss prevention to control losses. This provides considerable self-insurance savings and insulates the State from cyclical shocks in the commercial market.*



*Cash Expenditure by Coverage Line*

*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.*

## MANAGEMENT REPORT

### *Underwriting*

#### **EXCESS LIABILITY**

The excess liability program was not re-bid for FY 2007. ORM continues to provide the self-insured \$5 million limit for general liability, automobile liability, personal injury, and DOTD road hazard coverage. Any claims exceeding this limit are directed to the Legislature for payment.

#### **WET MARINE**

The premium for wet marine coverage has doubled post-Katrina. In 2005, the premium for wet marine coverage was \$822,888. The current coverage was re-bid with a \$1 million self-insured retention for \$1,843,494.

#### **PROPERTY**

Effective July 1, 2006, the property insurance program was also rebid at a dramatically increased rate of \$35,484,860. The excess limits were reduced from \$475,000,000 in FY 05-06 to \$150,000,000 per occurrence. The self-insured and excess coverages were amended to include the following criteria: 1) scheduled coverage only, as opposed to blanket; 2) per building limit is the mandatory maximum of 115% of the scheduled building replacement cost value; and 3) business income coverage was reduced and flood is excluded as a peril in a business income loss. The excess property insurance continues to be the most expensive coverage line for FY 06-07.

#### **SUPERDOME**

In the past, Superdome general liability was 100% commercial coverage. Beginning July 1, 2005, ORM generated a self-insured general liability policy with a limit of \$5 million for Superdome and Arena

operations. Excess general liability insurance for FY 06-07 was renewed at the same premium rate, and the Superdome was charged \$656,545. Because Hurricane Katrina disabled functions held at the Louisiana Superdome and New Orleans Arena, ORM lowered the self-insurance general liability premiums by 50% for FY 06-07 at a rate of \$837,875.

Superdome worker's compensation and Superdome crime were re-bid for July 1, 2006 at a premium rate comparable to previous years.

#### **BOILER AND MACHINERY**

The blanket Boiler and Machinery insurance was renewed at the same rate. The Lacassine Sugar Mill was sold October 2006, so the State is no longer responsible for its coverage.

#### **STAFFORD ACT**

To comply with FEMA requirements in the Stafford Act, building flood insurance policies were procured on state-owned buildings below the I-10/I-12 corridor and those structures damaged in Katrina and/or Rita. More than 1,300 individual policies were purchased in FY 06-07 at a premium of \$4,978,669.

#### **RECOVERY SCHOOL DISTRICT**

The Department of Education, Recovery School District has acquired failing schools statewide, which increases the risk exposure to the State. In the New Orleans area alone, more than 450 buildings have been transitioned to state ownership, \$15 million of computer equipment must be inventoried, and security issues must be resolved.

Self-insurance policies for each line of coverage were written to provide coverage for RSD school properties and operations. RSD property and boiler equipment were incorporated into the current excess policies. In the future, we plan to bid RSD boiler and machinery and property coverage separately. Flood policies were purchased for those identified RSD school buildings at a premium of \$873,272 in FY 06-07.

#### **NEW ORLEANS LEVEE DISTRICT**

Acts 2006, 1<sup>st</sup> Ex. Sess., No. 1, §1, eff. Jan. 1, 2007, tasked the Division of

Administration with the management and control of the Orleans Levee District's non-flood assets. Site visits revealed that these assets include an airport and fuel farm, harbor marinas, a police department, buildings leased to private companies, residential subdivision land, and land leased to varieties of companies and individuals. A program is in place to monitor the activities and insurance coverage renewal on these assets and operations.

## MANAGEMENT REPORT

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### *Loss Prevention*

The Loss Prevention (LP) unit continued to assist all state agencies in the prevention and reduction of employee job related accidents, injuries, and loss of State property, thereby reducing the direct and indirect costs to the State of Louisiana related to such losses through program development and training.

The staff completed the comprehensive reorganization of the LP Program, including a re-write of the LP manual. The manual and audit documents will go online in early 2008. The program changes transition the audit system from a subjective scoring basis to objective scoring. This enhancement will provide continuity throughout the state agencies.

Training is a key component in occupational safety. As such, 28 instructor-led courses were available to State employees on the following topics:

- *Blood Borne Pathogens (4)*,
- *Defensive Driving (10)*
- *Forklift Safety (4)*
- *Managing Loss Control Programs (5)*
- *Supervisory Responsibilities (1)*
- *Violence in the Workplace (4)*

During fiscal 06-07, 331 state employees participated in, and benefited from, these instructor-led classes. Further, LP is developing a new computer-based training (CBT) course, Blood Borne Pathogens. This course allows State agencies flexibility in the coordination of required training thereby maximizing efficiency and productivity. The online BBP course will be available to all state agencies. The Loss Prevention Unit also maintains a library of approximately three hundred safety videos, which are available for loan to state agencies to assist them in their loss prevention program endeavors.

Consulting services to assist the agencies in reducing claims and evaluating exposures continues to expand and improve. Program development will continue based on overall ORM goals and the specific needs of the agencies we service.

Moreover, the Loss Prevention Unit conducts appraisals of approximately 9,000 State owned and some non-State owned structures having a replacement value in excess of 8.5 billion dollars. These appraisals are completed over a four-year cycle. For FY07, approximately 1,800 appraisals were conducted.

## MANAGEMENT REPORT

### *Claims*

#### **AUTO LIABILITY AND PHYSICAL DAMAGE**

In FY 2007, State agencies reported 639 auto physical damage claims. Additionally 584 auto liability claims were reported. ORM has paid \$1,219,936.62 for physical damage losses. ORM has paid to date \$1,620,852.64 for liability losses reported during the same period.

#### **GENERAL LIABILITY**

The general liability line realized an increase in new claims from 2006 (six hundred eighty-nine) to 2007 (nine hundred twenty-six). This increase correlates with the one-year extension of the one-year prescription for tort lawsuits in hurricane-impacted areas. Two hundred eighty-seven general liability lawsuits related to Hurricane Katrina were filed in FY07. The 37% increase consists primarily of hurricane-related liability claims. Additionally, these claims have complex allegations against numerous agencies alleging failure of safety measures by agencies and the breach of the levee system after the storm hit, which resulted in widespread flooding that, caused loss of life and property damage.

#### **MEDICAL MALPRACTICE**

Only 20 medical malpractice (MM) claims related to the hurricanes were filed during FY2007. One of the challenges faced in defense of medical claims is the destruction of medical records due to flooding after Hurricane Katrina in the New Orleans area.

Two hundred two new MM claims were received in 2007. The number of new claims has continued to decline over the past several years, down approximately 24% since the end of FY2005 largely contributed to statute revisions. Legislative changes in

2003 shortened the length of the review panel process by setting a one-year deadline rather than 2 years to appoint an attorney chair. In 2005, legislative changes changed the deadline for the defense to nominate an attorney chair to 45 days after the filing of the petition. In addition, the length of time for the panel to render a written decision was shortened from 180 days to 30 days in 2005.

Further, to reduce the number of new claims, we are developing a program with the ORM medical director and the Loss Prevention staff to interact and collaborate with the medical facilities regarding the exposures identified in malpractice actions with the goal of improving services by mitigating any observable deficiencies and thereby lower the exposure to malpractice claims.

#### **PROPERTY**

State agencies reported 310 new property claims, which have resulted in payments of \$3,485,503.58 to date. Several claims warrant comments; specifically the two explosions, which occurred at Camp Minden, resulting in estimated damages of \$22,000,000, the LSU Lab School Fire with estimated damages of \$1,500,000, and the sprinkler malfunction at UNO Foundation building located at 1600 Canal Street with estimated damages of \$4,500,000.

ORM continues to experience the effects of Hurricanes Katrina and Rita. Payments continue to be made in support of requests from Facility Planning and Control. The Property Unit continues to collect from State agencies who have received funding from both ORM and FEMA on hurricane related

## MANAGEMENT REPORT

### *Claims*

claims losses resulting in a duplication of benefits.

Included in the property coverage is Boiler and Machinery coverage. State agencies reported 57 such losses and the amount paid to date is \$690,395.42. Twenty (20) of these claims were presented by the LSU System.

ORM has worked diligently in FY 07 to recover funds from responsible third parties. This year's loss at Camp Minden resulted from two contractors on site. Litigation has been filed by the Attorney General's office against the responsible contractors and subrogation personnel are monitoring this activity. In the FY 07, ORM was successful in recovering \$2,126,029.28 against responsible individuals and companies.

### **ROAD HAZARDS**

In FY 2007, five hundred eighty-five road hazards claims were opened. The majority of the claims reported were due to potholes with the highest number of reported claims occurring in East Baton Rouge Parish. During this fiscal year, ORM and LSP Accident Reconstruction Specialists investigated 167 highway crashes on State highways. Evidence secured immediately post accident has allowed ORM to have critical data in preparation for litigation.

Road Hazard claims are paid through legislative appropriation by Consent

Judgment. Of the claims settled by Consent Judgment in FY 07, the plaintiffs' initial demands totaled \$15,289,140.70. However, through successful litigation efforts, this office was able to resolve these claims for a much lower amount of \$5,948,657.07.

### **WORKERS' COMPENSATION**

In FY07, ORM received 4,408 new workers' compensation claims. Approximately 95% of were submitted using the online reporting system. On-line claims' reporting reduces the amount of time it takes to initiate workers' compensation benefits. This is vital as penalties result if statutory time restraints are not met.

Transitional duty employment and utilization of vocational rehabilitation services returned 63% of referrals to some form of employment in FY 07. ORM submits medical bills associated with workers' compensation claims for bill review and calculates payments in accordance with a medical fee schedule for medical services and procedures. Through the utilization of the medical fee, schedule and bill review a savings of \$ 13,073,821 was realized.

Further, ORM recovered \$4,567,187 from the Second Injury Board. Additionally, recoveries from excess carriers totaled \$730,754.

## CLAIMS REPORTED

### *Auto Liability*

DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	37
0400 - DIVISION OF ADMINISTRATION	1
0500 - DEPT. TRANSPORTATION & DEVELPMNT	155
0900 - LSUMC HEALTH CARE SERVICES DIVISION	5
1000 - DEPT. OF HEALTH AND HOSPITALS	38
1800 - DEPARTMENT OF SOCIAL SERVICES	19
2000 - DEPARTMENT OF CORRECTIONS	87
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	3
2200 - DEPARTMENT OF PUBLIC SAFETY	68
2300 - DEPARTMENT OF NATURAL RESOURCES	1
2400 - DEPT OF ENVIRONMENTAL QUALITY	11
2500 - DEPT. ECONOMIC DEVELOPMENT	3
2800 - DEPT. OF WILDLIFE & FISHERIES	17
2900 - DEPARTMENT OF REVENUE	3
3100 - DEPT. CULTURE, RECREATION, TOURISM	3
3200 - LIEUTENANT GOVERNOR	1
3300 - DEPARTMENT OF STATE	11
3400 - DEPARTMENT OF JUSTICE	7
3700 - DEPT. OF AGRICULTURE & FORESTRY	20
4100 - DEPARTMENT OF EDUCATION	2
4400 - LSU SYSTEM	48
4600 - SOUTHERN UNIVERSITY SYSTEM	5
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	18
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	7
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	9
7200 - MISC. BOARDS & COMMISSIONS	2
7600 - LEGISLATURE	1
9900 - MISCELLANEOUS	2
<b>Grand Totals:</b>	<b>584</b>

