STATE OF LOUISIANA

Division of Administration

OFFICE OF RISK MANAGEMENT

Financial Statements Fiscal Year 2007-2008

This document contains the Financial for the Office of Risk Management in total and by line of coverage for the period July 1, 2007-June 30, 2008.

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OFFICE OF RISK MANAGEMENT

Balance Sheet

ASSETS	
Cash and investments	$195,228,282
Insurance/reinsurance balances receivable	$34,496,188
Less reserve for abolished agencies	$0
Interest receivable and other assets	$2,133,971
Prepaid insurance	60,246,688
Machinery	$585,339
Less: Accumulated depreciation	$367,333
TOTAL ASSETS	$296,290,954
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$875,822,969
Unearned premium	$180,321
Other liabilities	$186,601,946
TOTAL LIABILITIES	$1,062,605,236
FUND EQUITY	
TOTAL FUND EQUITY	($766,314,282)
TOTAL LIABILITIES AND FUND EQUITY	$296,290,954

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$184,543,251
Other Revenue	$29,231
Hurricane Recoveries	$37,460,215
General fund appr./non-tort reimbursement	$15,408,985
Add unearned premium from prior year	$10,271,444
Less unfunded premium	$0
Less unearned premium at statement date	$180,321
Less cost of insurance	$59,543,230
TOTAL INCOME	$187,989,575
OPERATING EXPENSES	
General and administrative expenses	$7,449,329
Claims cost:	
Losses	$132,194,054
Allocated loss adjustment expense	$35,018,125
Unallocated loss adjustment expense	$7,736,767
Change in provision for losses/expenses	($7,530,915)
TOTAL EXPENSES	$174,867,360
NET INCOME(LOSS) FROM OPERATIONS	$13,122,215
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$8,192,298
Gain(loss) on sale of fixed assets/misc. inc.	$0
TOTAL OTHER INCOME/LOSS	$8,192,298
TOTAL NET INCOME/LOSS	$21,314,513
RETAINED EARN./FUND BAL. JULY 1, 2007	($788,227,395)
Current income(loss)	$21,314,513
Transfer of Future Medical Funds	$598,600
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2008	($766,314,222)

NOTE: The statements contained in this report are unaudited.

AUTO LIABILITY

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$19,455,188
Insurance/reinsurance balances receivable	$23,514
Less reserve for abolished agencies	$0
Interest receivable and other assets	$112,171
Prepaid insurance	$0
Machinery	$73,534
Less: Accumulated depreciation	$56,285
TOTAL ASSETS	$19,608,122
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$26,692,540
Unearned premium	$0
Other liabilities	$1,448,213
TOTAL LIABILITIES	$28,140,753
FUND EQUITY	
TOTAL FUND EQUITY	($8,532,631)
TOTAL LIABILITIES AND FUND EQUITY	$19,608,122

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$6,055,938
Other Revenues	$0
Hurricane Recoveries	$0
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$0
Less unfunded premium	$0
Less unearned premium as of date of statement	$0
Less cost of insurance	$0
TOTAL INCOME	$6,055,938
OPERATING EXPENSES	
General and administrative expenses	$227,330
Claims cost:	
Losses	$6,749,913
Allocated loss adjustment expense	$2,223,237
Unallocated loss adjustment expense	$160,175
Change in provision for losses/expenses	($44,089)
TOTAL EXPENSES	$9,316,566
NET INCOME(LOSS) FROM OPERATIONS	($3,260,628)
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$274,336
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$274,336
TOTAL NET INCOME/LOSS	($2,986,292)
RETAINED EARN./FUND BAL. JULY 1, 2007	($5,546,339)
Current year income(loss)	($2,986,292)
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2008	($8,532,631)

AUTO PHYSICAL DAMAGE

Balance Sheet

ASSETS	
Cash & investments - State Treasury	($1,639,715)
Insurance/reinsurance balances receivable	$484,145
Less reserve for abolished agencies	$0
Interest receivable and other assets	$0
Prepaid insurance	$0
Machinery	$3,869
Less: Accumulated depreciation	($848)
TOTAL ASSETS	($1,150,853)
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$526,596
Unearned premium	$0
Other liabilities	$1,785,253
TOTAL LIABILITIES	$2,312,849
FUND EQUITY	
TOTAL FUND EQUITY	($3,463,702)
TOTAL LIABILITIES AND FUND EQUITY	($1,150,853)

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$2,106,573
Other Revenue	$0
Hurricane Recoveries	$ 175,297
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$0
Less unfunded premium	$0
Less unearned premium as of date of statement	$0
Less cost of insurance	$0
TOTAL INCOME	$2 281,870
OPERATING EXPENSES	
General and administrative expenses	$285,996
Claims cost:	
Losses	$929,321
Allocated loss adjustment expense	$149,047
Unallocated loss adjustment expense	$190,931
Change in provision for losses/expenses	($106,470)
TOTAL EXPENSES	$1,448,825
NET INCOME(LOSS) FROM OPERATIONS	$833,045
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$0
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$0
TOTAL NET INCOME/LOSS	$833,045
RETAINED EARN./FUND BAL. JULY 1, 2007	($4,296,747)
Current year income(loss)	$833,045
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2008	($3,463,702)

