

The state of Oregon is a self-insured public entity. The Department of Administrative Services' Risk Management ([DAS RM](#)) is responsible for the State's **Insurance (Risk) Fund**. Funds flow into the Insurance Fund in the form of Risk Charges from participating state agencies (See attached 2023-25 Price List), and flow out of the Insurance Fund to pay for primarily for property, liability and workers' compensation related claims, expenses and commercial policy premiums.

Insurance (Risk) Fund includes six components:

1. **Property** - DAS RM pays claims and expenses.
2. **Liability** - DAS RM pays claims and expenses.
3. **Workers' Compensation**: DAS RM pays claims and expenses.
4. **Commercial** - DAS RM pays premiums for commercial coverages with reimbursements from agencies. Examples include policies for terrorism, public officials bonds (coverage for specified compensated and non-compensated officials from dishonest acts),
5. **Adults in Custody (AIC) Injury**: DAS RM pays adults in custody injury claims and expenses. In flows funded by the Department of Corrections.
6. **Administration** - DAS RM administrative expenses. Operating budget is funded by the Legislatively Approved Budget, from the Property Liability, and Workers' Comp components.

Funding for the Property, Liability, and Workers' Comp components generally comes from Risk Charges (assessments) from participating state agencies. Decisions are made biennially by the Legislature regarding the level of risk charges. The process for setting the 2023-25 biennial risk charges began in the fall of 2021 with the setting of the Agency Request Budget. The size of risk charges drives the ability of the Insurance Fund to cover risks undertaken by the state.

Risk charges are unique. Claims and their related expenses occur regardless of the level of risk charge funding. They will need to be paid from the Insurance Fund.

External Independent Qualified Actuaries provide data in the form of an annual report. These reports help DAS RM:

- Set reserves for quarterly accounting reports that meet required accounting standards.
- Determine appropriate levels of funding for the Insurance Fund.

Funding needs are based on:

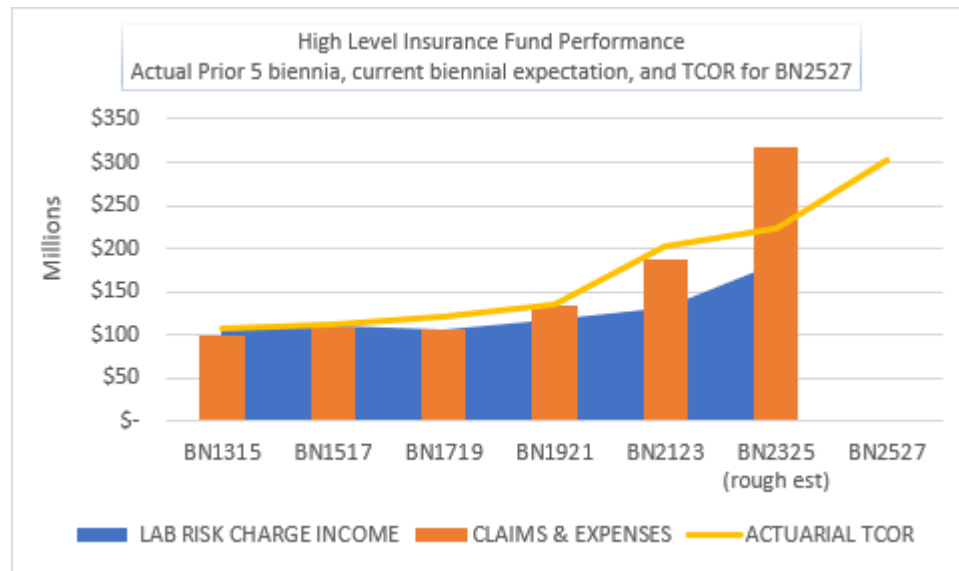
- Claims that have already occurred and claims examiners' professional estimates of reserves that should be held to pay claims and legal expenses.
- Amounts beyond claims that have already occurred, estimated/updated annually by external professional actuaries that amounts for claims and costs that emerge over time based on an immense amount of data and experience.

As of January 26, 2024, Cash and Invested Assets (available to pay bills) is roughly estimated at \$96.8M.

- That sounds like a lot, but we have a new \$40M settlement payment.
- Run rates out of the fund are about \$10M per month.

