

Members

Elizabeth Dickenson,
Chairperson
Director, Risk Management
Oregon University System

Angie Patterson, Vice-
Chairperson
Business Operations
Manager
Department of Fish &
Wildlife

Nathan Allen
Administrator
Planning & Budget
Department of Corrections

Gayla Andresen
Manager
Safety & Health Unit
Department of Human
Services

Todd Brown
Manager
Health & Safety
Department of
Environmental Quality

Nancy Cody
Safety & Facilities Manager
Department of Consumer &
Business Services

Loren Collins
Chief Trial Counsel
Department of Justice

Julie Davie
Safety & Risk Manager
Department of
Transportation

Maynard Hammer
Deputy Superintendent,
State Hospital
Department of Human
Services

Kyle Knoll
Budget Officer & Risk
Manager
PERS

Vena McCoy
Internal Auditor & Risk
Manager
Department of State Lands

Sandy McDonnell
Manager
Administrative Services
Oregon Housing &
Community Services

Marc Williams
CIO/Deputy Director
Department of Justice

AGENDA
Risk Management Advisory Council



Meeting Date: April 22, 2009

Time: 8:30 a.m. – 10:30 a.m.

Location: DAS General Services Building
Mt. Mazama Conference Room - Basement
1225 Ferry Street SE, Salem OR 97301

Facilitators Elizabeth Dickenson & Angie Patterson
Risk Management Advisory Council Chair and Vice-Chair

ITEM	PRESENTER	TIME	ACTION, NOTES
Call to Order			
Welcome	Elizabeth Dickenson	8:30 a.m.	
Information			
1. Introduction and report on Advisory Council Workgroups <ul style="list-style-type: none"> Approved Council Charter and Operating Guidelines 	Angie Patterson		
2. SSD/Risk Shared Vision and Strategic Plan	Jan Dean Jeanette Fish		
3. DAS Risk Management Overview	Deborah Fifield		
Action			
1. Shared Vision for the RM Advisory Council	Elizabeth Dickenson / Angie Patterson		
2. Issue Selection and Prioritization			
3. Action Plan <ul style="list-style-type: none"> Council Membership (14th member) 			
Adjournment			
Summary and Adjournment	Elizabeth Dickenson / Angie Patterson	10:30 a.m.	

Teleconference: (877) 214-5010

Participant Code: 433283

Proposed Meeting Dates:	Time:	Location:
June 03, 2009	8:30am-10:30am	TBD
July 15, 2009	8:30am-10:30am	TBD
August 26, 2009	8:30am-10:30am	TBD
October 07, 2009	8:30am-10:30am	TBD
November 18, 2009	8:30am-10:30am	TBD
December 30, 2009	8:30am-10:30am	TBD

Risk Management Advisory Council
Operating Guidelines
Revised at January 28, 2009 Meeting

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Operations Plan¶
(Draft as of October 28, 2008)¶
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Membership Composition

The composition of the Council will be no less than seven and no more than fourteen members including one or more of the following:

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1. Persons with responsibility for oversight of the Risk/Safety Management function, or
2. Persons with responsibility for budget development and implementation, or
3. Persons who perform Risk/Safety Management duties.

Council members may be nominated by agency heads or administrators of agency divisions. Council members will be selected by the State Services Division (SSD) Administrator based on diversity in representation of:

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1. Type of agency,
2. Mission,
3. Business and services provided,
4. Size,
5. Types of exposure,
6. Loss history,
7. Geographic location,

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The Council Chairperson and Vice-Chairperson will be selected by Council members. Desirable attributes that will be considered as part of the selection process are that the individual is:

1. Ethical
2. Strategic
3. Effective Communicators
4. Responsive
5. Inclusive
6. Respectful
7. Cost conscious

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Membership Term

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Council member terms will be two years, with the exception of half the originating Council members, who will serve a three year term in order to provide for continuity of strategic planning and Action Plan oversight. Staggered terms of two and three years will be revisited at the end of the year. Council members and agencies may be considered for multiple terms.

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Council Member Orientation

Orientation for new Council members will be provided by the State Risk Manager. New members will assume the outgoing member's assignments. Outgoing members are responsible for orienting their replacement to Council activities regarding their assigned Action Plan items.

Estimated Number and Frequency of Meetings

Advisory Council meetings will be convened at least four times per year. Any Council member may request additional meetings by contacting the Chairperson or State Risk Manager. Council meetings will be open to the public unless a determination is made that the meeting should be closed.

Leadership

The Advisory Council Chairperson will lead Advisory Council meetings. The agenda of each Advisory Council meeting will be developed with input from Council. The Vice-Chairperson will work in partnership with the Chairperson and in the absence of the Chairperson will assume that role.

DAS Risk Management will serve as a resource and provide support for Advisory Council activities, including preparation and distribution of the final agenda and meeting materials before the meeting, maintaining and distributing meeting minutes, issue papers, action plans, position papers, records, reports and other Council documents.