BONDS AND CRIME

	BONDS	CRIME
Balance Sheet		
ASSETS		
Cash & investments - State Treasury	$870,429	$940,188
Insurance/reinsurance balances receivable	($203)	$46,359
Less reserve for abolished agencies	$0	$0
Interest receivable and other assets	$563	$608
Prepaid insurance	$0	$20,635
Machinery	$739	$1,980
Less: Accumulated depreciation	$415	$1,562
TOTAL ASSETS	$871,113	$1,008,208
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	$566,496	$4,948
Unearned premium	$0	$0
Other liabilities	$58,233	$24,957
TOTAL LIABILITIES	$624,729	$29,905
FUND EQUITY		
TOTAL FUND EQUITY	$246,384	$978,303
TOTAL LIABILITIES AND FUND EQUITY	$871,113	$1,008,208
Statement of Revenues and Expenses		
OPERATING REVENUES		
Premiums written	$65,388	$20,635
Other Revenue	$0	$0
Hurricane Recoveries	$0	$0
General fund appr/non-tort reimbursement	$0	$0
Add unearned premium from prior year	$0	$0
Less unfunded premium	$0	$0
Less unearned premium as of date of statement	$0	$0
Less cost of insurance	$0	$15,476
TOTAL INCOME	$65,388	$5,159
OPERATING EXPENSES		
General and administrative expenses	$9,334	$3,999
Claims cost:		
Losses	$10,033	$1
Allocated loss adjustment expense	$12,562	$908
Unallocated loss adjustment expense	$1,637	$701
Change in provision for losses/expenses	$58,885	$4,669
TOTAL EXPENSES	$92,451	$10,278
NET INCOME(LOSS) FROM OPERATIONS	($27,063)	($5,119)
NON-OPERATING REVENUES AND EXPENSES		
Interest income	$11,463	$12,540
Gain(loss) on sale of fixed assets and misc. income	$0	$0
TOTAL OTHER INCOME/LOSS	$11,463	$12,540
TOTAL NET INCOME/LOSS	($15,600)	$7,421
RETAINED EARN./FUND BAL. JULY 1, 2007	$261,984	$970,882
Current year income(loss)	($15,600)	$7,421
Prior year adjustments		
RETAINED EARN./FUND BAL. JUNE 30, 2008	$246,384	$978,303

WORKERS COMP AND MARITIME

Balance Sheet

	WORKER'S COMP	MARITIME
ASSETS		
Cash & investments - State Treasury	$21,159,746	$4,430,835
Insurance/reinsurance balances receivable	$4,026,571	
Less reserve for abolished agencies	$0	$0
Interest receivable and other assets	$698,662	$2,865
Prepaid insurance	$672,863	
Machinery	$256,446	$27,287
Less: Accumulated depreciation	$162,207	$21,787
TOTAL ASSETS	$26,652,081	$4,439,200
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	$338,164,010	$6,978,965
Unearned premium	$0	$0
Other liabilities	$16,578,267	$317,309
TOTAL LIABILITIES	$354,742,277	$7,296,274
FUND EQUITY		
TOTAL FUND EQUITY	($328,090,196)	($2,857,074)
TOTAL LIABILITIES AND FUND EQUITY	$26,652,081	$4,439,200

Statement of Revenues and Expenses

OPERATING REVENUES		
Premiums written	$53,398,653	$1,498,006
Other Revenues	$0	$0
Hurricane Recoveries	$0	$0
General fund appr./non-tort reimbursement	$0	$0
Add unearned premium from prior year	$0	$0
Less unfunded premium	$0	$0
Less unearned premium as of date of statement	$0	$0
Less cost of insurance	$878,620	$0
TOTAL INCOME	$52,519,033	$1,498,006
OPERATING EXPENSES		
General and administrative expenses	$3,024,737	$47,335
Claims cost:		
Losses	$43,787,355	$465,964
Allocated loss adjustment expense	$4,463,598	$156,742
Unallocated loss adjustment expense	$4,160,766	$8,299
Change in provision for losses/expenses	$33,970,559	$582,174
TOTAL EXPENSES	$89,407,015	$1,260,514
NET INCOME(LOSS) FROM OPERATIONS	($36,887,982)	$237,492
NON-OPERATING REVENUES AND EXPENSES		
Interest income	$276,912	$59,933
Gain(loss) on sale of fixed assets and misc. income	$0	$0
TOTAL OTHER INCOME/LOSS	$276,912	$59,933
TOTAL NET INCOME/LOSS	($36,611,070)	$297,425
RETAINED EARN./FUND BAL. JULY 1, 2007	($291,479,126)	($3,154,499)
Current year income(loss)	($36,611,070)	$297,425
Prior year adjustments		
RETAINED EARN./FUND BAL. JUNE 30, 2008	($328,090,196)	($2,857,074)