- Without significant additional funding of some sort, the fund will run out of assets this 2023-25 biennium.

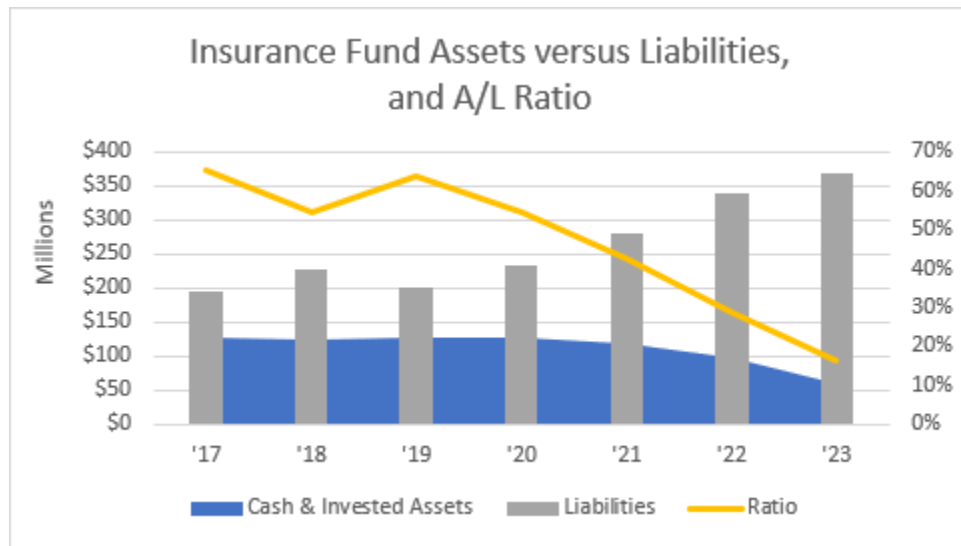
The chart below illustrates how assets are going out the door so quickly and are not being replenished fast enough.



- Through 2015-17 biennium, income usually matched claims and expenses, and income was usually set relatively close to the total cost of risk (TCOR) derived from external actuarial work.
- But starting in the 2017-19 biennium, we've had increasing gaps between income and payments. In 2021-23 biennium the gap was about \$50M, and in 2023-25 biennium, it could very likely grow to \$130M.
- DAS RM estimates that at least \$60M of the unexpected claim payments can be directly attributed to the COVID pandemic.
- Legislatively Approved Budget (LAB) risk charges (the income into the fund) has significantly lagged the total cost of risk (TCOR) derived from our external actuaries analysis. Between FY18 and FY25 we expect that LAB approved risk charges have lagged TCOR by a cumulative total of \$150M.

Total Cost of Risk (TCOR) – Present value of cost of risk accumulated during a biennium, including claims, related expenses and fees, and insurance premiums, whether paid in a biennium or expected to be paid beyond the biennium. Its determination requires the use of an experienced actuary to project (based on a variety of assumptions) experience based on exposures, program characteristics, and relevant claim experience.

The following chart shows the assets, related to the liabilities of the Insurance Fund.



Liabilities (gray bars) are an estimate (based on external actuaries work) of how much we need on hand to pay claims that have occurred to date. (Some payments are not paid until several years into the future and the liabilities reflect the present value of all those payments.)

The yellow line to show the degree that liabilities are funded. 70% would normally be considered acceptable. Our funded ratio is heading toward zero.

Why is the Insurance Fund in this situation?

- A general worsening of claims experience.
- Oregon Tort Claims Act increase tort limits (See attached Tort Claims Table).
- High number of ongoing litigation with potential extraordinary claims.
- 2023-25 claims and expenses are much higher than anyone would have expected.

Recent settlements:

<https://www.oregonlive.com/news/2023/12/40-million-settlement-reached-against-state-for-repeated-sexual-physical-abuse-of-oregon-foster-children.html>

<https://www.oregonlive.com/politics/2023/04/jury-awards-more-than-24-million-to-2-oregon-corrections-employees-finds-they-were-retaliated-against.html>

2023-25 PRICE LIST OF GOODS AND SERVICES

Risk Management

Under ORS 278.405, Risk Management (RM) manages the risk management and insurance programs of state government. It has responsibility to:

- Provide insurance coverage for liability, state property and workers' compensation.
- Purchase insurance policies, develop and administer self-insurance programs.
- Purchase risk management, actuarial and other required professional services.
- Provide technical services in risk management and insurance.
- Adjust and manage property claims filed by state agencies and coordinate with commercial insurers on large losses.
- Adjust and manage all liability claims filed against the state; partner with defense counsel (primarily DOJ) and agencies to defend tort liability lawsuits.
- Adopt rules and policies governing the administration of the state's insurance and risk management activities.