## CLAIMS REPORTED

### *Auto Physical Damage*

DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	47
0400 - DIVISION OF ADMINISTRATION	1
0500 - DEPT. TRANSPORTATION & DEVELOPMNT	97
0900 - LSUMC HEALTH CARE SERVICES DIVISION	11
1000 - DEPT. OF HEALTH AND HOSPITALS	43
1800 - DEPARTMENT OF SOCIAL SERVICES	37
2000 - DEPARTMENT OF CORRECTIONS	55
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	9
2200 - DEPARTMENT OF PUBLIC SAFETY	189
2300 - DEPARTMENT OF NATURAL RESOURCES	4
2400 - DEPT OF ENVIRONMENTAL QUALITY	7
2800 - DEPT. OF WILDLIFE & FISHERIES	22
2900 - DEPARTMENT OF REVENUE	4
3000 - DEPARTMENT OF CIVIL SERVICE	2
3100 - DEPT. CULTURE, RECREATION, TOURISM	4
3300 - DEPARTMENT OF STATE	6
3400 - DEPARTMENT OF JUSTICE	6
3700 - DEPT. OF AGRICULTURE & FORESTRY	16
4100 - DEPARTMENT OF EDUCATION	3
4400 - LSU SYSTEM	38
4600 - SOUTHERN UNIVERSITY SYSTEM	6
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	17
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	3
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	4
7200 - MISC. BOARDS & COMMISSIONS	6
7600 - LEGISLATURE	2
<b>Grand Totals:</b>	<b>639</b>

# CLAIMS REPORTED

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*Aviation*

DEPARTMENT	CLAIMS REPORTED
2220 - OFFICE OF STATE POLICE	2
2410 - DEQ - OFFICE OF THE SECRETARY	1
<b>Grand Totals:</b>	<b>3</b>

## CLAIMS REPORTED

### *Boiler and Machinery*

DEPARTMENT	CLAIMS REPORTED
0500 - DEPT. TRANSPORTATION & DEVELOPMENT	2
0900 - LSUMC HEALTH CARE SERVICES DIVISION	1
1000 - DEPT. OF HEALTH AND HOSPITALS	9
2000 - DEPARTMENT OF CORRECTIONS	4
2200 - DEPARTMENT OF PUBLIC SAFETY	4
3100 - DEPT. CULTURE, RECREATION, TOURISM	1
4400 - LSU SYSTEM	19
4600 - SOUTHERN UNIVERSITY SYSTEM	4
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	11
<b>Grand Totals:</b>	<b>55</b>

## CLAIMS REPORTED

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### *Bonds and Crimes*

DEPARTMENT	CLAIMS REPORTED
0900 - LSUMC HEALTH CARE SERVICES DIVISION	1
1800 - DEPARTMENT OF SOCIAL SERVICES	1
2200 - DEPARTMENT OF PUBLIC SAFETY	1
4100 - DEPARTMENT OF EDUCATION	1
4400 - LSU SYSTEM	1
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	1
<b>Grand Totals:</b>	<b>6</b>

## CLAIMS REPORTED

### *General Liability*

DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	124
0500 - DEPT. TRANSPORTATION & DEVELOPMENT	106
0900 - LSUMC HEALTH CARE SERVICES DIVISION	31
1000 - DEPT. OF HEALTH AND HOSPITALS	115
1800 - DEPARTMENT OF SOCIAL SERVICES	17
2000 - DEPARTMENT OF CORRECTIONS	99
2200 - DEPARTMENT OF PUBLIC SAFETY	14
2300 - DEPARTMENT OF NATURAL RESOURCES	2
2400 - DEPT OF ENVIRONMENTAL QUALITY	1
2600 - DEPARTMENT OF LABOR	1
2800 - DEPT. OF WILDLIFE & FISHERIES	5
2900 - DEPARTMENT OF REVENUE	1
3100 - DEPT. CULTURE, RECREATION, TOURISM	12
3300 - DEPARTMENT OF STATE	1
3400 - DEPARTMENT OF JUSTICE	47
3700 - DEPT. OF AGRICULTURE & FORESTRY	20
4100 - DEPARTMENT OF EDUCATION	7
4400 - LSU SYSTEM	136
4600 - SOUTHERN UNIVERSITY SYSTEM	24
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	111
5800 - SPECIAL SCHOOLS & EDUCATION AGENCY	4
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	28
7000 - EMPLOYEE BENEFIT SYSTEMS	4
7200 - MISC. BOARDS & COMMISSIONS	5
7700 - JUDICIARY	4
9900 - MISCELLANEOUS	7
<b>Grand Totals:</b>	<b>926</b>

## CLAIMS REPORTED

### *Medical Malpractice*

DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	1
0900 - LSUMC HEALTH CARE SERVICES DIVISION	77
1000 - DEPT. OF HEALTH AND HOSPITALS	10
2000 - DEPARTMENT OF CORRECTIONS	1
4400 - LSU SYSTEM	112
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	1
<b>Grand Totals:</b>	<b>202</b>

AGENCY	CLAIMS REPORTED
0275 - NORTHEAST LA WAR VETERAN'S HOME	1
0912 - EARL K. LONG MEDICAL CENTER	13
0916 - UNIVERSITY MEDICAL CENTER	18
0918 - W. O. MOSS REGIONAL MED. CENTER	8
0920 - LALLIE KEMP REGIONAL MED. CENTER	3
0922 - WASHINGTON-ST. TAMMANY RMC	6
0924 - LEONARD J. CHABERT MEDICAL CNTR	6
0926 - MEDICAL CENTER OF LA AT N.O.	23
1030 - OFFICE OF AGING & ADULT SERVICES (OAAS)	1
1280 - OFFICE OF PUBLIC HEALTH	2
1420 - OMH - Area B	3
1540 - OFF. FOR CITIZENS WITH DEV. DISABILITIES	3
1750 - OFFICE OF ADDICTIVE DISORDERS	1
2060 - LA. CORRECTN INSTITUTE FOR WOMEN	1
4418 - LSU-BATON ROUGE	1
4482 - HUEY P. LONG MEDICAL CENTER	11
4483 - LSU HEALTH SERVICES CTR.-SHREVEPORT	54
4488 - E.A. CONWAY MEDICAL CENTER	16
4489 - LSU HEALTH SERVICES CENTER-NEW ORLEANS	30
5258 - UNIVERSITY OF LOUISIANA AT LAFAYETTE	1
<b>Grand Totals:</b>	<b>202</b>

## CLAIMS REPORTED

### *Personal Injury*

DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	1
0500 - DEPT. TRANSPORTATION & DEVELOPMNT	2
0900 - LSUMC HEALTH CARE SERVICES DIVISION	7
1000 - DEPT. OF HEALTH AND HOSPITALS	6
1800 - DEPARTMENT OF SOCIAL SERVICES	4
2000 - DEPARTMENT OF CORRECTIONS	181
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	3
2200 - DEPARTMENT OF PUBLIC SAFETY	13
2300 - DEPARTMENT OF NATURAL RESOURCES	2
2500 - DEPT. ECONOMIC DEVELOPMENT	1
2800 - DEPT. OF WILDLIFE & FISHERIES	3
2900 - DEPARTMENT OF REVENUE	1
3000 - DEPARTMENT OF CIVIL SERVICE	3
3300 - DEPARTMENT OF STATE	1
3400 - DEPARTMENT OF JUSTICE	5
3700 - DEPT. OF AGRICULTURE & FORESTRY	2
4000 - DEPARTMENT OF INSURANCE	1
4100 - DEPARTMENT OF EDUCATION	4
4400 - LSU SYSTEM	10
4600 - SOUTHERN UNIVERSITY SYSTEM	8
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	4
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	1
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	1
7200 - MISC. BOARDS & COMMISSIONS	3
7700 - JUDICIARY	11
<b>Grand Totals:</b>	<b>278</b>

## CLAIMS REPORTED

*Property*

DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	28
0400 - DIVISION OF ADMINISTRATION	2
0500 - DEPT. TRANSPORTATION & DEVELOPMNT	49
0900 - LSUMC HEALTH CARE SERVICES DIVISION	5
1000 - DEPT. OF HEALTH AND HOSPITALS	19
1800 - DEPARTMENT OF SOCIAL SERVICES	2
2000 - DEPARTMENT OF CORRECTIONS	16
2200 - DEPARTMENT OF PUBLIC SAFETY	7
2300 - DEPARTMENT OF NATURAL RESOURCES	2
2800 - DEPT. OF WILDLIFE & FISHERIES	15
2900 - DEPARTMENT OF REVENUE	1
3100 - DEPT. CULTURE, RECREATION, TOURISM	4
3300 - DEPARTMENT OF STATE	2
3700 - DEPT. OF AGRICULTURE & FORESTRY	9
4100 - DEPARTMENT OF EDUCATION	9
4400 - LSU SYSTEM	58
4600 - SOUTHERN UNIVERSITY SYSTEM	11
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	44
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	3
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	10
7200 - MISC. BOARDS & COMMISSIONS	2
7600 - LEGISLATURE	1
7700 - JUDICIARY	1
<b>GRAND TOTALS:</b>	<b>300</b>

## CLAIMS REPORTED

### *Road Hazards by Cause Code*

CAUSE CODE	CLAIMS REPORTED
3001 - POTHOLE	110
3002 - WATER ON ROAD	15
3003 - ICE ON ROAD	5
3004 - MUD ON ROAD	2
3005 - OIL/CHEMICALS ON ROAD	1
3006 - LOOSE MATERIAL ON ROAD	8
3007 - EDGE RUT ON ROAD	11
3008 - TREE ON ROAD	9
3009 - TREE OVERHANGING ROAD	12
3010 - VISION OBSTRUCTION	4
3011 - OTHER OBJECT ON ROAD	50
3012 - MISSING SIGNS	10
3013 - ROUGH CROSSING	7
3014 - SIGNAL MALFUNCTION	13
3015 - OTHER MALFUNCTION	21
3017 - FAILS TO MEET AASHTO STANDARDS	3
3018 - FAILS TO MEED DOTD STANDARDS	2
3099 - UNKNOWN	34
3119 - ROAD SURFACE	7
3124 - INSUFFICIENT/MISSING SIGNS	11
3125 - BARRICADES	2
3127 - LIGHTING	1
3128 - SIGNALS	1
3131 - FLOODING	2
3199 - UNKNOWN	16
3250 - ROAD SURFACE	6
3254 - GRADE/SLOPE	1
3255 - INSUFFICIENT/MISSING SIGNS	4
3259 - SIGNALS	1
3262 - FLOODING	1
3299 - UNKNOWN	6
3999 - OTHER	209
<b>Grand Totals:</b>	<b>585</b>

## CLAIMS REPORTED

### *Road Hazards by Parish*

PARISH	CLAIMS REPORTED
01 - ACADIA	7
02 - ALLEN	7
03 - ASCENSION	9
04 - ASSUMPTION	5
05 - AVOUELLES	4
06 - BEAUREGARD	2
07 - BIENVILLE	1
08 - BOSSIER	10
09 - CADDO	22
10 - CALCASIEU	43
11 - CALDWELL	1
12 - CAMERON	1
13 - CATAHOULA	2
15 - CONCORDIA	2
16 - DESOTO	6
17 - EAST BATON ROUGE	80
18 - EAST CARROLL	3
19 - EAST FELICIANA	5
20 - EVANGELINE	3
21 - FRANKLIN	6
22 - GRANT	4
23 - IBERIA	25
24 - IBERVILLE	15
25 - JACKSON	4
26 - JEFFERSON	14
27 - JEFFERSON DAVIS	4
28 - LAFAYETTE	44
29 - LAFOURCHE	7
31 - LINCOLN	1
32 - LIVINGSTON	9
33 - MADISON	5
34 - MOREHOUSE	1