PROPERTY

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$40,143,796
Insurance/reinsurance balances receivable	$11,410,009
Less reserve for abolished agencies	$0
Interest receivable and other assets	$65,576
Prepaid insurance	$56,218,939
Machinery	$19,060
Less: Accumulated depreciation	$10,532
TOTAL ASSETS	$111,814,667
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$35,037,040
Unearned premium	$180,321
Other liabilities	
TOTAL LIABILITIES	$143,025,992
	$178,243,353
FUND EQUITY	
TOTAL FUND EQUITY	($66,428,686)
TOTAL LIABILITIES AND FUND EQUITY	$111,814,667

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$69,694,533
Other Revenues	$0
Hurricane Recoveries	$37,077,275
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$10,271,544
Less unfunded premium	$0
Less unearned premium as of date of statement	$180,321
Less cost of insurance	$55,249,584
TOTAL INCOME	$61,613,347
OPERATING EXPENSES	
General and administrative expenses	$193,663
Claims cost:	
Losses	$44,136,871
Allocated loss adjustment expense	$1,247,855
Unallocated loss adjustment expense	$659,803
Change in provision for losses/expenses	$8,203,898
TOTAL EXPENSES	$54,442,090
NET INCOME(LOSS) FROM OPERATIONS	$7,154,828
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$717,764
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$717,764
TOTAL NET INCOME/LOSS	$7,889,021)
RETAINED EARN./FUND BAL. JULY 1, 2007	($74,317,707)
Current year income (loss)	$7,889,021
Prior year adjustments	

RETAINED EARN./FUND BAL. JUNE 30, 2008	($66,428,686)

GENERAL LIABILITY

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$184,960,857
Insurance/reinsurance balances receivable	$6,911,345
Less reserve for abolished agencies	$0
Interest receivable and other assets	$328,742
Prepaid insurance	$533,732
Machinery	$1463659
Less: Accumulated depreciation	$108,483
TOTAL ASSETS	$192,772,852
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$83,336,626
Unearned premium	$0
Other liabilities	$4,3697,378
TOTAL LIABILITIES	$87,704,004
FUND EQUITY	
TOTAL FUND EQUITY	$105,068,848
TOTAL LIABILITIES AND FUND EQUITY	$192,772,852

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$14,461,998
Other Revenue	$0
Hurricane Recoveries	$0
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$0
Less unfunded premium	$0
Less unearned premium as of date of statement	$0
Less cost of insurance	$733,685
TOTAL INCOME	$13,728,313
OPERATING EXPENSES	
General and administrative expenses	$678,823
Losses	$6,789,038
Allocated loss adjustment expense	$7,176,106
Unallocated loss adjustment expense	$328,684
Change in provision for losses/expenses	($9,555,857)
TOTAL EXPENSES	$5,416,794
NET INCOME(LOSS) FROM OPERATIONS	$8,311,519
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$2,586,081
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$2,586,081
TOTAL NET INCOME/LOSS	$10,897,600
RETAINED EARN./FUND BAL. JULY 1, 2007	$94,171,248
Current year income(loss)	$10,897,600
Prior year adjustments	$0

RETAINED EARN./FUND BAL. JUNE 30, 2008	$105,068,848

PERSONAL INJURY

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$9,094,632
Insurance/reinsurance balances receivable	$103,111
Less reserve for abolished agencies	$0
Interest receivable and other assets	$180,676
Prepaid insurance	$0
Machinery	($8,096)
Less: Accumulated depreciation	($1,991)
TOTAL ASSETS	$9,372,347
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$43,696,384
Unearned premium	$0
Other liabilities	$2,919,310
TOTAL LIABILITIES	$46,618,694
FUND EQUITY	
TOTAL FUND EQUITY	($37,246,347)
TOTAL LIABILITIES AND FUND EQUITY	$9,372,347

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$12,299,983
Other Revenue	$0
Hurricane Recoveries	$0
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$0
Less unfunded premium	$0
Less unearned premium as of date of statement	$0
Less cost of insurance	$0
TOTAL INCOME	$12,299,983
OPERATING EXPENSES	
General and administrative expenses	$465,992
Claims cost:	
Losses	$2,396,799
Allocated loss adjustment expense	$4,679,163
Unallocated loss adjustment expense	$296,768
Change in provision for losses/expenses	($3,618,539)
TOTAL EXPENSES	$5,145,155
NET INCOME(LOSS) FROM OPERATIONS	$7,154,828
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$128,658
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$128,658
TOTAL NET INCOME/LOSS	$7,283,486
RETAINED EARN./FUND BAL. JULY 1, 2007	($44,529,833)
Current year income(loss)	$7,283,486
Prior year adjustments	$0
RETAINED EARN./FUND BAL. JUNE 30, 2008	($37,246,347)

