

State of California

Office of
Risk and
Insurance
Management

Annual Report

FISCAL PERIOD 1996-97

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Introduction

WHAT IS ORIM?

The Office of Risk and Insurance Management (ORIM) is part of the Department of General Services. For over 40 years ORIM has provided insurance procurement, claims adjusting, safety training, loss control, contract management and other risk related services to the State and other public agencies. ORIM purchases over \$31 million of insurance premiums and manages \$36.5 million of self-insured claims for its government clients.

ORIM provides these services either on an on-going or project-specific basis and is funded totally from fees charged to State agencies and departments for its risk and insurance services. Upon request, ORIM will provide any or all of these services to non-State public agencies.

ORIM is entirely distinct from the California Department of Insurance, which regulates the insurance industry within California. ORIM operates as the risk management department for most of the State of California and its individual departments and agencies. By applying the principles of risk management to the State's exposures, ORIM reduces the State's total cost of risk.

WHAT IS RISK MANAGEMENT?

Risk management is the process by which risks of loss are identified, analyzed and measured. Once analyzed and measured, the various techniques for managing risk are reviewed and the best technique or combination of techniques is applied to mitigate losses resulting from identified risks. In other words, risk managers determine where losses can occur and find appropriate mechanisms to eliminate or keep losses at manageable levels.

Techniques for handling exposures to loss include avoiding or eliminating an activity that might cause a loss, controlling or preventing a loss,

transferring the liability for a loss to someone else and financing expected losses through insurance or self-funding.

Avoiding or eliminating a loss is as simple as just not doing the activity that could cause a loss. Prevention usually involves modifying premises to keep the loss from occurring or to minimize the cost of losses that do occur. Control usually involves active participation in control activities such as safety management, compliance with Cal-OSHA requirements, safety meetings, safety awards, etc. Contracts generally are used to transfer risk of loss to another person or entity and risk financing can be accomplished by either purchasing insurance or self-funding. For many years, it has been the practice of the State not to purchase insurance except when required by statute, bond or contract. Exceptions are rarely made to this practice.

ORIM helps State agencies manage their exposures to loss and reduce their total cost of risk. Loss exposures can include, but are not limited to operation of motor vehicles on State business, ownership of buildings or other assets, State-planned functions and general operations of the State or local agency. Loss exposures also can arise out of contractual arrangements with outside parties.

ORIM'S MISSION STATEMENT

“To create a partnership between the Office of Risk and Insurance Management and its clients and to act as a resource for quality risk management services to State agencies and other clients. On a consistent basis, ORIM shall provide continually improving services in a responsive and knowledgeable manner that results in a high degree of customer satisfaction.”

Principal Accomplishments for Fiscal Period 1996–97

During the fiscal period 1996–97, ORIM had the following accomplishments:

1. Installed a new computerized risk management information system
2. Managed insurance programs worth \$31 million in premiums and self-insured claims worth \$36.5 million for over 50 state and government agencies
3. Executed written services agreements with its insurance brokers
4. Assisted the Department of Veterans Affairs in redesigning its life/disability program
5. Marked the 20th anniversary of the state motor vehicle insurance account
6. Converted pilot claims programs for the California State University and the County of Sacramento to permanent status
7. Hired a Department Safety Coordinator with industrial hygiene expertise
8. Investigated alternative risk financing approaches
9. Published the first ORIM newsletter
10. Organized the first state Risk Management Advisory Committee

1. INSTALLED A NEW COMPUTERIZED RISK MANAGEMENT INFORMATION SYSTEM (RMIS)

During the 1996–97 fiscal period ORIM licensed and installed a fully featured PC/LAN Windows based Risk Management Information System (RMIS) known as Omega. The need for a new system had become apparent from the inability of the existing system to meet ORIM’s growing needs for data management.

A feasibility study prepared in 1996 confirmed the problems with the predecessor system and identified three alternatives: (1) continue to use the existing system, (2) develop a new system in-house, and (3) purchase an “off-the-shelf” RMIS that met ORIM’s needs, was reasonably priced and had a proven track record of customer satisfaction. The study recommended the third alternative as the best solution for ORIM’s needs.

Following a thorough investigation of commercially available products, ORIM selected the Omega system, licensed from Anistics (now part of Aon Risk Services). Omega was judged as the RMIS best meeting ORIM’s business needs and satisfying system objectives and functional requirements.

ORIM’s and Anistics staff installed the Omega system and transferred all existing computerized data into it at the beginning of 1997. The Omega system went on-line on May 12, 1997. ORIM’s claims staff has reported significantly increased productivity under the new system. Processing cycle times have been reduced by elimination of certain bottlenecks, and management information and controls have been increased. While all modules are not yet being fully used, the Omega system provides a sophisticated tool for ORIM to handle existing clients and new clients and responsibilities in the future.