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Council Member Participation

1. Council Participation

- a. Regularly attends meetings of the Council.
- b. Fosters a positive working relationship with Council members and support staff.
- c. Assists with succession planning.
- d. Members may send an alternate attendee

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2. Independent Judgment

- a. Each member shares equally in the responsibility of the Council to act in the best interests of the State.
- b. Each member is expected to exercise his or her independent and informed judgment on all risk management recommendations.

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Risk Management Advisory Council
Operating Guidelines
Revised at January 28, 2009 Meeting

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c. Members may reasonably rely on information and reports received from regular sources (i.e., support staff and service providers) that the member reasonably regards as trustworthy, reliable and competent.

d. Members should seek and obtain additional information as needed regarding all matters for review and recommendation.

3. Additional Responsibilities

a. Members may volunteer or be asked to participate in relevant teams, committees or initiatives.

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Council Vice-Chairperson Participation¶
¶
<#>Council Membership¶
The Vice-Chairperson must be an Advisory Council member in good standing.¶
¶
<#>Leadership¶
<#>Chairs meetings of the Advisory Council in the absence of the Chairperson.¶
<#>Supports and encourages the Council's role.¶
<#>Focuses the Council's attention on governance.¶
¶
¶

Council Chairperson and Vice-Chairperson Participation

1. Council Membership

The Chairperson and Vice-Chairperson must be actively participating Advisory Council members.

2. Leadership

- a. The Chairperson chairs meetings of the Advisory Council.
- b. The Vice-Chairperson chairs meetings of the Advisory Council in the absence of the Chairperson.
- c. The role of the Chairperson and Vice-Chairperson is to support and encourage the Council's role and to focus the Council's attention on governance.

Issue Submission

Council members, agencies and other stakeholders may submit issues. These issues may be submitted in the form of an issue paper that addresses background, assessment and recommendation of issues to be addressed by the Advisory Council. An issue may also be submitted for review when substantial losses occur as a result of agency policies, litigation, defense practices, or other management practices.

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DAS Risk Management is responsible for distributing and maintaining issue papers, action plans and position papers.

Actions

The Council is responsible for determining an Action Plan that represents the list of issues it chooses to address. The Council may utilize speakers, technical experts, working groups and sub-committees to inform, collect information and draft recommendations in the form of a position paper. The Council is responsible for forwarding recommendations for action to DAS Risk Management when consensus has been reached on an issue being reviewed. Risk Management is responsible for carrying forward all position papers to DAS executive

[Risk Management Advisory Council](#)
[Operating Guidelines](#)
[Revised at January 28, 2009 Meeting](#)

management for consideration. The State Risk Manager is responsible for communicating back to the Council the decisions of DAS executive management in regard to the recommendations the Council submits.

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Risk Management Advisory Council Charter
Revised at January 28, 2009 Meeting

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Context

Recent surveys and agency feedback to the Department of Administrative Services leadership indicate that Oregon State agencies desire a stronger partnership with Department of Administrative Services (DAS) DAS Risk Management and more involvement in the determination of how their budget contributions are spent. DAS Risk Management desires a multi-faceted forum for garnering understanding, acceptance and support of DAS Risk Management strategies, policies and practices. The purpose of the Risk Management Advisory Council (Council) is outreach to all Oregon State agencies, to provide a forum for stakeholders to exchange information, generate ideas, and make recommendations to DAS Risk Management in accordance with the Advisory Council Operating Guidelines.

DAS Risk Management's costs are the highest percentage of charges in many state agency budgets for administrative costs and services rendered. That cost is expected to increase due to many influencing factors including rising medical costs associated with workers' compensation medical services and a recent court ruling challenging tort liability caps.

Purpose and Authority

The Risk Management Advisory Council is formed by authority and approval of the DAS State Services Division Administrator. The purpose of the Council is outreach to all Oregon State agencies, and to provide a forum for stakeholders to exchange information, generate ideas, and make recommendations to DAS Risk Management in accordance with the Advisory Council Operating Guidelines.

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Alignment and Guidelines

The recommendations of the Risk Management Advisory Council must be in alignment with:

1. The statutory authority granted to the Department of Administrative Services and delegated to DAS Risk Management in the areas of providing property and tort liability insurance coverage, workers' compensation insurance coverage, claims management and risk management consultation;
2. Other applicable statutes; and
3. The DAS Risk Management strategic plan.

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Risk Management Advisory Council Charter
Revised at January 28, 2009 Meeting

Goals and Objectives

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The goals and objectives of the Risk Management Advisory Council are to:

1. Strengthen relationships between DAS Risk Management and its stakeholders.
2. Identify and support stakeholder's priorities and needs that DAS Risk Management should strive to meet.
3. Influence the development of DAS Risk Management's service models to ensure its customers are well-served.
4. Provide organization perspectives to DAS Risk Management on its policy decisions that impact some or all stakeholders.
5. Provide a forum for stakeholders, to exchange information, generate ideas and make recommendations to DAS Risk Management in accordance with the Advisory Council Operating Guidelines.
6. Reduce the Direct Total Cost of Risk for the State

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3. Persons who perform Risk/Safety Management duties.

