

OFFICE OF THE GOVERNOR

DIVISION OF ADMINISTRATION



OFFICE OF RISK MANAGEMENT

ANNUAL REPORT
JUNE 30, 2005



Table of Contents

Office Profile.....	2
Organizational Chart	3
Office Directory	4
Management Staff.....	5
Executive Summary	6
Claims.....	7
Loss Prevention.....	8
Underwriting	10
Cash Expenditures by Budget Program	11
Cash Expenditures by Line of Insurance.....	12
Budget.....	13
Cash Balance.....	14
Fund Equity	15
Premiums Collected	16
Interest Earnings vs Administrative Cost.....	17
Comparisons to Other States - Structure	18
Comparisons (States by Coverage Line).....	20
Statement of Actuarial Opinion.....	23
Statement of Actuarial Opinion (continued).....	24
Financial Statements.....	25
Auto Liability.....	26
Auto Liability.....	27
Auto Physical Damage	28
Auto Physical Damage	29
Bonds and Crime	30
Bonds and Crime	31
Workers Comp and Maritime.....	32
Workers Comp and Maritime.....	33
Property.....	34
Property.....	35
General Liability	36
General Liability	37
Personal Injury	38
Personal Injury	39
Marine, Aviation, and Boiler & Machinery.....	40
Marine, Aviation and Boiler & Machinery.....	41
Medical Malpractice.....	42
Medical Malpractice.....	43
Road Hazards	44
Road Hazards	45
Road Hazards	46
Miscellaneous	48
Notes to Financial Statements	49

Office Profile

Mission Statement

The mission of the Office of Risk Management (ORM) 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.

History

The Office of Risk Management was created within the Division of Administration by R.S. 39:1527, et seq., in order to provide a comprehensive risk management program for the state.

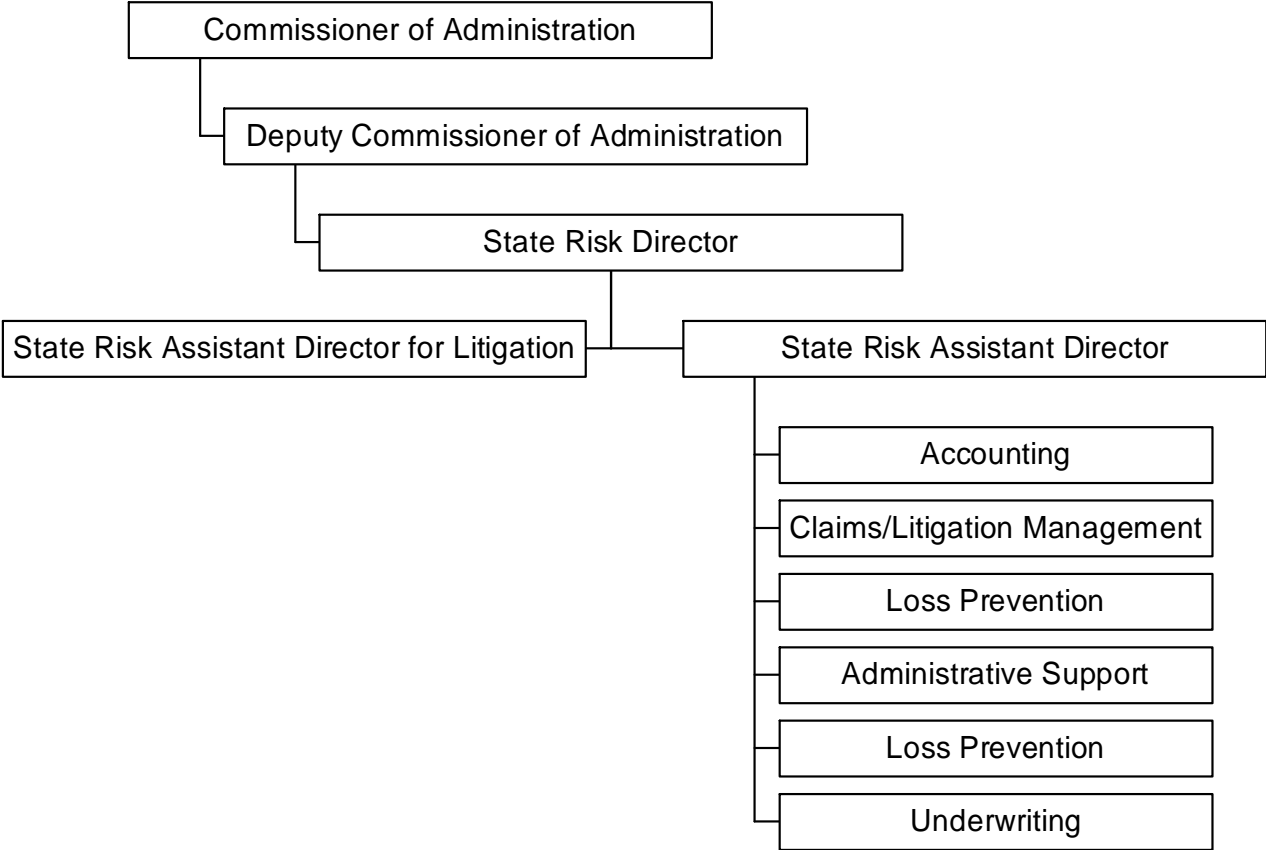
Coverages Provided

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 or self-insured by ORM for all State departments, agencies, boards and commissions.

The Office of Risk Management provides Workers' Compensation coverage to all of the State's approximately 104,277 employees. Coverage is provided for State property valued at \$7,312,779,745. ORM also provides coverage for employee bonds, crime, automobile liability and physical damage, comprehensive general liability, personal injury liability, boiler and machinery, medical malpractice, road hazard and miscellaneous tort coverage for those tort claims not otherwise covered.

Other coverages are provided, as needed, such as excess over self-insurance, specific excess for crime, aviation, wet marine, and bridge property damage.

Organizational Chart



Office Directory

Main Office

Mailing Address

P.O. Box 91106
Baton Rouge, LA 70821-9106

Physical Address

1201 N. 3rd Street, Room G-192
Baton Rouge, LA 70802

Loss Prevention Branch Offices

Alexandria

3744 Government Street
Alexandria, LA 71302
(318) 484-2471

Lafayette

825 Kaliste Saloom Road
Lafayette, LA 70508
(337) 262-5113

Monroe

122 St. John Street
Suite 231
Monroe, LA 71210
(318) 362-3308

New Orleans

1600 Canal Street, Suite 521
New Orleans, LA 70112
(504) 599-1401

Shreveport

800 Spring Street
Suite 110
Shreveport, LA 71101
(318) 676-7647

Claims Branch Offices

Alexandria

3744 Government Street
Alexandria, LA 71302
(318) 484-2471

Lafayette

825 Kaliste Saloom Road
Lafayette, LA 70508
(337) 262-5113

New Orleans

1600 Canal Street, Suite 521
New Orleans, LA 70112
(504) 599-1401

Shreveport

800 Spring Street
Suite 110
Shreveport, LA 71101
(318) 676-7647

Actuary

Tillinghast-Towers Perrin
1200 Riverplace Boulevard
Suite 610
Jacksonville, FL 32207-1803
Telephone: (904) 398-5661
Fax: (904) 399-8267

Management Staff

State Risk Director	J. S. "Bud" Thompson, Jr. bud.thompson@la.gov (225) 342-6331
State Risk Assistant Director	Patricia H. Reed pat.reed@la.gov (225) 342-1221
State Risk Assistant Director for Litigation	Jack Young jack.young@la.gov (225) 219-0184
State Risk Claims Officer	Ann Wax ann.wax@la.gov (225) 219-0012
Accountant Administrator	Tom Averett tom.averett@la.gov (225) 342-8427
Information Technology Liaison Officer Manager	Pam Whiteside pam.whiteside@la.gov (225) 219-0011
State Risk Underwriting Manager	Tommy Arbour tommy.arbour@la.gov (225) 342-8472
State Risk Loss Prevention Manager	Brett Beoubay brett.beoubay@la.gov (225) 342-8532

Executive Summary

Accounting

The Accounting Unit of the Office of Risk Management has completed another successful year and continues to provide management with accurate, timely, fiscal data to enable and enhance the decision making process.

In addition to the routine daily activities that support the functions listed below, the Accounting Unit Officer and managers were involved in providing specialized information and analyses for the Director, Commissioner, Deputy Commissioner, Assistant Commissioner and on an “as needed” basis for the Division of Administration, Office of State Planning and Budget, Joint Legislative Committee on Budget, Legislative Fiscal Office and other agencies statewide.

Cash Management of \$159 million

Accounts Payable

Accounts Receivable

Fixed Asset Management

Payroll processing for 133 employees

Imprest Fund System

Bank Reconciliation for approximately 7000 checks monthly

Cost Accounting and Analyses

Monitoring and Quality Control on Claims Management System

Budget Preparation for total budget of \$175 million

Budget Monitoring by cost center (monthly) on 23 cost centers

Actuarial Reporting on 15 lines of self-insurance for claim reserves (liabilities) totaling \$890 million

Maintenance of a computerized accrual Accounting System for financial reporting of 18 lines of insurance for managerial purposes and a modified accrual basis system for state wide financial reporting

Billing documents for each of the approximately 248 state billing entities on ISIS

Processing of all travel expense reports

Assisting with Premium Development on 15 lines of self-insurance

Processing Litigation Division/Department of Justice payments and entry to Claims System

Distribution of approximately 7000 checks per month

Payment exceeding \$17 million for contract legal services and \$3.1 million for contract investigative/adjusting services

Claims

WORKERS COMP

The claims section implemented the use of STARS on-line reporting which is the electronic process for state agencies to submit workers' compensation claims by utilizing the Internet. The STARS on-line reporting system replaced TCNet. On-line reporting reduces the amount of time it takes to initiate workers' compensation benefits since there are time constraints in the workers' compensation statutes for payment of indemnity and medical benefits. Approximately 10% of our workers compensation claims are received in STARS. Transitional duty employment and utilization of vocational rehabilitation services has returned 42 % of referrals to some form of employment. Medical bills associated with workers' compensation claims are submitted for review and paid in accordance with a medical fee schedule for medical services and procedures. We realized a total savings of \$ 12,701,666.03 through bill review and fee scheduling, which is an increase in savings of \$ 5,991,215.68 over last fiscal year. In addition, the workers' compensation unit recovered \$1,554,801.49 from the Second Injury Board.

MEDICAL MALPRACTICE

New Claims Medical Malpractice	303
Pending claims as of 6-30-2004	1,328
Number of settlements	82
Amount of Settlements	\$15,216,569

The Medical Malpractice claims unit is part of the Hepatitis C Task Force, a group of defense attorneys and insurance adjusters monitoring national class action cases involving the allegation that blood transfusions received years ago resulted in the development of Hepatitis C. A big victory was attained this past year when the judge granted the defendants' partial Motion for Summary Judgment as to the correctness of a defendant class action. Now each plaintiff is forced to pursue a claim in the parish where the transfusion occurred. This has reduced the number of suits. Pending before the Supreme Court is the issue of whether the three-year prescription period is constitutional. A hearing date was expected early in 2006.

There has been a decline in the number of new medical malpractice cases from 303 to 226. This decline may be related to legislation passed in 2004 requiring the payment of a \$100 filing fee per named defendant.

