

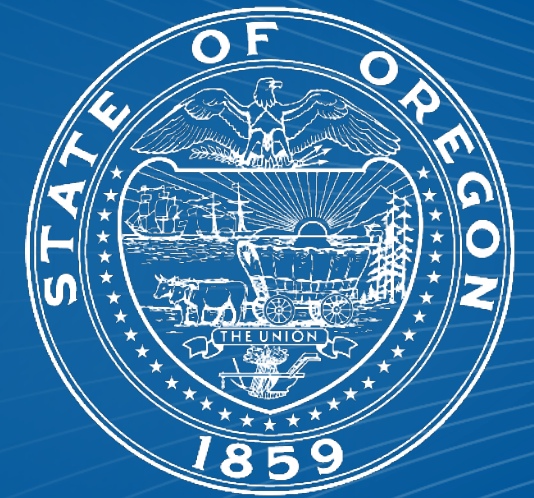
# Department of Administrative Services



Summary of Risk Charge Allocation Methodology  
DAS Risk Management – April 2024

# Agenda

- 01 Amount to Allocate
- 02 Allocation Formulas



# Amount to Allocate



- Allocation begins with a decision of the amount to allocate for a biennium
- Driven mostly by Total Cost of Risk (TCOR) as determined mostly by external qualified actuaries, but also by
  - Asset levels in the Insurance Fund, and a
  - Wide variety of other factors.
  - But in the long-run risk must be funded through risk charges.
- Decided by the following, with input from wide variety of stakeholders
  - Agency Request Budget – DAS Director
  - Governor Request Budget – Governor
  - Legislatively Approved Budget – Legislature



# Allocation Formulas

Coverage	BN2527 ARB share of total allocated	Allocated to agency based on its share of the following
Commercial Property Insurance	10%	100% TIV
Self-Insured General Property	2%	75% Severity, 25% TIV
Self-Insured Auto Property	1%	80% Severity, 20% Claim Frequency
Self-Insured General Liability	55%	75% Severity, 15% Frequency, 10% FTEs
Self-Insured Auto Liability	2%	80% Severity, 20% Frequency
Self-Insured Workers' Comp	25%	90% Severity, 10% FTEs
Program Administration	5%	25% Each for Severity, Frequency, TIV and FTEs, subject to \$1250 minimum biennial charge

- Severity = TOTAL PAYMENTS MADE on claims over relevant recent period; all claims included, none waived
- Frequency = TOTAL NUMBER OF CLAIMS over relevant recent period; all claims included, none waived
- TIV = Total Insured Value from most recent risk report submitted to DAS Risk Management
- FTEs = Most recent number of approved FTEs

# Closing slide

## Contact information:

- Karl Anderson, DAS RM Finance Analyst
- [Karl.anderson@das.Oregon.gov](mailto:Karl.anderson@das.Oregon.gov)
- (971) 719-1590
- <https://www.oregon.gov/das/risk>