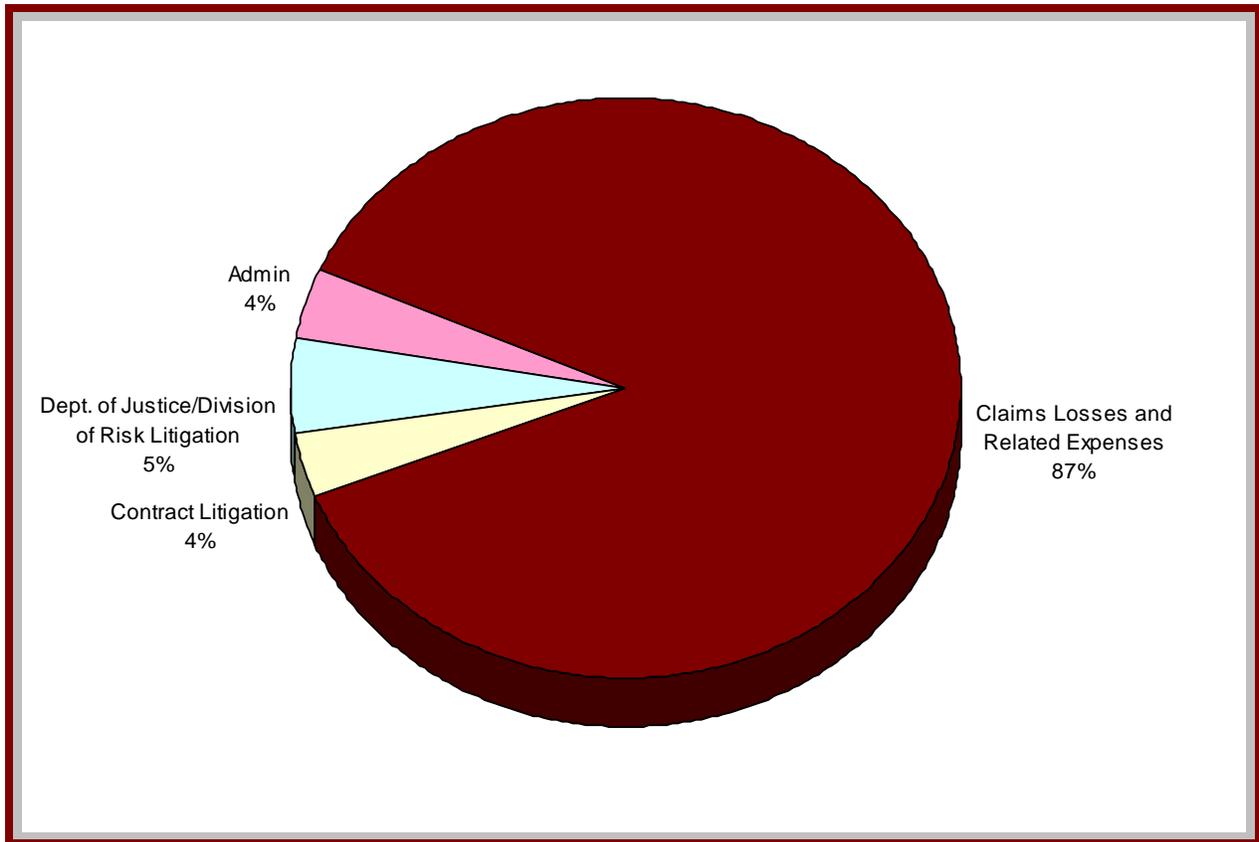
PARISH	CLAIMS REPORTED
35 - NATCHITOCHEs	8
36 - ORLEANS	19
37 - OUACHITA	19
39 - POINT COUPEE	4
40 - RAPIDES	14
41 - RED RIVER	3
42 - RICHLAND	3
43 - SABINE	7
44 - ST. BERNARD	5
45 - ST. CHARLES	6
46 - ST. HELENA	1
47 - ST. JAMES	2
48 - ST. JOHN THE BAPTIST	2
49 - ST. LANDRY	9
50 - ST. MARTIN	12
51 - ST. MARY	7
52 - ST. TAMMANY	23
53 - TANGIPAHOA	21
54 - TENSAS	3
55 - TERREBONNE	20
57 - VERMILLION	6
58 - VERNON	3
59 - WASHINGTON PARISH	10
60 - WEBSTER	3
61 - WEST BATON ROUGE	8
62 - WEST CARROLL	2
63 - WEST FELICIANA	10
64 - WINN	2

## CLAIMS REPORTED

### *Workers' Compensation*

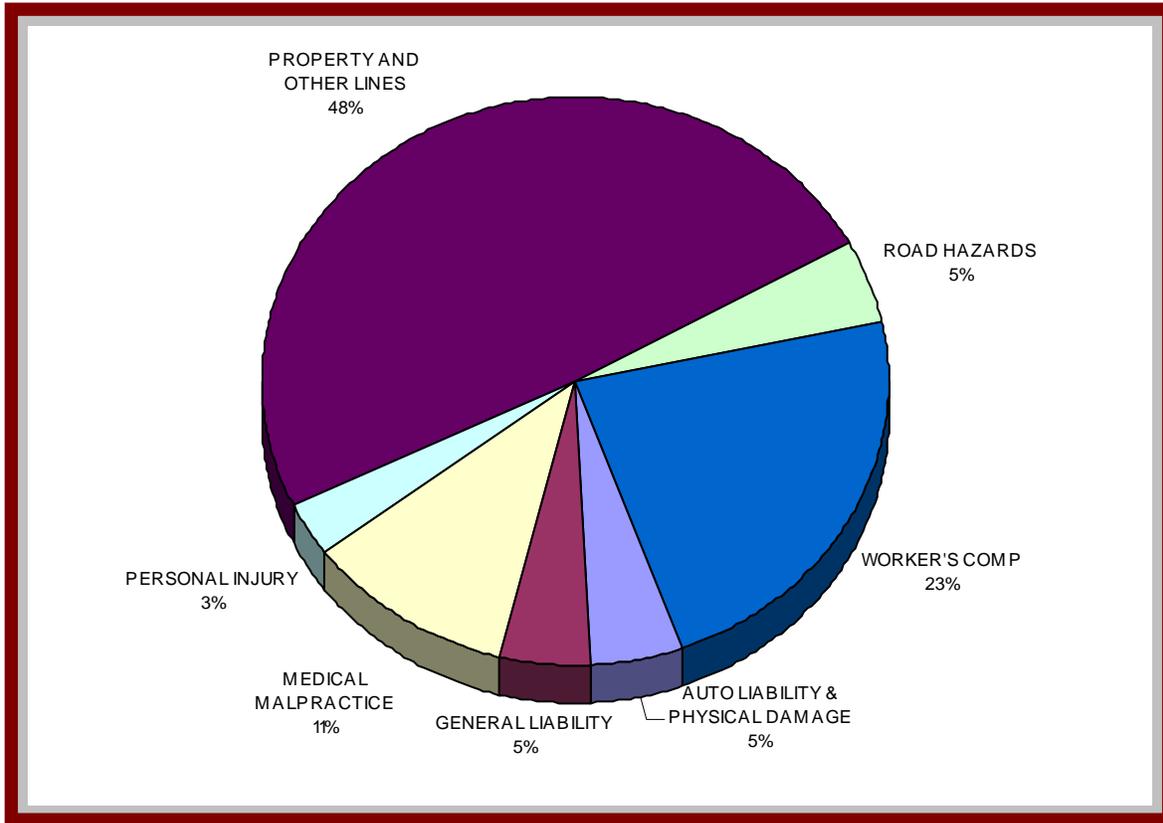
DEPARTMENT	CLAIMS REPORTED
0010 - EXECUTIVE DEPARTMENT	144
0400 - DIVISION OF ADMINISTRATION	54
0500 - DEPT. TRANSPORTATION & DEVELOPMENT	338
0900 - LSUMC HEALTH CARE SERVICES DIVISION	418
1000 - DEPT. OF HEALTH AND HOSPITALS	899
1800 - DEPARTMENT OF SOCIAL SERVICES	125
2000 - DEPARTMENT OF CORRECTIONS	324
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	139
2200 - DEPARTMENT OF PUBLIC SAFETY	167
2300 - DEPARTMENT OF NATURAL RESOURCES	14
2400 - DEPT OF ENVIRONMENTAL QUALITY	17
2500 - DEPT. ECONOMIC DEVELOPMENT	6
2600 - DEPARTMENT OF LABOR	28
2800 - DEPT. OF WILDLIFE & FISHERIES	52
2900 - DEPARTMENT OF REVENUE	14
3000 - DEPARTMENT OF CIVIL SERVICE	1
3100 - DEPT. CULTURE, RECREATION, TOURISM	33
3300 - DEPARTMENT OF STATE	13
3400 - DEPARTMENT OF JUSTICE	4
3600 - DEPARTMENT OF THE TREASURY	0
3700 - DEPT. OF AGRICULTURE & FORESTRY	77
4000 - DEPARTMENT OF INSURANCE	3
4100 - DEPARTMENT OF EDUCATION	111
4300 - DEPARTMENT OF PUBLIC SERVICE	1
4400 - LSU SYSTEM	854
4600 - SOUTHERN UNIVERSITY SYSTEM	45
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	364
5800 - SPECIAL SCHOOLS & EDUCATION AGENCY	78
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	49
7000 - EMPLOYEE BENEFIT SYSTEMS	5
7200 - MISC. BOARDS & COMMISSIONS	14
7600 - LEGISLATURE	8
7700 - JUDICIARY	9
<b>Grand Totals:</b>	<b>4408</b>

## CASH EXPENDITURE BY BUDGET PROGRAM



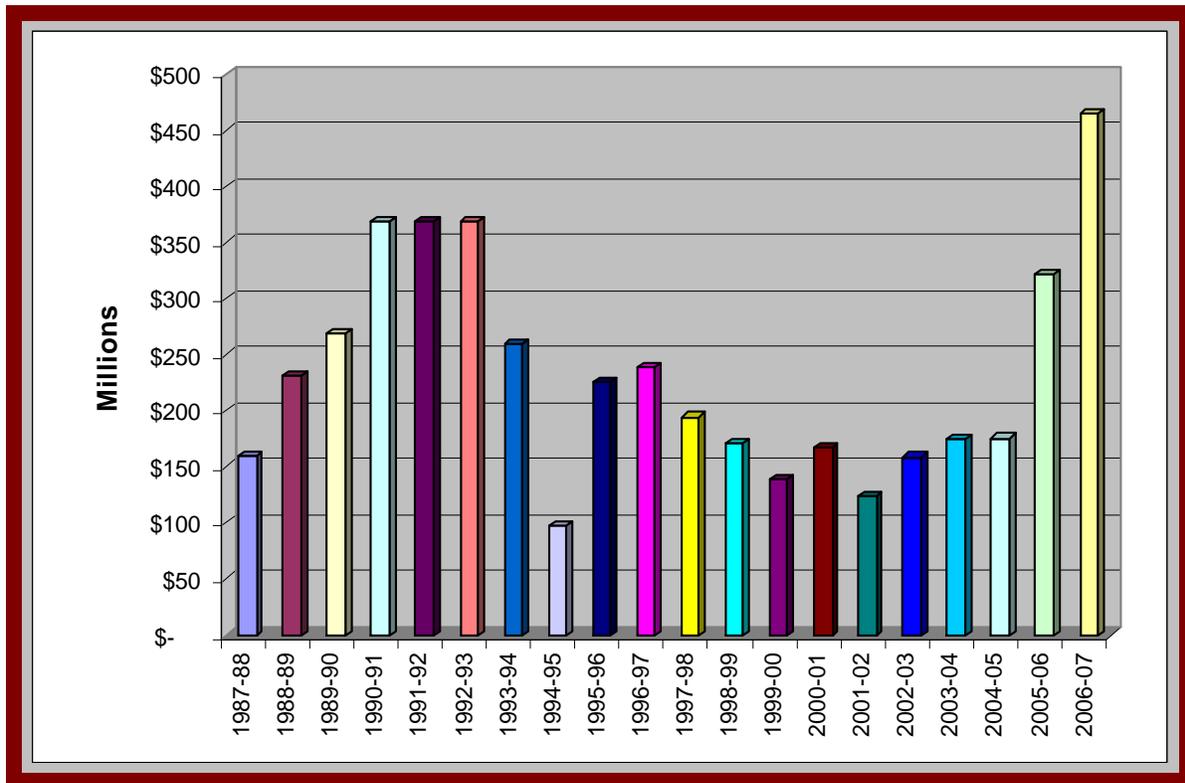
BUDGET PROGRAM	EXPENDITURE
Admin	\$ 10,808,220.09
Claims Losses and Related Expenses	\$ 236,249,883.30
Contract Litigation	\$ 9,509,514.49
Dept. of Justice/Division of Risk Litigation	\$ 14,298,684.78
<b>Total Budget</b>	<b>\$ 270,866,302.66</b>