2. MANAGED INSURANCE PROGRAMS WORTH \$31 MILLION IN PREMIUMS AND SELF-INSURED CLAIMS WORTH \$36.5 MILLION FOR OVER 50 STATE AND GOVERNMENT AGENCIES

While State departments are no longer mandated to purchase their insurance through ORIM, most continue to do so, recognizing the value of ORIM’s insurance and claims expertise. For those agencies that purchase their own insurance, Government Code Section 11007.7 (amended 1993) states that insurance purchased by any state agency “shall be subject to approval of the Department of General Services,” i.e. ORIM. Besides servicing State agencies, ORIM makes its services available to local government agencies and non-profit organizations.

ORIM manages the self-insured claims for a relatively small number of State agencies, including the Department of Veterans Affairs, the Department of Social Services, the State Motor Vehicle Liability program, and California State University. These self-insured programs are discussed in Section Two of this report.

By contrast, ORIM purchases \$31 million of insurance for over 50 State and government agencies and several other special programs. ORIM's ten largest clients account for the great majority of these premiums.

Table 1

ORIM'S TEN LARGEST INSURANCE PROGRAMS		
DEPARTMENT/AGENCY	INSURANCE PROGRAM	1996-97 ANNUAL PREMIUMS
Department of Veterans Affairs	Life and Disability	\$12,825,000
Department of Personnel Administration	Life, Disability, Accident	8,253,100
Department of Veterans Affairs	Homeowners Property Catastrophe	4,528,900
California Housing Finance Authority (CHFA)	Earthquake and Flood	1,784,000
Business Enterprise Program (DOR)	Life/Health and Property/Liability	1,078,300
Department of Corrections	Property and Liability	963,800
State Teachers Retirement System (STRS)	Fiduciary and Bond	253,200
Capitol Area Development Authority (CADA)	Package and Liability	193,200
State Board of Equalization	Property, including Earthquake	130,800
State Master Policy	Out-of-state Workers' Compensation	110,700
Total		\$30,121,000

A summary of the insurance policies purchased by ORIM for all state and government agencies is provided in the Appendix.

3. EXECUTED WRITTEN SERVICE AGREEMENTS WITH ITS INSURANCE BROKERS

ORIM executed written service agreements with its insurance brokers. These agreements provide for minimum qualifications, adherence to required services and negotiated value-added services. All brokers are required to provide annual stewardship reports summarizing their services and the insurance policies brokered. An ORIM staff person carefully monitors each brokerage contract and the broker's compliance.

ORIM purchased all insurance through brokers during fiscal period 1996-97. The current broker selection is the result of a revised insurance procurement plan begun during the 1994-95 fiscal period. Under this plan, insurance policies purchased through ORIM were grouped to create enough premium to be attractive to the brokers and underwriters that would compete for the business.

As a result of competitive bidding, ORIM used six brokers for its insurance programs during the 1996–97 fiscal period:

INSURANCE BROKER	PROGRAM	ESTIMATED ANNUAL PREMIUMS
Alburger Basso Degrosz	Capitol Area Development Authority Policies	\$194,000
J&H Marsh & McLennan	CDVA Fire & Hazard and Disaster Indemnity Program	\$4,528,900
Near North Insurance Brokers, Inc.	Balance of Business Program (BOB)	\$4,429,800
Pickett-Rothholz & Murphy	Business Enterprise Program (except Life Policy)	\$1,048,600
Saylor and Hill	Life/Disability Policies	\$8,533,900
Seabury & Smith	CDVA Life and Disability Program	\$12,825,000

During the 1996–97 fiscal period, ORIM focused on improving the level of service from its existing brokers. ORIM’s consultant conducted an in-depth broker contract compliance review for the five incumbent insurance brokers. The review concluded that all brokers were making progress toward meeting their contractual requirements.

4. ASSISTED THE DEPARTMENT OF VETERANS AFFAIRS IN REDESIGNING ITS LIFE/DISABILITY PROGRAM

During the 1996–97 fiscal period ORIM assisted the California Department of Veterans Affairs (CDVA) in an alternative procurement process as part of a major redesign of its mortgage credit life and disability insurance program. This program covers nearly 29,000 lives with approximately \$1.6 billion insurance in force. The premiums are paid by veterans who finance their farm and home purchases under the Veterans’ Farm and Home Purchase Act of 1943.