GENERAL LIABILITY

New Claims General Liability	623
Pending Claims CGL as of 6-30-2004	1,089
Pending Claims Personal Injury	1,108
Number of settlements	121
Amount of Settlements	\$7,743,642

General Liability has shown a decline in the total number of new claims this past year from 1,183 to 623. The largest decline was in personal injury claims filed against the Department of Corrections.

ROAD HAZARDS

In the Road Hazards Unit, we have continued the ORM/LSP Accident Reconstruction Program with success. During the 2004-2005 fiscal year, ORM, the LSP and the La. DOTD investigated 167 highway crashes on state highways. Since the inception of this program, 1,803 pre-litigation highway crash investigations have been conducted. Of these crashes, 127 claims have been filed against the La. Dept. of Transportation and Development. The Office of Risk Management, Office of the Attorney General, La. Department of Transportation and Development, Louisiana State Police and the Louisiana Highway Safety Commission continue to meet to discuss Highway Tort issues, discuss problems and possible solutions. Coordinated efforts between the agencies resulted in the correction of numerous roadway deficiencies statewide. During this fiscal year, the Office of Risk Management funded the training of State Troopers and local law enforcement personnel in the field of accident reconstruction.

The ORM/LSP Accident Reconstruction Program has enabled the State of Louisiana to evaluate exposure to the state during the early stages of litigation. This has significantly reduced the dollars spent on the defense of these claims and allowed us to dispose of the claims in an efficient and effective manner.

Loss Prevention

Fiscal year July 1, 2004 - June 30, 2005 was a very productive and rewarding year for the Unit.

In July 2004, The Loss Prevention Unit undertook a comprehensive reorganization of The Loss Prevention Program, including a total re-write of The LP manual and audit documents. The magnitude of the endeavor made it necessary to suspend full-audits in lieu of more general compliance reviews for the past fiscal year and for fiscal year 2006 as well.

Through July 2005, the Unit conducted compliance reviews of 249 locations. Ninety – nine per cent (247) of the locations audited were found to comply with the loss prevention program.

Loss Prevention's Workplace Safety classes have traditionally served to assist agencies in passing their LP Audits, as well as to provide their agencies' LP representatives and employees with information to facilitate a safe workplace. This fiscal year was no different. Loss Prevention made available the following 28 instructor-led classes: *Accident Investigation; Blood-borne Pathogens; Bonds, Crimes and Other Exposures; Confined Space Entry; Developing Effective Safety Meetings; Next Step Coaching (Driver Safety); Drug Testing and Substance Abuse; Electrical Safety; Employment Practice Liability; Ergonomics for the 21st Century; Extraordinary Event Planning; Fire Awareness; Forklift Safety; Hand-tool Training; Hazard Communication; Hazardous Materials Safety; "Holy Moldy Batman!" and Other IAQ Issues; Job Safety Analysis; Laboratory Safety; Lockout/Tag Out; The Loss Prevention Program; Material Safety Data Sheets; Motivating Employees Without Money; Preventing Harassment In The Workplace; Respiratory Protection; Supervisor Responsibility; Violence In The Workplace; and What You Don't Know Can Kill You..*

During fiscal 04-05, ninety-eight instructor-led classes were offered to employees of all state departments. As a result, 2,416 state employees participated in, and benefited from, these instructor-led classes.

In addition, Loss Prevention developed its very first **computer-based training (CBT) course, Driver Safety**. This allowed numerous state employees to complete the training at a time of their choosing at their own workplace. Additional CBT courses are scheduled to be developed and made available to all state agencies.

The Loss Prevention Unit also maintains a library of approximately three hundred safety videos, which are loaned to state agencies to assist them in their loss prevention program endeavors.

The State Land and Building System (**SLABS**) is the program that allows the Loss Prevention Unit to update the appraised value of all state structures. Members of the Loss Prevention staff participated directly in the yearlong SLABS upgrade project, which resulted in a much more versatile and user-friendly system.

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 6.5 billion dollars. These appraisals are completed over a four-year cycle.

Underwriting

2004 continued to be a hard insurance market, although with some softening in the liability lines. Overall, renewals of insurance coverages for governmental entities continue to be expensive.

After reviewing the claims and market costs, ORM determined that it would be more cost effective for the agencies to self-insure fully the builder's risk line of coverage on construction projects commencing on or after July 1, 2004. In the previous fiscal year, the contractors were required to provide the coverage as part of each construction contract.

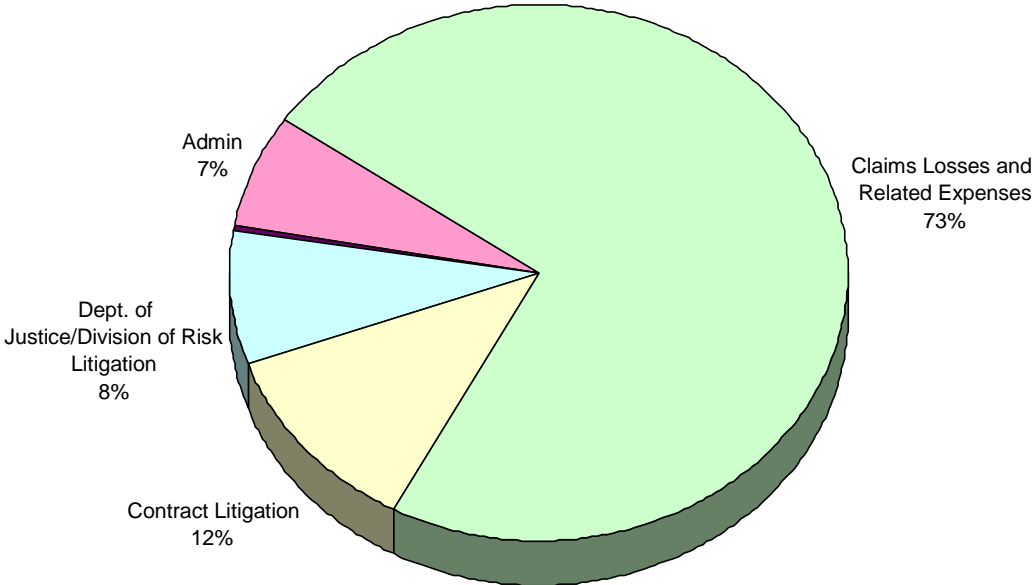
Excess liability program for all state agencies, Superdome worker's compensation, Superdome crime, and Superdome general liability insurance were all renewed at the same rates for July 1, 2004. It is extremely beneficial to the State when coverages are continued at the same rates; large premium increases are avoided when they do not have to be re-bid.

The blanket Boiler and Machinery insurance was bid for lower premium as the previous year (\$593,607). The Louisiana State University System-Baton Rouge Main Campus completed construction on a state-of-the-art electric co-generation plant with a natural gas turbine. The Boiler and Machinery insurance carrier, Hartford Steam Boiler and Inspection, worked with ORM and LSU to provide coverage under the existing policy with a very reasonable additional premium (\$85,000 annually).

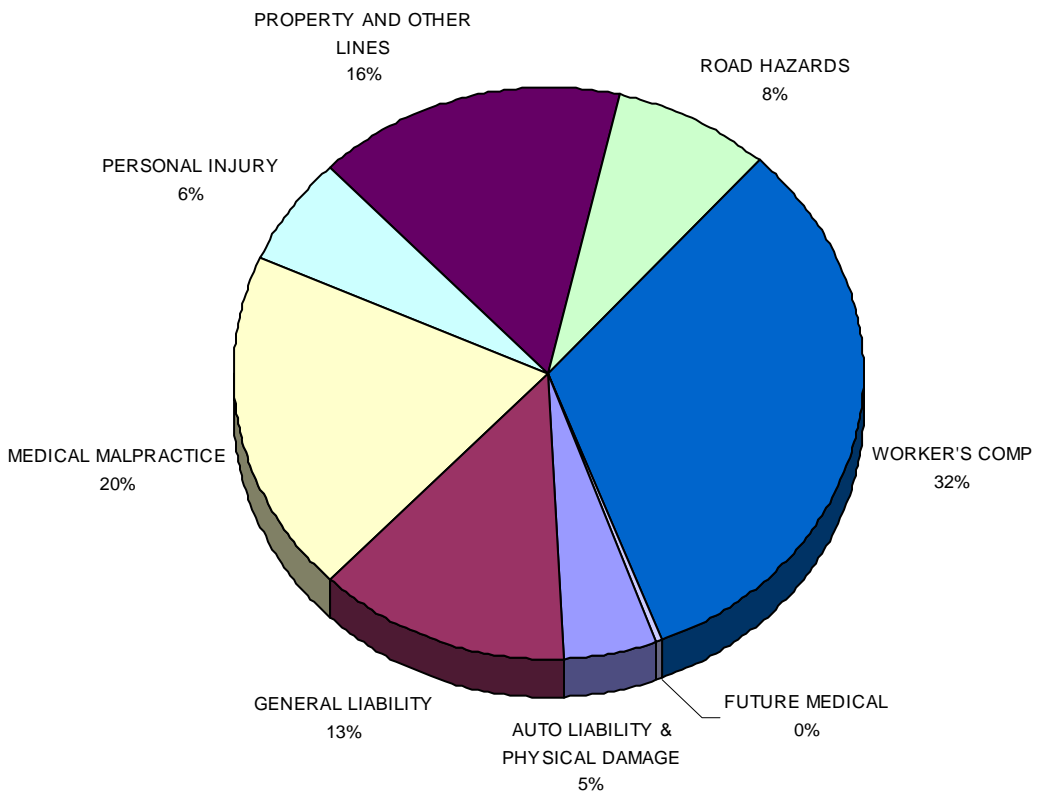
Effective July 1, 2004, ORM received a lowered self-insured retention in the excess property line of coverage for the same annual premium rate. The broker negotiated on our behalf an SIR reduction from \$25 million to \$7.5 million for all perils, except flood, wind and earthquake (which remained at \$25 million). The cost of the property program for FY 04-05 was \$8,078,959.

The Underwriting unit continues improving service to the agencies with our online exposure reporting system, insurance requirements in contracts, and ORM regional conferences. In the fall of 2004, ORM sponsored workshops in three cities across the State to train agency personnel and answer questions concerning all facets of ORM's mission and services, including insurance coverages and limits available to the agencies, claims reporting and processing, loss prevention audits, and the new STARS risk management system. The response and feedback from the agencies was extremely positive and the conference will now be held on an annual basis.