## CASH EXPENDITURE BY COVERAGE LINE



COVERAGE LINE	EXPENDITURE
Auto Liability & Physical Damage	\$11,570,201
General Liability	\$11,398,899
Medical Malpractice	\$26,300,688
Personal Injury	\$7,309,505
Property and Other Lines	\$118,744,096
Road Hazards	\$10,992,144
Worker's Comp	\$55,361,056
	\$241,676,589

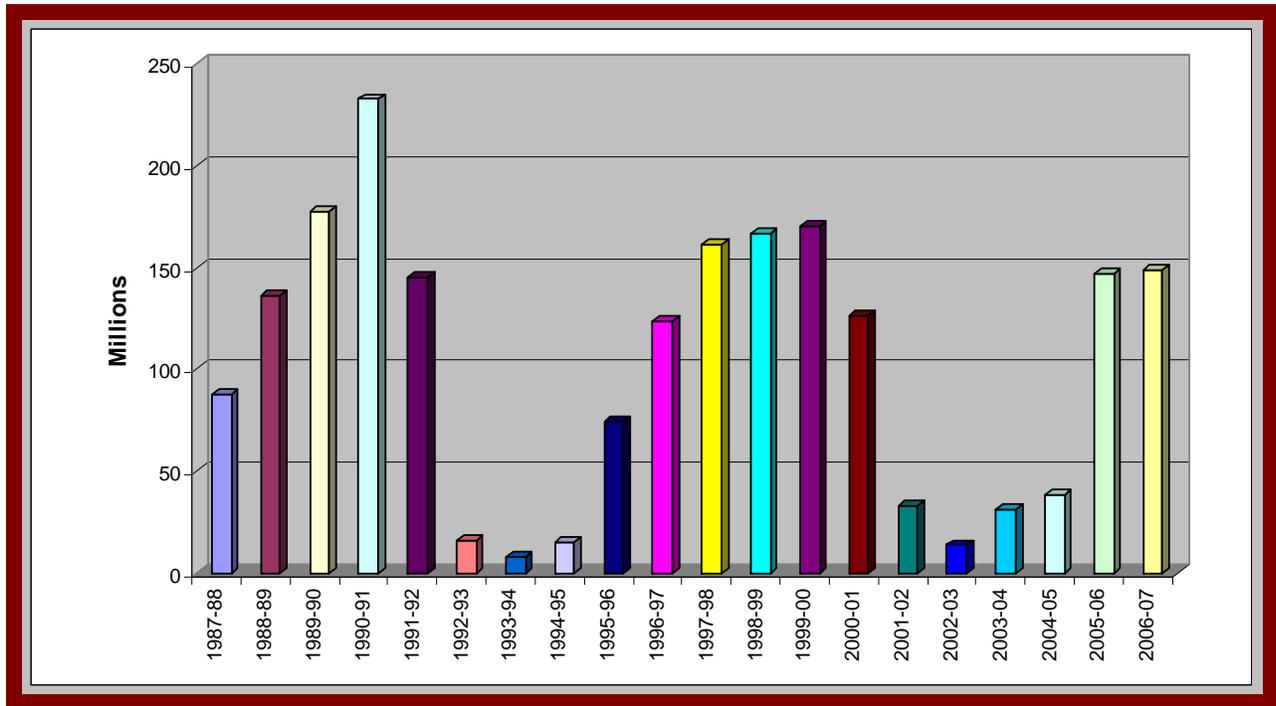
## BUDGET



FISCAL YEAR	TOTAL BUDGET
1987-88	\$ 160,000,000
1988-89	\$ 231,163,517
1989-90	\$ 269,404,983
1990-91	\$ 368,818,757
1991-92	\$ 368,317,741
1992-93	\$ 368,844,694
1993-94	\$ 258,879,001
1994-95	\$ 97,565,325
1995-96	\$ 224,846,405
1996-97	\$ 239,326,671
1997-98	\$ 194,393,632
1998-99	\$ 171,675,510
1999-00	\$ 139,457,883
2000-01	\$ 167,491,519
2001-02	\$ 124,096,116
2002-03	\$ 158,581,579
2003-04	\$ 174,740,353
2004-05	\$ 175,535,660
2005-06 *	\$ 321,701,737
2006-07 *	\$ 464,156,821

\*Budget includes authority to expend excess insurance proceeds of \$200M in 2005-06 and \$125M in 2006-07 for Hurricane Katrina losses.

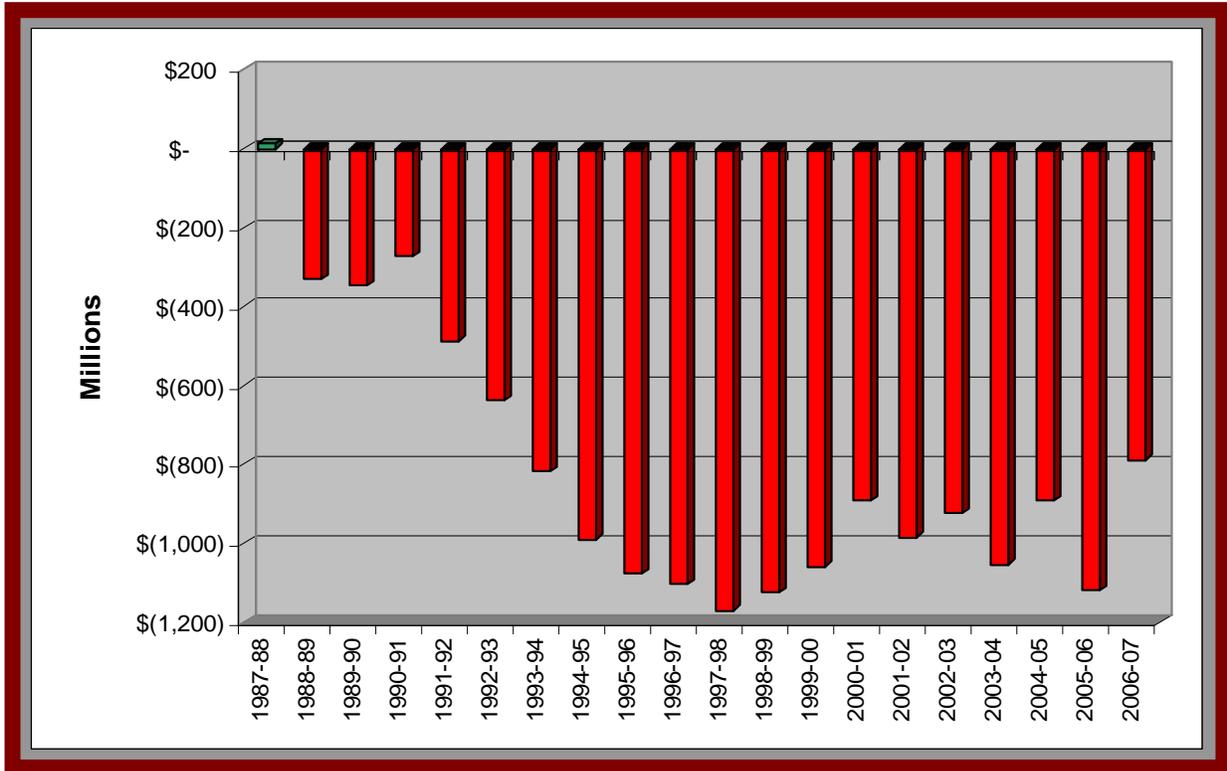
## CASH BALANCE



Fiscal Year	Total Cash Balance
1987-88	\$ 87,983,512
1988-89	\$ 136,197,880
1989-90	\$ 177,167,033
1990-91	\$ 232,570,471
1991-92	\$ 145,048,419
1992-93	\$ 16,054,526
1993-94	\$ 8,284,465
1994-95	\$ 15,004,482
1995-96	\$ 74,693,176
1996-97	\$ 123,354,824
1997-98	\$ 161,624,140
1998-99	\$ 166,761,033
1999-00	\$ 170,099,177
2000-01	\$ 126,071,172
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

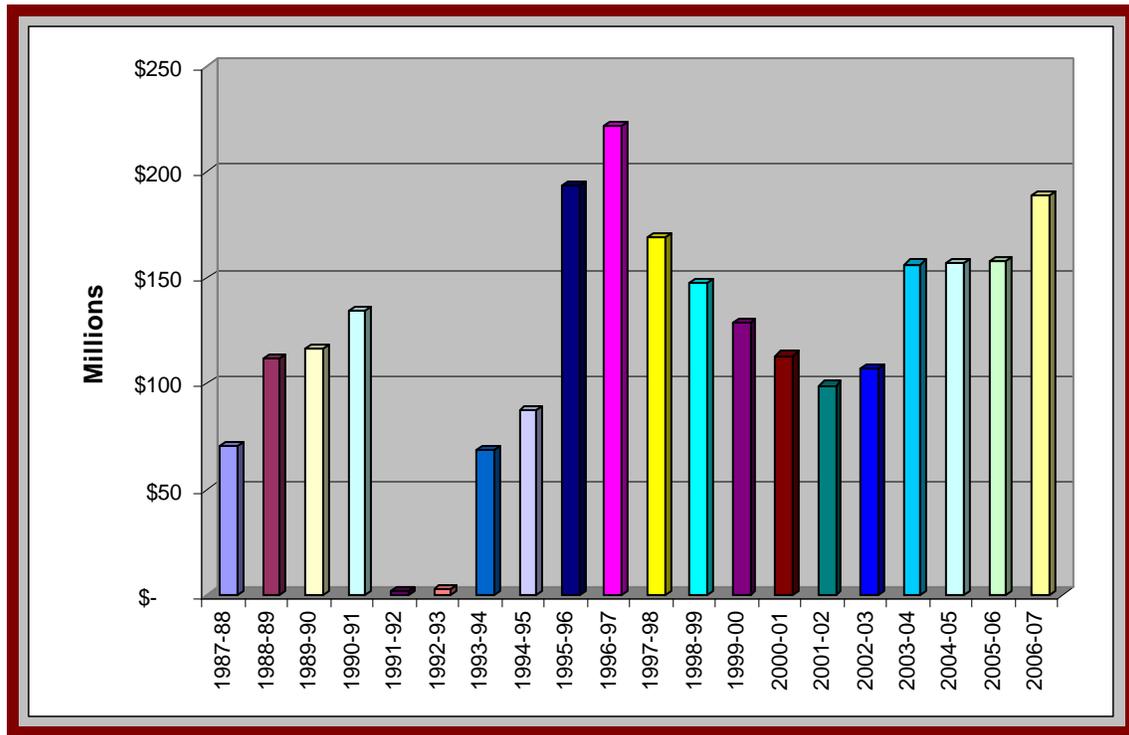
Cash balance includes excess insurance proceeds of \$107,759,519 in 2005-06 and \$136,317,761 in 2006-07 as a result of Hurricane Katrina.