Prior to June 1, 1996 the CDVA life and disability program was self-funded and intended to be self-sustaining. The self-funded program developed several shortcomings that compromised its financial stability over time, notably over-generous benefits and inadequate rates. To put the program on a sound financial basis, CDVA elected to transfer the life and disability coverages to a commercial insurer effective June 1, 1996. The estimated insurance premiums that ORIM helped negotiate were \$12,825,000 for the 1996–97 fiscal period.

The transfer to a fully insured program involved significant benefit changes and rate increases to put the program on a stable long-term basis, CDVA decided to seek competitive proposals from qualified insurance companies to bid on the entire contract. The ground rule for the bidding was that insurers had to offer equal or better rates, terms and conditions than the existing contract.

As part of a thorough competitive process, CDVA asked ORIM and its consultant to send a Survey of Interest document to nearly 250 life insurance companies. All insurers had to meet the minimum standards of (1) an A.M. Best's rating of B++ or better, and (2) policyholder surplus of \$50 million or greater. As a result of this survey, approximately two dozen companies expressed interest. A formal Request for Proposal (RFP) was sent to these and other interested bidders in April 1997.

The RFP process continued well into the 1997-98 fiscal period and will be described more fully in the 1997-98 annual report. CDVA obtained an improved program with more flexible benefits and an overall rate decrease of nearly 20% guaranteed for five years for the veteran contract-holders. Total premiums for the contract period are projected to exceed \$60 million. CDVA was assisted throughout this year-long process by ORIM professional staff members.

5. MARKED THE 20TH ANNIVERSARY OF THE STATE MOTOR VEHICLE INSURANCE ACCOUNT

July 1, 1997 marked the 20th anniversary of California's State Motor Vehicle Insurance Account (SMVIA) and of ORIM's continuous adjusting of all claims arising from the State's motor vehicle fleet. The program is not only the oldest but also one of the few truly self-insured programs in State government.

Funding for the SMVIA is authorized under Government Code Sections 11290, 16378 and 16379. To pay the program's claims and expenses, ORIM charges State agencies an allocation based on their loss experience and inventory of vehicles. During the fiscal periods 1995-96 and 1996-97 the SMVIA account recorded positive closing reserve fund balances, due to an improving economy and favorable loss experience.

ORIM adjusts all motor vehicle liability claims for the State through its Vehicle Liability Self-Insurance Program (VELSIP). Four risk analysts within the VELSIP Claims Unit review over 5,000 accident reports and handle approximately 2,000 new claims each year. Over the past 10 years, the staff

has paid \$123 million to settle over 20,000 claims. At any one time the VELSIP unit manages approximately 300 claims in various stages of litigation. Less than 1% of the claims ORIM denies go into litigation. Of the few vehicle liability claims that cannot or should not be settled and go into litigation, 93% are resolved before trial. For full details on the claims handled under the VELSIP program, see the section on Major Programs and Services below.

6. CONVERTED PILOT CLAIMS PROGRAMS FOR THE CALIFORNIA STATE UNIVERSITY AND THE COUNTY OF SACRAMENTO TO PERMANENT STATUS

Effective January 1996 ORIM contracted to handle two pilot claims programs: (1) all third-party (tort) liability claims for the California State University (CSU), and (2) third-party liability (tort) claims with a projected value of under \$5,000 for the County of Sacramento. During FY 1996–97 ORIM converted these pilot programs into permanent programs. Some background follows on each program.

CSU Program

Under the CSU program, ORIM is responsible for (1) assisting member campuses with adjusting all non-litigated general liability and equity claims; and (2) logging to the ORIM Anistics Omega claims database statistical information on all CSU claims, including those that are litigated.

By law, claims against the State of California and its related entities must be presented to the State Board of Control (BOC). By prior agreement, the BOC forwards all claims involving the California State University to ORIM. ORIM's claim staff reviews incoming claims for sufficiency and timeliness, then forwards them to designated personnel at the involved campus within 24 hours. The claims staff adjusts almost all CSU claims by telephone, coordinating their investigations with various campus personnel, including Risk Managers, Claim Coordinators, Police, and/or Environmental Health and Safety Personnel. Since ORIM began its involvement with the CSU, the volume of new cases has risen to over 350 claims per year.

Since the beginning of 1996 up to the end of the 1996–97 period, ORIM has input the data for over 2,000 claims into the OMEGA system, including both new claims that ORIM has adjusted and the claims transferred from CSU's previous claims administration.

County of Sacramento Program

Effective January 1, 1996, the County of Sacramento engaged ORIM to handle its non-litigated property-damage-liability claims under \$5,000 (including minor medical claims). Such claims represent approximately 70% of the entire County's claims. Because ORIM's claims professionals are experienced in adjusting claims over the telephone, they minimize the need to visit actual claim scenes and thereby keep adjustment costs low. All claims over the \$5,000 threshold, and all litigated claims, continue to be handled by the County's third-party claims administrator. Using ORIM's services allows the County to handle varying claim loads without having to add to its permanent payroll. Since the beginning of 1996 to the end of the 1996-97 period, ORIM has adjusted 676 claims under this program.