MARINE, AVIATION, AND BOILER & MACHINERY

	MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP
Balance Sheet			
ASSETS			
Cash & investments - State Treasury	($7,994,601)	$880,572	($1,716,796)
Insurance/reinsurance balances receivable	$31,893	$13,610	$327,317
Less reserve for abolished agencies	$0	$0	$0
Interest receivable and other assets	$2,604	$0	$560
Prepaid insurance	$2,109,617	$0	$690,902
Machinery	$1,011	$469	$7,243
Less: Accumulated depreciation	($1)	$243	$5,242
TOTAL ASSETS	($5,849,475)	$894,978	($696,016)
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Loss and expense reserves	$1,545,126	$3,098,740	$707,419
Unearned premium	$0	$0	$0
Other liabilities	$131,321	$8,319	$245,409
TOTAL LIABILITIES	$1,676,447	$3,107,059	$962,828
FUND EQUITY			
TOTAL FUND EQUITY	($7,525,922)	($2,212,081)	($1,648,844)
TOTAL LIABILITIES AND FUND EQUITY	($5,849,475)	$894,978	($696,016)
Statement of Revenues and Expenses			
OPERATING REVENUES			
Premiums written	$2,102,423	$722,695	$1,919,864
Other Revenue	$0	$0	$0
Hurricane Recoveries	$207,643	$0	$0
General fund appr./non-tort reimbursement	$0	$0	$0
Add unearned premium from prior year	$0	$0	$0
Less unfunded premium	$0	$0	$0
Less unearned premium as of date of statement	$0	$0	$0
Less cost of insurance	$2,043,245	$0	$621,620
TOTAL INCOME	$266,821	$722,695	$1,298,244
OPERATING EXPENSES			
General and administrative expenses	$20,001	$830	$39,333
Claims cost:			
Losses	$305,899	$26,881	$761,186
Allocated loss adjustment expense	$81,303	$7,764	$14,318
Unallocated loss adjustment expense	$3,507	$233	$6,896
Change in provision for losses/expenses	($212,106)	$21,862	($190,263)
TOTAL EXPENSES	$198,604	$57,570	$631,470
NET INCOME(LOSS) FROM OPERATIONS	$68,217	$665,125	$666,774
NON-OPERATING REVENUES AND EXPENSES			
Interest income	$0	$11,347	$0
Gain(loss) on sale of fixed assets and misc. income	$0	$0	$0
TOTAL OTHER INCOME/LOSS	$0	$11,347	$0
TOTAL NET INCOME/LOSS	$68,217	$676,472	$666,774
RETAINED EARN./FUND BAL. JULY 1, 2007	($7,594,139)	($2,888,553)	($2,315,618)
Current year income(loss)	$68,217	$676,472	$666,774
Prior year adjustments			
RETAINED EARN./FUND BAL. JUNE 30, 2008	($7,525,922)	($2,212,081)	($1,648,844)

MEDICAL MALPRACTICE

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$270,401,146
Insurance/reinsurance balances receivable	$11,227,301
Less reserve for abolished agencies	$0
Interest receivable and other assets	$369,717
Prepaid insurance	$0
Machinery	$25,417
Less: Accumulated depreciation	$477
TOTAL ASSETS	$282,023,104
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$140,901,795
Unearned premium	$0
Other liabilities	$6,085,736
TOTAL LIABILITIES	$146,987,531
FUND EQUITY	
TOTAL FUND EQUITY	$135,035,573
TOTAL LIABILITIES AND FUND EQUITY	$282,023,104

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums Written	$20,196,562
Other Revenue	29,231
Hurricane Recoveries	$0
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$0
Less unfunded premium	$0
Less unearned premium as of date of statement	$0
Less cost of insurance	
TOTAL INCOME	$20,225,793
OPERATING EXPENSES	
General and administrative expenses	$949,985
Losses	$18,997,816
Allocated loss adjustment expense	$6,609,117
Unallocated loss adjustment expense	$825,771
Change in provision for losses/expenses	($28,928,975)
TOTAL EXPENSES	($1,546,286)
NET INCOME(LOSS) FROM OPERATIONS	$21,772,079
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$4,113,264
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$4,113,264
TOTAL NET INCOME/LOSS	$25,883,343
RETAINED EARN./FUND BAL. JULY 1, 2007	$109,150,230
Current year income(loss)	$25,883,343
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2008	$135,035,573

ROAD HAZARDS

Balance Sheet

ASSETS	
Cash & investments - State Treasury	($355,055,001)
Insurance/reinsurance balances receivable	$0
Less reserve for abolished agencies	$0
Interest receivable and other assets	$261,873
Prepaid insurance	$0
Machinery	$29,688
Less: Accumulated depreciation	2,940
TOTAL ASSETS	($354,766,380)
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$194,562,284
Unearned premium	$0
Other liabilities	$9,606,249
TOTAL LIABILITIES	$204,168,533
FUND EQUITY	
TOTAL FUND EQUITY	($558,934,913)
TOTAL LIABILITIES AND FUND EQUITY	($354,766,380)

