

## Risk Management and Insurance Services for State Government

The Office of Risk Management (ORM) at the Department of Enterprise Services (DES) administers the Self-Insurance Liability Program. This program receives, processes, investigates and approves or denies all tort and sundry claims filed against Washington state agencies. ORM also manages risk financing (including commercial insurance), and provides loss prevention services. ORM maintains the centralized loss history information system for the purpose of tracking all tort claims filed against Washington State agencies and analyzing risk exposures.

### Service rates

The costs for state risk management activities are covered through three different fees:

- Risk Management Administration Fee
- Self-Insurance Liability Premium
- Commercial Insurance Cost Recovery

#### **Risk Management Administration Fee**

The operating costs of the state-related risk management activities in the ORM (salaries, supplies, space, support costs, administrative fees for insurance products, etc.) are allocated to agencies based upon the actuarially determined agency share of the state's outstanding liabilities.

#### **Self-Insurance Liability Premium**

The state has decided to self-insure against most potential risks and maintains a liability account for this purpose. The liability account is financed through annual premiums to state agencies. A biennial actuarial review is conducted to ensure that future premiums reflect changes in total state liability, employee growth, and current pay-out history. An agency's premium reflects its percentage share of outstanding liabilities as determined by the actuarial review.

The premiums collected are intended to cover the costs of:

- Tort claims, judgments, and settlements arising from the negligent conduct of state actors.<sup>1</sup> Coverage is provided up to \$10 million for each claim with no deductible.

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<sup>1</sup> Typical claims are those arising from bodily injury, personal injury, and property damage to a third party, including: bodily injury or property damage to a state employee or third party, vehicle liability, public officials liability, liquor liability, violations of civil rights, sudden and accidental pollution, certain areas of medical malpractice, marine docks, quays, shore-side facilities, floats, and buoys, and vessels that are a maximum of 26 feet in length and which are human powered or a maximum of 50 horsepower motors

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- Attorney general defense fees

## Commercial Insurance Cost Recovery

There are certain exposures that are excluded from the Self Insurance Liability Program: property loss, marine and aviation exposure, equipment breakdown, theft, to name just a few. The Office of Risk Management finances losses associated with these exposures by purchasing a variety of commercial property and casualty insurance policies. Costs of policies are passed on to the covered agencies.

## Available services

ORM receives all tort claims and records them in a centralized claims database. ORM then reviews all claims to determine an initial valuation and assigns the claims to the appropriate office to investigate, negotiate, compromise, and settle the claim. Over 60% of the claims received are retained at ORM where, with the assistance of the affected state agency, the claims are paid or denied. ORM seeks to minimize the costs of litigation by investigating and resolving claims, when probable liability exists, at the claim stage.

To identify and better manage risk exposures, ORM assists state agencies and provides training and education in applying loss prevention techniques. The Department of Enterprise Services also offers a variety of risk management training and education courses. In addition, ORM develops and implements statewide policies and programs designed to identify and avoid, or reduce, major exposures. ORM routinely reviews agency enterprise risk management and loss control programs to suggest improvements and recognize successful initiatives, safety policies and procedures. Statutes direct ORM to provide loss prevention assistance to small agencies as needed.

Certificates of Insurance are issued by the Office of Risk Management when needed to verify that agencies are covered under the Self Insurance Liability Program for a specific activity, lease or agreement.

## Who can use these services?

ORM provides these services to all state agencies, colleges and universities (except the University of Washington). ORM also works with individual private citizens in the resolution of tort claims. All State agencies, colleges and universities are by statute required to participate in the Self-Insurance Liability Program.

## Our service commitments

The Office of Risk Management works to reduce harm, limit losses and protect state assets by managing tort events to a proper resolution. Our goal is for our customers to feel their tort claims are handled in a timely and fair manner. We provide quality insurance services as well as education and outreach to help state agencies fully implement Enterprise Risk Management.

Our performance measures are:

- Eighty percent of all tort claims are resolved within 60 days of receipt.
- One hundred percent of requests to Risk Finance and Loss Prevention for consultations are responded to within three days.
- Seventy-Five percent of insurance policy renewals have lower cost and/or improved terms.

## Contact and additional information

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**Additional information**

<http://des.wa.gov/services/Risk/Pages/default.aspx>