7. HIRED A DEPARTMENT SAFETY COORDINATOR WITH INDUSTRIAL HYGIENE EXPERTISE

During the 1996-97 fiscal period ORIM hired a full-time Safety Coordinator. This person's duties is to monitor and make recommendations for controlling the workplace hazards of the Department of General Services. Compared to handling radioactive materials and making rockets, the hazards at the Department of General Services may seem commonplace. Nonetheless the Department, like many State agencies, has potentially harmful workplace conditions that must be controlled.

ORIM's new hire is John Jang, a UC Davis biology graduate who worked 11 years at Aerojet in Sacramento, where he advanced from an industrial hygiene technician to a Certified Industrial Hygienist working with radioactive materials, rocket motors and pharmaceutical precursors. He has also worked as an industrial hygienist specialist for Travelers Insurance Company, evaluating a wide range of occupational hazards, anywhere from making McDonald's hamburger buns to assembling jumbo jet brakes. He gained his status as a Certified Industrial Hygienist (CIH) through five years' of experience in the field and a difficult and comprehensive two-day test. He is also a Certified Safety Professional, which has a similar testing process.

Mr. Jang functions as the DGS Departmental Safety Coordinator and helps DGS anticipate, recognize, evaluate and control workplace hazards at all of its locations.

Prevention and education are an important part of his job. For example, Mr. Jang is working with the DGS Workplace Violence Prevention Team to

educate all managers and supervisors in how to prevent workplace violence. Eliminating or reducing hazards takes persistence and diplomacy, and Mr. Jang is sensitive to employee concerns while at the same time making sure the law is obeyed. “The role of an industrial hygienist is always challenging,” Mr. Jang said, “and the rewards of the programs are shown by having a safe workplace for each employee.”

8. INVESTIGATED ALTERNATIVE RISK FINANCING APPROACHES

During fiscal period 1996–97 ORIM’s consultant, Warren, McVeigh & Griffin, Inc., conducted a study to examine alternatives to the traditional purchase of insurance. The focus was on the feasibility of a pooled self-funded approach for the various agencies for which ORIM purchases insurance. Because the total insurance premiums of ORIM’s clients approached \$20 million and loss experience has been excellent, ORIM felt it was appropriate to look at cost-effective alternatives that would satisfy its clients’ contractual and business requirements.

Government Code Section 11007.8 allows any state agency (authorized to procure insurance) to also operate and administer a self-insurance program, and specifically allows ORIM “to develop and administer self-insurance programs for any state agency pursuant to its authority under Section 11087.7.” With this authority in mind, the consultant examined a broad variety of risk-funding techniques that fell into three categories: (1) risk retention, (2) risk-transfer and (3) hybrid techniques.

The study identified several feasible approaches to a pooled self-insurance program for less hazardous property programs of ORIM’s clients. Such a pool could offer several advantages, including:

- ◆ Improved consistency of claims handling
- ◆ Customized coverages and loss control programs
- ◆ Reduced dependence on the insurance cycle
- ◆ Dividends or renewal premium reductions for good pool loss experience

ORIM is continuing to investigate alternative risk financing approaches. In particular it is looking at (1) whether a self-funded approach would satisfy the contractual and bondholder requirements of various State agencies, and (2) the availability and pricing of a master excess insurance or reinsurance program.

9. PUBLISHED THE FIRST ORIM NEWSLETTER

Readers of ORIM's Internet web page will have seen the inaugural issue of CalRisk Notes, ORIM's newsletter that was published during the fiscal period 1996-97. This was the first issue of an ongoing publication that will inform readers about public agency risk management topics of current, tips and suggestions on ways to control or eliminate accidents, and advice on how agencies can best utilize ORIM's services. The target audience for CalRisk Notes includes:

- ◆ Departmental financial managers and controllers
- ◆ Departmental training, human resource and safety personnel
- ◆ Staff responsible for risk management, claims, contracts and insurance
- ◆ Public and non-profit risk managers at the State and local levels

The first issue of CalRisk Notes included articles on the following topics:

- ◆ Introduction to ORIM and its services
- ◆ A Partnering Success Story: The County of Sacramento
- ◆ Description of ORIM's driver training and safety training classes
- ◆ Description of ORIM's contract review services

10. ORGANIZED THE FIRST STATE RISK MANAGEMENT ADVISORY COMMITTEE

During the fiscal period 1996-97 the State, at ORIM's suggestion, formed a Risk Management Advisory Committee (RMAC) that began holding meetings in early 1997. RMAC's purpose is to advise the State on best ways to handle its property and liability exposures, and to make recommendations on how to improve risk funding and administrative procedures.