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$0
Other Revenue	$0
Hurricane Recoveries	$0
General fund appr./non-tort reimbursement	$10,043,985
Add unearned premium from prior year	$0
Less unfunded premium	$0
Less unearned premium as of date of statement	$0
Less cost of insurance	$0
TOTAL INCOME	$10,043,985
OPERATING EXPENSES	
General and administrative expenses	$1,501,972
Losses	$4,148,983
Allocated loss adjustment expense	$7,271,433
Unallocated loss adjustment expense	$1,092,596
Change in provision for losses/expenses	($7,716,663)
TOTAL EXPENSES	$6,298,321
NET INCOME(LOSS) FROM OPERATIONS	$3,745,664
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$0
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$0
TOTAL NET INCOME/LOSS	$3,745,664
RETAINED EARN./FUND BAL. JULY 1, 2007	($562,680,577)
Current year income(loss)	$3,745,664
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2008	($558,934,913)

NON-TORT PAYMENTS AND FUTURE MEDICAL FUND

	Non-Tort Payments	Future Medical Fund
Balance Sheet		
ASSETS		
Cash & investments - State Treasury	($415,000)	$9,712,006
Insurance/reinsurance balances receivable	$0	$0
Less reserve for abolished agencies	$0	$0
Interest receivable and other assets	$0	$0
Prepaid insurance	$0	$0
Machinery	$0	$0
Less: Accumulated depreciation	$0	$0
TOTAL ASSETS	($415,000)	$9,712,006
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	$0	$0
Unearned premium	$0	$0
Other liabilities	$0	$0
TOTAL LIABILITIES	$0	$0
FUND EQUITY		
TOTAL FUND EQUITY	($415,000)	$9,712,006
TOTAL LIABILITIES AND FUND EQUITY	($415,000)	$9,712,006
Statement of Revenues and Expenses		
OPERATING REVENUES		
Premiums written	$0	$0
Other Revenue	$0	$0
Hurricane Recoveries	$0	$0
General fund appr./non-tort reimbursement	$5,365,000	$0
Add unearned premium from prior year	$0	$0
Less unfunded premium	$0	$0
Less unearned premium as of date of statement	$0	$0
Less cost of insurance	$0	$0
TOTAL INCOME	$5,365,000	$0
OPERATING EXPENSES		
General and administrative expenses	$0	$0
Losses	$2,400,000	$287,993
Allocated loss adjustment expense	$0	$0
Unallocated loss adjustment expense	$0	$0
Change in provision for losses/expenses	$0	$0
TOTAL EXPENSES	$2,400,000	$287,993
NET INCOME(LOSS) FROM OPERATIONS	$2,965,000	($287,993)
Interest income	$0	$0
Gain(loss) on sale of fixed assets and misc. income	$0	
TOTAL OTHER INCOME/LOSS	$0	$0
TOTAL NET INCOME/LOSS	$2,965,000	($287,993)
RETAINED EARN./FUND BAL. JULY 1, 2007	($3,380,000)	$9,401,399
Current year income(loss)	$2,965,000	($287,993)
Transfer of Funds		$598,600
Prior year adjustments	$0	$0
RETAINED EARN./FUND BAL. JUNE 30, 2008	($415,000)	$9,712,006

*The Miscellaneous Tort line of insurance was combined with General Liability in 07

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The Office of Risk Management is an agency of the State of Louisiana reporting entity and was created in accordance with Title 39, Chapter 1527:1544 of the Louisiana Revised Statutes of 1950 as a part of the Executive branch of government. The Office of Risk Management is charged with administrating the self insurance program within the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Risk Management prepared its financial statements in accordance with the procedures established by the Division of Administration. The financial activities of the Office of Risk Management are accounted for on a fund basis whereby a set of separate, self-balancing accounts are maintained to account for appropriated or authorized activities. The information presented herein, is reported under the modified accrual basis of accounting as prescribed by GAAP for fund level reporting.

The general fixed assets and long-term obligations of the agency are not recognized in the accompanying financial reports presented at fund level. All capital assets of the primary government are, however, reported at the government-wide level of reporting, as required by GAAP.

Annually the State of Louisiana issues a comprehensive annual financial report which includes the activity contained in the accompanying financial statements. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

1. FUND ACCOUNTING

General Operating Appropriations

The General Operations Fund is used to account for all general and auxiliary fund appropriated operating expenditures and minor capital acquisitions. All appropriated general and auxiliary operations revenue is accounted for in this fund.

Non-Appropriated Funds (describe each Non-Appropriated Fund)

Major State Revenues and Income Not Available - The agency collects major state revenues that are remitted to the State Treasury for deposit to statutorily dedicated funds. In addition, the agency collects funds specifically identified by the Division of Administration - Budget Office as Income Not Available that are remitted to the State Treasury. These amounts are not available to the agency for expenditure and are, therefore, not included on Statement B but are detailed on Schedule 4.