Cash Expenditures by Budget Program

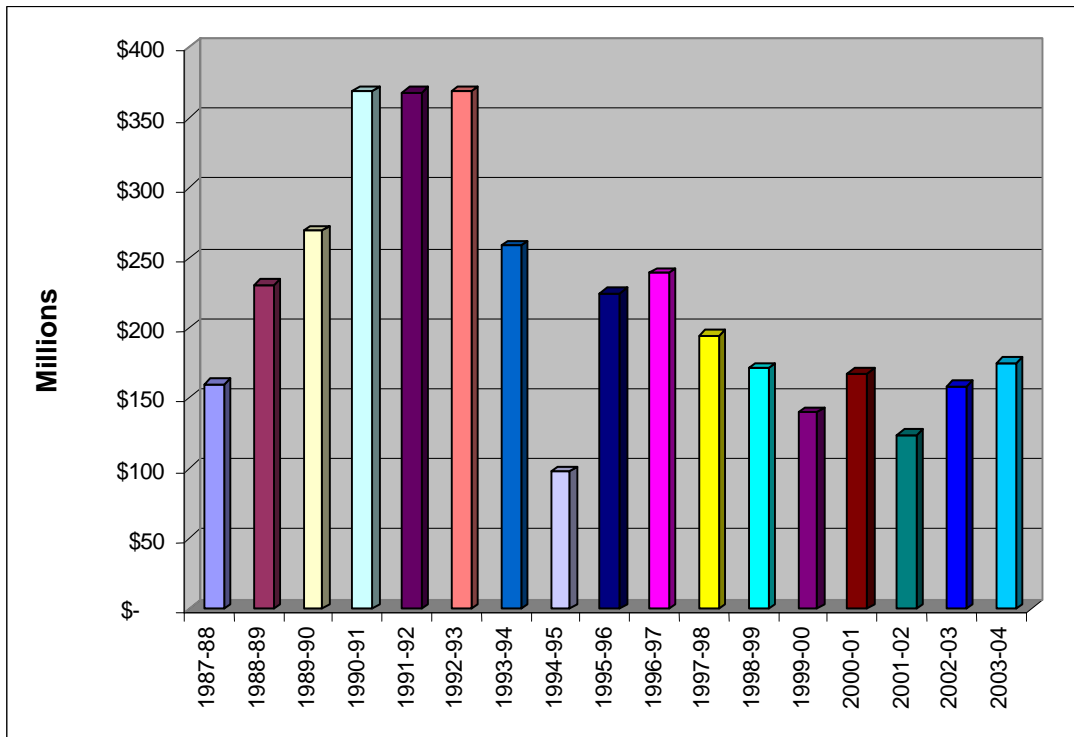


Cash Expenditures by Line of Insurance



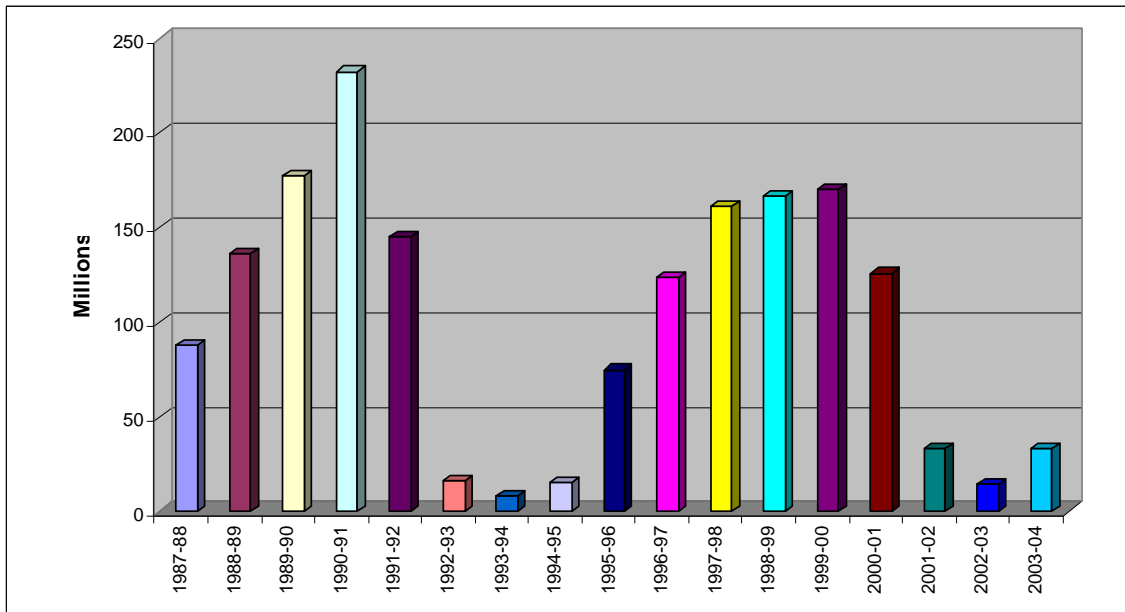
Note: All but \$153,055 (actual road hazard losses) of the cash expenditures for road hazards were for operating expenses; the majority of road hazard losses were paid through legislative appropriation and not by the Office of Risk Management.

Budget



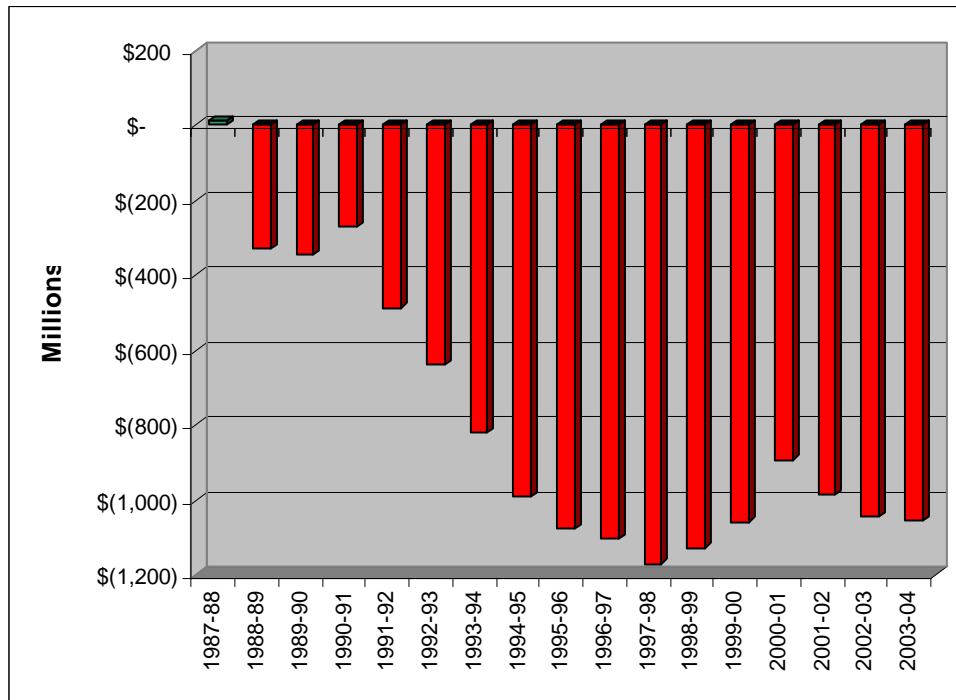
Fiscal Year	Total Budget
1987-88	\$ 160,000,000
1988-89	\$ 231,163,517
1989-90	\$ 269,404,983
1990-91	\$ 368,818,757
1991-92	\$ 368,317,741
1992-93	\$ 368,844,694
1993-94	\$ 258,879,001
1994-95	\$ 97,565,325
1995-96	\$ 224,846,405
1996-97	\$ 239,326,671
1997-98	\$ 194,393,632
1998-99	\$ 171,675,510
1999-00	\$ 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

Cash Balance



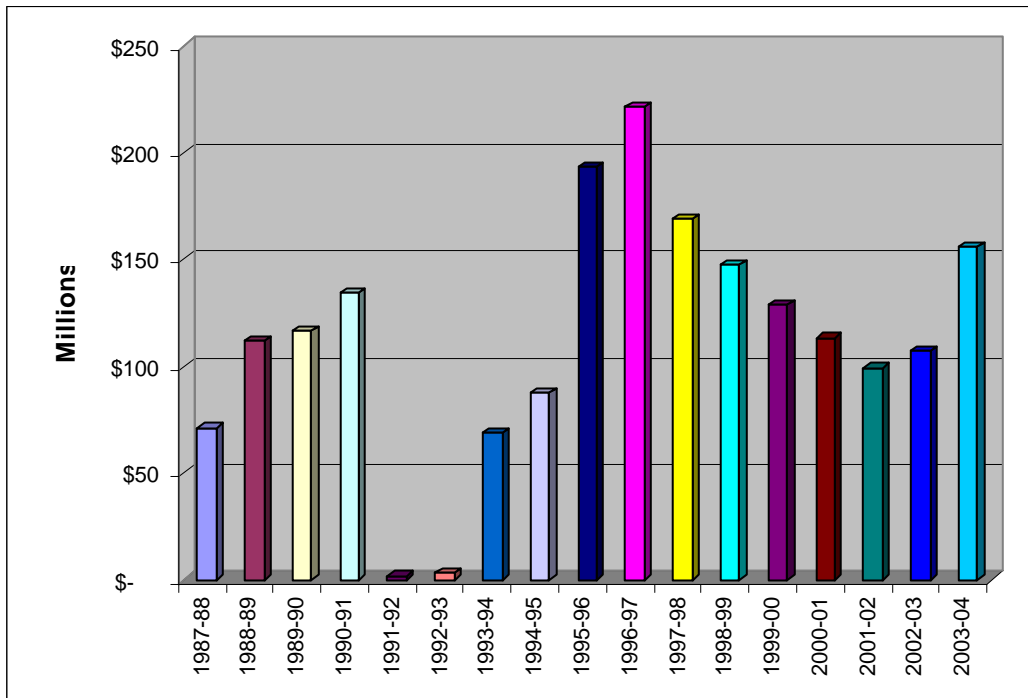
Fiscal Year	Total Cash Balance
1987-88	\$ 87,983,512
1988-89	\$ 136,197,880
1989-90	\$ 177,167,033
1990-91	\$ 232,570,471
1991-92	\$ 145,048,419
1992-93	\$ 16,054,526
1993-94	\$ 8,284,465
1994-95	\$ 15,004,482
1995-96	\$ 74,693,176
1996-97	\$ 123,354,824
1997-98	\$ 161,624,140
1998-99	\$ 166,761,033
1999-00	\$ 170,099,177
2000-01	\$ 126,071,172
2001-02	\$ 33,018,390
2002-03	\$ 14,478,728
2003-04	\$ 32,810,477

Fund Equity



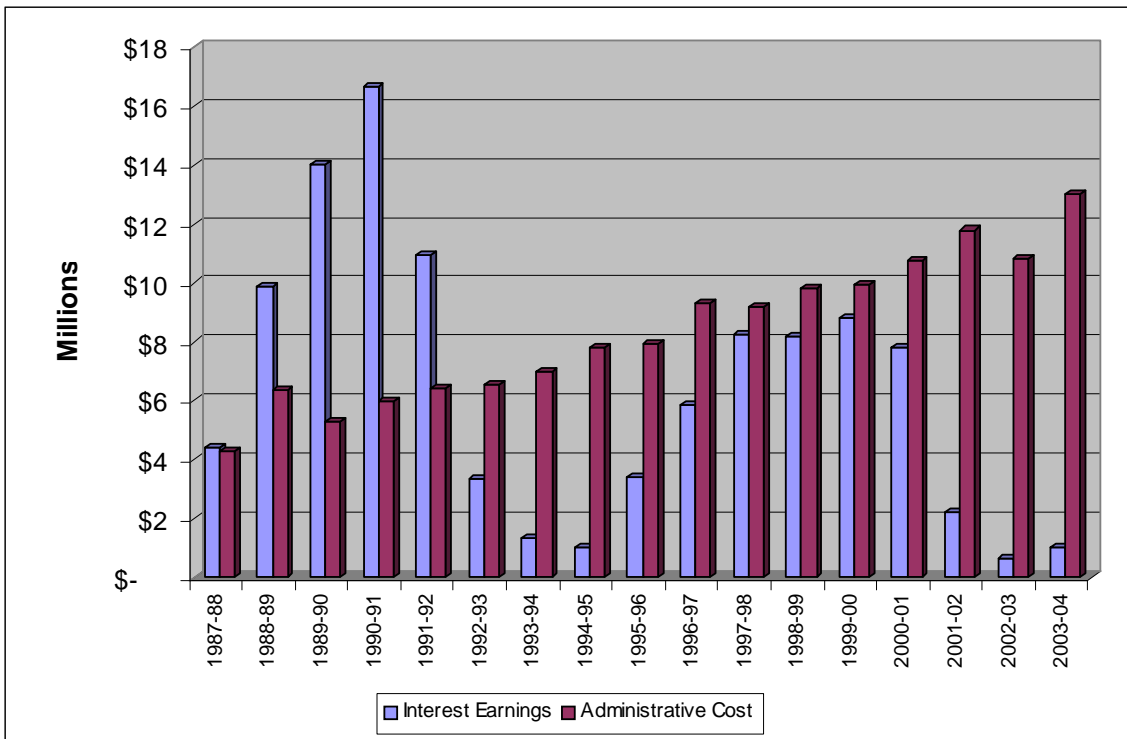
Fiscal Year	Total Fund Equity
1987-88	\$ 13,014,112
1988-89	\$ (331,090,858)
1989-90	\$ (346,662,508)
1990-91	\$ (271,958,071)
1991-92	\$ (486,507,461)
1992-93	\$ (637,901,253)
1993-94	\$ (818,644,299)
1994-95	\$ (989,537,511)
1995-96	\$ (1,078,065,151)
1996-97	\$ (1,103,819,414)
1997-98	\$ (1,169,748,070)
1998-99	\$ (1,126,332,490)
1999-00	\$ (1,058,050,563)
2000-01	\$ (892,190,771)
2001-02	\$ (984,477,740)
2002-03	\$ (1,043,097,424)
2003-04	\$ (1,052,806,907)