The RMAC is chaired by Anne Sheehan, Undersecretary for the State and Consumer Services Agency (which includes the Department of General Services). The RMAC draws its members from a broad cross-section of State agencies and departments, including:

- ◆ The Department of Justice
- ◆ The Department of Finance
- ◆ The Department of Corrections
- ◆ The Department of Transportation
- ◆ The Department of Insurance

- ◆ The State Treasurer's Office
- ◆ The Department of Personnel Administration
- ◆ The Department of Water Resources
- ◆ The California State University
- ◆ The California Highway Patrol
- ◆ The Board of Control
- ◆ The Department of General Services

Major Programs and Services

ORIM provides risk and insurance services to State and other government agencies on an on-going or project-specific basis. The goal is to help agencies manage their exposures to accidental loss arising from such sources as general operations, employment, motor vehicle fleets, property ownership, asset financing and contractual commitments. ORIM's principal services to other agencies include:

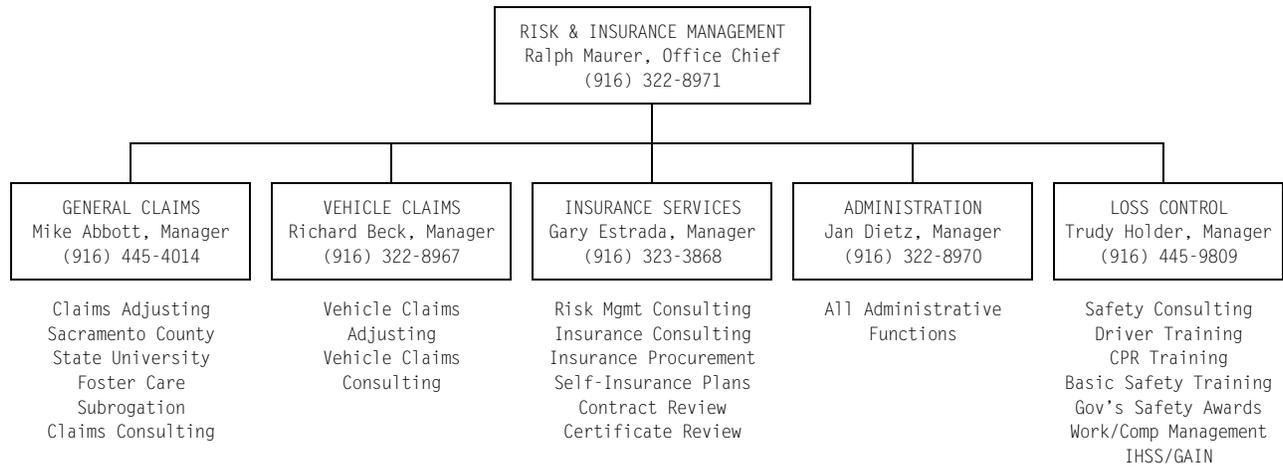
1. **Insurance Procurement**—Purchasing and overseeing \$31 million of insurance policies for over 50 State agencies. On occasion ORIM will also purchase insurance on behalf of a local public agency.
2. **Claims Administration**—Processing over 5,000 accident reports and adjusting over 2,000 claims annually for the State's motor vehicle fleet, as well as adjusting or overseeing the claims programs of several agencies
3. **Safety and Training Services**—Providing driver and safety training, including CPR and first-aid training programs to other State and local agencies
4. **Vendor Management**—Helping agencies identify and select risk management services, conduct RFP processes and monitor the performance of vendors.
5. **Contractual Review**—Assisting agencies with contractual risk assumption or transfer by reviewing contracts and recommending appropriate language
6. **Special Projects**—Recommending loss-control, alternative procurement and non-traditional risk-funding and transfer mechanisms.

As shown in the organization chart on the following page, ORIM is organizationally divided into four major operating units that provide risk management and insurance services to State agencies:

Department of General Services
OFFICE OF RISK AND INSURANCE MANAGEMENT

(916) 445-2184

April 15, 1998



- ◆ Insurance Services Unit
- ◆ Loss Control Unit
- ◆ Vehicle Liability Claims Unit
- ◆ General Liability Claim Unit

The above operating units are supported by an Administrative Unit. Descriptions and key statistics for the four operating units and three special programs (Department of Social Services, Department of Veterans Affairs, Business Enterprise Program) follow.

