

# MANAGEMENT MEMO

SUBJECT:  STATE MOTOR VEHICLE INSURANCE ACCOUNT 2009/10 FY PREMIUM ASSESSMENT	NUMBER: <b>MM 09-02</b> DATE ISSUED: APRIL 24, 2009 EXPIRES: JUNE 30, 2010
REFERENCES: Government Code Sections 11290 (a), 16378, 16379 Supersedes Management Memo 08-06	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 2009/2010 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, 2008.

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

Attachment 1 reflects the 2009/2010 fiscal year motor vehicle self-insurance assessments for the 19 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 (December 2008), applied to the 2009/10 total assessment of \$784,286 (see Attachment 1). The average rate for the *All Other* group is calculated at \$280 per vehicle.

It was necessary for the DGS to raise the 2009/2010 assessment by approximately 13 percent from the prior year assessment of \$15 million to \$16.977 million (see Attachment 1) due to increased claim costs.

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### **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 has been paid.
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### **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: State Administrative Manual (SAM) Section 2420.

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### **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>.
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### **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).
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### **Contact**

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

Gail Saruwatari, Claims 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.

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### **Signature**

Original Management Memo signed by Will Bush, Director DGS

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Will Bush, Director  
Department of General Services

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Attachment:

**STATE ADMINISTRATIVE MANUAL**

**ATTACHMENT 1  
2009/2010 MOTOR VEHICLE SELF-INSURANCE ASSESSMENT**

<b>Department</b>	<b>2008/09 Premiums</b>	<b>2009/10 Premiums</b>
Conservation Corps	\$192,801	\$193,097
Consumer Affairs	74,649	77,421
Corrections	1,075,803	1,200,065
Developmental Services	65,284	82,648
District Agricultural Associations*	78,535	726,958
Employment Development	58,605	106,507
Fish & Game	244,706	229,777
Food & Agriculture	231,428	537,470
Forestry	257,128	364,758
General Services	1,791,090	2,084,677
Highway Patrol	3,474,068	4,817,296
Justice	475,579	192,871
Mental Health	40,667	48,645
Motor Vehicles	178,165	93,693
Parks & Recreation	652,368	451,203
Prison Industry Authority	19,781	30,420
State University	896,701	436,472
Transportation	4,378,072	4,376,585
Water Resources	133,978	142,151
All Others	680,595	784,286
<b>Total Premium</b>	<b>\$15,000,000</b>	<b>\$16,977,000**</b>

\*District Agricultural Association group includes California Exposition.

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