Under ORS 278.425, Risk Management administers the Insurance Fund to provide insurance and self-insurance for state agencies. The fund is required to operate on an actuarially sound basis. DAS collects revenue from charges to state agency customers for the RM services provided. The total fund charges are added to the Insurance Fund and become available to purchase insurance and administer self-insurance programs. The allocation of the charges to agencies is based, to the extent possible, upon factors that reflect the relative risk and loss experience of each state agency.

The allocation methodology for 2023-25 remains unchanged from both 2021-23 and 2019-21. Minimums and waivers were eliminated in 2019-21 except for Risk Administration, which has a \$1,250 minimum charge. Risk Administration charges are included in the liability, property, and Workers' Compensation charges.

The table in Appendix A – State Government Service Charges (SGSC), displays 2023-25 Risk Management charges that are allocated to agencies based on independent actuarial data, commercial insurance costs and risk administration costs. The total program costs allocated for 2023-25 reflect continued increases since the 2015-21 periods when increases were minimal. Increases have been required due to a few factors including a deterioration in the health of the Insurance Fund, ongoing and significant increases related to liability claims and lawsuits and increases in commercial insurance premiums. *Reference Property (Auto & General) (EGS), Liability (Auto & General) (EGS), and Workers' Comp. (EGS), in Appendix A.*

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2023-25 PRICE LIST OF GOODS AND SERVICES