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Council member terms will be two years, with the exception of half the originating Council members, who will serve a three year term in order to provide for continuity of strategic planning and Action Plan oversight. Council members may be considered for multiple terms. Originating Council member terms will be selected in November 2009.

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Responsibilities of the Council

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1. Consider the perspectives of all state agencies, boards and commissions.
2. Delegated authority to represent their state agencies, boards or commissions.
3. Participate in Council discussions and provide the perspective of the organization they represent.
4. Engage in consensus decision-making.
5. Make recommendations that are considerate of global impacts.
6. Develop an Action Plan that addresses issues of strategic importance and utilizes the SMART principles:
 - a. Specific

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Risk Management Advisory Council Charter
Revised at January 28, 2009 Meeting

- b. Measurable
- c. Achievable
- d. Reliable
- e. Timely

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7. Determine resources needed to meet Action Plan objectives.

8. Adopt Operating Guidelines.

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Members

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& Business Services

Loren Collins
Chief Trial Counsel
Department of Justice

Julie Davie
Safety & Risk Manager
Department of
Transportation

Maynard Hammer
Deputy Superintendent,
State Hospital
Department of Human
Services

Kyle Knoll
Budget Officer & Risk
Manager
PERS

Vena McCoy
Internal Auditor & Risk
Manager
Department of State
Lands

Sandy McDonnell
Manager
Administrative Services
Oregon Housing &
Community Services

Marc Williams
CIO/Deputy Director
Department of Justice

RECAP

Risk Management Advisory Council



Meeting Date: January 28, 2009

Time: 8:30 am to 12:30 pm

Location: Department of Fish & Wildlife
The Commission Room
3406 Cherry Avenue North
Salem, Oregon 97303

Attendees: Nathan Allen, Gayla Andresen, Todd Brown, Nancy Cody,
Loren Collins, Julie Davie, Elizabeth Dickenson,
Maynard Hammer, Kyle Knoll, Vena McCoy, Sandy McDonnell,
Angie Patterson, Marc Williams

Guests: Jan Dean, Jeanette Fish, Stephanie Holmes, Deborah Fifield, Pam
Valencia, Deb Bogart, Andrea Peters, Teresa Boes,
Marilyn Bergsma

Call to Order
Welcome and Introductions: Jan Dean, SSD Administrator, welcomed Advisory Council members.
Framework
Discussion: Elizabeth Dickenson and Angie Patterson thanked the council for their placing trust in them to lead. Elizabeth Dickenson introduced the Charter and Operating Guideline with the preface that the Charter and Guidelines are living documents that can be revised in the future.
Risk Management Advisory Council Charter
Discussion: Stephanie Holmes facilitated. <ul style="list-style-type: none"> • Consensus decision making process was used for this process. • Council members agreed that the amount of time spent on the Charter was a good investment. • The Charter was accepted with the following revisions: <ul style="list-style-type: none"> Page 1 <ul style="list-style-type: none"> • Under Context: 1st paragraph, 8th line; insert "Oregon State" before agencies • Under Purpose and Authority: 1st paragraph, 3rd line; insert "Oregon State" before agencies Page 2 <ul style="list-style-type: none"> • Under Goals and Objectives: add "Reduce the Direct Total Cost of Risk for the State." • Under Council Composition: 1st paragraph, 1st sentence change thirteen members to fourteen members • Under Council Composition: 1st paragraph, 1st sentence add one or more of the following
Actions: <ol style="list-style-type: none"> 1. The Charter was accepted pending final review of the revised document by the Advisory Council Workgroup prior to distribution.

Risk Management Advisory Council Operating Guidelines

Discussion: Stephanie Holmes facilitated.

Members agreed that:

- Terms and the turnover of member will be discussed more completely at a future date.
- Council members may be nominated by agency heads or by administrators of agency divisions.
- An additional Council member will be added bringing the total number of Council members to 14.
- Guidelines need to be reorganized so that council member information is together and all term information is together.
- Under Council Participation, language is needed to address proxy versus substitute.

Actions:

1. The Advisory Council Work Group is to draft language to address the proxy versus substitute issue in the Operating Guidelines and distribute the revised Operating Guidelines to the Council for review prior to the next meeting.

Action Plan

Discussion:

Issue action plan versus an overall action plan

- Over-all action plan will lay out priorities with flexibility.
- Issue action plan to be handled when an issue has been identified and accepted.

Decision-making by consensus vs. voting

Action:

- Further discussion of action plan deferred to next meeting.
- Members agreed that decision-making by consensus will be used.

Future Meeting Dates, Length, Location and Agenda Items

Discussion: Elizabeth Dickenson led the discussion of alternatives for future meeting dates, meeting length, location and agenda items for the next meeting.

Actions:

1. DAS Risk Management will coordinate with members to schedule the next meeting in March 2009. The agenda for the meeting will include further discussion of issue selection and prioritization and an overview of the statewide Risk Management program.
2. Council meetings will be held for two hours every six weeks until organizational work is completed.
3. A teleconference line will be set up for each meeting for members that may be unable to attend in person.