## FUND EQUITY



Fiscal Year	Total Fund Equity
1987-88	\$ 13,014,112
1988-89	\$ (331,090,858)
1989-90	\$ (346,662,508)
1990-91	\$ (271,958,071)
1991-92	\$ (486,507,461)
1992-93	\$ (637,901,253)
1993-94	\$ (818,644,299)
1994-95	\$ (989,537,511)
1995-96	\$ (1,078,065,151)
1996-97	\$ (1,103,819,414)
1997-98	\$ (1,169,748,070)
1998-99	\$ (1,126,332,490)
1999-00	\$ (1,058,050,563)
2000-01	\$ (892,190,771)
2001-02	\$ (984,477,740)
2002-03	\$ (925,082,756)
2003-04	\$ (1,052,983,515)
2004-05	\$ (889,864,059)
2005-06	\$ (1,119,192,580)
2006-07	\$ (788,227,395)

## PREMIUMS COLLECTED



Fiscal Year	Total Premium Collected
1987-88	\$ 70,933,701
1988-89	\$ 111,864,517
1989-90	\$ 116,745,861
1990-91	\$ 134,591,411
1991-92	\$ 1,775,132
1992-93	\$ 3,145,241
1993-94	\$ 68,845,869
1994-95	\$ 87,348,273
1995-96	\$ 193,360,233
1996-97	\$ 221,425,973
1997-98	\$ 169,004,359
1998-99	\$ 147,388,790
1999-00	\$ 128,793,146
2000-01	\$ 113,254,354
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

# FINANCIAL STATEMENTS

## OFFICE OF RISK MANAGEMENT

### Balance Sheet

<u>ASSETS</u>	
Cash and investments	\$151,522,314
Insurance/reinsurance balances receivable	\$41,044,495
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$5,184,518
Prepaid insurance	60,197,992
Machinery	\$571,729
Less: Accumulated depreciation	\$304,630
<b>TOTAL ASSETS</b>	<b>\$258,216,418</b>
<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$883,353,885
Unearned premium	\$10,271,444
Other liabilities	\$152,818,484
<b>TOTAL LIABILITIES</b>	<b>\$1,046,443,813</b>
<u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>(\$788,227,395)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$258,216,418</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$208,120,581
Other Revenue	\$31,523
Hurricane Recoveries	\$60,341,124
General fund appr./non-tort reimbursement	\$94,074
Add unearned premium from prior year	\$158,210
Less unfunded premium	\$0
Less unearned premium at statement date	\$10,271,444
Less cost of insurance	\$48,328,425
<b>TOTAL INCOME</b>	<b>\$210,145,643</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$6,054,310
Claims cost:	
Losses	\$141,625,620
Allocated loss adjustment expense	\$37,071,437
Unallocated loss adjustment expense	\$8,596,796
Change in provision for losses/expenses	(\$305,940,366)
<b>TOTAL EXPENSES</b>	<b>(\$112,592,203)</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>\$322,737,846</b>
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$7,035,117
Gain(loss) on sale of fixed assets/misc. inc.	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$7,035,117</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>\$329,772,963</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>(\$1,119,192,580)</b>
Current income(loss)	\$329,772,963
Transfer of Future Medical Funds	\$1,123,266
Prior year adjustments	68,957
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$788,227,395)</b>

## AUTO LIABILITY

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	\$20,403,119
Insurance/reinsurance balances receivable	\$801,085
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$26,335
Prepaid insurance	\$0
Machinery	\$73,070
Less: Accumulated depreciation	\$54,147
<b>TOTAL ASSETS</b>	<b>\$21,249,462</b>
 <u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$26,736,629
Unearned premium	\$0
Other liabilities	\$59,172
<b>TOTAL LIABILITIES</b>	<b>\$26,795,801</b>
 <u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>(\$5,546,339)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$21,249,462</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$7,183,051
Other Revenues	\$0
Hurricane Recoveries	\$0
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
<b>TOTAL INCOME</b>	<b>\$7,183,051</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$206,451
Claims cost:	
Losses	\$5,354,536
Allocated loss adjustment expense	\$1,834,459
Unallocated loss adjustment expense	\$180,037
Change in provision for losses/expenses	\$1,413,938
<b>TOTAL EXPENSES</b>	<b>\$8,989,421</b>
 <b>NET INCOME(LOSS) FROM OPERATIONS</b>	 <b>(\$1,806,370)</b>
 <u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$278,117
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$278,117</b>
 <b>TOTAL NET INCOME/LOSS</b>	 <b>(\$1,528,253)</b>
 RETAINED EARN./FUND BAL. JULY 1, 2006	 (\$4,018,086)
Current year income(loss)	(\$1,528,253)
Prior year adjustments	
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$5,546,339)</b>

## AUTO PHYSICAL DAMAGE

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	(\$3,683,648)
Insurance/reinsurance balances receivable	\$210,740
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$0
Machinery	\$3,286
Less: Accumulated depreciation	(\$3,538)
<b>TOTAL ASSETS</b>	<b>(\$3,646,084)</b>
 <u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$634,066
Unearned premium	\$0
Other liabilities	\$16,597
<b>TOTAL LIABILITIES</b>	<b>\$650,663</b>
 <u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>(\$4,296,747)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>(\$3,646,084)</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$1,779,396
Other Revenue	\$0
Hurricane Recoveries	\$ 405,705
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
<b>TOTAL INCOME</b>	<b>\$2 184,101</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$259,730
Claims cost:	
Losses	\$3,217,404
Allocated loss adjustment expense	\$351,568
Unallocated loss adjustment expense	\$166,016
Change in provision for losses/expenses	(\$1,639,854)
<b>TOTAL EXPENSES</b>	<b>\$2,354,864</b>
 <b>NET INCOME(LOSS) FROM OPERATIONS</b>	 <b>(\$170,763)</b>
 <u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$0</b>
 <b>TOTAL NET INCOME/LOSS</b>	 <b>(\$170,763)</b>
 RETAINED EARN./FUND BAL. JULY 1, 2006	 (\$4,125,984)
Current year income(loss)	(\$170,763)
Prior year adjustments	
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$4,296,747)</b>

## BONDS AND CRIME

### Balance Sheet

	BONDS	CRIME
<u>ASSETS</u>		
Cash & investments - State Treasury	\$767,302	\$926,766
Insurance/reinsurance balances receivable	\$1,352	\$27,504
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$992	\$1,197
Prepaid insurance	\$0	\$15,476
Machinery	\$720	\$1,971
Less: Accumulated depreciation	\$327	\$1,524
<b>TOTAL ASSETS</b>	<b>\$770,129</b>	<b>\$971,390</b>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Loss and expense reserves	\$507,611	\$279
Unearned premium	\$0	\$0
Other liabilities	\$534	\$229
<b>TOTAL LIABILITIES</b>	<b>\$508,145</b>	<b>\$508</b>
<u>FUND EQUITY</u>		
<b>TOTAL FUND EQUITY</b>	<b>\$261,984</b>	<b>\$970,882</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$770,129</b>	<b>\$971,390</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>		
Premiums written	\$74,751	\$55,647
Other Revenue	\$0	\$0
Hurricane Recoveries	\$0	\$0
General fund appr/non-tort reimbursement	\$0	\$0
Add unearned premium from prior year	\$0	\$0
Less unfunded premium	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0
Less cost of insurance	\$0	\$5,159
<b>TOTAL INCOME</b>	<b>\$74,751</b>	<b>\$50,488</b>
<u>OPERATING EXPENSES</u>		
General and administrative expenses	\$8,477	\$3,632
Claims cost:		
Losses	\$9,098	\$1
Allocated loss adjustment expense	\$10,006	\$3,980
Unallocated loss adjustment expense	\$313,740	\$660
Change in provision for losses/expenses	\$293,097	(\$12,883)
<b>TOTAL EXPENSES</b>	<b>\$322,217</b>	<b>(\$4,610)</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>(\$247,466)</b>	<b>\$55,098</b>
<u>NON-OPERATING REVENUES AND EXPENSES</u>		
Interest income	\$9,528	\$11,750
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$9,528</b>	<b>\$11,750</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>(\$237,938)</b>	<b>\$66,848</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>\$499,922</b>	<b>\$904,034</b>
Current year income(loss)	(\$237,938)	\$66,848
Prior year adjustments		
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>\$261,984</b>	<b>\$970,882</b>

## WORKERS COMP AND MARITIME

### Balance Sheet

	WORKER'S COMP	MARITIME
<u>ASSETS</u>		
Cash & investments - State Treasury	\$10,139,369	\$3,251,036
Insurance/reinsurance balances receivable	\$3,853,734	\$1,352
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$683,167	\$4,206
Prepaid insurance	\$640,207	\$0
Machinery	\$251,868	\$27,191
Less: Accumulated depreciation	\$141,114	\$21,342
<b>TOTAL ASSETS</b>	<b>\$15,419,231</b>	<b>\$3,264,278</b>
 <u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Loss and expense reserves	\$304,193,451	\$6,396,791
Unearned premium	\$0	\$0
Other liabilities	\$2,704,906	\$21,986
<b>TOTAL LIABILITIES</b>	<b>\$306,898,357</b>	<b>\$6,418,777</b>
 <u>FUND EQUITY</u>		
<b>TOTAL FUND EQUITY</b>	<b>(\$291,479,126)</b>	<b>(\$3,154,499)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$15,419,231</b>	<b>\$3,264,278</b>
 <b>Statement of Revenues and Expenses</b>		
<u>OPERATING REVENUES</u>		
Premiums written	\$56,013,953	\$1,500,450
Other Revenues	\$0	\$0
Hurricane Recoveries	\$0	\$0
General fund appr./non-tort reimbursement	\$0	\$0
Add unearned premium from prior year	\$0	\$0
Less unfunded premium	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0
Less cost of insurance	\$204,287	\$0
<b>TOTAL INCOME</b>	<b>\$55,809,666</b>	<b>\$1,500,450</b>
<u>OPERATING EXPENSES</u>		
General and administrative expenses	\$2,036,672	\$42,985
Claims cost:		
Losses	\$41,992,637	\$347,541
Allocated loss adjustment expense	\$5,171,208	\$198,024
Unallocated loss adjustment expense	\$5,359,896	\$7,806
Change in provision for losses/expenses	\$42,024,463	\$173,071
<b>TOTAL EXPENSES</b>	<b>\$96,584,876</b>	<b>\$769,427</b>
 <b>NET INCOME(LOSS) FROM OPERATIONS</b>	 <b>(\$40,775,210)</b>	 <b>\$731,023</b>
 <u>NON-OPERATING REVENUES AND EXPENSES</u>		
Interest income	\$185,922	\$38,541
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$185,922</b>	<b>\$38,541</b>
 <b>TOTAL NET INCOME/LOSS</b>	 <b>(\$40,589,288)</b>	 <b>\$769,564</b>
 <b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	 <b>(\$250,889,838)</b>	 <b>(\$3,924,063)</b>
Current year income(loss)	(\$40,589,288)	\$769,564
Prior year adjustments		
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$291,479,126)</b>	<b>(\$3,154,499)</b>

## PROPERTY

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	\$39,631,174
Insurance/reinsurance balances receivable	\$16,371,456
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$51,020
Prepaid insurance	\$56,016,340
Machinery	\$18,666
Less: Accumulated depreciation	\$8,719
<b>TOTAL ASSETS</b>	<b>\$112,079,937</b>

<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$26,8332,142
Unearned premium	\$10,271,444
Other liabilities	
<b>TOTAL LIABILITIES</b>	<b>\$149,293,058</b>
	<b>\$186,397,644</b>
<u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>(\$74,317,707)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$112,079,937</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$72,275,444
Other Revenues	\$0
Hurricane Recoveries	\$59,020,207
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$158,210
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$10,271,444
Less cost of insurance	\$44,813,543
<b>TOTAL INCOME</b>	<b>\$76,368,874</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$174,971
Claims cost:	
Losses	\$64,938,365
Allocated loss adjustment expense	\$2,680,462
Unallocated loss adjustment expense	\$550,412
Change in provision for losses/expenses	(\$11,852,069)
<b>TOTAL EXPENSES</b>	<b>\$56,492,141</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>\$19,876,733</b>
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$373,407
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$373,407</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>\$20,250,140)</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>(\$94,567,847)</b>
Current year income (loss)	\$20,250,140
Prior year adjustments	
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$74,317,707)</b>