Payroll Clearing Fund - The Payroll Clearing Fund is used to account for payroll deductions and accrued benefits.

The non-appropriated funds relating to Major State Revenues, Income Not Available and Payroll Clearing are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

For purposes of this statement presentation, collections in excess of Appropriated Means of Financing are not considered income not available and therefore are included on Statement B.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Office of Risk Management are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenues - State General Fund and Interim Emergency Board appropriations are recognized as the net amount warranted during the fiscal year including the 45 day close period.

Fees and self-generated revenues, interagency transfers, federal funds, intrafund revenues, non-appropriated revenues, and other financing sources (with the exception of agency funds) are recognized in the amounts earned, to the extent that they are both measurable and available. (Describe other basis of revenue recognition which differs from this.)

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid. (List any other exceptions.)

B. IMPREST FUNDS

1. ISIS Agencies

The agency maintains a permanent Travel and Petty Cash Imprest Fund in the amount of _____as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented.

2. Non-ISIS Agencies

The agency maintains a Petty Cash Fund in the amount of $8,500.00 as authorized by the Commissioner of Administration in accordance with Title 39 of the Louisiana Revised Statutes. The fund is established at the beginning of the fiscal year from the agency's regular operating appropriation and is closed at the end of the fiscal year. The fund is periodically replenished from agency operating appropriation when expenditure vouchers are presented during the fiscal year. The established base amount is considered an internal agency fund; however, the requirement for repayment of the fund to the operating appropriation at the end of the fiscal year eliminates the need for the fund to be reported in these financial statements.

LEAVE

1. Annual and Sick Leave

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2008, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104, is estimated to be $634,822.35. The leave payable is not recorded in the accompanying financial statements.

2. Compensatory Leave (Use for Non-Exempt Employees)

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or

transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2008 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.104 is estimated to be $33.02. The leave payable (is) (is not) recorded in the accompanying financial statements.

1. OPERATING LEASES

Operating leases are all leases which do not meet the criteria of a capital lease. Operating leases are grouped by nature (i.e. office space, equipment, etc.) and the annual rental payments for the next five fiscal years are presented in the following schedule. NOTE: If lease payments extend past FY2018, create additional columns and report these future minimum lease payments in five year increments.

Nature of lease	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014-2018
a. Office space	$ 54204.31	$ 54204.31	$ 54204.31	$ 54204.31	$ 54204.31	$ 271021.55
Less leases on state office buildings financed through OFC.						
b. Equipment						
c. Land						
d. Other						
Total	$ 54204.31	$ 54204.31	$ 54204.31	$ 54204.31	$ 54204.31	$ 271021.55

R. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies will be required to reflect the 2007-2008 accrued personal services cost for this fiscal year on the accompanying financial statement. The following schedule will aid you in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2006-07 accrual calculation based on Ten (10) days and the fiscal year 2007-08 calculation will be based on Ten (10) days. Agencies must also determine the federal match on this accrual calculation.

		FY 2006-07	FY 2007-08
1.	07/6/07 Payroll (gross & related)	$322,223.01	
2.	07/3/08 Payroll (gross & related)		$_330,537.92_
		X 100.0%	X 110.0%
2a.	Payroll accrual	322,223.01	330,537.92
2b.	Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.		
3.	Total payroll accruals	$322,223.01	$ 330,537.92

4.	Estimated federal receivable attributed to the accrual shown above	$_____	$_____

Total Agency Expenditures

5.	Total programs from Schedule 1	_196,417,217.48
6.	Less: 2006-07 accrual from line 3, column 1 above	($322,223.01)
6a.	Plus: 2006-07 accrual from Schedule 3-1	49,318,650.50
7.	Plus: 2007-08 accrual from line 3 column 2 above	330,537.92
7a.	Plus: 2007-08 accrual from Schedule 3-1	(46,811,148.55)
7b.	Plus: 2007-08 payments during the 45 day close	(427,162.84)
7c.	Plus: 2006-07 adjustment to Statement B	452,248.00
7d.	Less: 2006-07 excess insurance payable	(134,433,938.23)
7e.	Plus: 2007-08 excess insurance payable	182,872,361.22
8.	To Statement B (this should be the total for all programs)	$ 247,396,542.49

U. RESERVE FOR CONTINUING OPERATION (S)

The unit is by statute allowed to retain residual fund balance in order to finance future operations. For the fiscal year ended June 30, 2008, $_61,736,389.49_ was the amount reserved.

Office/Fund	Louisiana Revised Statutes	Reserve for Continuing Operations
Self Insurance Fund	39:1533	52,024,383.97
Future Medical Fund	39:1533.2	9,712,005.52
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total		61,736,389.49_

DD. Liabilities for Claims and Claims Expenses

Louisiana is on the modified accrual basis. This means that expense is recognized when it becomes measurable and payable and is consequently reflected on Statements 1, 3, and 4, for example. Under GASB 34, we must also reflect those expenses which have become measurable regardless of when payable. Show in the table below those gross expenditures you have incurred which are not reflected on any of the aforementioned schedules. Show by funding source and object category.

