State of Louisiana

Division of Administration

OFFICE OF RISK MANAGEMENT

Financial Statements Fiscal Year 2008-2009

This document contains the Financial for the Office of Risk Management in total and by line of coverage for the period July 1, 2008-June 30, 2009.

NOTE: The statements contained in this report are unaudited.

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Balance Sheet

ASSETS		
Cash and investments		$200,439,644
Insurance/reinsurance balances receivable		$25,782,690
Less reserve for abolished agencies		$0
Interest receivable and other assets		$1,220,071
Prepaid insurance		$46,399,380
Machinery		$563,318
Less: Accumulated depreciation		$410,621
TOTAL ASSETS		$273,994,482
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves		$878,207,618
Unearned premium		$216,683
Other liabilities		$192,694,500
TOTAL LIABILITIES		$1,071,118,801
FUND EQUITY		
TOTAL FUND EQUITY		($797,124,319)
TOTAL LIABILITIES AND FUND EQUITY	$273,994,482	

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$190,914,957
Other Revenue	$33,236
Hurricane Recoveries	$384,983
General fund appr./non-tort reimbursement	$12,638,835
Add unearned premium from prior year	$180,321
Less unfunded premium	$0
Less unearned premium at statement date	$216,683
Less cost of insurance	$60,521,844
TOTAL INCOME	$143,413,805
OPERATING EXPENSES	
General and administrative expenses	$7,407,334
Claims cost:	
Losses	$161,541,700
Allocated loss adjustment expense	$36,319,199
Unallocated loss adjustment expense	$8,013,047
Change in provision for losses/expenses	$2,384,649
TOTAL EXPENSES	$215,665,929
NET INCOME(LOSS) FROM OPERATIONS	($72,252,124)
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$4,034,383
Gain(loss) on sale of fixed assets/misc. inc.	$0
TOTAL OTHER INCOME/LOSS	$4,034,383
	($68,217,741)
TOTAL NET INCOME/LOSS	
RETAINED EARN./FUND BAL. JULY 1, 2008	($766,314,282)
Current income(loss)	($68,217,741)
Transfer of Future Medical Funds	$287,994
Prior year adjustments	$33,315,005
RETAINED EARN./FUND BAL. JUNE 30, 2009	($800,929,024)

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$17,167,718
Insurance/reinsurance balances receivable	$6,444
Less reserve for abolished agencies	$0
Interest receivable and other assets	$734
Prepaid insurance	$0
Machinery	$72,783
Less: Accumulated depreciation	$57,761
TOTAL ASSETS	$17,189,918
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$32,182,339
Unearned premium	
Other liabilities	$87,495
TOTAL LIABILITIES	$32,269,834
FUND EQUITY	
TOTAL FUND EQUITY	($15,079,916)
TOTAL LIABILITIES AND FUND EQUITY	$17,189,918

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$6,969,575
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	$6,969,575
OPERATING EXPENSES	
General and administrative expenses	$231,027
Claims cost:	
Losses	$7,202,191
Allocated loss adjustment expense	$1,926,816
Unallocated loss adjustment expense	$189,545
Change in provision for losses/expenses	$5,489,799
TOTAL EXPENSES	$15,039,378
NET INCOME(LOSS) FROM OPERATIONS	($8,069,703)
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$121,333
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$121,333
TOTAL NET INCOME/LOSS	($7,948,370)
RETAINED EARN./FUND BAL. JULY 1, 2008	($8,532,631)
Current year income(loss)	($7,948,370)
Prior year adjustments	
RETAINED EARN./FUND BAL. JUNE 30, 2009	($15,079,916)

Balance Sheet

ASSETS	
Cash & investments - State Treasury	($824,417)
Insurance/reinsurance balances receivable	$448,420
Less reserve for abolished agencies	$0
Interest receivable and other assets	$0
Prepaid insurance	$0
Machinery	$2,925
Less: Accumulated depreciation	$1,009
TOTAL ASSETS	($374,081)
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$991,630
Unearned premium	$0
Other liabilities	$46,982
TOTAL LIABILITIES	$1,038,612
FUND EQUITY	
TOTAL FUND EQUITY	($1,412,693)
TOTAL LIABILITIES AND FUND EQUITY	($374,081)

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$2,301,492
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	$2,301,492
OPERATING EXPENSES	
General and administrative expenses	$290,645
Claims cost:	
Losses	$964,807
Allocated loss adjustment expense	$97,855
Unallocated loss adjustment expense	$195,796
Change in provision for losses/expenses	$464,034
TOTAL EXPENSES	$2,013,137
NET INCOME(LOSS) FROM OPERATIONS	$288,355
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	$288,355
RETAINED EARN./FUND BAL. JULY 1, 2008	($3,463,702)
Current year income(loss)	$288,355
Prior year adjustments	$1,762,654
RETAINED EARN./FUND BAL. JUNE 30, 2009	($1,412,693)