## GENERAL LIABILITY

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	\$177,007,455
Insurance/reinsurance balances receivable	\$9,208,337
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$239,545
Prepaid insurance	\$728,220
Machinery	\$145,273
Less: Accumulated depreciation	\$102,100
<b>TOTAL ASSETS</b>	<b>\$187,226,730</b>
 <u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$92,891,978
Unearned premium	\$0
Other liabilities	\$163,504
<b>TOTAL LIABILITIES</b>	<b>\$93,055,482</b>
 <u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>\$94,171,248</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$187,226,730</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$23,595,951
Other Revenue	\$0
Hurricane Recoveries	\$0
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$601,545
<b>TOTAL INCOME</b>	<b>\$22,934,406</b>
 <u>OPERATING EXPENSES</u>	
General and administrative expenses	\$616,327
Losses	\$3,519,241
Allocated loss adjustment expense	\$6,284,313
Unallocated loss adjustment expense	\$317,473
Change in provision for losses/expenses	(\$27,818,287)
<b>TOTAL EXPENSES</b>	<b>(\$17,080,933)</b>
 <b>NET INCOME(LOSS) FROM OPERATIONS</b>	 <b>\$40,015,339</b>
 <u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$2,325,631
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$2,325,631</b>
 <b>TOTAL NET INCOME/LOSS</b>	 <b>\$42,340,970</b>
 <b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	 <b>\$51,761,321</b>
Current year income(loss)	\$42,340,970
Prior year adjustments	\$0
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>\$94,171,248</b>

## PERSONAL INJURY

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	\$2,678,833
Insurance/reinsurance balances receivable	\$197,995
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$3,446
Prepaid insurance	\$0
Machinery	(\$9,014)
Less: Accumulated depreciation	(\$6,374)
<b>TOTAL ASSETS</b>	<b>\$2,877,634</b>
<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$47,317,923
Unearned premium	\$0
Other liabilities	\$89,544
<b>TOTAL LIABILITIES</b>	<b>\$47,407,467</b>
<u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>(\$44,529,833)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$2,877,634</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$11,895,446
Other Revenue	\$0
Hurricane Recoveries	\$0
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
<b>TOTAL INCOME</b>	<b>\$11,895,446</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$423,198
Claims cost:	
Losses	\$1,771,622
Allocated loss adjustment expense	\$4,854,644
Unallocated loss adjustment expense	\$260,041
Change in provision for losses/expenses	(\$19,538,044)
<b>TOTAL EXPENSES</b>	<b>(\$12,228,539)</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>\$24,123,985</b>
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$48,920
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$48,920</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>\$24,172,905</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>(\$68,702,738)</b>
Current year income(loss)	\$24,172,905
Prior year adjustments	\$0
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$44,529,833)</b>

## MARINE, AVIATION, AND BOILER & MACHINERY

### Balance Sheet

	MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP
<b>ASSETS</b>			
Cash & investments - State Treasury	(\$8,045,242)	\$45,560	(\$2,309,879)
Insurance/reinsurance balances receivable	\$34,281	\$143,111	\$270,281
Less reserve for abolished agencies	\$0	\$0	\$0
Interest receivable and other assets	\$0	\$0	\$0
Prepaid insurance	\$2,176,129	\$0	\$621,620
Machinery	\$970	\$466	\$7,163
Less: Accumulated depreciation	(\$189)	\$231	\$4,872
<b>TOTAL ASSETS</b>	<b>(\$5,833,673)</b>	<b>\$188,906</b>	<b>(\$1,417,978)</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Loss and expense reserves	\$1,763,700	\$3,077,383	\$897,682
Unearned premium	\$0	\$0	\$0
Other liabilities	\$3,234	\$76	\$2,249
<b>TOTAL LIABILITIES</b>	<b>\$1,760,466</b>	<b>\$3,077,459</b>	<b>\$899,931</b>
<b>FUND EQUITY</b>			
<b>TOTAL FUND EQUITY</b>	<b>(\$7,594,139)</b>	<b>(\$2,888,553)</b>	<b>(\$2,315,618)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>(\$5,833,673)</b>	<b>\$188,906</b>	<b>(\$1,415,687)</b>
<b>Statement of Revenues and Expenses</b>			
<b>OPERATING REVENUES</b>			
Premiums written	\$1,949,950	\$923,871	\$1,942,636
Other Revenue	\$0	\$0	\$0
Hurricane Recoveries	\$909,271	\$0	\$6,941
General fund appr./non-tort reimbursement	\$0	\$0	\$0
Add unearned premium from prior year	\$0	\$0	\$0
Less unfunded premium	\$0	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0	\$0
Less cost of insurance	\$1,843,494	\$0	\$800,397
<b>TOTAL INCOME</b>	<b>\$1,015,727</b>	<b>\$923,871</b>	<b>\$1,149,180</b>
<b>OPERATING EXPENSES</b>			
General and administrative expenses	\$18,163	\$1,210	\$35,719
Claims cost:			
Losses	\$288,760	\$28,740	\$915,461
Allocated loss adjustment expense	\$53,671	\$5,277	\$44,293
Unallocated loss adjustment expense	\$3,298	\$220	\$6,486
Change in provision for losses/expenses	(\$23,786)	\$3,037,934	\$222,690
<b>TOTAL EXPENSES</b>	<b>\$340,106</b>	<b>\$3,073,381</b>	<b>\$1,244,649</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>\$675,621</b>	<b>(\$2,149,510)</b>	<b>(\$75,469)</b>
<b>NON-OPERATING REVENUES AND EXPENSES</b>			
Interest income	\$0	\$0	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>\$675,621</b>	<b>(\$2,149,510)</b>	<b>(\$75,469)</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>(\$8,269,760)</b>	<b>(\$739,043)</b>	<b>(\$2,240,149)</b>
Current year income(loss)	\$675,621	(\$2,149,510)	(\$75,469)
Prior year adjustments			
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$7,594,139)</b>	<b>(\$2,888,553)</b>	<b>(\$2,315,618)</b>

## MEDICAL MALPRACTICE

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	\$268,820,786
Insurance/reinsurance balances receivable	\$9,921,432
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$397,957
Prepaid insurance	\$0
Machinery	\$23,478
Less: Accumulated depreciation	(\$8,458)
<b>TOTAL ASSETS</b>	<b>\$279,172,111</b>
<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$169,830,771
Unearned premium	\$0
Other liabilities	\$191,110
<b>TOTAL LIABILITIES</b>	<b>\$170,021,881</b>
<u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>\$109,150,230</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$279,172,111</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums Written	\$28,930,035
Other Revenue	31,523
Hurricane Recoveries	\$0
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
<b>TOTAL INCOME</b>	<b>\$28,961,558</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$862,739
Losses	\$17,221,510
Allocated loss adjustment expense	\$7,502,049
Unallocated loss adjustment expense	\$714,390
Change in provision for losses/expenses	(\$27,842,584)
<b>TOTAL EXPENSES</b>	<b>(\$1,541,896)</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>\$30,503,454</b>
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$3,763,301
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$3,763,301</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>\$34,266,755</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>\$74,883,475</b>
Current year income(loss)	\$34,266,755
Prior year adjustments	\$0
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>\$109,150,230</b>

## ROAD HAZARDS

### Balance Sheet

<u>ASSETS</u>	
Cash & investments - State Treasury	(\$363,943,806)
Insurance/reinsurance balances receivable	\$3,776,653
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$0
Machinery	\$26,621
Less: Accumulated depreciation	(11,187)
<b>TOTAL ASSETS</b>	<b>(\$360,129,345)</b>
<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$202,278,947
Unearned premium	\$0
Other liabilities	\$272,285
<b>TOTAL LIABILITIES</b>	<b>\$202,551,232</b>
<u>FUND EQUITY</u>	
<b>TOTAL FUND EQUITY</b>	<b>(\$562,680,577)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>(\$360,129,345)</b>

### Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$0
Other Revenue	\$0
Hurricane Recoveries	\$0
General fund appr./non-tort reimbursement	\$94,074
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
<b>TOTAL INCOME</b>	<b>\$94,074</b>
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$1,364,036
Losses	\$522,103
Allocated loss adjustment expense	\$8,077,483
Unallocated loss adjustment expense	\$1,028,522
Change in provision for losses/expenses	(\$264,378,052)
<b>TOTAL EXPENSES</b>	<b>(\$253,385,908)</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>\$253,479,982</b>
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$0</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>\$253,479,982</b>
<b>RETAINED EARN./FUND BAL. JULY 1, 2006</b>	<b>(\$816,160,599)</b>
Current year income(loss)	\$253,479,982
Prior year adjustments	\$0
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$562,680,577)</b>

## MISCELLANEOUS\*

### Balance Sheet

	NON-TORT PAYMENTS	FUTURE MEDICAL FUND
<u>ASSETS</u>		
Cash & investments - State Treasury	(\$3,380,000)	\$9,401,399
Insurance/reinsurance balances receivable	\$0	\$0
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$0	\$0
Prepaid insurance	\$0	\$0
Machinery	\$0	\$0
Less: Accumulated depreciation	\$0	\$0
<b>TOTAL ASSETS</b>	<b>(\$3,380,000)</b>	<b>\$9,401,399</b>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Loss and expense reserves	\$0	\$0
Unearned premium	\$0	\$0
Other liabilities	\$0	\$0
<b>TOTAL LIABILITIES</b>	<b>\$0</b>	<b>\$0</b>
<u>FUND EQUITY</u>		
<b>TOTAL FUND EQUITY</b>	<b>(\$3,380,000)</b>	<b>\$9,401,399</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>(\$3,380,000)</b>	<b>\$9,401,399</b>
<b>Statement of Revenues and Expenses</b>		
<u>OPERATING REVENUES</u>		
Premiums written	\$0	\$0
Other Revenue	\$0	\$0
Hurricane Recoveries	\$0	\$0
General fund appr./non-tort reimbursement	\$0	\$0
Add unearned premium from prior year	\$0	\$0
Less unfunded premium	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0
Less cost of insurance	\$0	\$0
<b>TOTAL INCOME</b>	<b>\$0</b>	<b>\$0</b>
<u>OPERATING EXPENSES</u>		
General and administrative expenses	\$0	\$0
Losses	\$900,000	\$598,601
Allocated loss adjustment expense	\$0	\$0
Unallocated loss adjustment expense	\$0	\$0
Change in provision for losses/expenses	\$0	\$0
<b>TOTAL EXPENSES</b>	<b>\$900,000</b>	<b>\$598,601</b>
<b>NET INCOME(LOSS) FROM OPERATIONS</b>	<b>(\$900,000)</b>	<b>(\$598,601)</b>
Interest income	\$0	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
<b>TOTAL OTHER INCOME/LOSS</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL NET INCOME/LOSS</b>	<b>(\$900,000)</b>	<b>(\$598,601)</b>
RETAINED EARN./FUND BAL. JULY 1, 2006	(\$2,480,000)	\$8,876,735
Current year income(loss)	(\$900,000)	(\$598,601)
Transfer of Funds		\$1,123,265
Prior year adjustments	\$0	\$0
<b>RETAINED EARN./FUND BAL. JUNE 30, 2007</b>	<b>(\$3,380,000)</b>	<b>\$9,401,399</b>

\* The Miscellaneous Tort line of insurance was combined with General Liability in 07

## **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.

### **A. Summary of Significant Accounting Policies**

The Office of Risk Management prepared its financial statements in accordance with the procedures established by the Division of Administration. The financial activities of the Office of Risk Management are accounted for on a fund basis whereby a set of separate, self-balancing accounts are maintained to account for appropriated or authorized activities. The information presented herein, is reported under the modified accrual basis of accounting as prescribed by GAAP for fund level reporting.

The general fixed assets and long-term obligations of the agency are not recognized in the accompanying financial reports presented at fund level. All capital assets of the primary government are, however, reported at the government-wide level of reporting, as required by GAAP.