Funding Source (list by name):	Organization #	Object	Amount
Federal:			$
Self-Generated:			
Claims Liabilities		3650	$874,511,667
Major State Revenue:			

Total GASB 34 accruals (gross)	$874,511,667
Less: Allowance for estimated recoveries	$12,124,236
GASB 34 liability adjustment net of estimated recoveries	$862,387.43
Amount included above not expected to be paid in one year	$740,585,012

ADDENDUM TO THE NOTES TO THE CAFR

1. A description of the risks of loss to which the state is exposed and the ways in which those risks of loss are handled.

There are four basic types of risks to which the State is exposed. Loss can occur as a result of (1) damage to property, (2) loss of property, (3) loss of income or increased costs because of damage to or loss of property, and (4) liability to others as a result of injury to persons or property. These four main types of risks are not mutually exclusive, they are interrelated. Many accidents and claims involve losses in several risk areas.

Risk Management is a process for identifying and controlling risks. Until the mid 70's, the traditional method of minimizing losses was to transfer risk to a commercial insurance company. Over the years, the State has been pushed toward self-insurance because of increases in insurance premiums and policy cancellations by commercial insurance companies. Now the Office of Risk Management handles the risks to which the State is exposed through a program that includes self insurance to a specific level and excess commercial insurance above that level. The $ limits will vary according to coverage.

The best way to insure against loss, however, is through loss prevention and safety programs. Such programs help minimize losses, save money, and most importantly, protect state employees and citizens. The Office of Risk Management aggressively pursues loss prevention through its own Loss Prevention Unit.

2. A description of any significant reductions in coverage from the prior year and whether settlements exceeded coverage for each of the three preceding fiscal years.

There were no significant reductions in coverage during FY 07/08.

There have been significant changes in case law which will have had adverse impact on the state's liability in general liability claims. On September 3, 1993, the Supreme Court of Louisiana, per case No. 93-C-0472, reversed a lower court's decision in applying Louisiana Revised Statute 13:5106 (B)(1) which provides that "(I) any suit for personal injury, the total amount recoverable, exclusive of medical care and related benefits and loss of earnings, and loss of future earnings, as provided in this Section, shall not exceed five hundred thousand dollars ($500,000)." The Supreme Court held that the ceiling contravenes the constitutional proscription against sovereign immunity contained in LSA - Constitution, Article XII, § 10. As a result of this ruling, the $500,000 ceiling on general damages in a personal injury suit was removed and the State of Louisiana faced larger exposure in suits of this nature. This action is still having an adverse effect on claims reserves.

In 1995, the Louisiana electorate ratified a constitutional amendment authorizing the Legislature to cap liability. The result was tort reform acts passed by the Legislature which places a cap on general damages of $500,000 with no cap on special damages, and limits joint and solidary liability to a tort feasor's allocated degree of fault.

On May 9, 1996, Act No. 63, known as the "Louisiana Governmental Claims Act", was approved by the governor. This act placed limits on all suits for personal injury and wrongful death. The act states "the total amount recoverable, including all derivative claims, exclusive of property damages, medical care and related benefits and loss of earnings, and loss of future earnings, shall not exceed five hundred thousand dollars." This tort reform, although not retroactive on open cases, will have an effect on future claims by a reduction of costs.

3. The basis for estimating unpaid claim liabilities.

The philosophy relevant to ORM's reserving policy is based on the best determination of the State's exposure taking into consideration the severity of the injury and the comparative fault if applicable. In those cases where suit has been filed, the attorney is requested to evaluate the State's exposure as early as possible in order to establish a proper reserve.

Workers Compensation reserves are based on exposure determined by the severity of injury, age of claimant, education or lack of it, and potential for return to employment.

4. The carrying amount of unpaid claims liabilities included in the comprehensive annual financial statements of the State of Louisiana at present value and range of rates used to discount them.

Prior to FY 91/92, ORM discounted claim liabilities on year end statements. Beginning in FY 91/92, the State Legislature passed an Appropriation Bill that cut ORM's funding by 99%. This was repeated in FY 92/93. For FY 93/94, ORM received funding of approximately 50% of what is needed on a cash basis. In FY 94/95 ORM received funding of approximately 70% of what is needed on a cash basis. In FY 95/96 ORM received funding of approximately 80% of what is needed on a cash basis, which included a general fund appropriation of $10,488,526 towards deficit reduction. In FY 96/97, 97/98, 98/99, 99/00, and 00/01 ORM received funding of approximately 75% of what is needed on a cash basis. As a result of the lack of funding over the past fiscal years, ORM's cash reserves have been depleted. Because of the lack of funding, ORM discontinued discounting and has not discounted the present value of claim liabilities since FY 89/90.

