

---

## Insurance Alert

### Important Reminders

- The master property policy renewed on October 1. If your agency or college purchases property insurance, you should receive notification and an invoice by early November.
- Have you had a change of Risk Manager or insurance contact? If so, please send your updates to [Kim Haggard](mailto:Kim.Haggard@des.wa.gov).



### Employee Crime Fidelity Bond

The state's employee fidelity bond was renewed on August 1, 2013. This bond covers losses sustained by the state due to any fraudulent or dishonest act or acts committed by any state employee. This year the state broker of record was able to successfully negotiate a lower deductible. The deductible is now \$300,000 per loss, and there is no "aggregate" on the \$10 million dollar limit. If you have questions or need to report a claim, please contact [Kim Haggard](mailto:Kim.Haggard@des.wa.gov) at (360) 407-8139.

### Self-Insurance Liability Program Invoicing

Agencies will soon be receiving the DES invoice for their self-insurance liability program premium. The outside actuary hired by the Office of Risk Management determined the total amount of the state's current outstanding liabilities. The actuary then determined each agency's percentage share of those outstanding liabilities. Using this percentage, the actuary allocated the total yearly premium (\$74 million) among agencies. A minimum premium of \$1,000 a year is charged to agencies with little or no percentage share of the liabilities. When the budget was prepared by OFM, the actuary had not completed the most recent actuarial study. To construct the FY14 budget, OFM used the premium amounts for each agency from the FY12.

Because some agency percentages increased and some decreased with the new FY14 study, we are using the following approach to billing for the FY14 premium: If, as a result of the new actuarial study, your agency's new premium is less than it was in FY12, DES will invoice the new, lesser FY14 amount. If, however, your agency premium increased from the FY12 amount, you will be invoiced at the FY12 amount, because that is the amount that OFM used in your budget. We understand that OFM is considering making an adjustment to the premiums in a supplemental budget. If an increase is made, and your agency's FY14 premium is higher than the FY12 amount, DES will send a second invoice for the balance due for FY14 after the supplemental budget is passed by the legislature.

### Risk Management Administrative and Broker Fee Invoicing

Agencies can expect to be billed for risk management administrative fees as well as fees for the state broker of record soon. As a reminder, administrative charges are for risk management services as it pertains to claims administration and are allocated based on the agencies loss history during the last six years. Broker fees are for insurance broker services provided to the state of Washington and are based on your agency's annual insurance purchases. Not all agencies will be billed for both.