Adjournment

There being no further business, the chair adjourned the meeting at 12:30 p.m. with thanks to the Council members for their participation.

Next meeting:

Date: March 11, 2009
Time: 8:30am – 10:30am
Location: Department of Public Safety Standards and Training
4190 Aumsville Hwy SE
Salem, OR 97317

Teleconference: 877-214-5010 **Participant Code:** 433283

RISK MANAGEMENT APPROACHES

<i>Traditional Risk Management</i>	<i>Progressive Risk Management</i>	<i>Enterprise Risk Management</i>
<p>Focus: oriented to insurance and claims management solutions</p> <ul style="list-style-type: none"> • Risk identification • Insurance and risk transfer methods • Claim Management • Loss Control 	<p>Focus: risk management is moving toward an enterprise model</p> <p>Traditional +</p> <ul style="list-style-type: none"> • Alternative risk financing • Business Continuity • Total Cost of Risk • Education and Communication 	<p>Focus: risk management is a part of strategic planning and business operations</p> <p>Traditional + Progressive +</p> <ul style="list-style-type: none"> • Prioritizes enterprise-wide risk initiatives • Manages risk at a policy level • Leverages technology throughout the enterprise • Benchmarks risk performance on an ongoing basis

Risk Management Advisory Council

DRAFT Issue Selection and Prioritization

RISK IDENTIFICATION

Agencies submit Issue Paper via e-mail to single point of contact at DAS Risk Management

INTAKE AND PRELIMINARY SCREENING

DAS Risk Management:

1. Auto-response to agency submitting Issue Paper
2. Auto-forwards all Issue Papers to Advisory Council Chair and Vice-Chair
3. Assigns DAS Risk Analyst to coordinate and document Issue Paper management
3. DAS Risk Analyst makes initial agency contact within 2 business days via letter and provides status updates to final disposition
4. DAS Risk Analyst completes preliminary Issue Paper analysis and routes issue based upon agreed criteria
5. DAS Risk Analyst provides response to issues addressed by existing policies, procedures and practices
6. Forwards summary of all issues received and Issue Papers that meet agreed criteria to Advisory Council for consideration

COUNCIL REVIEW

ISSUE TO BE ADDRESSED BY COUNCIL

RM Advisory Council:

1. Reviews Issue Papers and selects issues to be addressed by the Council
2. Uses speakers, technical experts, working groups and/or subcommittees to inform, collect information and draft recommendations in the form of a position paper.
3. Develops an Action Plan that addresses issues of strategic importance using SMART principles (Specific, Measurable, Achievable, Reliable, Timely)

DAS Risk Management:

1. Serves as a resource and provides support for Council activities
2. Distributes and maintains issue papers, issue paper determinations, action plans, position papers, records, reports and other Council documents
3. Monitors effectiveness of risk management interventions and provides periodic reports to Advisory Council

ISSUE WILL NOT BE ADDRESSED BY COUNCIL

Issue meets Preliminary Screening criteria, however:

1. Agency actions addressed risk.
2. Incident already subject of investigation, audit or similar review by external agency or entity, and Council review would interfere or duplicate that effort.
3. Action Plan priorities preclude review at this time.
4. Agency program not causally linked to event.
5. Although reported, upon assessment determined not to be a substantial loss.
6. A review team is unlikely to identify strategies for reducing risk of future similar loss.
7. Other accompanied by explanation on website)
8. Issue of a type substantially similar to other risk mitigation review.

Draft Risk Management Advisory Council Issue Paper

Topic: Reducing Claim Cost

Issue

Need to implement strategies to reduce claim cost and mitigate the impact of pending legislation by reducing claim report lag time and claim management lag time.

Background Information

DAS Risk Management has a statutory duty to maintain an actuarially sound self-insurance fund.

- The Oregon Self-Insurance Fund (Fund) operates on a fully-funded basis, i.e., the Fund's value of assets on hand must be sufficient to pay losses and related costs that are currently known or projected. Independent actuaries provide the projection of losses. DAS Risk Management staff project commercial insurance costs and administrative costs.

Projection of Ultimate Liability (the total amount that will be paid after all claims for a particular loss year are closed) is an estimate. Projection of future claim cost is subject to variation for a number of reasons:

- Potential for high frequency and/or severity of claims
- Lag time between date of the event, first knowledge of the event by an agency and date reported for handling
- Claim/litigation management philosophy
- Changes in the legal or economic environment

The Self-Insurance Fund is financed by Risk Charges pro-rated to agencies based on the total needed to keep the fund actuarially sound on a fully-funded basis. Individual agency Risk Charges are based upon each agency's risks and past losses.

Claim strategy is developed by agency representatives, DAS Risk Management and Department of Justice counsel.

- Legal expense is a key driver of claim cost.

Recommendations

Form an Advisory Council Work Group to make policy recommendations to:

1. Reduce report lag time (i.e., the number of days from date of event to date of first knowledge and reporting) for all Claim Types
 - Property
 - Liability (Tort claims include Auto, Employment, Medical Malpractice and General Liability)
 - Workers Compensation
2. Reduce claim lag time (i.e., number of days from the date the claim is reported to the date the claim is closed) by implementing rapid cycle investigation, analysis and disposition of high frequency and/or severity claims.