Agency #	Enterprise Goods & Services (EGS)					Central Govt. Svs. Charge (CGSC)	Office of the Public Records Advocate	Cert. Office for Business Incl. & Diversity (COBID)	State Library of Oregon	Oregon Law Library
	Procurement Services	Workday Payroll System	Property (Auto & General)	Liability (Auto & General)	Workers' Comp.					
10000	1,507,333	4,428,634	1,441,945	33,251,429	4,072,261	1,227,392	227,884	809,643	1,615,814	815,643
10400	301	873	417	762	417	2,454	-	161	229	-
10700	144,950	423,227	2,897,450	3,372,080	377,488	1,167,129	21,916	77,856	151,225	78,615
10800	2,103	6,115	706	7,299	1,125	17,180	318	1,130	1,600	1,139
10900	1,892	5,677	103,158	8,619	4,398	14,480	286	1,016	1,564	1,024
11400	5,334	15,723	6,952	65,146	3,023	3,117	806	2,865	4,862	2,887
11500	1,953	5,677	1,447	7,299	1,075	7,019	295	1,049	1,486	1,057
11900	301	873	552	7,299	518	2,454	45	161	229	163
12000	1,127	3,493	439	7,299	797	9,203	170	605	875	610
12100	10,342	30,135	3,083	1,602,553	4,618	12,701	1,563	5,555	8,563	5,598
12300	23,501	69,007	11,696	82,021	28,141	82,572	3,553	12,624	41,810	12,720
12400	1,051	3,056	659	7,299	746	8,590	159	565	800	569
13100	601	1,748	555	1,529	657	-	91	323	13,516	325
13700	219,818	647,262	82,108	988,034	142,322	1,197,119	33,233	118,072	217,239	118,992
14100	15,532	45,858	125,868	127,747	18,331	118,208	2,348	8,343	20,436	8,407
14200	8,564	27,952	7,383	34,681	9,280	9,167	1,295	4,600	8,732	4,635
14300	7,506	31,009	1,326	75,577	3,066	-	1,135	4,032	13,902	4,063
14400	1,051	3,056	495	2,289	822	-	159	565	1,623	569
14500	4,056	11,792	494	5,925	1,617	13,633	613	2,179	8,631	2,196
15000	159,293	491,343	127,752	502,147	116,891	335,651	24,082	85,562	137,647	86,067
15500	38,278	146,748	3,346	620,723	28,439	-	5,787	20,561	161,295	20,520
15600	11,563	34,939	844,352	78,814	42,160	908	1,748	6,211	13,391	6,259
16500	34,719	101,325	88,131	301,801	31,981	236,096	5,249	18,649	77,873	18,806
17000	30,104	91,718	5,442	104,657	14,816	245,864	4,551	16,170	26,635	16,294
17500	75	436	431	7,299	442	-	11	40	57	41
19600	5,409	15,723	417	961,316	417	-	818	2,905	4,114	2,928
19800	283,679	843,799	460,247	1,162,275	283,052	132,295	42,887	152,374	233,323	153,583
19900	1,352	3,930	580	2,523	920	11,044	204	726	6,931	732
21300	3,305	9,608	858	7,299	1,761	2,062	500	1,775	5,823	1,789
24800	66,003	213,134	3,001,679	370,138	462,244	92,450	9,979	35,453	60,218	43,125
25000	5,935	17,470	2,865	24,025	8,279	46,986	897	3,188	8,217	3,212
25500	4,056	11,792	1,986	124,591	2,118	-	613	2,179	3,103	2,196
25700	17,740	592,669	1,085,400	3,179,948	3,010,206	317,331	30,530	108,470	243,840	118,855
25800	201,942	39,743	125,160	11,669	12,301	16,701	2,067	7,344	10,399	-
25900	13,672	69,880	339,838	133,520	65,100	192,705	3,606	12,811	50,895	12,909
26000	23,850	54,592	130,410	22,100	27,607	86,131	2,682	9,529	13,492	-
27400	15,594	45,422	287,717	94,242	19,639	68,706	2,358	8,376	21,466	8,292
29100	704,453	2,088,097	4,184,111	29,225,128	5,475,517	100,108	106,501	378,387	591,649	380,845
33000	13,672	40,617	5,133	25,320	11,982	99,789	2,067	7,344	20,721	7,400
34000	121,247	356,824	74,270	523,702	157,273	683,181	18,331	65,126	253,433	65,615
35000	-	-	3,658	2,357	822	-	-	-	-	-
39900	1,803	5,241	1,609	28,439	999	-	273	968	7,847	976
40400	15,734	47,169	3,766	108,358	8,477	-	2,379	8,451	12,915	8,435
41500	145,988	437,185	809,659	1,988,798	1,656,767	518,908	22,071	78,416	141,231	79,139
42500	413	1,310	435	885	518	-	62	222	421	224
44000	141,405	414,911	57,153	507,588	88,407	1,081,096	21,378	75,953	153,128	76,789
44300	708,803	2,083,292	2,264,184	16,111,490	4,012,116	1,298,479	107,159	380,723	1,155,582	383,181
45900	63,392	184,745	79,749	176,622	57,400	517,742	9,584	34,050	54,350	34,311
47100	337,757	1,439,960	125,996	836,463	364,747	1,024,256	51,063	181,421	283,594	182,485
52500	21,539	66,386	9,271	43,315	14,150	33,758	3,256	11,570	37,115	-
54300	5,930	17,906	33,107	12,639	4,197	27,254	897	3,185	-	11,658
58100	81,142	241,959	158,551	2,219,043	155,356	221,739	12,267	43,584	143,717	3,210
58400	4,395	13,102	607	7,378	2,240	31,009	664	2,361	7,850	2,379
58500	9,980	30,135	4,189	19,857	10,814	957	1,509	5,360	8,216	5,398
58800	32,028	95,212	49,964	67,907	5,973	28,727	4,842	17,203	24,359	61,251
60300	59,738	226,236	112,498	331,678	436,971	307,821	9,031	32,087	103,914	32,334
62900	151,158	583,060	1,878,846	3,316,057	652,195	890,857	22,853	81,193	155,073	81,623
63200	5,209	15,285	2,265	116,424	4,497	15,719	788	2,798	10,080	2,819
63400	89,707	377,351	2,672,988	695,997	946,697	354,389	13,562	48,185	94,149	48,484
63500	175,709	595,726	3,417,648	743,879	554,174	672,469	26,564	94,379	230,435	95,022