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

Interest Earnings vs Administrative Cost



Fiscal Year	Interest Earnings	Administrative Costs ¹
1987-88	\$ 4,412,202	\$ 4,313,789
1988-89	\$ 9,900,102	\$ 6,383,078
1989-90	\$13,999,243	\$ 5,290,218
1990-91	\$16,648,961	\$ 5,976,164
1991-92	\$10,973,250	\$ 6,437,556
1992-93	\$ 3,346,419	\$ 6,574,934
1993-94	\$ 1,342,554	\$ 6,995,833
1994-95	\$ 1,042,107	\$ 7,794,305
1995-96	\$ 3,396,422	\$ 7,908,967
1996-97	\$ 5,887,778	\$ 9,338,184
1997-98	\$ 8,264,904	\$ 9,201,017
1998-99	\$ 8,177,315	\$ 9,818,911
1999-00	\$ 8,829,597	\$ 9,944,946
2000-01	\$ 7,808,733	\$10,779,811
2001-02	\$ 2,222,094	\$11,794,264
2002-03	\$ 659,603	\$10,829,741
2003-04	\$ 353,451	\$12,920,958

1. Includes Administrative and unallocated expenses (adjusting and Second Injury/Workers' Comp Assessments).

Comparisons to Other States - Structure

COMPARISON OF IMMUNITY AND STATUTORY CAPS BY STATE		
STATE	IMMUNITY	STATUTORY CAPS
Alabama	Total Gov. Immunity (Alabama enjoys state sovereign immunity from suit, granted by Article I, Section 14 of the Alabama Constitution.)	No (\$100,000 on other governmental entities Ala Code 11-93-2)
Alaska	Limited or Partial (AS 09.50.250)	No
Arizona	No Immunity	No
Arkansas	Total (A.C.A. § 21-9-301)	None
California	No Immunity	No
Colorado	Limited or Partial (C.R.S. § 24-10-106)	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	Partial; (Actions must be authorized by Claims Commissioner)	No
Delaware	State-Full; (Del Code Title 10 § 4001) Employee-Partial (Del Code Title 10 § 4013)	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.
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.
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	None	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.

COMPARISON OF IMMUNITY AND STATUTORY CAPS BY STATE		
STATE	IMMUNITY	STATUTORY CAPS
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	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 from discretionary acts but not ministerial acts	No
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).
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
Summary		
6 states total immunity		
34 limited or partial immunity		
6 states, including Louisiana, no immunity		

Comparisons (States by Coverage Line)

Data for many state risk management programs is not readily available, therefore, as a member of STRIMA (State Risk & Insurance Management Association); Louisiana participates in their annual cost survey. The FY 2004 survey used in this comparison included the following 12 states: Colorado, Connecticut, Louisiana, Montana, Nebraska, North Dakota, Oregon, South Dakota, Utah, Washington, West Virginia and Wisconsin.

The charts on the following two pages are a comparison between Louisiana** and the STRIMA survey averages for the following four coverage lines: Auto Liability, Tort Liability, Workers' Compensation and Property. The results revealed the following:

- Auto Liability claims per 1000 vehicle in Louisiana were lower than the STRIMA average however, the cost per claim and total costs per vehicle were higher (Figure 1). Factors affecting this disparity are:
 - Louisiana has the highest number of fleet vehicle in the survey.
 - Louisiana has one of the highest Auto Liability insurance limit (50 million dollars) of participating states due to lack of sovereign immunity from liability.
 - Louisiana has the second highest number of paid losses of any participating state.
 - According to the Insurance Information Institute, Louisiana ranks fifth highest in average expenditures for auto insurance by state for the year 2004.
- Only Washington and Louisiana have no immunity from concerning tort liability claims, resulting in a greater amount expended (Figure 2) for tort liability claims for Louisiana than the average survey amount.
- Louisiana's workers' compensation costs are slightly higher than the survey average. However, the total workers' compensation costs per employee are considerably lower than the survey average (Figure 3).
- Louisiana is the only state in the survey that has exposures subject to hurricanes and/or coastal flooding. This has been a key factor in higher total property costs (Figure 4) for Louisiana than other states in the survey due to higher premiums paid for such exposures.

* The operations of Charity Hospital System and the Louisiana Stadium and Exposition District (LSED) consisting of the Superdome and the New Orleans Sports Arena were excluded from the survey for an objective comparison between the states. Louisiana is the only state in the survey with these types of systems.

Auto Liability

Total Costs includes commercial premiums paid, paid losses, claims administration costs, loss prevention costs, consulting costs, central risk management costs along with all other costs associated with claims handling. Louisiana has the highest number of flee vehicle in the survey. Louisiana has one of the highest Auto Liability insurance limit (50 million dollars) of participating states due to lack of sovereign immunity from liability. Louisiana has the second highest number of paid losses of any participating state. Louisiana ranked fifth highest in the average of expenditures for auto insurance by state for 2004.

Figure 1

AUTO LIABILITY (AL) COVERAGE STRIMA State Risk Cost Survey for FY 2004		
	State of Louisiana	STRIMA Survey Average
# of Licensed Vehicles	13,076	8,169
# of AL Claims	494	336
# of Claims per 1,000 Vehicles	38	41
Total Costs per Vehicle	\$ 407	\$ 290
Total Costs per Claim	\$ 10,760	\$ 7,056

Tort

Total Costs includes commercial premiums paid, paid losses, claims administration costs, loss prevention costs, consulting costs, central risk management costs along with all other costs associated with claims handling. Of the 12 states participating in the STRIMA survey, only Louisiana and Washington have no type of immunity concerning tort liability claims. The result is that Louisiana's Paid Losses and Total Costs are much higher then the STRIMA survey average.

Figure 2

TORT LIABILITY COVERAGE STRIMA State Risk Cost Survey for FY 2004		
	State of Louisiana	STRIMA Survey Average
State Operating Expenditures	\$15,536,781,000	\$ 7,612,945,000
# of Tort Claims	1,203	764
# of Claims per Billion of Operating Expenditures	77	100
Total Costs (1) per Claim (2)	\$ 55,838	\$ 17,187

Workers' Compensation

Total Costs includes commercial premiums paid, paid losses, claims administration costs, loss prevention costs, consulting costs, central risk management costs along with all other costs associated with claims handling. Workers' compensation costs are slightly higher than the survey average. However, the total workers' compensation costs per employee are considerably lower (20%) than the survey average. Additionally, the Number of Claims per 1000 Employees is 32% lower than the survey average.

Figure 3

WORKERS' COMPENSATION (WC) COVERAGE STRIMA State Risk Cost Survey for FY 2004		
	State of Louisiana	STRIMA Survey Average
# of Employees	84,832	42,072
# of WC Claims	4,737	3,457
# of Claims per 1,000 Employees	56	82
Total Costs (1) per Employee	\$ 483	\$ 586
Total Costs (1) per Claim	\$ 8,645	\$ 7,136

Property

Total Costs includes commercial premiums paid, paid losses, claims administration costs, loss prevention costs, consulting costs, central risk management costs along with all other costs associated with claims handling. Louisiana's premiums paid for commercial/excess property coverage is higher than every state in the survey because Louisiana is the only state in the survey with catastrophic exposures from hurricanes or potential widespread flooding. An unusually large loss to a historic building skews the total loss amount compared to the number of property claims incurred in FY 2004.

Figure 4

PROPERTY COVERAGE STRIMA State Risk Cost Survey for FY 2004		
	State of Louisiana	STRIMA Survey Average
Total Insured Values	\$ 9,239,270,000	\$ 5,575,458,000
# of Property Claims	300	Data Not Available
# of Claims per Billion in Value	32	Data Not Available
Total Costs (1) of Claims (2) (3)	\$ 15,615,563	\$ 4,446,649
Total Costs (1) per Claim	\$ 52,052	Data Not Available

Statement of Actuarial Opinion

STATEMENT OF ACTUARIAL OPINION

Page 1 of 2

I, Michael Bayard Smith, am associated with the Tillinghast business of Towers Perrin. I am a member of the American Academy of Actuaries and meet its qualification standards for signing statements of actuarial opinion for property and casualty lines of business. I am a Fellow of the Casualty Actuarial Society.

I have examined the undiscounted reserves for unpaid loss and loss adjustment expense liabilities at June 30, 2004 as presented by the Office of Risk Management, Division of Administration, State of Louisiana (ORM) in its June 30, 2004 financial package.

The scope of my review included all risk groups except the uninsured lines (non-reviewed risk groups). The liabilities I reviewed were on a nominal (undiscounted) basis. The reserves stated by ORM are as follows:

1. Total Loss & Loss Expense Reserves for Reviewed and Non-Reviewed Risk Groups	\$1,124,901,104
2. Reserve for Non-Reviewed Risk Groups	\$69,331,997
3. Total of Reserves for Reviewed Risk Groups [(1) - (2)]	\$1,055,569,107

My examination included the performance of independent projections of ORM's loss and loss adjustment expense liabilities and such other tests and procedures as I considered necessary. In making my examination, I relied upon ORM as to the accuracy and completeness of the loss and loss expense data and other related information provided to Tillinghast, as well as to the accounting treatment of excess insurance.

Due to the inherent uncertainty associated with actuarial projections of future contingent events, it is possible that the actual future payments associated with the disposition of current loss and loss adjustment expense liabilities could prove to be materially different from the estimated amounts underlying the reserves in the financial package. I have assumed that historical loss emergence patterns will be predictive of ORM's future loss emergence. My estimates make no provision for either the extraordinary future emergence of new classes of losses or losses, which are not yet quantifiable. I have not anticipated any diminution in the asset value that may exist in the event that any of the companies providing excess insurance might be unable to meet their obligations to ORM under existing excess insurance agreements.



Statement of Actuarial Opinion (continued)

STATEMENT OF ACTUARIAL OPINION

Page 2 of 2

It should be noted that ORM's financial package indicates that cash assets are less than \$33 million and that total liabilities are in excess of \$1.1 billion as of June 30, 2004.