1. INSURANCE SERVICES UNIT

ORIM procures the insurance coverages for most State agencies. On a total premium basis, ORIM's largest State client is the Department of Veterans Affairs (Cal-Vet/CDVA). ORIM assisted CDVA in negotiating an insured contract for nearly \$13 million of annual life and disability premiums during the 1996–97 fiscal period. ORIM also purchases two aggregate homeowners catastrophe policies for CDVA with total premiums of \$4,528,900. ORIM's second largest client is the Department of Personnel Administration, for which ORIM purchased life, accident and disability policies with total premiums of \$8,253,149.

In all, ORIM serves the insurance needs of over 50 State agencies. A summary of all the insurance premiums purchased or negotiated by ORIM for the past three fiscal periods is shown in the Schedule of Insurance Premiums at the end of this report.

2. LOSS CONTROL UNIT

The Loss Control Unit administers the State's basic safety, defensive driver and first aid/CPR training programs. The defensive driver and first-aid/CPR training programs are available not only to State agencies but also to other public entities and non-profit organizations. Table 2 summarizes training statistics for the 1996–97 and the two prior fiscal periods.

Table 2

PROGRAM/PERSONNEL TRAINED FISCAL YEARS 1994-95, 1995-96 and 1996-97			
	FY 1994-95	FY 1995-96	FY 1996-97
1. BASIC SAFETY TRAINING			
Safety Coordinators Trained	47	56	51
2. DEFENSIVE DRIVER TRAINING			
State Employees –Classroom	19,729	20,935	18,499
–Individual	29	14	20
Subtotal	19,758	20,949	18,519
Other Public Employees –Classroom	2,206	1,973	3,413
–Individual	1	6	27
Subtotal	2,207	1,979	3,440
Total Defense Driver Training	21,965	22,928	21,959
3. BASIC FIRST AID/CPR TRAINING			
State Employees	3,697	3,289	3,147
Other Public Employees	0	17	144
Subtotal	3,697	3,306	3,291
CPR Recertification (First Aid included)	not provided	not provided	567
Total Basic First Aid/CPR/Recertification	3,697	3,306	3,858
TOTAL ALL PROGRAMS (1+2+3)	25,709	26,290	25,868

The Loss Control Unit also oversees the workers' compensation claims handling for two programs, In-Home Supportive Services (IHSS) and Greater Avenues for Independence (GAIN), which are sponsored by the Department of Social Services.

Every year the Loss Control Unit sponsors the Governor's Employee Safety Awards (GESA) which gives State agencies an opportunity to recognize employees and groups of employees for exemplary performance in the area of safety and loss control. Employee contributions include, but are not limited to, improving the work environment and discovering a safer method to perform the employees' duties. There were 18 groups and 60 individuals who received this award for calendar year 1996 and 91 recipients for 1995.

On August 22, 1997 the GESA award recipients for 1996 participated in a ceremony at which ORIM presented individual awards. Awards also were presented to five State departments that reduced the costs of work-related injuries and three State departments for safe driving.

3. CLAIMS UNIT

There are two claims units in ORIM:

- ◆ Vehicle Liability Claims Unit
- ◆ General Liability Claims Unit

The following section summarizes the activities of these two units on a combined basis.

The two claims units administer the following programs:

- ◆ Self-insured State motor vehicle liability claims
- ◆ Department of Social Services Foster Care Liability Insurance Program
- ◆ California State University Risk Pool
- ◆ County of Sacramento third-party property damage liability claims under \$5,000
- ◆ Motor vehicle first-party physical damage claims for members of the legislature
- ◆ Motor vehicle damages recovery (subrogation) for the Department of General Services, State Legislature and California Highway Patrol

Table 3 summarizes ORIM's claims statistics for the 1996-97 and the two prior fiscal periods.