TORT CLAIMS TABLE OF LIABILITY LIMITS

Causes of action arising	Oregon Tort Claims Act limits on liability of the state for personal injury and death	Oregon Tort Claims Act limits on liability of local public bodies for personal injury and death	Oregon Tort Claims Act limits on liability of the state and local public bodies for property damage
on or after 01/01/1989* and before 12/28/2007	\$200,000 for single claimant \$500,000 for multiple claimants	See below	See below
on or after 12/28/2007 and before 07/01/2010	\$1.5M for single claimant \$3.0M for multiple claimants	See below	See below
on or after 01/01/1989 and before 07/01/2009	See above	\$200,000 for single claimant \$500,000 for multiple claimants	\$50,000 for single or multiple claimants
on or after 07/01/2009 and before 07/01/2010	See above	\$500,000 for single claimant \$1,000,000 for multiple claimants	\$100,000 for single claimant \$500,000 for multiple claimants
on or after 07/01/2010 and before 07/01/2011	\$1.6M for single claimant \$3.2M for multiple claimants	\$533,300 for single claimant \$1,066,700 for multiple claimants	\$100,100 for single claimant \$500,600 for multiple claimants
on or after 07/01/2011 and before 07/01/2012	\$1.7M for single claimant \$3.4M for multiple claimants	\$566,700 for single claimant \$1,133,300 for multiple claimants	\$101,400 for single claimant \$506,900 for multiple claimants
on or after 07/01/2012 and before 07/01/2013	\$1.8M for single claimant \$3.6M for multiple claimants	\$600,000 for single claimant \$1,200,000 for multiple claimants	\$104,300 for single claimant \$521,400 for multiple claimants
on or after 07/01/2013 and before 07/01/2014	\$1.9M for single claimant \$3.8M for multiple claimants	\$633,300 for single claimant \$1,266,700 for multiple claimants	\$106,700 for single claimant \$533,400 for multiple claimants
on or after 07/01/2014 and before 07/01/2015	\$2.0M for single claimant \$4.0M for multiple claimants	\$666,700 for single claimant \$1,333,300 for multiple claimants	\$109,400 for single claimant \$546,800 for multiple claimants
on or after 07/01/2015 and before 07/01/2016	\$2,048,300 for single claimant \$4,096,600 for multiple claimants	\$682,800 for single claimant \$1,365,500 for multiple claimants	\$112,000 for single claimant \$560,000 for multiple claimants
on or after 07/01/2016 and before 07/01/2017	\$2,073,600 for single claimant \$4,147,100 for multiple claimants	\$691,200 for single claimant \$1,382,300 for multiple claimants	\$113,400 for single claimant \$566,900 for multiple claimants
on or after 07/01/2017 and before 07/01/2018	\$2,118,000 for single claimant \$4,236,000 for multiple claimants	\$706,000 for single claimant \$1,412,000 for multiple claimants	\$115,800 for single claimant \$579,000 for multiple claimants
on or after 07/01/2018 and before 07/01/2019	\$2,181,600 for single claimant \$4,363,100 for multiple claimants	\$727,200 for single claimant \$1,454,300 for multiple claimants	\$119,300 for single claimant \$596,400 for multiple claimants
on or after 07/01/2019 and before 07/01/2020	\$2,247,000 for single claimant \$4,494,000 for multiple claimants	\$749,000 for single claimant \$1,498,000 for multiple claimants	\$122,900 for single claimant \$614,300 for multiple claimants

TORT CLAIMS TABLE OF LIABILITY LIMITS

Causes of action arising	Oregon Tort Claims Act limits on liability of the state for personal injury and death	Oregon Tort Claims Act limits on liability of local public bodies for personal injury and death	Oregon Tort Claims Act limits on liability of the state and local public bodies for property damage
on or after 07/01/2020 and before 07/01/2021	\$2,307,500 for single claimant \$4,615,000 for multiple claimants	\$769,200 for single claimant \$1,538,300 for multiple claimants	\$126,200 for single claimant \$630,800 for multiple claimants
on or after 07/01/2021 and before 07/01/2022	\$2,347,700 for single claimant \$4,695,300 for multiple claimants	\$782,600 for single claimant \$1,565,100 for multiple claimants	\$128,400 for single claimant \$641,800 for multiple claimants
etc.	TBD by SCA	TBD by SCA	TBD by SCA

*This is the effective date of the last time any of the limits in ORS 30.270 were amended before 2009 SB 311.