In my calculations I have assumed that sufficient assets will become available on a timely basis such that ORM will be able to meet its claim payment obligations. In the event that sufficient assets do not become available on a timely basis, there may be a material impact upon our estimates.


As of June 30, 2004, ORM reported \$69,331,997 as a reserve for unpaid loss and loss adjustment expense obligations arising from the uninsured lines. Review of the reserves for the uninsured lines is outside the scope of our analysis. I have, therefore, excluded the uninsured lines from the opinion stated in the next paragraph.

In my opinion, except for the uninsured lines risk group (as explained in the preceding paragraph), the amount stated of \$1,055,569,107 as the reserve for estimated loss and loss adjustment expense liabilities:

- is computed in accordance with commonly accepted actuarial methods and is fairly stated on an ultimate undiscounted basis in accordance with sound actuarial principles;
- is based upon actuarial assumptions which are reasonable given the coverages provided; and
- makes good and sufficient provision in the aggregate for all unpaid loss and loss adjustment expense obligations.

This statement of opinion is solely for the use of and is only to be relied upon by public officials of the State of Louisiana who have access to and the ability to understand the data and operations of ORM. Such knowledge is required in order to place appropriate reliance on this opinion.

August 24, 2004


Michael Bayard Smith, FCAS, MAAA
Jacksonville, Florida 32207-1803
(904) 391-1915


TOWERS
PERRIN
TILLINGHAST

Financial Statements

Office of Risk Management Balance Sheet

<u>ASSETS</u>	
Cash and investments	\$38,890,171
Insurance/reinsurance balances receivable	\$28,547,767
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$6,296,558
Prepaid insurance	\$11,376,580
Machinery	\$691,242
Less: Accumulated depreciation	\$364,990
TOTAL ASSETS	\$85,437,328
<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$971,808,103
Unearned premium	\$90,535
Other liabilities	\$3,402,749
TOTAL LIABILITIES	\$975,301,387
<u>FUND EQUITY</u>	
TOTAL FUND EQUITY	(\$889,864,059)
TOTAL LIABILITIES AND FUND EQUITY	\$85,437,328

Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$158,753,197
General fund appr./non-tort reimbursement	\$189,357
Add unearned premium from prior year	\$100,190
Less unfunded premium	\$0
Less unearned premium at statement date	\$90,535
Less cost of insurance	\$21,353,020
TOTAL INCOME	\$137,599,189
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$5,172,608
Claims cost:	
Losses	\$76,059,595
Allocated loss adjustment expense	\$35,579,351
Unallocated loss adjustment expense	\$7,314,787
Change in provision for losses/expenses	(\$148,793,244)
TOTAL EXPENSES	(\$24,666,903)
NET INCOME(LOSS) FROM OPERATIONS	\$162,266,092
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$853,364
Gain(loss) on sale of fixed assets/misc. inc.	\$0
TOTAL OTHER INCOME/LOSS	\$853,364
TOTAL NET INCOME/LOSS	\$163,119,456
RETAINED EARN./FUND BAL. JULY 1, 2004	(\$1,052,983,515)
Current income(loss)	\$163,119,456
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$899,864,059)

NOTE: The statements contained in this report are unaudited.

Auto Liability

AUTO LIABILITY

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$19,314,773
Insurance/reinsurance balances receivable	\$13,464
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$4,308
Prepaid insurance	\$0
Machinery	\$77,145
Less: Accumulated depreciation	\$56,205
TOTAL ASSETS	\$19,353,485

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$25,043,248
Unearned premium	\$0
Other liabilities	\$53,420
TOTAL LIABILITIES	\$25,096,668

FUND EQUITY

TOTAL FUND EQUITY	(\$5,743,183)
TOTAL LIABILITIES AND FUND EQUITY	\$19,353,485

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$8,931,647
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	\$330,400
TOTAL INCOME	\$8,601,247

OPERATING EXPENSES

General and administrative expenses	\$176,588
Claims cost:	
Losses	\$6,435,978
Allocated loss adjustment expense	\$1,418,012
Unallocated loss adjustment expense	\$144,862
Change in provision for losses/expenses	(\$6,987,272)
TOTAL EXPENSES	\$1,188,168

NET INCOME(LOSS) FROM OPERATIONS **\$7,413,079**

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$38,984
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$38,984

TOTAL NET INCOME/LOSS **\$7,452,063**

RETAINED EARN./FUND BAL. JULY 1, 2004	(\$13,195,246)
Current year income(loss)	\$7,452,063
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$5,743,183)

Auto Liability

Claims Reported 7/1/2004 – 6/30/2005	
Department	Number of Claims Reported
0010 - EXECUTIVE DEPARTMENT	18
0400 - DIVISION OF ADMINISTRATION	17
0500 - DEPT. TRANSPORTATION & DEVELOPMENT	273
0900 - LSUMC HEALTH CARE SERVICES DIVISION	11
1000 - DEPT. OF HEALTH AND HOSPITALS	91
1800 - DEPARTMENT OF SOCIAL SERVICES	61
2000 - DEPARTMENT OF CORRECTIONS	116
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	22
2200 - DEPARTMENT OF PUBLIC SAFETY	211
2300 - DEPARTMENT OF NATURAL RESOURCES	2
2400 - DEPT OF ENVIRONMENTAL QUALITY	8
2600 - DEPARTMENT OF LABOR	2
2800 - DEPT. OF WILDLIFE & FISHERIES	56
2900 - DEPARTMENT OF REVENUE	8
3000 - DEPT CIVIL SERVICE	2
3100 - DEPT. CULTURE, RECREATION, TOURISM	12
3200 - LIEUTENANT GOVERNOR	1
3300 - DEPARTMENT OF STATE	2
3400 - DEPARTMENT OF JUSTICE	12
3600 - DEPARTMENT OF TREAS	2
3700 - DEPT. OF AGRICULTURE & FORESTRY	66
4100 - DEPARTMENT OF EDUCATION	5
4350 - DEPARTMENT OF PUB SER	5
4400 - LSU SYSTEM	90
4600 - SOUTHERN UNIVERSITY SYSTEM	11
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	62
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	9
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	17
7200 - MISC. BOARDS & COMMISSIONS	11
7600 - LEGISLATURE	5
7700 - JUDICIARY	0
9996 - NON-AGENCY	2
TOTAL REPORTED	1210

Auto Physical Damage

AUTO PHYSICAL DAMAGE

Balance Sheet

ASSETS

Cash & investments - State Treasury	(\$2,234,912)
Insurance/reinsurance balances receivable	(\$6,266)
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$0
Machinery	\$8,413
Less: Accumulated depreciation	(\$949)
TOTAL ASSETS	(\$2,231,816)

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$382,040
Unearned premium	\$0
Other liabilities	\$20,548
TOTAL LIABILITIES	\$,402,588

FUND EQUITY

TOTAL FUND EQUITY	(\$2,634,404)
TOTAL LIABILITIES AND FUND EQUITY	(\$2,231,816)

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$2,021,013
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
TOTAL INCOME	\$2,021,013

OPERATING EXPENSES

General and administrative expenses	\$222,160
Claims cost:	
Losses	\$965,491
Allocated loss adjustment expense	\$27,876
Unallocated loss adjustment expense	\$154,808
Change in provision for losses/expenses	\$53,506
TOTAL EXPENSES	\$1,423,841

NET INCOME(LOSS) FROM OPERATIONS **\$597,172**

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$0

TOTAL NET INCOME/LOSS **\$597,172**

RETAINED EARN./FUND BAL. JULY 1, 2004	(\$3,231,576)
Current year income(loss)	\$597,172
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$2,634,404)

Auto Physical Damage

Claims Reported 7/1/2004 - 6/30/2005	
Loc Department	Number of Claims Reported
0010 - EXECUTIVE DEPARTMENT	6
0400 - DIVISION OF ADMINISTRATION	6
0500 - DEPT. TRANSPORTATION & DEVELOPMENT	64
0900 - LSUMC HEALTH CARE SERVICES DIVISION	3
1000 - DEPT. OF HEALTH AND HOSPITALS	53
1800 - DEPARTMENT OF SOCIAL SERVICES	37
2000 - DEPARTMENT OF CORRECTIONS	41
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	13
2200 - DEPARTMENT OF PUBLIC SAFETY	95
2300 - DEPARTMENT OF NATURAL RESOURCES	2
2400 - DEPT OF ENVIRONMENTAL QUALITY	3
2600 - DEPARTMENT OF LABOR	1
2800 - DEPT. OF WILDLIFE & FISHERIES	26
2900 - DEPARTMENT OF REVENUE	6
3000 - DEPT OF CIVIL SERVICE	1
3100 - DEPT. CULTURE, RECREATION, TOURISM	4
3300 - DEPARTMENT OF STATE	1
3400 - DEPARTMENT OF JUSTICE	5
3600 - DEPARTMENT OF THE TREASURY	2
3700 - DEPT. OF AGRICULTURE & FORESTRY	23
4100 - DEPARTMENT OF EDUCATION	3
4350 - DEPARTMENT OF PUBLIC SERVICE	2
4400 - LSU SYSTEM	33
4600 - SOUTHERN UNIVERSITY SYSTEM	6
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	19
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	2
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	6
7200 - MISC. BOARDS & COMMISSIONS	7
7600 - LEGISLATURE	2
TOTAL REPORTED	472

Bonds and Crime

Balance Sheet	BONDS	CRIME
ASSETS		
Cash & investments - State Treasury	\$611,377	\$870,105
Insurance/reinsurance balances receivable	(\$233)	\$4,076
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$128	\$202
Prepaid insurance	\$0	\$20,918
Machinery	\$887	\$2,043
Less: Accumulated depreciation	\$411	\$1,560
TOTAL ASSETS	\$611,748	\$895,784
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	\$101,182	\$5,440
Unearned premium	\$0	\$0
Other liabilities	\$654	\$280
TOTAL LIABILITIES	\$101,836	\$5,720
FUND EQUITY		
TOTAL FUND EQUITY	\$509,912	\$890,064
TOTAL LIABILITIES AND FUND EQUITY	\$611,748	\$895,784
Statement of Revenues and Expenses		
OPERATING REVENUES		
Premiums written	\$99,436	\$38,632
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	\$58,404
TOTAL INCOME	\$99,436	(\$19,772)
OPERATING EXPENSES		
General and administrative expenses	\$7,248	\$3,103
Claims cost:		
Losses	\$176,016	\$864
Allocated loss adjustment expense	\$3,472	\$67
Unallocated loss adjustment expense	\$1,654	\$708
Change in provision for losses/expenses	(\$287,094)	(\$2,801)
TOTAL EXPENSES	(\$98,434)	\$1,941
NET INCOME(LOSS) FROM OPERATIONS	\$197,870	(\$21,713)
NON-OPERATING REVENUES AND EXPENSES		
Interest income	\$1,121	\$1,658
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$1,121	\$1,658
TOTAL NET INCOME/LOSS	\$198,991	(\$20,055)
RETAINED EARN./FUND BAL. JULY 1, 2004	\$310,921	\$910,119
Current year income(loss)	\$198,991	(\$20,055)
Prior year adjustments		
RETAINED EARN./FUND BAL. JUNE 30, 2005	\$509,912	\$890,064

Bonds and Crime

Claims Reported 7/1/2004 - 6/30/2005	
Department	Number of Claims Reported
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	1
TOTAL REPORTED	1