Annually the State of Louisiana issues a comprehensive annual financial report, which includes the activity contained in the accompanying financial statements. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

#### 1. FUND ACCOUNTING

##### General Operating Appropriations

The General Operations Fund is used to account for all general and auxiliary fund appropriated operating expenditures and minor capital acquisitions. All appropriated general and auxiliary operations revenue is accounted for in this fund.

##### Non-Appropriated Funds

Major State Revenues and Income Not Available - The agency collects major state revenues that are remitted to the State Treasury for deposit to statutorily dedicated funds. In addition, the agency collects funds specifically identified by the Division of Administration - Budget Office as Income Not Available that are remitted to the State Treasury. These amounts are not available to the agency for expenditure and are, therefore, not included on Statement B but are detailed on Schedule 4.

Payroll Clearing Fund - The Payroll Clearing Fund is used to account for payroll deductions and accrued benefits.

The non-appropriated funds relating to Major State Revenues, Income Not Available and Payroll Clearing are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

For purpose of this statement presentation, collections in excess of Appropriated Means of Financing are not considered income not available and therefore are included on Statement B.

#### 2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Office of Risk Management are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenues - State General Fund and Interim Emergency Board appropriations are recognized as the net amount warranted during the fiscal year including the 45-day close period.

Fees and self-generated revenues, interagency transfers, federal funds, intra-fund revenues, non-appropriated revenues, and other financing sources (with the exception of agency funds) are recognized in the amounts earned, to the extent that they are both measurable and available.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid.

## **B. Imprest Funds**

The agency maintains a permanent Travel and Petty Cash Imprest Fund for \$ 8,500.00 as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented.

## **C. Leave**

### **1. ANNUAL AND SICK LEAVE**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave, which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2007 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105 is estimated to be \$603,067.06. The leave payable is recorded in the accompanying financial statements.

### **2. Compensatory Leave (Non-Exempt Employees)**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2007 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$0.00. The leave payable is recorded in the accompanying financial statements.

## **D. Post Retirement Health Care and Life Insurance Benefits per GASB 12**

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the Office of Risk\_Management to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the agency's employees

become eligible for those benefits if they reach normal retirement age while working for the agency. Monthly premiums are paid jointly by the employees and the employer (from the agency appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMOs authorized by Group Benefits. The agency recognizes the cost of providing benefits when paid during the year. For the year ended June 30, 2007, the costs of retirees' benefits totaled \$194,900.22, while the number of retirees is 31. (As defined by the GASB Statement 12, dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive.) The cost of retirees' benefits is net of participant's contribution.

## E. Lease and Rental Commitments

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 2006 - 2007 amounted to \$75,638.64.

### 1. OPERATING LEASES

Operating leases are all leases, which do not meet the criteria of a capital lease. Operating leases are grouped by nature (i.e. office space, equipment, etc.) and the annual rental payments for the next five fiscal years are presented in the following schedule.

<u>Nature of lease</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY 2011- 2015</u>
a. Office space	\$ <u>50,548.24</u>	\$ <u>252,741.20</u>				
b. Equipment	_____	_____	_____	_____	_____	_____
c. Land	_____	_____	_____	_____	_____	_____
d. Other	_____	_____	_____	_____	_____	_____
Total	\$ <u>50,548.24</u>	\$ <u>252,741.20</u>				

Rental expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter the lease. In those instances, rental expense is determined on either a straight-line or an interest basis over the term of the lease, as required by GASB 13, and not in accordance with lease terms. The agency does not have leases with scheduled rent increases due to temporary rent reductions used as an inducement to enter the lease.

**R. Payroll and Related Benefits Accrual**

Agencies will be required to reflect the 2006-2007 accrued personal services cost for this fiscal year on the accompanying financial statement. The following schedule will aid you in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2005-06 accrual calculation based on Ten (10) days and the fiscal year 2006-07 calculation will be based on Ten (10) days. Agencies must also determine the federal match on this accrual calculation.

	<u>FY 2005-06</u>	<u>FY 2006-07</u>
1. 07/7/06 Payroll (gross & related)	\$ 294,675.38	
2. 07/6/07 Payroll (gross & related)		\$ 322,223.01
	<u>X 100.0%</u>	<u>X 100.0%</u>
2a. Payroll accrual	<u>294,675.38</u>	<u>\$ 322,223.01</u>
2b. Add voids and supplementals (off cycle) paid in the 45-day close with prior year appropriations.	_____	_____
3. Total payroll accruals	<u>\$ 294,675.38</u>	<u>\$ 322,223.01</u>
4.		
Estimated federal receivable attributed to the accrual shown above	<u>\$ _____</u>	<u>\$ _____</u>
<u>Total Agency Expenditures</u>		
5. Total programs from Schedule 1		\$246,183,655.06
6. Less: 2005-06 accrual from line 3, column 1 above		(\$294,675.38)
6a. Plus: 2005-2006 accrual from Schedule 3-1		\$13,643,769.62
7. Plus: 2006-07 accrual from line 3, column 2 above		\$ 322,223.01
7a. Plus: 2006-07 accrual from Schedule 3-1		\$ (49,318,649.86)
7b. Plus: 2006-07 payments during 45 day close		\$ -(452,248.00)
7c. Plus: 2005-06 adjustment to Statement B		671,388.53
7d. Minus: 2006-07 excess insurance payable		\$(160,059,603.80)
7e. Plus 2007-08 excess insurance payable		134,433,938.23
8. To Statement B (this should be the total for <u>all</u> programs)		<u>\$ 185,129,797.41</u>
<u>Total Federal Revenue</u>		
9. Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1 (Federal)		_____
10. Less: 2005-06 accrual from line 4, column 1 above		_____
11. Plus: 2006-07 accrual from line 4, column 2 above		_____
12. Less: Deferred Revenue from Note G (Federal)		_____
13. To Statement B (line 4) Federal Funds		\$ _____

**U. Reserve for Continuing Operation(s)**

The unit is by statute allowed to retain residual fund balance in order to finance future operations. For the fiscal year ended June 30, 07, \$60,843,344.16 was the amount reserved.

<u>Office/Fund</u>	<u>Louisiana Revised Statutes</u>	<u>Reserve for Continuing Operations</u>
<u>Self Insurance Fund</u>	<u>39:1533</u>	51,441,944.83
<u>Future Medical Fund</u>	<u>39:1533.2</u>	9,401,399.33
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total		<u>\$ 60,843,344.16</u>

**DD. Liabilities for Claims and Claims Expenses**

Louisiana is on the modified accrual basis. This means that expense is recognized when it becomes measurable and payable and is consequently reflected on Statements 1, 3, and 4, for example. Under GASB 34, we must also reflect those expenses that have become measurable regardless of when payable. Shown in the table below are those gross expenditures you have incurred which are not reflected on any of the aforementioned schedules. Show by funding source and object category.

Funding Source (list by name):	Organization #	Object	Amount
Federal:			\$
Self-Generated:			
Claims Liabilities		3650	<u>\$883,175,767</u>
Major State Revenue:			
Total GASB 34 accruals (gross)			\$ <u>\$883,175,767</u>
Less: Allowance for estimated recoveries			_____ <u>\$10,701,224</u>
GASB 34 liability adjustment net of estimated recoveries			_____ <u>\$872,474,542</u>
Amount included above not expected to be paid in one year			\$751,130,474

## ADDENDUM TO THE NOTES TO THE CAFR

1. A description of the risks of loss to which the state is exposed and the ways in which those risks of loss are handled.

There are four basic types of risks to which the State is exposed. Loss can occur because of (1) damage to property, (2) loss of property, (3) loss of income or increased costs because of damage to or loss of property, and (4) liability to others because of injury to persons or property. 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 70'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 above that level. The \$ limits will vary according to coverage.

The best way to insure 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 its own Loss Prevention Unit.

2. A description of any significant reductions in coverage from the prior year and whether settlements exceeded coverage for each of the three preceding fiscal years.

There were no significant reductions in coverage during FY 06/07.

During the last four fiscal years, there were no claims that exceeded coverage.

There have been significant changes in case law that will have had 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 is still having an adverse effect on claims reserves.

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 that 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 tort reform, although not retroactive on open cases, will have an effect on future claims by a reduction of costs.

3. The basis for estimating unpaid claim liabilities.

The philosophy relevant to ORM's 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.

4. The carrying amount of unpaid claims liabilities included in the comprehensive annual financial statements of the State of Louisiana at present value and range of rates used to discount them.

Because of the lack of funding over the past fiscal years, ORM's cash reserves have been depleted. Because of the lack of funding, ORM discontinued discounting and has not discounted the present value of claim liabilities since FY 89/90.

The provision for losses and loss adjustment expenses includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The liability for unpaid losses and loss adjustment expenses is based on claims adjusters' evaluations of individual claims and management's evaluation and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other economic factors. Adjustments resulting from the settlement of losses are reflected in earnings at the time the adjustments are determined.

During FY 07, The State of Louisiana covered property losses up to a limit of \$200,000,000, with a flood limit of \$100,000,000 for properties above the I-10 corridor. Below I-10, the coverage is under the National Flood Insurance Program. The flood coverage is an aggregate for the entire year whereas the balance of the coverage is per event. The state has a 50,000,000 self-insured retention (deductible) for each event.

#### *Hurricane Katrina*

Hurricane Katrina struck the state of Louisiana on August 29, 2005. As of June 30, 2007, state agencies have filed claims for Hurricane Katrina property losses totaling \$824,914,403. Claims filed through June 30, 2006 have exceeded insurance coverage by \$349,914,403 for this event. Through June 30, 2007, ORM has paid state agencies \$165,566,122 for Hurricane Katrina property claims.

#### *Hurricane Rita*

Hurricane Rita struck the state of Louisiana on September 25, 2006. As of June 30, 2007, state agencies have filed claims for Hurricane Rita property losses totaling \$41,841,778. Property claims paid through June 30, 2007 total \$13,140,365.

#### *Boudreaux vs. State*

A judgment of \$93 million was awarded and with interest is now estimated to be \$300 million. A settlement of \$93 million is pending approval of the class and the court. \$10 million has been appropriated in 2006-07 as an installment on the settlement amount.

## RESERVES

The present value of reserves for claim liabilities for FY 06/07as reported on the financial statements totals \$883,353,884.72. A further breakdown of this total follows:

<b>PERIOD</b>	<b>TOTAL RESERVES</b>	<b>NET OF ESTIMATED RECOVERIES</b>
Current	\$ 12,062,711	\$ 10,879,342.14
Long-Term	\$883,175,767	\$ 872,474,542.58
Total	\$895,238,478	\$883,353,884.72

## CHANGES IN AGGREGATE CLAIMS LIABILITIES

The cumulative total of estimated recoveries at June 30, 2007 is \$11,884,593.28. Claims payments include all allocated loss adjustment expenses including legal expense and are net of actual recoveries on settled and unsettled claims.

The aggregate amount of claims liabilities outstanding for which annuity contracts were purchased in claimants' names and for which related liabilities have been removed from the balance sheet.

From time to time, the Office of Risk Management purchases annuities as partial settlements of certain claims. The payment of the annuities to the claimants is made over a period by third party trustees.

At June 30, 2007, there are 105 active annuities. The outstanding amount due on these 105 annuities as of June 30, 2007 was \$216,515,319.40. Of the 105 annuities, 93 contain wording, which releases ORM from any and all future liability on the claims. The remaining liability, on the 12 that do not contain the wording necessary to release ORM from any possible future liability, totals \$34,123,052.76. At June 30, 2007, the total amount of annuities purchased was \$41,360,589.90.

During the fiscal period, the general appropriations/ancillary auxiliary fund type employs encumbrance accounting to assure compliance with annual appropriation acts.

The Auxiliary Appropriation funds are allowed to retain excess resources to fund future program expenses as a restricted fund balance. The non-appropriated funds are not subject to budgetary control.