Submitted by: Deborah Fifield, State Risk Manager
Date: April 22, 2009
Agency: DAS
Telephone: 503-373-1585
E-Mail: Deborah.E.Fifield@state.or.us

RISK MANAGEMENT ISSUE PAPER
Preliminary Screening Criteria

Event Number: RC-000
Submitted by (Agency): DAS
Analyst: Deborah Fifield

Issue: Reduce Claim Cost
Date Submitted: April 22, 2009
Date Reviewed: April 22, 2009

SYSTEMS	
1. Does the event significantly relate to all agency systems, policies, or practices?	Yes
FREQUENCY OF EVENT	
2. Is this an isolated event or has there been more than one same or similar type of event within the past year?	Trend identified based on analysis of tort claims closed June 2003 to June 2008
3. If more than one event has occurred, has there been a similar or increasing level of loss?	Trend identified based on analysis of tort claims closed June 2003 to June 2008
4. Have these events occurred in the same general location or under the same supervision or structure, indicating a possible pattern or systemic problem?	Yes
5. Based on information available, is there a high probability that the same or similar type of event will occur in the future?	Yes
6. Could a future event result in the same or increased level of loss?	Yes
VULNERABLE VICTIMS	
7. Are the victims considered vulnerable persons, having the reduced ability to protect themselves from outside harm?	Unknown
SEVERITY OF EVENT	
8. Could the event result in death, serious injury to a person or persons, or substantial property damage or loss?	Yes, may delay risk mitigation
9. Could a future event result in the same or similar loss?	Yes
10. Does the event have other negative effects on the state, including loss of confidence in state government or its services?	Yes, extended report lag time and claim lag time contribute to increased claim cost
IMPACT ACROSS STATE AGENCIES	
11. Is this type of event one that could occur in more than one state agency?	Yes
12. Could the results of a review benefit programs in more than the agency affected by the event under review?	Yes
13. Could the review have a broad impact?	Yes
AGENCY INTERNAL REVIEW CONDUCTED	
14. Did the agency perform its own internal review?	No
15. If yes, was the review comprehensive?	N/A
16. Did the review focus on agency policies and operations, making recommendations as to systemic changes to reduce the risk of future event?	N/A
17. Would an additional independent review add value or reduce future risk?	Yes
EXTERNAL REVIEW(S) CONDUCTED	
18. Did another agency perform a review of the event?	No
19. If yes, was the review comprehensive?	N/A
20. Did the review focus on the agency policies and operations, making findings or recommendations as to system changes to reduce the risk of future event?	N/A
21. Would an additional independent review add value or reduce future risk?	Yes
RESOURCES	
22. Are there sufficient resources available to conduct a comprehensive review of the event?	Yes
DISPOSITION	
23. Refer to Risk Management Advisory Council	Yes

Risk Management Advisory Council

Issue Paper: Reduce Claim Cost
April 22, 2009

Claim Types

Main Claim Types are:

- Property
- Workers Compensation
- Liability (tort)
 - Auto Liability
 - Employment Liability
 - Medical Malpractice
 - General Liability

Tort Claim Trends

Data Used:

- Tort claims
 - No property claims
 - No workers' compensation claims

- “Fully developed” closed claims were analyzed
 - Loss data from open claims is too “undeveloped” to be useful in analysis.