Balance Sheet

	BONDS	CRIME
ASSETS		
Cash & investments - State Treasury	$926,869	$936,518
Insurance/reinsurance balances receivable	10,228	$38,670
Less reserve for abolished agencies	$0	$0
Interest receivable and other assets	$202	$40
Prepaid insurance	$0	$20,635
Machinery	$708	$1,966
Less: Accumulated depreciation	$475	$1,588
TOTAL ASSETS	$937,369	$996,241
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	$597,293	$10,830
Unearned premium	$0	$0
Other liabilities	$953	$408
TOTAL LIABILITIES	$598,246	$11,238
FUND EQUITY		
TOTAL FUND EQUITY	$339,123	$985,003
TOTAL LIABILITIES AND FUND EQUITY	$937,369	$996,241

Statement of Revenues and Expenses

OPERATING REVENUES		
Premiums written	$76,278	$8,589
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	$20,635
TOTAL INCOME	$76,278	($12,046)
OPERATING EXPENSES		
General and administrative expenses	$9,485	$4,065
Claims cost:		
Losses	($6,880)	$901
Allocated loss adjustment expense	$11,711	$398
Unallocated loss adjustment expense	$1,670	$716
Change in provision for losses/expenses	$30,797	$5,882
TOTAL EXPENSES	$46,783	$11,962
NET INCOME(LOSS) FROM OPERATIONS	$35,215	($24,008)
NON-OPERATING REVENUES AND EXPENSES		
Interest income	$5,720	$6,055
Gain(loss) on sale of fixed assets and misc. income	$0	$0
TOTAL OTHER INCOME/LOSS	$5,720	$6,055
TOTAL NET INCOME/LOSS	$35,215	($17,953)
RETAINED EARN./FUND BAL. JULY 1, 2008	$246,384	$978,303
Current year income(loss)	$35,215	($17,953)
Prior year adjustments	57,524	24,653
RETAINED EARN./FUND BAL. JUNE 30, 2009	$339,123	$985,003

	WORKER'S COMP	MARITIME
Balance Sheet		
ASSETS		
Cash & investments - State Treasury	$28,094,192	$4,732,651
Insurance/reinsurance balances receivable	$2,371,058	$0
Less reserve for abolished agencies	$0	$0
Interest receivable and other assets	$1,159,382	$202
Prepaid insurance	$486,032	$0
Machinery	$249,039	$27,131
Less: Accumulated depreciation	$176,769	$22,094
TOTAL ASSETS	$32,182,934	$4,737,890
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Loss and expense reserves	$356,146,512	$6,981,815
Unearned premium	$0	$0
Other liabilities	$1,288,124	$16,063
TOTAL LIABILITIES	$359,773,416	$6,997,878
FUND EQUITY		
TOTAL FUND EQUITY	($327,590,482)	($2,259,988)
TOTAL LIABILITIES AND FUND EQUITY	$32,182,934	$4,737,890
Statement of Revenues and Expenses		
OPERATING REVENUES		
Premiums written	$64,481,885	$1,164,926
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	$972,520	$0
TOTAL INCOME	$63,509,365	$1,164,926
OPERATING EXPENSES		
General and administrative expenses	$2,911,532	$48,101
Claims cost:		
Losses	$46,415,547	$562,482
Allocated loss adjustment expense	$5,095,454	$267,782
Unallocated loss adjustment expense	$4,623,456	$8,469
Change in provision for losses/expenses	$17,982,502	$2,850
TOTAL EXPENSES	$77,028,491	$889,684
NET INCOME(LOSS) FROM OPERATIONS	($13,519,126)	$275,242
NON-OPERATING REVENUES AND EXPENSES		
Interest income	$196,996	$30,123
Gain(loss) on sale of fixed assets and misc. income	$0	$0
TOTAL OTHER INCOME/LOSS	$196,996	$30,123
TOTAL NET INCOME/LOSS	($13,322,130)	$305,365
RETAINED EARN./FUND BAL. JULY 1, 2008	($328,090,196)	($2,857,074)
Current year income(loss)	($13,322,130)	$305,365
Prior year adjustments	$13,821,844	291,721
RETAINED EARN./FUND BAL. JUNE 30, 2009	($327,590,482)	($2,259,988)

Balance Sheet

ASSETS	
Cash & investments – State Treasury	$42,694,257
Insurance/reinsurance balances receivable	$5,643,151
Less reserve for abolished agencies	$0
Interest receivable and other assets	$38,009
Prepaid insurance	$42,462,244
Machinery	$18,423
Less: Accumulated depreciation	$11,783
TOTAL ASSETS	$90,844,301
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$52,247,189
Unearned premium	$216,683
Other liabilities	$0
TOTAL LIABILITIES	$187,651,879
	$240,115,751
FUND EQUITY	
TOTAL FUND EQUITY	($149,271,450)
TOTAL LIABILITIES AND FUND EQUITY	$90,844,301