Workers Comp and Maritime

Balance Sheet	WORKER'S COMP	MARITIME
ASSETS		
Cash & investments - State Treasury	\$21,525,713	\$1,338,449
Insurance/reinsurance balances receivable	\$1,410,556	\$0
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$2,421,883	\$292
Prepaid insurance	\$599,173	\$0
Machinery	\$292,072	\$28,039
Less: Accumulated depreciation	\$161,419	\$21,770
TOTAL ASSETS	\$26,087,978	\$1,345,010
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	\$246,764,151	\$4,094,286
Unearned premium	\$0	\$0
Other liabilities	\$2,218,371	\$24,572
TOTAL LIABILITIES	\$248,982,522	\$4,118,858
FUND EQUITY		
TOTAL FUND EQUITY	(\$222,894,544)	(\$2,773,848)
TOTAL LIABILITIES AND FUND EQUITY	\$26,087,978	\$1,345,010
Statement of Revenues and Expenses		
OPERATING REVENUES		
Premiums written	\$32,501,639	\$1,973,712
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	\$580,294	\$352,535
TOTAL INCOME	\$31,921,345	\$1,621,177
OPERATING EXPENSES		
General and administrative expenses	\$1,736,157	\$36,765
Claims cost:		
Losses	\$38,523,118	\$555,286
Allocated loss adjustment expense	\$3,335,011	\$81,454
Unallocated loss adjustment expense	\$4,295,301	\$8,387
Change in provision for losses/expenses	\$51,678,840	(\$444,251)
TOTAL EXPENSES	\$99,568,427	\$237,641
NET INCOME(LOSS) FROM OPERATIONS	(\$67,647,082)	\$1,383,536)
NON-OPERATING REVENUES AND EXPENSES		
Interest income	\$58,383	\$1,139
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$58,383	\$1,139
TOTAL NET INCOME/LOSS	(\$67,588,699)	\$1,384,675
RETAINED EARN./FUND BAL. JULY 1, 2004	(\$155,305,845)	(\$4,158,523)
Current year income(loss)	(\$67,588,699)	\$1,384,675
Prior year adjustments		
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$222,894,544)	(\$2,773,848)

Workers Comp and Maritime

Claims Reported 7/1/2004 - 6/30/2005	
Loc Department	Number of Claims Reported
0010 - EXECUTIVE DEPARTMENT	124
0400 - DIVISION OF ADMINISTRATION	35
0500 - DEPT. TRANSPORTATION & DEVELPMNT	356
0900 - LSUMC HEALTH CARE SERVICES DIVISION	635
1000 - DEPT. OF HEALTH AND HOSPITALS	1207
1800 - DEPARTMENT OF SOCIAL SERVICES	119
2000 - DEPARTMENT OF CORRECTIONS	288
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	202
2200 - DEPARTMENT OF PUBLIC SAFETY	150
2300 - DEPARTMENT OF NATURAL RESOURCES	6
2400 - DEPT OF ENVIRONMENTAL QUALITY	12
2500 - DEPT. ECONOMIC DEVELOPMENT	4
2600 - DEPARTMENT OF LABOR	29
2800 - DEPT. OF WILDLIFE & FISHERIES	50
2900 - DEPARTMENT OF REVENUE	27
3000 - DEPARTMENT OF CIVIL SERVICE	3
3100 - DEPT. CULTURE, RECREATION, TOURISM	35
3300 - DEPARTMENT OF STATE	9
3400 - DEPARTMENT OF JUSTICE	7
3600 - DEPARTMENT OF THE TREASURY	1
3700 - DEPT. OF AGRICULTURE & FORESTRY	132
4000 - DEPARTMENT OF INSURANCE	4
4100 - DEPARTMENT OF EDUCATION	22
4300 - DEPARTMENT OF PUBLIC SERVICE	0
4400 - LSU SYSTEM	923
4600 - SOUTHERN UNIVERSITY SYSTEM	56
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	360
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	118
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	59
7000 - EMPLOYEE BENEFIT SYSTEMS	2
7200 - MISC. BOARDS & COMMISSIONS	9
7600 - LEGISLATURE	7
7700 - JUDICIARY	5
TOTAL REPORTED	4996

Property

PROPERTY RISK GROUP

Balance Sheet

ASSETS

Cash & investments - State Treasury	(\$32,455,317)
Insurance/reinsurance balances receivable	\$1,593,847
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$8,561,016
Machinery	\$22,120
Less: Accumulated depreciation	\$10,464
TOTAL ASSETS	(\$22,288,798)

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$18,643,511
Unearned premium	\$90,535
Other liabilities	
TOTAL LIABILITIES	\$126,833
	\$18,860,879

FUND EQUITY

TOTAL FUND EQUITY	(\$41,149,677)
TOTAL LIABILITIES AND FUND EQUITY	(\$22,288,798)

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$16,336,673
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$100,190
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$90,535
Less cost of insurance	\$10,107,058
TOTAL INCOME	\$6,239,270

OPERATING EXPENSES

General and administrative expenses	\$149,661
Claims cost:	
Losses	\$7,759,945
Allocated loss adjustment expense	\$608,957
Unallocated loss adjustment expense	\$359,095
Change in provision for losses/expenses	(\$2,025,262)
TOTAL EXPENSES	\$6,852,396

NET INCOME(LOSS) FROM OPERATIONS **(\$613,126)**

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$0

TOTAL NET INCOME/LOSS **(\$613,126)**

RETAINED EARN./FUND BAL. JULY 1, 2003	(\$40,536,551)
Current year income(loss)	(\$613,126)
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2004	(\$41,149,677)

Property

Claims Reported 7/1/2004 - 6/30/2005	
Loc Department	Number of Claims Reported
0010 - EXECUTIVE DEPARTMENT	15
0400 - DIVISION OF ADMINISTRATION	10
0500 - DEPT. TRANSPORTATION & DEVELPMNT	30
0900 - LSUMC HEALTH CARE SERVICES DIVISION	8
1000 - DEPT. OF HEALTH AND HOSPITALS	18
1800 - DEPARTMENT OF SOCIAL SERVICES	3
2000 - DEPARTMENT OF CORRECTIONS	33
2200 - DEPARTMENT OF PUBLIC SAFETY	9
2300 - DEPARTMENT OF NATURAL RESOURCES	2
2400 - DEPT OF ENVIRONMENTAL QUALITY	1
2600 - DEPARTMENT OF LABOR	0
2800 - DEPT. OF WILDLIFE & FISHERIES	17
3100 - DEPT. CULTURE, RECREATION, TOURISM	3
3300 - DEPARTMENT OF STATE	2
3700 - DEPT. OF AGRICULTURE & FORESTRY	8
4000 - DEPARTMENT OF INSURANCE	1
4100 - DEPARTMENT OF EDUCATION	2
4400 - LSU SYSTEM	71
4600 - SOUTHERN UNIVERSITY SYSTEM	19
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	45
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	7
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	13
7200 - MISC. BOARDS & COMMISSIONS	6
TOTAL REPORTED	323

General Liability

GENERAL LIABILITY RISK GROUP

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$120,172,669
Insurance/reinsurance balances receivable	\$6,600,896
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$26,367
Prepaid insurance	\$662,281
Machinery	\$122,728
Less: Accumulated depreciation	\$81,942
TOTAL ASSETS	\$127,502,999

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$147,121,729
Unearned premium	\$0
Other liabilities	\$180,187
TOTAL LIABILITIES	\$147,301,916

FUND EQUITY

TOTAL FUND EQUITY	(\$19,798,917)
TOTAL LIABILITIES AND FUND EQUITY	\$127,502,999

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$36,843,144
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	\$4,940,962
TOTAL INCOME	\$31,902,182

OPERATING EXPENSES

General and administrative expenses	\$479,532
Claims cost:	
Losses	\$3,691,998
Allocated loss adjustment expense	\$7,994,667
Unallocated loss adjustment expense	\$263,373
Change in provision for losses/expenses	(\$7,035,242)
TOTAL EXPENSES	\$5,394,328

NET INCOME(LOSS) FROM OPERATIONS \$26,507,854

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$218,389
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$218,389

TOTAL NET INCOME/LOSS \$26,726,243

RETAINED EARN./FUND BAL. JULY 1, 2004	(\$46,525,160)
Current year income(loss)	\$26,726,243
Prior year adjustments	\$0
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$19,798,917)

General Liability

Claims Reported 7/1/2004 - 6/30/2005	
Department	Number of Claims Reported
0010 - EXECUTIVE DEPARTMENT	23
0400 - DIVISION OF ADMINISTRATION	18
0500 - DEPT. TRANSPORTATION & DEVELPMNT	25
0900 - LSUMC HEALTH CARE SERVICES DIVISION	27
1000 - DEPT. OF HEALTH AND HOSPITALS	67
1800 - DEPARTMENT OF SOCIAL SERVICES	16
2000 - DEPARTMENT OF CORRECTIONS	106
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	7
2200 - DEPARTMENT OF PUBLIC SAFETY	30
2300 - DEPARTMENT OF NATURAL RESOURCES	10
2400 - DEPT OF ENVIRONMENTAL QUALITY	9
2600 - DEPARTMENT OF LABOR	2
2800 - DEPT. OF WILDLIFE & FISHERIES	14
2900 - DEPT. OF REVENUE	1
3100 - DEPT. CULTURE, RECREATION, TOURISM	26
3300 - DEPARTMENT OF STATE	4
3400 - DEPARTMENT OF JUSTICE	2
3700 - DEPT. OF AGRICULTURE & FORESTRY	10
4000 - DEPARTMENT OF INSURANCE	2
4100 - DEPARTMENT OF EDUCATION	4
4400 - LSU SYSTEM	134
4600 - SOUTHERN UNIVERSITY SYSTEM	28
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	157
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	5
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	24
7200 - MISC. BOARDS & COMMISSIONS	8
7600 - LEGISLATURE	3
7700 - JUDICIARY	10
9900 - MISCELLANEOUS	7
TOTAL REPORTED	779

Personal Injury

PERSONAL INJURY

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$5,713,475
Insurance/reinsurance balances receivable	\$51,791
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$1,458
Prepaid insurance	\$0
Machinery	(\$660)
Less: Accumulated depreciation	(\$2,155)
TOTAL ASSETS	\$5,768,219

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$66,959,496
Unearned premium	\$0
Other liabilities	\$155,863
TOTAL LIABILITIES	\$67,115,359

FUND EQUITY

TOTAL FUND EQUITY	(\$61,347,140)
TOTAL LIABILITIES AND FUND EQUITY	\$5,768,219

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$20,918
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	\$428,400
TOTAL INCOME	(\$407,482)

OPERATING EXPENSES

General and administrative expenses	\$361,978
Claims cost:	
Losses	\$2,776,152
Allocated loss adjustment expense	\$5,264,649
Unallocated loss adjustment expense	\$246,666
Change in provision for losses/expenses	(\$10,174,458)
TOTAL EXPENSES	(\$1,525,013)

NET INCOME(LOSS) FROM OPERATIONS \$1,117,531

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$17,050
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$17,050

TOTAL NET INCOME/LOSS \$1,134,581

RETAINED EARN./FUND BAL. JULY 1, 2004	(\$62,481,721)
Current year income(loss)	\$1,134,581
Prior year adjustments	\$0
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$61,347,140)