Table 3

CLAIMS UNIT STATISTICS			
COST OF CLAIMS EXCLUDING ADJUSTING AND LEGAL COSTS FOR ALL PROGRAMS			
PROGRAM	FY 1994-95	FY 1995-96	FY 1996-97
MOTOR VEHICLE LIABILITY			
Claims Opened	2,091	1,769	1,698
Claims Closed	2,264	2,033	2,282
Total Paid Claims	\$16,773,702	\$14,339,838	\$11,178,980
Average Claim Cost	\$7,404	\$7,054	\$4,899
FOSTER CARE LIABILITY INSURANCE			
Claims Opened	66	43	82
Claims Closed	37	48	49
Total Paid Claims	\$540,559	\$267,659	\$1,247,859
Average Claim Cost	\$14,610	\$5,580	\$25,467
CSU RISK MANAGEMENT AUTHORITY*			
Claims Opened (1/96-7/97 only)		162	1,673*
Claims Closed		92	968
Total Paid Claims		\$9,823	\$101,535
Average Claim Cost		\$107	\$105
SACRAMENTO COUNTY PROPERTY DAMAGE LIABILITY			
Claims Opened (1/96-7/97 only)		169	507
Claims Closed		127	454
Total Paid Claims		\$27,447	\$157,838
Average Claim Cost		\$216	\$348
MOTOR VEHICLE PHYSICAL DAMAGE (Legislative Vehicles)			
Claims Opened	57	57	56
Claims Closed	57	57	56
Total Paid Claims	\$69,236	\$108,742	\$87,839
Average Claim Cost	\$1,215	\$1,908	\$1,569
TOTAL ALL PROGRAMS			
Claims Opened	2,214	2,200	4,016
Claims Closed	2,358	2,357	3,809
Total Paid Claims	\$17,386,696	\$14,753,710	\$12,774,051
Average Claim Cost	\$7,373	\$6,260	\$3,354

* Includes prior claims transferred into ORIM's claims system.

Department of Social Services: In-Home Supportive Services (IHSS) and Greater Avenues for Independence (GAIN) Programs

The Department of Social Services supports the IHSS and GAIN programs. The IHSS program provides assistance to eligible aged, blind and disabled individuals who are unable to remain safely in their own homes without assistance. The GAIN program provides education, employment search, vocational training, on-the-job training and employment counseling, vocational assessment and pre-employment preparation (non-salaried work experience).

Self-insured workers' compensation losses for these two programs are adjusted by the State Compensation Insurance Fund (SCIF) and managed and monitored by the Loss Control Unit of ORIM. The number and cost of claims handled under these programs are shown in Table 4.

Table 4

IHSS AND GAIN STATISTICS			
PROGRAM	FY 1994-95	FY 1995-96	FY 1996-97
IHSS			
Number of Claims	982	1,089	960
Cost of Claims Paid	\$15,105,760	\$16,974,983	\$14,689,588
Average Claim Cost	\$15,382	\$15,588	\$15,302
GAIN			
Number of Claims	139	202	277
Cost of Claims Paid	\$366,749	\$661,894	\$843,499
Average Claim Cost	\$2,638	\$3,277	\$3,045

Cal-Vet Homeowner Program

ORIM oversees the self-funded fire and earthquake/flood claims adjusting for two programs under the CDVA's homeowner program. These programs provide broad fire and disaster indemnity protection to approximately 40,000 veteran contract-holders in California. The claims are handled by the General Adjusting Bureau (GAB). The number and cost of claims handled under these programs are shown in Table 5.

Table 5

CAL-VET/CDVA HOMEOWNER PROGRAM CLAIM STATISTICS			
PROGRAM	10/1/1994-95	10/1/1995-96	10/1/1996-97
All Risk Excluding Earthquake & Flood			
Number of Claims	6,994	4,707	3,111
Total Incurred Claims	\$13,108,126	\$9,475,221	\$6,568,964
Average Incurred Claim Cost	\$1,874	\$2,013	\$2,112
	4/9/1994-95	4/9/1995-96	4/9/1996-97
Earthquake & Flood			
Number of Claims	0	0	113
Total Incurred Claims	0	0	\$1,701,423
Average Incurred Claim Cost	0	0	\$15,057

Business Enterprise Program (BEP)

The purpose of the BEP is to train, license and provide business opportunities to legally blind adults as operators of vending stands and food-service facilities. This program, which is sponsored by the Department of Rehabilitation (DOR), is funded through State and federal funds.

The Insurance Services Unit of ORIM, on behalf of DOR, manages the program for property and liability insurance covering the vendors' exposures. The Insurance Services Unit also manages the life and health insurance programs covering these vendors. Total insurance premiums for this program for the 1996-97 fiscal period were \$1,025,129, compared to \$1,096,000 for the 1995-96 fiscal period and \$1,266,200 for the 1994-95 fiscal period.

Table 6

SCHEDULE OF INSURANCE PREMIUMS FOR THE BUSINESS ENTERPRISE PROGRAM (BEP)			
INSURANCE	FY 1994-95	FY 1995-96	FY 1996-97
Property & Liability	\$ 178,000	\$ 178,000	\$ 153,707
Excess Workers' Compensation	25,542	25,912	25,350
Life, Health & Disability	1,088,200	918,000	899,220
Total	\$1,291,742	\$1,121,912	\$1,078,277