Tort Limits

Oregon Tort Limits—Prior to SB 311 Passage

\$200,000 Bodily Injury per Person

500,000 Bodily Injury per Occurrence

50,000 Property Damage

*Some Oregon tort claims are also filed in
Federal Court

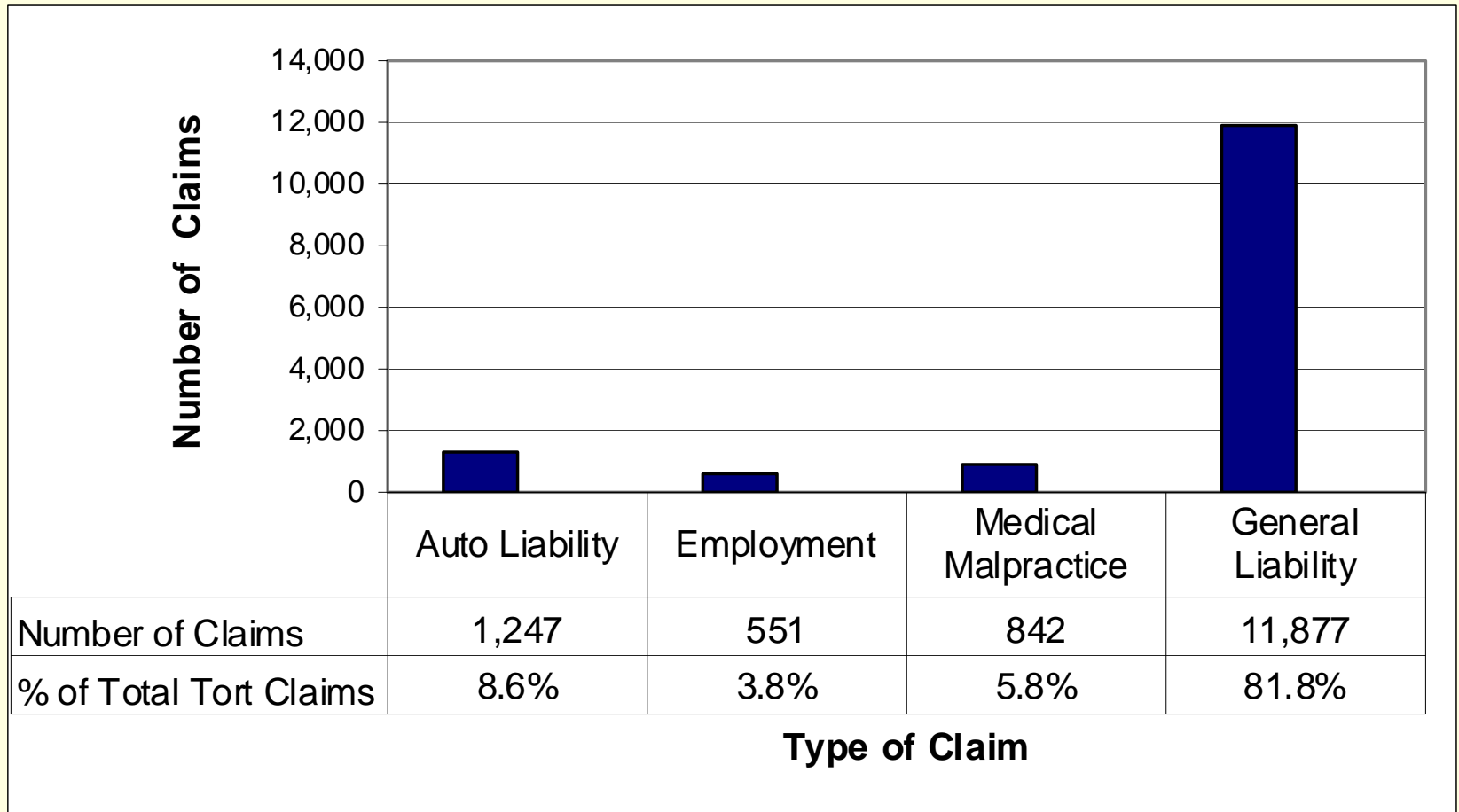
How Do Tort Claims Develop?

- A large portion of the total cost of insurance claims that occur in each year is paid in subsequent years
- This normal payment lag time creates a need to set aside funds each year to pay the future costs of already incurred claims
- Loss development is a normal and expected part of insurance programs

