

**MANAGEMENT MEMO**

SUBJECT:	NUMBER: <b>MM 05-05</b>
STATE MOTOR VEHICLE INSURANCE ACCOUNT 2005/06 FY PREMIUM ASSESSMENT	DATE ISSUED: FEBRUARY 22, 2005 EXPIRES: FEBRUARY 22, 2006
REFERENCES: Government Code Sections 11290 (a), 16378, 16379 Supersedes Management Memo 04-13	ISSUING AGENCY:  Department of General Services

---

**Introduction** This management memo provides state agencies information on the State Motor Vehicle Insurance Account (SMVIA) premium assessment for the 2005/2006 fiscal year.

---

**Motor Vehicle Insurance Account** The SMVIA is funded through assessments charged to state agencies that own vehicles/equipment. The assessment reflects the projected amount to be expended to pay claim settlements and administrative expenses such as adjusting and defense costs.

---

**Calculation Of Assessment** Each state agency's insurance premium assessment is based on claim experience for the last five calendar years ending December 31, 2004.

State Agencies that own more than 300 vehicles are rated on their own claim experience; state agencies with fewer than 300 vehicles are grouped together and experience-rated as though they were one entity.

Attachment 1 reflects the 2005/2006 fiscal year motor vehicle self-insurance assessments for the 20 large owning departments and the *All Other* group.

The premium assessment for the *All Other* group will be distributed to departments in this group on a *per vehicle basis* using the last reported vehicle inventory from the Office of Fleet Administration (October 2004), applied to the 2005/06 total assessment of \$918,837 (see Attachment 1). The average rate for the *All Other* group is calculated at \$361 per vehicle.

The DGS is able to reduce the 2005/2006 assessment by approximately 20 percent from the prior year assessment of \$33 million to \$26 million (see Attachment 1).

---

*Continued on next page*

### **SMVIA Program Coverage**

The SMVIA provides:

- unlimited self-insured liability coverage for the state agencies and employees who operate vehicles on state business.
  - excess liability coverage for state employees on state business while driving non-state vehicles, but only after the vehicle owner's liability policy limits have been paid.
- 

### **Coverage Limitation Exception**

Effective January 1, 2004, when a non-salaried driver is involved in a motor vehicle accident while on state business, the program's coverage will be limited to \$1 million per accident, regardless of ownership of the vehicle. The driver's employing department/agency will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of \$1 million.

Reference: Management Memo 04-03

---

### **Minimizing/ Reducing Vehicle Losses**

State agencies can help minimize and/or reduce these losses by following state policies and recommended practices on vehicle use and operator requirements:

- Employees who operate vehicles on official business must have a valid driver's license and a good driving record.
  - Agencies shall participate in the Department of Motor Vehicles (DMV) "Pull Notice Program" if they have employees who operate vehicles on official business as a condition of employment for Class A, B, or Class C drivers' licenses with special certificates.
  - Authorized drivers should be permanent state employees.
  - Drivers under the age of 18 may not operate state vehicles under any circumstances.
  - Employees who operate vehicles on official business shall attend and successfully complete an approved defensive driver training course at least once every four years. Online registration available at: <https://www.training.dgs.ca.gov>.
- 

*Continued on next page*

## STATE ADMINISTRATIVE MANUAL

---

### **Minimizing/ Reducing Vehicle Losses (Cont.)**

- Employees operating their private vehicle on official business must complete a STD. 261, *Authorization to Use Privately Owned Vehicles on State Business*. This form certifies liability insurance for the minimum financial responsibility limits as set forth in statute. Additionally, the employee certifies the vehicle is adequate for the work, equipped with operating safety belts and is in safe mechanical condition.
- Report all vehicle accidents within 48 hours to the Office of Risk & Insurance Management (ORIM) using the STD. 270, Vehicle Accident Report form. The form is available online at [www.orim.dgs.ca.gov](http://www.orim.dgs.ca.gov).

---

### **Contact**

Questions concerning the vehicle self-insurance assessments can be directed to:

Gail Saruwatari, Statewide Health and Safety Program Manager  
Office of Risk & Insurance Management  
Telephone: (916) 376-5285  
Email: [Gail.Saruwatari@dgs.ca.gov](mailto:Gail.Saruwatari@dgs.ca.gov)

Visit our website at [www.orim.dgs.ca.gov](http://www.orim.dgs.ca.gov) for information on ORIM services.

---

### **Signature**

Original signed by Ron Joseph, Director

Ron Joseph  
Director

---

### Attachment

# STATE ADMINISTRATIVE MANUAL

## ATTACHMENT 1

### 2005/2006 MOTOR VEHICLE SELF-INSURANCE ASSESSMENT

Department	2004/05 Premiums	2005/06 Premiums
Conservation Corps	\$ 336,094	\$235,897
Consumer Affairs	225,019	185,978
Corrections	1,702,592	1,171,605
Developmental Services	159,849	99,481
District Agricultural Associations*	137,501	99,002
Employment Development	124,250	103,611
Fish & Game	439,941	327,377
Food & Agriculture	582,238	395,243
Forestry	1,078,700	1,173,796
General Services	3,184,117	2,148,811
Highway Patrol	9,230,434	6,190,307
Justice	446,574	847,659
Mental Health	45,816	35,696
Motor Vehicle	268,668	235,841
Parks & Recreation	639,959	620,124
Prison Industry Authority	86,080	86,071
State University	3,797,304	2,670,802
Transportation	8,830,209	8,103,536
Water Resources	183,105	155,245
Youth Authority	242,802	195,081
All Others	1,266,876	918,837
<b>Total Premium</b>	<b>\$33,008,128**</b>	<b>\$26,000,000**</b>

\*District Agricultural Association group includes California Exposition, California Science Center, and Food & Agriculture Marketing Boards.

\*\*Total includes expected claims paid, administrative expenses (including legal defense), and funds to build a prudent reserve.