Personal Injury

Claims Reported 7/1/2004 - 6/30/2005	
Department	Number of Claims Reported
0010 - EXECUTIVE DEPARTMENT	3
0400-DIVISION OF ADMINISTRATION	1
0500 - DEPT. TRANSPORTATION & DEVELPMNT	0
0900 - LSUMC HEALTH CARE SERVICES DIVISION	1
1000 - DEPT. OF HEALTH AND HOSPITALS	3
1800 - DEPARTMENT OF SOCIAL SERVICES	3
2000 - DEPARTMENT OF CORRECTIONS	190
2170 - DEPARTMENT OF YOUTH DEVELOPMENT	12
2200 - DEPARTMENT OF PUBLIC SAFETY	19
2300 - DEPARTMENT OF NATURAL RESOURCES	0
2400 - DEPT OF ENVIRONMENTAL QUALITY	0
2600 - DEPARTMENT OF LABOR	1
2800 - DEPT. OF WILDLIFE & FISHERIES	3
2900 - DEPARTMENT OF REVENUE	1
3000 - DEPARTMENT OF CIVIL SERVICE	1
3100 - DEPT. OF CULTURE, RECREATION, TOURISM	1
3300 - DEPARTMENT OF STATE	2
3400 - DEPARTMENT OF JUSTICE	6
3700 - DEPT. OF AGRICULTURE & FORESTRY	0
4000 - DEPARTMENT OF INSURANCE	1
4100 - DEPARTMENT OF EDUCATION	3
4400 - LSU SYSTEM	18
4600 - SOUTHERN UNIVERSITY SYSTEM	4
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	7
5800 - SPECIAL SCHOOLS & EDUCATN AGENCY	1
6000 - LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	1
7000 - EMPLOYEE BENEFIT SYSTEMS	1
7200 - MISC. BOARDS & COMMISSIONS	4
7600 - LEGISLATURE	1
7700 - JUDICIARY	19
9900 - MISCELLANEOUS (NON-AGENCY)	1
TOTAL REPORTED	308

Marine, Aviation, and Boiler & Machinery

Balance Sheet	MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP
ASSETS			
Cash & investments - State Treasury	(\$7,464,007)	(\$1,518,861)	(\$2,226,016)
Insurance/reinsurance balances receivable	\$25,213	\$30,199	\$171,717
Less reserve for abolished agencies	\$0	\$0	\$0
Interest receivable and other assets	\$0	\$0	\$0
Prepaid insurance	\$822,888	\$0	\$710,304
Machinery	\$1,329	\$490	\$7,868
Less: Accumulated depreciation	(\$8)	\$243	\$5,228
TOTAL ASSETS	(\$6,614,569)	(\$1,488,415)	(\$1,341,355)
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Loss and expense reserves	\$277,263	\$25,936	\$854,241
Unearned premium	\$0	\$0	\$0
Other liabilities	\$1,402	\$93	\$2,756
TOTAL LIABILITIES	\$278,665	\$26,029	\$856,997
FUND EQUITY			
TOTAL FUND EQUITY	(\$6,893,234)	(\$1,514,444)	(\$2,198,352)
TOTAL LIABILITIES AND FUND EQUITY	(\$6,614,569)	(\$1,488,415)	(\$1,341,355)
Statement of Revenues and Expenses			
OPERATING REVENUES			
Premiums written	\$1,747,216	\$418,963	\$1,900,429
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	\$1,574,338	\$0	\$665,129
TOTAL INCOME	\$172,878	\$418,963	\$1,235,300
OPERATING EXPENSES			
General and administrative expenses	\$15,537	\$1,034	\$30,552
Claims cost:			
Losses	\$271,197	\$58,903	\$663,564
Allocated loss adjustment expense	\$69,904	\$1,212	\$8,047
Unallocated loss adjustment expense	\$3,544	\$236	\$187,413
Change in provision for losses/expenses	(\$78,696)	(\$46,694)	(\$73,326)
TOTAL EXPENSES	\$281,486	\$14,691	\$816,250
NET INCOME(LOSS) FROM OPERATIONS	(\$108,608)	\$404,272	\$419,050
NON-OPERATING REVENUES AND EXPENSES			
Interest income	\$0	\$0	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$0	\$0	\$0
TOTAL NET INCOME/LOSS	(\$108,608)	\$404,272	\$419,050
RETAINED EARN./FUND BAL. JULY 1, 2004	(\$6,784,626)	(\$1,918,716)	(\$2,617,402)
Current year income(loss)	(\$108,608)	\$404,272	\$419,050
Prior year adjustments			
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$6,893,234)	(\$1,514,444)	(\$2,198,352)

Marine, Aviation and Boiler & Machinery

Claims Reported 7/1/2004 - 6/30/2005			
Department	Number of Claims Reported		
	Aviation	Marine	Boiler
0500 - DEPT. TRANSPORTATION & DEVELOPMNT		50	
2200 - DEPARTMENT OF PUBLIC SAFETY	3		1
4800 - TRUSTEES SYSTEM OF UNIVERSITIES	1		15
2800 - DEPT OF WILDLIFE AND FISHERIES		1	
0100 - EXECUTIVE DEPARTMENT			1
0400 - DIVISION OF ADMINISTRATION			1
0900 - LSUMC HEALTH CARE SERVICES DIVISION			1
1000 - DEPARTMENT OF HEALTH AND HOSPITALS			13
3700 - DEPARTMENT OF AGRICULTURE AND FORESTRY			2
4400 - LSU SYSTEM			11
4600 - SOUTHERN UNIVERSITY SYSTEM			5
5800 - SPECIAL SCHOOLS			2
6000 - LA COMMUNITY & TECHNICAL COLLEGES			2
7200 - MISC BOARDS AND COMMISSIONS			1
Grand Totals	4	51	55

Medical Malpractice

MEDICAL MALPRACTICE

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$233,606,282
Insurance/reinsurance balances receivable	\$18,648,285
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$59,546
Prepaid insurance	\$0
Machinery	\$40,509
Less: Accumulated depreciation	\$144
TOTAL ASSETS	\$252,354,478

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$230,729,020
Unearned premium	\$0
Other liabilities	\$230,755
TOTAL LIABILITIES	\$230,959,775

FUND EQUITY

TOTAL FUND EQUITY	\$21,394,703
TOTAL LIABILITIES AND FUND EQUITY	\$252,354,478

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums Written	\$54,845,962
Other Revenue	\$36,302
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
TOTAL INCOME	\$54,882,264

OPERATING EXPENSES

General and administrative expenses	\$737,943
Losses	\$14,566,828
Allocated loss adjustment expense	\$8,053,766
Unallocated loss adjustment expense	\$723,568
Change in provision for losses/expenses	(\$94,009,216)
TOTAL EXPENSES	(\$69,927,111)

NET INCOME(LOSS) FROM OPERATIONS \$124,809,375

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$469,616
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$469,616

TOTAL NET INCOME/LOSS \$125,278,991

RETAINED EARN./FUND BAL. JULY 1, 2004	(\$103,884,288)
Current year income(loss)	\$125,278,991
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2005	\$21,394,703

Medical Malpractice

Claims Reported 7/1/2004 - 6/30/2005	
Department	Number of Claims Reported
0900 - LSUMC HEALTH SERVICES DIVISION	140
1000 - DEPT. OF HEALTH AND HOSPITALS	5
4400 - LSU SYSTEM	119
MISC	3
TOTAL REPORTED	267

Claims Reported 7/1/2004 - 6/30/2005 LSUMC Health Care Services	
Department	Number of Claims Reported
0912 - EARL K. LONG MEDICAL CENTER	18
0914 - HUEY P. LONG MEDICAL CENTER	5
0916 - UNIVERSITY MEDICAL CENTER	15
0918 - W. O. MOSS REGIONAL MED. CENTER	11
0920 - LALLIE KEMP REGIONAL MED. CENTER	7
0922 - WASHINGTON-ST. TAMMANY RMC	14
0924 - LEONARD J. CHABERT MEDICAL CNTR	16
0926 - MEDICAL CENTER OF LA AT N.O.	54
TOTAL REPORTED	140

Claims Reported 7/1/2004 - 6/30/2005 LSU System	
Department	Number of Claims Reported
4485 - LSU HEALTH SERVICES-SHREVE-GENERAL OPER.	67
4488 - E.A. CONWAY MEDICAL CENTER	24
4490 - LSU HEALTH SERVICES-N.O.-GENERAL OPER.	28
TOTAL REPORTED	119

Road Hazards

ROAD HAZARDS

Balance Sheet

ASSETS

Cash & investments - State Treasury	(\$343,105,629)
Insurance/reinsurance balances receivable	\$3,776,653
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$0
Machinery	\$53,547
Less: Accumulated depreciation	\$2,413
TOTAL ASSETS	(\$339,277,842)

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$221,622,772
Unearned premium	\$0
Other liabilities	\$382,717
TOTAL LIABILITIES	\$222,005,489

FUND EQUITY

TOTAL FUND EQUITY	(\$561,283,331)
TOTAL LIABILITIES AND FUND EQUITY	(\$339,277,842)

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$0
General fund appr./non-tort reimbursement	\$153,055
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$2,315,500
TOTAL INCOME	(\$2,162,445)

OPERATING EXPENSES

General and administrative expenses	\$1,166,707
Claims cost:	
Losses	(\$3,312,893)
Allocated loss adjustment expense	\$8,502,706
Unallocated loss adjustment expense	\$914,305
Change in provision for losses/expenses	(\$76,635,331)
TOTAL EXPENSES	(\$69,364,506)

NET INCOME(LOSS) FROM OPERATIONS **\$67,202,061**

NON-OPERATING REVENUES AND EXPENSES

Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$0

TOTAL NET INCOME/LOSS **\$67,202,061**

RETAINED EARN./FUND BAL. JULY 1, 2004	(\$628,485,392)
Current year income(loss)	\$67,202,061
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2005	(\$561,283,331)

Road Hazards

Claims Reported 7/1/2004 - 6/30/2005			
Parish	Number of Claims Reported	Parish	Number of Claims Reported
01 - ACADIA	13	32 - LIVINGSTON	24
02 - ALLEN	12	33 - MADISON	1
03 - ASCENSION	29	34 - MOREHOUSE	2
04 - ASSUMPTION	12	35 - NATCHITOCHES	5
05 - AVOYELLES	14	36 - ORLEANS	29
06 - BEAUREGARD	19	37 - OUACHITA	16
07 - BIENVILLE	4	38 - PLAQUEMINES	7
08 - BOSSIER	17	39 - POINT COUPEE	2
09 - CADDO	29	40 - RAPIDES	17
10 - CALCASIEU	44	42 - RICHLAND	4
11 - CALDWELL	7	43 - SABINE	12
12 - CAMERON	1	44 - ST. BERNARD	15
13 - CATAHOULA	3	45 - ST. CHARLES	6
14 - CLAIBORNE	5	46 - ST. HELENA	3
15 - CONCORDIA	2	47 - ST. JAMES	2
16 - DESOTO	4	48 - ST. JOHN THE BAPTIST	13
17 - EAST BATON ROUGE	137	49 - ST. LANDRY	17
18 - EAST CARROLL	1	50 - ST. MARTIN	14
19 - EAST FELICIANA	8	51 - ST. MARY	24
20 - EVANGELINE	5	52 - ST. TAMMANY	32
21 - FRANKLIN	8	53 - TANGIPAHOA	43
22 - GRANT	7	55 - TERREBONNE	24
23 - IBERIA	15	56 - UNION	6
24 - IBERVILLE	17	57 - VERMILLION	10
25 - JACKSON	2	58 - VERNON	7
26 - JEFFERSON	30	59 - WASHINGTON PARISH	7
27 - JEFFERSON DAVIS	5	60 - WEBSTER	7
28 - LAFAYETTE	50	61 - WEST BATON ROUGE	10
29 - LAFOURCHE	20	63 - WEST FELICIANA	8
30 - LASALLE	4	64 - WINN	2
31 - LINCOLN	7	Grand Totals:	900