Tort Claim Trends – Claim Frequency

Claim Type: All Closed Tort Claims

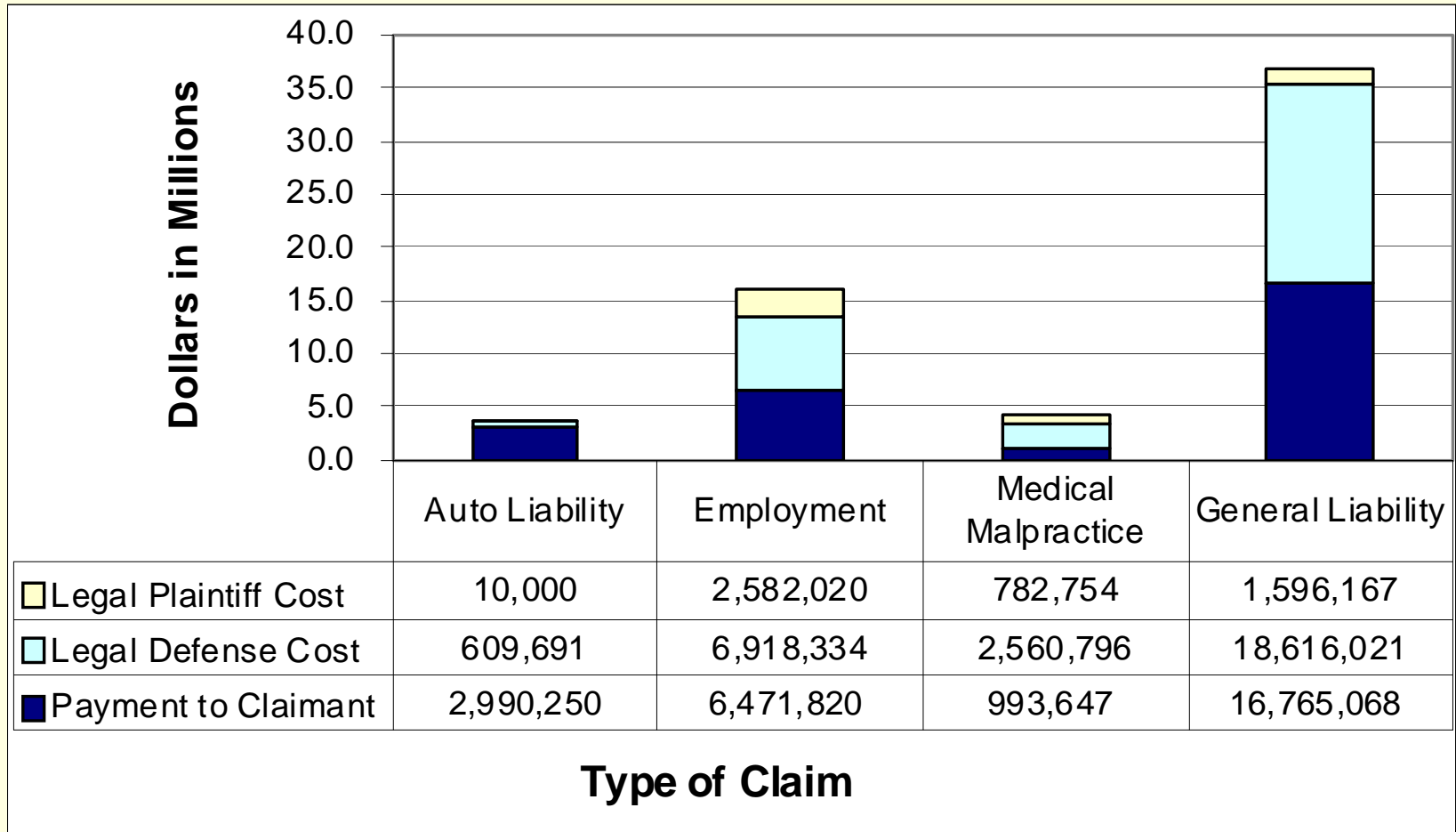
Date Range: 6/2003-6/2008



Tort Claim Trends – Claim Severity

Claim Type: All Closed Tort Claims

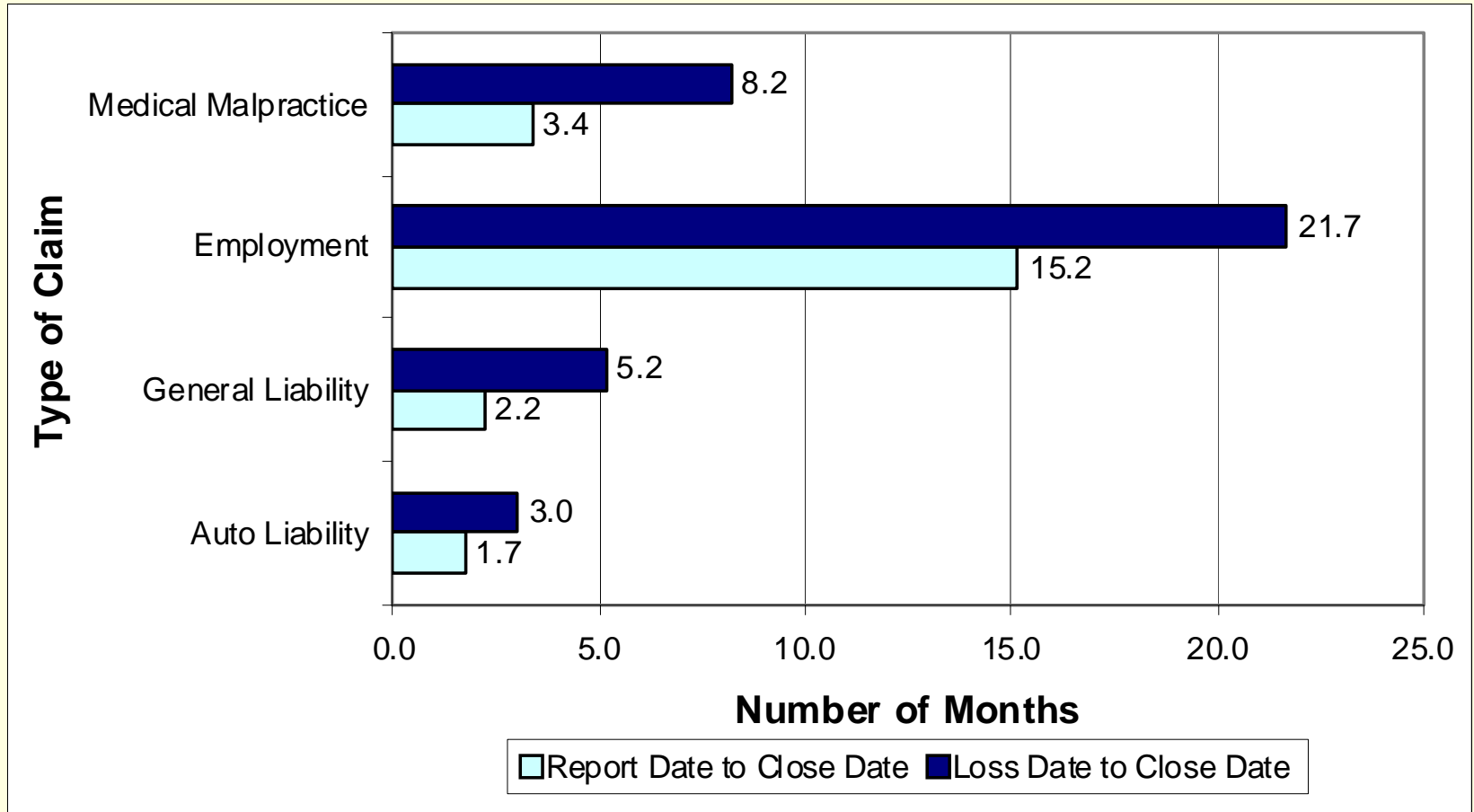
Date Range: 6/2003-6/2008



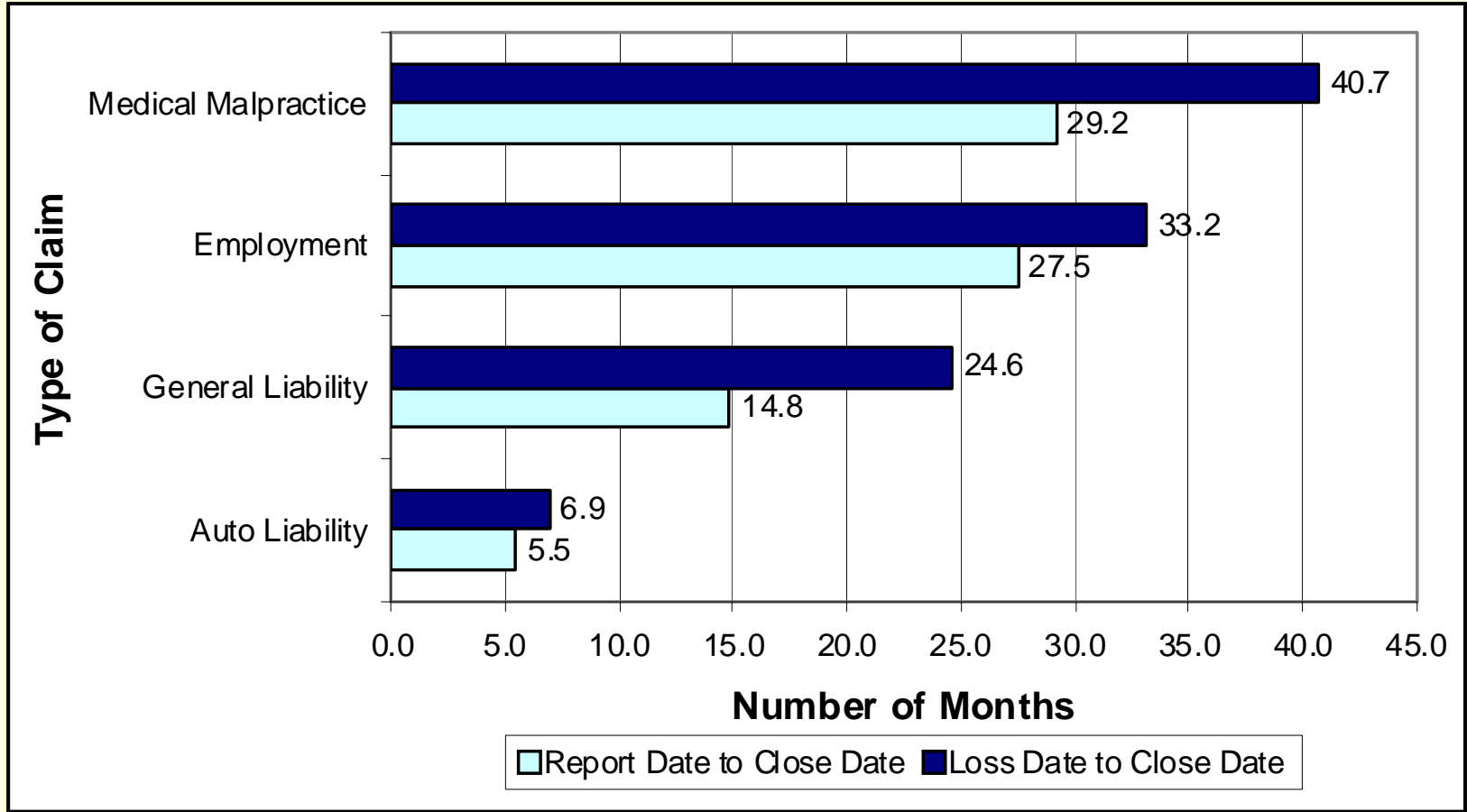
Tort Claim Trends- Median # Months Open

Claim Type: All Closed Tort Claims

Date Range: 6/2003-6/2008



Claim Trends - Median # Months Open (Legal Defense Cost Only)
Claim Type: Closed Tort Claims
Date Range: 6/2003-6/2008



Contacts

Deborah Fifield
Interim Risk Manager
Department of Administrative Services
1225 Ferry Street SE
Salem, OR 97301

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Fax: 503-373-7337

E-mail: Deborah.E.Fifield@state.or.us