The provision for losses and loss adjustment expenses includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The liability for unpaid losses and loss adjustment expenses is based on claims adjusters' evaluations of individual claims and management's evaluation and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other economic factors. Adjustments resulting from the settlement of losses are reflected in earnings at the time the adjustments are determined.

During FY 08, The State of Louisiana covered property losses up to a limit of $350,353,000, with a flood limit of $100,000,000 for properties above the I-10 corridor. Below I-10, the coverage is under the National Flood Insurance Program. The flood coverage is an aggregate for the entire year whereas the balance of the coverage is per event. The state has a $50,000,000 self insured retention (deductible) for each event of wind, flood, and earthquake loss; a $25,000,000 self insured retention for all other perils.

Hurricane Katrina

Hurricane Katrina struck the state of Louisiana on August 29, 2005. As of June 30, 2008, state agencies have filed claims for Hurricane Katrina property losses totaling $725,096,171. Claims filed through June 30, 2008 have exceeded insurance coverage by $225,096,171 for this event. Through June 30, 2008, ORM has paid state agencies $161,222,867 for Hurricane Katrina property claims.

Hurricane Rita

Hurricane Rita struck the state of Louisiana on September 25, 2005. As of June 30, 2007, state agencies have filed claims for Hurricane Rita property losses totaling $31,043,282. Property claims paid through June 30, 2008 total $13,735,578.

Boudreaux vs. State

A judgment of $93 million was awarded and with interest is now estimated to be in excess of $300 million. A settlement of $93 million is pending approval of the class and the court. $10 million was appropriated in 2006-07 as an installment on the settlement amount.

The present value of reserves for claim liabilities for FY 07/08 as reported on the financial statements totals $875,822,970. A further breakdown of this total follows:

	Total Reserves	Net of Estimated Recoveries
Current	$ 14,308,668	$ 13,435,539
Long-Term	$874,511,667	$ 862,387,431
Total	$888,820,335	$875,822,970

Changes in Aggregate Claims Liabilities

	Beg of F/Y Liab	Claims & Changes in Est	Claim Payments	Est. Recov from settled & unsettled claims	Balance @ F/Y
1993-94	$667,720,418	$228,995,905	($53,916,903)	($345,195)	$842,454,225
1994-95	$842,454,225	$265,288,947	($89,878,735)	($345,849)	$1,017,518,588
1995-96	$1,017,518,588	$273,810,423	($121,308,199)	($300,682)	$1,169,720,130
1996-97	$1,169,720,130	$234,558,097	($150,597,533)	($165,541)	$1,253,515,153
1997-98	$1,253,515,153	$210,274,436	($113,374,552)	($361,229)	$1,350,053,808
1998-99	$1,350,053,808	$86,940,260	($130,637,348)	$230,425	$1,306,587,145
1999-00	$1,306,587,145	$47,490,493	($112,428,805)	$902,160	$1,242,550,593
2000-01	$1,242,550,593	($67,365,094)	($137,702,150)	$1,295,008	$1,038,778,357
2001-02	$1,038,778,357	$1,36,971,803	($132,546,479)	$102,913	$1,043,306,594
2002-03	$1,043,306,594	$153,529,274	($108,999,720)	$154,517	$1,087,990,665
2003-04	$1,087,990,665	$271,606,461	($123,129,305)	$(1,982,511)	$1,234,485,310
2004-05	$1,234,485,310	$39,200,821	($131,460,955)	$(2,417,074)	$ 1,139,808,102
2005-06	$1,139,808,102	$229,019,661	($168,663,173)	($8,266,248)	$1,191,898,342
2006-07	$1,191,898,342	($185,014,973)	$126,267,631)	$2,738,148	$883,353,885
2007-08	$883,353,885	($124,662,365)	$133,306,051)	$1,112,771	$875,822,970

The cumulative total of estimated recoveries at June 30, 2008 is $12,997,365. Claims payments include all allo

The aggregate amount of claims liabilities outstanding for which annuity contracts were purchased in claimants' names and for which related liabilities have been removed from the

balance sheet. From time to time the Office of Risk Management purchases annuities as partial settlements of certain claims. The payment of the annuities to the claimants is made over a period of time by 3rd party trustees. At June 30, 2008 there are 105 active annuities. The outstanding amount due on these 105 annuities as of June 30, 2008 was $ 212,872,171.74. Of the 105 annuities, 93 contain wording which releases ORM from any and all future liability on the claims. The remaining liability, on the 12 which do not contain the wording necessary to release ORM from any possible future liability, totals $33,460,010.35. At June 30, 2008 the total amount of annuities purchased was $41,360,589.90. During the fiscal period the general appropriations/ancillary auxiliary fund type employs encumbrance accounting to assure compliance with annual appropriation acts. The Auxiliary Appropriation funds are allowed to retain excess resources to fund future program expenses as a restricted fund balance. The non-appropriated funds are not subject to budgetary control.