Table 7

SCHEDULE OF PROPERTY AND LIABILITY INSURANCE PREMIUMS			
	FISCAL PERIOD 1994-95	FISCAL PERIOD 1995-96	FISCAL PERIOD 1996-97
1a District Agricultural Association	\$ 6,800	\$ 16,400	\$ 10,971
22 District Agricultural Association			759
Afro American Museum			6,097
Business Enterprise Program	203,542	203,912	179,057
California Museum Of Science & Industry		35,000	55,413
California PUC Commission		20,500	
California State Building Authority	33,600	34,400	33,029
California State University [CSU]	1,205,100	522,678	
California Towers		23,600	24,600
Capitol Area Development Authority	232,000	180,000	193,195
Century Freeway Housing	517,000		
Conservation			3,414
Corrections	847,000	953,700	963,796
Developmental Disability Boards		15,900	11,825
Developmental Services			1,483
Developmental Vocational Institute			2,839
East Bay State Building Authority	27,400	27,500	46,556
Equalization, Board of		133,000	130,457
Fish & Game Wildlife Management			9,985
Food & Agriculture	38,000	37,900	26,358
Franchise Tax	78,100	63,000	96,160
General Services (Reagan Office Building)	70,100	70,500	
Governor's Office & Residence			10,519
Health & Welfare Agency Data Center	25,800	25,000	31,569
Highway Patrol	56,100	56,800	42,000
Housing Finance Agency	1,242,600	1,701,000	1,783,976
Joint Powers City Of San Bernardino		48,800	48,750
Just 4 Kids Center	456	1,877	1,894
Justice	14,120	25,140	40,123
Library & Courts Annex			17,473
Los Angeles State Building Authority	79,300	94,700	81,328
Lottery	60,500	60,800	53,984
Master Policies (Workers' Compensation) (BOE/FTB, et al)	177,200	177,000	110,658
Master Policy (Transit)			31,647
Metropolitan State Hospital	23,900	23,900	20,267
Military	5,800	17,400	19,471
Narcotics, Bureau Of		32,600	28,130
PERS	15,900	15,700	8,636
Resources Agency			240
San Francisco State Building Authority	18,900	18,900	130,842
San Joaquin Conservatory			6,959
Secretary of State Archives Building Complex & Parking			66,463
Social Services			6,805
STRS	265,200	260,700	253,193
Trade & Commerce Agency			17,331
Transportation			60,154
Veterans Affairs (Homeowners Catastrophe)	3,367,800	4,521,900	4,528,900
Water Resources	9,200	45,500	14,912
Miscellaneous Policies Under \$15,000 In Premium	98,080	113,100 included above	
Total	\$8,719,498	\$9,578,807	\$9,212,218

Table 8

SCHEDULE OF LIFE, HEALTH AND DISABILITY INSURANCE PREMIUMS			
	FISCAL PERIOD 1994-95	FISCAL PERIOD 1995-96	FISCAL PERIOD 1996-97
Assembly Rules Committee	\$ 91,200	\$ 91,200	\$ 72,889
Bargaining Units 4, 9, 11, 12	96,620	86,969	80,064
Business Enterprise Program	1,088,200	918,000	899,220
DPA-Non-represented Employees (Accident Policy)	5,315	5,315	4,954
Employers Aviation (Various Departments)	16,329	13,181	13,009
Fish & Game	513	513	513
Forestry	55,800	32,100	22,536
Personnel Administration (Life & Disability)	7,430,300	7,505,300	8,253,149
Veterans Affairs (Credit Life & Disability)	self-funded	self-funded	12,825,000
Total	\$8,784,277	\$8,652,578	\$22,171,334

Table 9

SUMMARY SCHEDULE OF ALL INSURANCE PREMIUMS PROCURED BY ORIM			
	FISCAL PERIOD 1994-95	FISCAL PERIOD 1995-96	FISCAL PERIOD 1996-97
Life, Health and Disability	\$8,784,277	\$8,652,578	\$22,171,334
Property and Liability	\$8,719,498	\$9,578,807	\$9,212,218
Total	\$17,503,775	\$18,231,385	\$31,383,552

Table 10

SUMMARY SCHEDULE OF ALL SELF-INSURED CLAIMS MANAGED BY ORIM			
	FISCAL PERIOD 1994-95	FISCAL PERIOD 1995-96	FISCAL PERIOD 1996-97
Cal-Vet Homeowners Program (All Risk)	\$13,108,126	\$ 9,475,221	\$ 6,568,964
Cal-Vet Homeowners Program (Earthquake & Flood)	0	0	1,701,423
Department of Social Services (IHSS/GAIN)	15,472,509	17,636,877	15,533,087
Department of Social Services (Foster Care)	540,559	267,659	1,247,859
State Motor Vehicle Liability (MVIA) and all other programs	16,842,938	14,485,850	11,526,192
Total	\$45,964,132	\$41,865,607	\$36,577,525



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