Road Hazards

Claims Reported 7/1/2004 - 6/30/2005	
Cause	Number of Claims Reported
Cause: 3000 - FAILURE TO MAINTAIN/UPGRADE	
3001 - POTHOLE	138
3002 - WATER ON ROAD	31
3003 - ICE ON ROAD	1
3004 - MUD ON ROAD	2
3005 - OIL/CHEMICALS ON ROAD	8
3006 - LOOSE MATERIAL ON ROAD	14
3007 - EDGE RUT ON ROAD	28
3008 - TREE ON ROAD	22
3009 - TREE OVERHANGING ROAD	11
3010 - VISION OBSTRUCTION	7
3011 - OTHER OBJECT ON ROAD	72
3012 - MISSING SIGNS	14
3013 - ROUGH CROSSING	12
3014 - SIGNAL MALFUNCTION	18
3015 - OTHER MALFUNCTION	25
3016 - PAVEMENT MARKINGS NOT VISIBL	2
3017 - FAILS TO MEET AASHTO STANDARDS	1
3018 - FAILS TO MEET DOTD STANDARDS	2
3099 - UNKNOWN	52
Total By Cause	460
Cause: 3100 - IMPROPER CONSTRUCTION	
3119 - ROAD SURFACE	89
3122 - DITCH SLOPE	1
3123 - GRADE/SLOPE	2
3124 - INSUFFICIENT/MISSING SIGNS	1
3125 - BARRICADES	6
3129 - MARKINGS	2
3199 - UNKNOWN	15
Total By Cause	116
Cause: 3200 - IMPROPER DESIGN	
3255 - INSUFFICIENT/MISSING SIGNS	12
3250 - ROAD SURFACE	22
3251 - CURVE RADIUS	2
3252 - CURVE SUPER-ELEVATION	1
3259 - SIGNALS	8
3260 - MARKINGS	3
3258 - LIGHTING	2
3262 - FLOODING	4
3299 - UNKNOWN	14
Total By Cause	68

Claims Reported 7/1/2004 - 6/30/2005	
Cause	Number of Claims Reported
Cause: 3900 - MISCELLANEOUS	
3999 - OTHER	256
Total By Cause	256
Grand Totals:	900

Miscellaneous

Balance Sheet	MISC. TORT OTHER	NON-TORT PAYMENTS	FUTURE MEDICAL FUND
ASSETS			
Cash & investments - State Treasury	\$17,484,471	(\$2,030,000)	\$9,287,599
Insurance/reinsurance balances receivable	\$4,222	\$0	\$0
Less reserve for abolished agencies	\$0	\$0	\$0
Interest receivable and other assets	\$5,721	\$0	\$0
Prepaid insurance	\$0	\$0	\$0
Machinery	\$34,712	\$0	\$0
Less: Accumulated depreciation	\$26,303	\$0	\$0
TOTAL ASSETS	\$17,502,823	(\$2,030,000)	\$9,287,599
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Loss and expense reserves	\$9,183,788	\$0	\$0
Unearned premium	\$0	\$0	\$0
Other liabilities	\$4,298	\$0	\$0
TOTAL LIABILITIES	\$9,188,086	\$0	\$0
FUND EQUITY			
TOTAL FUND EQUITY	\$8,314,737	(\$2,030,000)	\$9,287,599
TOTAL LIABILITIES AND FUND EQUITY	\$17,502,823	(\$2,030,000)	\$9,287,599
Statement of Revenues and Expenses			
OPERATING REVENUES			
Premiums written	\$1,073,813	\$0	\$0
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	\$0	\$0	\$0
TOTAL INCOME	\$1,073,813	\$0	\$0
OPERATING EXPENSES			
General and administrative expenses	\$47,643	\$0	\$0
Losses	\$2,072,924	\$425,000	\$429,224
Allocated loss adjustment expense	\$209,281	\$0	\$0
Unallocated loss adjustment expense	\$10,867	\$0	\$0
Change in provision for losses/expenses	(\$2,725,947)	\$0	\$0
TOTAL EXPENSES	(\$385,232)	\$425,000	\$429,224
NET INCOME(LOSS) FROM OPERATIONS	\$1,459,045	(\$425,000)	(\$429,224)
NON-OPERATING REVENUES AND EXPENSES			
Interest income	\$47,024	\$0	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$47,024	\$0	\$0
TOTAL NET INCOME/LOSS	\$1,506,069	(\$425,000)	(\$429,224)
RETAINED EARN./FUND BAL. JULY 1, 2004	\$6,808,668	(\$1,605,000)	\$9,716,823
Current year income(loss)	\$1,506,069	(\$425,000)	(\$429,224)
Prior year adjustments	\$0	\$0	\$0
RETAINED EARN./FUND BAL. JUNE 30, 2005	\$8,314,737	(\$2,030,000)	\$9,287,599

Notes to Financial Statements

INTRODUCTION

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

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, reported however, 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 unavailable 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, intrafund 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, 2005 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105 is estimated to be \$523,616.43. 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, 2005 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ 0. 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 agency 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 as expenditure when paid during the year. For the year ended June 30, 2005 the costs of retirees' benefits totaled \$ 173,379.96, while the number of retirees is 34. (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 2004 - 2005 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	\$75,638.64	\$75,638.64	\$75,638.64	\$75,638.64	\$75,638.64	\$378,193.20
b. Equipment						
c. Land						
d. Other						
Total	\$75,638.64	\$75,638.64	\$75,638.64	\$75,638.64	\$75,638.64	\$378,193.20

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.

F. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies are required to reflect the 2004-2005 accrued personal services cost for this fiscal year on the accompanying financial statement. The following schedule aids in doing so. As most agency units pay their employees biweekly this would

require a fiscal year 2003-04 accrual calculation based on eight (8) days and the fiscal year 2004-05 calculation will be based on nine (9) days.

	FY 2003-04	FY 2004-05
1. 07/09/04 Payroll (gross & related)	\$ <u>202,830.57</u>	
2. 07/08/05 Payroll (gross & related)	<u>X 80.0%</u>	\$ <u>275,474.47</u> <u>X 90.0%</u>
2a. Payroll accrual	<u>162,264.46</u>	<u>247,927.02</u>
2b. Add voids and supplementals (off cycle) paid in the 45-day close with prior year appropriations.	_____	_____
3. Total payroll accruals	\$ <u>162,264.46</u>	\$ <u>247,927.02</u>
4. Estimated federal receivable attributed to the accrual shown above	\$ _____ 0.00	\$ _____ 0.00
<u>Total Agency Expenditures</u>		
5. Total programs from Schedule 1		\$135,016,337.58
6. Less: 2003-04 accrual from line 3, column 1 above		(162,264.46)
6a. Less: 2003-04 accrual from schedule 3-1		13,053,335.62
7. Plus: 2004-05 accrual from line 3, column 2 above		\$247,927.02
7a. Plus: 2004-05 accrual from Schedule 3-1		\$1,291,496.61
7b. Less: 2004-05 payments during 45 day close		(\$647,831.15)
8. To Statement B (this should be the total for <u>all</u> programs)		<u>\$148,799,001.22</u>
<u>Total Federal Revenue</u>		
9. Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1		_____
10. Less: 2003-04 accrual from line 4, column 1 above		_____
11. Plus: 2004-05 accrual from line 4, column 2 above		_____
12. To Statement B (line 4) Federal Funds		\$ _____

G. 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, 2005, \$37,934,342.66 is 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>	\$28,363,566.69
<u>Future Medical Fund</u>	<u>39:1533.2</u>	\$9,570,775.97
<u>Total</u>		<u>\$37,934,342.66</u>

H. 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, which 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.

<u>Funding Source (list by name):</u>	<u>Organization #</u>	<u>Object</u>	<u>Amount</u>
Federal:			\$
Self-Generated: Claims Liabilities		3650	\$ 965,367,272
Major State Revenue:			
Total GASB 34 accruals (gross)			\$ <u>965,367,272</u>
Less: Allowance for estimated recoveries			\$ <u>6,227,246</u>
GASB 34 liability adjustment net of estimated recoveries			\$ <u>959,140,026</u>
Amount included above not expected to be paid in one year			\$ <u>843,633,467</u>

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 04/05.

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

There have been significant changes in case law, which 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, which places a cap on general damages of \$500,000 with no cap on special damages, and limits joint, and solidary liability to a tortfeasor's allocated degree of fault.

On May 9, 1996, Act No. 63, known as the "Louisiana Governmental Claims Act", was approved by the governor. This act placed limits on all suits for personal injury and wrongful death. The act states, "the total amount recoverable, including all derivative claims, exclusive of property damages, medical care and related benefits and loss of earnings, and loss of future earnings, shall not exceed five hundred thousand dollars." This 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.

Prior to FY 91/92, ORM discounted claim liabilities on year-end statements. Beginning in FY 91/92, the State Legislature passed an Appropriation Bill that cut ORM's funding by 99%. This was repeated in FY 92/93. For FY 93/94, ORM received funding of approximately 50% of what is needed on a cash basis. In FY 94/95 ORM received funding of approximately 70% of what is needed on a cash basis. In FY 95/96 ORM received funding of approximately 80% of what is needed on a cash basis, which included a general fund appropriation of \$10,488,526 towards deficit reduction. In FY 96/97, 97/98, 98/99, 99/00, and 00/01 ORM

received funding of approximately 75% of what is needed on a cash basis. In FY 01/02, ORM received funding of approximately 53% of what was needed on a cash basis. As a result of the lack of funding over the past fiscal years, ORM's cash reserves have been depleted. Due to lack of funding, ORM discontinued discounting. Additionally, ORM 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.

The present value of reserves for claim liabilities for FY 04/05 as reported on the financial statements totals \$978,164,595. A further breakdown of this total follows:

	Total Reserves	Net of Estimated Recoveries
Current	\$ 12,797,323	\$12,668,076
Long-Term	\$965,367,272	\$959,140,026
Total	\$978,164,595	\$971,808,102

Changes in Aggregate Claims Liabilities

	Beg of F/Y Liab	Claims & Changes in Est.	Claim Payments	Est. Recov. from settled & unsettled claims	Balance @ 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	\$234,558,097	(\$150,597,533)	(\$165,541)	\$1,253,515,153
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

	Beg of F/Y Liab	Claims & Changes in Est.	Claim Payments	Est. Recov. from settled & unsettled claims	Balance @ F/Y
2001-02	\$1,038,778,357	\$136,971,803	(\$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	\$157,975,875	(\$123,022,344)	\$(2,342,846)	\$1,120,601,350
2004-05	\$1,120,601,350	(\$13,748,340)	(\$132,988,169)	\$(2,056,739)	\$ 971,808,102

The cumulative total of estimated recoveries at June 30, 2005 is \$6,356,493. 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, 2005, there are 108 active annuities. The outstanding amount due on these 108 annuities as of June 30, 2005 was \$222,966,499.75. Of the 108 annuities, 95 contain wording, which releases ORM from any and all future liability on the claims. The remaining liability, on the thirteen, which do not contain the wording necessary to release ORM from any possible future liability, totals \$35,368,308.44. At June 30, 2005, the total amount of annuities purchased was \$41,486,254.92.

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.