

Ohio Department of Administrative Services

General Services Division

Office of Risk Management

Fiscal Year 2019

Annual Report of the

Risk Management Reserve Fund

Ohio Revised Code § 9.823

March 2020

Background

On June 3, 1993, the 120th General Assembly passed Substitute House Bill 23 (SHB 23), creating the Office of Risk Management within the Department of Administrative Services (DAS). SHB 23 became effective on September 20, 1993.

Introduction

Pursuant to ORC Sections 9.823 and 9.83, the DAS Office of Risk Management (ORM) administers the risk management reserve fund (RMRF) and the state's Self-Insured Vehicle Liability Program and the Ohio Judges' Professional Self-Insurance Program.

The vehicle liability program covers approximately 18,228 state owned vehicles including off-road equipment and watercraft. The program pays bodily injury and property damage claims and provides subrogation (damage recovery) services to state agency customers when a negligent third party damages a state vehicle or property.

The judges' professional self-insurance program provides professional liability and employment practices liability coverage to all Ohio judges acting in their personal/individual capacity and provides contingent coverage for disciplinary related claims. The program also provides a hotline that allows for confidential discussion of any matter of concern with defense counsel prior to a claim being made.

Actuarial Analysis

In June of 2018, Ernst & Young LLP concluded the annual actuarial analysis of the RMRF. Enclosed is a copy of their reports. The required reserves represent the amount of funds needed to meet future claim obligations of the state. The actuarial projection of ultimate losses as of March 31, 2018, was \$5,073,752. The assigned actuary conducting the RMRF analysis is a member in good standing with the Casualty Actuarial Society and holds the Society's Fellow (FCAS) designation.

Subrogation

Subrogation: Collection of damages to state vehicles and property owned by others.

Recoveries: Recovery of expenses incurred by losses including towing, storage and salvage.

In fiscal year 2019, DAS subrogation and recoveries totaled \$816,832.

Reserves & Disbursements

Projected Ultimate Losses: Total estimated unpaid losses plus outstanding reported losses and incurred but not reported (IBNR) losses (Required by GASB10).

Projected Ultimate Losses and LAEs: Expected ultimate loss (claim payments, including loss adjustment expenses (LAE) and the cost of legal representation for the judges' professional liability program) for the fiscal year.

Claim Disbursements: Dollar amount of claims paid including loss adjustment expenses and cost of legal representation for the judges' professional liability program.

Required reserves and claim disbursements for fiscal year 2019 were as follows:

Projected Ultimate Losses (GASB Statement 10)	\$5,073,752
Projected Ultimate Losses and LAE FY19	\$2,603,384
Claim Disbursements FY19	\$1,173,104

Conclusion

The programs administered by DAS are responsible risk management initiatives, which protect the assets of the State of Ohio and, as a result, serve the general welfare of the citizens of the state.

March 31, 2020

The Honorable Larry Householder
Speaker
Ohio House of Representatives
The Statehouse
Columbus, OH 43215

Dear Speaker Householder:

Pursuant to ORC Section 9.823 (D), I am providing you with the annual report of the risk management reserve fund for fiscal year 2019. The statute requires the Department of Administrative Services to prepare an annual report detailing the amount of reserves and the disbursements made from the reserves. Also enclosed are copies of the actuarial reports which certify the amount of the required reserves.

If you have any questions regarding the enclosed annual report, please feel free to contact Bobbi Miller, Administrator of the DAS Office of Risk Management at (614) 752-0486.

Sincerely,

Matt Damschroder
Director

Enclosure

cc: Katherine Nickey, DAS General Services Division Deputy Director
Bobbi Miller, DAS Risk Administrator

March 31, 2020

The Honorable Larry Obhof
President
Ohio Senate
The Statehouse
Columbus, OH 43215

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