FISCAL YEAR	BEG OF F/Y LIAB	CLAIMS & CHANGES IN EST	CLAIM PAYMENTS	EST. RECOV FROM SETTLED & UNSETTLED CLAIMS	BALANCE AT F/Y
1993-94	\$667,720,418	\$228,995,905	(\$53,916,903)	(\$345,195)	\$842,454,225
1994-95	\$842,454,225	\$265,288,947	(\$89,878,735)	(\$345,849)	\$1,017,518,588
1995-96	\$1,017,518,588	\$273,810,423	(\$121,308,199)	(\$300,682)	\$1,169,720,130
1996-97	\$1,169,720,130	\$1,169,720,130	\$234,558,097	(\$150,597,533)	(\$165,541)
1997-98	\$1,253,515,153	\$210,274,436	(\$113,374,552)	(\$361,229)	\$1,350,053,808
1998-99	\$1,350,053,808	\$86,940,260	(\$130,637,348)	\$230,425	\$1,306,587,145
1999-00	\$1,306,587,145	\$47,490,493	(\$112,428,805)	\$902,160	\$1,242,550,593
2000-01	\$1,242,550,593	(\$67,365,094)	(\$137,702,150)	\$1,295,008	\$1,038,778,357
2001-02	\$1,038,778,357	\$1,36,971,803	(\$132,546,479)	\$102,913	\$1,043,306,594
2002-03	\$1,043,306,594	\$153,529,274	(\$108,999,720)	\$154,517	\$1,087,990,665
2003-04	\$1,087,990,665	\$271,606,461	(\$123,129,305)	\$(1,982,511)	\$1,234,485,310
2004-05	\$1,234,485,310	\$39,200,821	(\$131,460,955)	\$(2,417,074)	\$1,139,808,102
2005-06	\$1,139,808,102	\$345,186,325	(\$284,356,176)	(\$11,344,001)	\$1,189,294,250
2006-07	\$1,189,294,250	(\$187,495,254)	(\$124,261,013)	\$5,815,902	\$883,353,885

## ANALYSIS AND COMPARISONS

### *State Comparison (Statutory Caps)*

*The following tables show the statutory caps and the immunity levels for the named states. Seven states have total immunity and thirty-four have limited or partial immunity. Louisiana is one of six states that have no immunity.*

STATE	IMMUNITY	STATUTORY CAPS
Alabama	Total	No (\$100,000 on other governmental entities Ala Code 11-93-2) Gov. Immunity (Alabama enjoys state sovereign immunity from suit, granted by Article I, Section 14 of the Alabama Constitution.)
Alaska	Limited or Partial	No (AS 09.50.250 )
Arizona	No Immunity	No
Arkansas	Total	None (A.C.A. § 21-9-301)
California	No Immunity	No
Colorado	Limited or Partial	For any injury to one person in any single occurrence \$150,000; For an injury to two or more persons in any single occurrence \$600,000, except that, in such instance, no person may recover in excess of \$150,000. (C.R.S. § 24-10-114(1)(a))
Connecticut	Limited or Partial	No (Actions must be authorized by Claims Commissioner)
Delaware	Total	Del Code Ann title 10 § 4013 Limitation on damages. Claim for and award of damages, including costs, against both a political subdivision and its employees, shall not exceed \$300,000 for any and all claims arising out of a single occurrence, except insofar as the political subdivision elects to purchase liability insurance in excess of \$300,000 in which event the limit of recovery shall not exceed the amount of the insurance coverage. (Del Code Title 10 § 4001) Employee-Partial (Del Code Title
Florida	Limited or Partial	Fla Stat § 768.28(5) cannot exceed \$100,000 or one person or \$200,000 for all arising out of the same occurrence.
Georgia	Limited or Partial	The existence of these caps on liability shall not be disclosed or suggested to the jury during the trial of any action brought under this article.

STATE	IMMUNITY	STATUTORY CAPS
Hawaii	Limited or Partial	§661-11 Tort claims against State where covered by insurance. State's liability under this section shall not exceed the amount of, and shall be defrayed exclusively by, the primary insurance policy. §662-2 Waiver and liability of State. The State hereby waives its immunity ...but shall not be liable for interest prior to judgment or for punitive damages. [L 1957, c 312, pt of §1; Supp, §245A-2; HRS §662-2; am L 1972, c 164, §2(a)] \$375,000 - Pain & Suffering (with exceptions)
Idaho	Limited or Partial	\$500,000 CSL
Indiana	Limited or Partial	Ind Code § 34-4-16.5-4 combined aggregate liability of all governmental entities may not exceed \$300,000 for injury to or death of one person in any one occurrence not to exceed \$5,000,000 per occurrence
Iowa	No Immunity	No
Kansas	Limited or Partial	Yes
Kentucky	Total	\$100,000
Louisiana	No Immunity	\$500,000 General Damages per Individual (eff 7/1/96).
Maine	Limited or Partial	\$400,000 per occurrence.
Maryland	Limited or Partial	\$200,000 per claimant per claim.
Michigan	Limited or Partial	\$1,000,000 per occurrence
Minnesota	Limited or Partial	\$300,000 BI & PD per person; \$1,000,000 per occurrence.
Mississippi	Limited or Partial	\$500,000
Missouri	Limited or Partial	\$300,000 per claimant; \$2,000,000 per occurrence.
Montana	Limited or Partial	\$750,000/\$1,500,000
Nebraska	Limited or Partial	No
Nevada	Limited or Partial	\$50,000 (cause of action)
New Hampshire	Limited or Partial	\$250,000/\$2,000,000
New Jersey	Limited or Partial	No
New Mexico	Limited or Partial	\$400,000 per person (non-medical), \$300,000 per occurrence (medical), \$100,000 per occurrence PD; \$1,050,000 grand total maximum per occurrence.
New York	No Immunity	No
North Carolina	Limited or partial	\$500,000 per claimant, unlimited per occurrence
North Dakota	Limited or Partial	\$250,000 per claim; \$1,000,000 per occurrence.
Oklahoma	Limited or Partial	up to \$175,000 per person occurrence/1 m
Oregon	Limited or Partial	\$50,000 Property; \$100,000/\$500,000 General Damages
Pennsylvania	Limited or Partial	\$250,000 per person; \$1,000,000 per occurrence
Rhode Island	Limited or Partial	\$100,000 Governmental Activities
South Carolina	Limited or Partial	\$300,000 per claim; \$600,000 per occurrence.
South Dakota	Total	No From discretionary acts but not ministerial acts
Tennessee	Limited or Partial	Tenn. Code Ann. § 9-8-307(e) (Supp. 1997) (limiting liability to \$300,000 per claimant and \$1 million per occurrence).

STATE	IMMUNITY	STATUTORY CAPS
Texas	Total	Limits of Liability for Governmental Units a. State government liability for personal injury and death is limited to \$250,000 per person, \$500,000 per occurrence. Civ. Prac. & Rem. Code § 101.023(a). b. Local governmental units are liable for \$100,000 per person, \$300,000 for each occurrence. Civ. Prac. & Rem. Code § 101.023(b). c. Municipalities' liability for personal injury and death is limited to \$250,000 per person, \$500,000 per occurrence. Civ. Prac. & Rem. Code § 101.023(c). d. Exemplary damages are not allowed. Civ. Prac. & Rem. Code § 101.024.
Utah	Limited or Partial	\$500,000 per person/\$1,000,000 per occurrence BI; \$200,000 PD.
Vermont	Limited or Partial	\$250,000 per person/\$1 Million per occurrence
Virginia	Limited or Partial	Yes
Washington	No Immunity	No
West Virginia	Limited or Partial	None
Wisconsin	Total	\$250,000 per claimant/per defendant.
Wyoming	Limited or Partial	\$250,000 per claimant /\$500,000 per occurrence, all claimants & Claims

## ANALYSIS AND COMPARISONS

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### *State Risk Insurance Management Association Survey*

The following tables provide the results of the State Risk Insurance Management Association (STRIMA) State Risk Cost Survey for FY 2006 conducted by ArmTech (an AON Company). The survey consisted of the following 14 states: Alabama, Arizona, Idaho, Louisiana, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, West Virginia, and Wisconsin. Of the 14 states participating in the STRIMA survey, only Louisiana and Washington have no type of immunity concerning tort liability claims. The result with respect to Louisiana is that Louisiana's *Paid Losses*<sup>1</sup> and *Total Costs* are much higher than the STRIMA survey average. Additionally, Louisiana and Alabama are the only two states in the survey that have catastrophic hurricane claims exposure.

#### Important Notes:

- 1 Tort Liability risk costs include Employment and Medical Malpractice for all states except one, which excludes employment practices.
- 2 Risk costs were tabulated using paid losses (for payment year 2006) because not all participants could report incurred losses.
- 3 One state did not provide any workers compensation costs.
- 4 Higher Education costs are included for all states except:
  - Higher Education was excluded from Property for one state
  - Higher Education excluded from Workers Compensation for one state
  - Higher Education exposures and costs were excluded for one state
  - Higher Education excluded from Property for one state
  - Largest state university exposure and costs excluded for one state

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<sup>1</sup> Paid losses is payment year information, i.e. "check date", irrespective of accident date and includes only the portion under deductible and self-insured retention (SIR). Paid losses were used because not all entities could report incurred losses.

## ANALYSIS AND COMPARISONS

### *State Risk Insurance Management Association Survey (FY06)*

#### AUTO LIABILITY COVERAGE

	STATE OF LOUISIANA	STRIMA SURVEY AVERAGE
# of Licensed Vehicles	12,530	8,806
# of AL Claims	600	340
# of Claims per 1,000 Vehicles	48	39
Total Costs per Vehicle	\$515	\$242
Total Costs per Claim	\$10,746	\$6,278

#### TORT LIABILITY COVERAGE

	STATE OF LOUISIANA	STRIMA SURVEY AVERAGE
State Operating Expenditures	\$15,632,265,000	\$5,874,504,000
# of Tort Claims	1,449	742
# of Claims per Billion of Operating Expenditures	93	126
Total Costs per Claim <sup>(1)</sup>	\$37,026 <sup>2</sup>	\$18,915

<sup>2</sup> Louisiana's higher costs per claims correlates with its lack of immunity.

## ANALYSIS AND COMPARISONS

### *State Risk Insurance Management Association Survey*

#### WORKERS' COMPENSATION COVERAGE

	STATE OF LOUISIANA	STRIMA SURVEY AVERAGE
# of Employees	86,536	48,672
# of WC Claims	3,957	2,428
# of Claims per 1,000 Employees	46	50
Total Costs per Employee	\$586	\$510
Total Costs per Claim	\$12,822	\$10,223

#### PROPERTY COVERAGE

	STATE OF LOUISIANA	STRIMA SURVEY AVERAGE
Total Insured Values	\$10,858,027,000	\$7,105,781,000
# of Property Claims	2,930	372
# of Claims per Billion in Value	270	52
Total Costs of Property Program <sup>1</sup>	\$57,127,885	\$9,102,073
Total Cost per Claim	\$19,498	\$24,468

<sup>1</sup> Louisiana's large Total Costs for Property reflects the claims incurred in FY 2006 from Hurricanes Katrina and Rita.

*STRIMA Conference*



*The Louisiana Office of Risk Management hosted the 2006 STRIMA Conference. The State Risk Director, Bud Thompson, served as the conference host and STRIMA President. Conference participants consisted of STRIMA members from twenty-five states, three Canadian provinces, and one city level official. STRIMA, established in 1974, brings together risk and insurance managers of state governments into an organization to promote the advancement of risk management principles and practices in the public sector. The state membership exchanges information, facilitates training opportunities, and promotes the highest level of professional and ethical standards. The annual conference provides an opportunity to network with your fellow professionals and to learn the latest industry news, issues, and solutions.*

*The conference theme was “Louisiana: A Gumbo of Experiences”. Participants were introduced to the history, industry, culture, government, and the cuisine, which combine to create the ultimate gumbo, experiencing Louisiana. The conference ended with a survey of post-Katrina New Orleans that included a tour and briefing at Jackson Barracks presented by General Hunt Downer.*

## LAGNIAPPE

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*Contact Us*

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