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$71,410,197
Other Revenues	$0
Hurricane Recoveries	384,983
General fund appr./non-tort reimbursement	$0
Add unearned premium from prior year	$180,321
Less unfunded premium	$0
Less unearned premium as of date of statement	$216,683
Less cost of insurance	$56,187,840
TOTAL INCOME	$15,570,978
OPERATING EXPENSES	
General and administrative expenses	$195,795
Claims cost:	
Losses	$74,137,811
Allocated loss adjustment expense	$3,888,534
Unallocated loss adjustment expense	$593,321
Change in provision for losses/expenses	$17,210,149
TOTAL EXPENSES	$96,025,610
NET INCOME(LOSS) FROM OPERATIONS	($80,454,632)
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$392,257
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$392,257
TOTAL NET INCOME/LOSS	($80,062,375)
RETAINED EARN./FUND BAL. JULY 1, 2008	($66,428,686)
Current year income (loss)	($80,062,375)
Prior year adjustments	($2,780,389)
RETAINED EARN./FUND BAL. JUNE 30, 2009	($149,271,450)

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$184,566,720
Insurance/reinsurance balances receivable	$7,040,146
Less reserve for abolished agencies	$0
Interest receivable and other assets	$8,245
Prepaid insurance	$533,732
Machinery	$144,417
Less: Accumulated depreciation	$112,889
TOTAL ASSETS	$192,180,371
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$85,052,390
Unearned premium	$0
Other liabilities	$245,460
TOTAL LIABILITIES	$85,297,850
FUND EQUITY	
TOTAL FUND EQUITY	$106,882,521
TOTAL LIABILITIES AND FUND EQUITY	$192,180,371

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$12,503,250
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	$533,732
TOTAL INCOME	$11,969,518
OPERATING EXPENSES	
General and administrative expenses	$690,176
Losses	$6,076,268
Allocated loss adjustment expense	$6,748,270
Unallocated loss adjustment expense	$351,268
Change in provision for losses/expenses	($1,715,215)
TOTAL EXPENSES	$15,581,197
NET INCOME(LOSS) FROM OPERATIONS	($3,611,679)
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$1,242,642
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$1,242,642
TOTAL NET INCOME/LOSS	($2,369,037)
RETAINED EARN./FUND BAL. JULY 1, 2008	$105,068,848
Current year income(loss)	($2,369,037)
Prior year adjustments	$4,182,710
RETAINED EARN./FUND BAL. JUNE 30, 2009	$106,882,521

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$8,889,413
Insurance/reinsurance balances receivable	$3,092
Less reserve for abolished agencies	$0
Interest receivable and other assets	$384
Prepaid insurance	$0
Machinery	($9,062)
Less: Accumulated depreciation	$1,035
TOTAL ASSETS	$8,882,252
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$41,820,883
Unearned premium	$0
Other liabilities	$114,488
TOTAL LIABILITIES	$41,935,371
FUND EQUITY	
TOTAL FUND EQUITY	($33,053,119)
TOTAL LIABILITIES AND FUND EQUITY	$8,882,252

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$9,271,597
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	$9,271,597
OPERATING EXPENSES	
General and administrative expenses	$473,571
Claims cost:	
Losses	$4,736,223
Allocated loss adjustment expense	$4,390,103
Unallocated loss adjustment expense	$299,790
Change in provision for losses/expenses	($1,878,501)
TOTAL EXPENSES	$8,021,186
NET INCOME(LOSS) FROM OPERATIONS	$1,250,411
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$70,798
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$70,798
TOTAL NET INCOME/LOSS	$1,321,209
RETAINED EARN./FUND BAL. JULY 1, 2008	($37,246,347)
Current year income(loss)	$1,321,209
Prior year adjustments	$2,872,019
RETAINED EARN./FUND BAL. JUNE 30, 2009	($33,053,119)

Balance Sheet

	MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP
ASSETS			
Cash & investments - State Treasury	($8,305,578)	$1,820,202	($1,067,842)
Insurance/reinsurance balances receivable	$34,041	$9,175	$258,504
Less reserve for abolished agencies	$0	$0	$0
Interest receivable and other assets	$0	$78	$0
Prepaid insurance	$2,161,436	$0	$735,301
Machinery	$945	$464	$7,113
Less: Accumulated depreciation	$129	$252	$5,498
TOTAL ASSETS	($6,109,285)	$1,829,667	($72,422)
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Loss and expense reserves	$2,099,023	$3,096,803	$1,241,899
Unearned premium	$0	$0	$0
Other liabilities	$9,044	$136	$4,017
TOTAL LIABILITIES	$2,108,067	$3,097,939	$1,245,916
FUND EQUITY			
TOTAL FUND EQUITY	($8,217,352)	($1,268,272)	($1,318,338)
TOTAL LIABILITIES AND FUND EQUITY	($6,109,285)	$1,829,667	($72,422)

Statement of Revenues and Expenses

OPERATING REVENUES			
Premiums written	$2,686,499	$929,861	$1,950,609
Other Revenue	$0	$0	$0
Hurricane Recoveries	$0	$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	$2,116,215	$0	$690,902
TOTAL INCOME	$570,284	$929,861	$1,259,707
OPERATING EXPENSES			
General and administrative expenses	$20,324	$808	$39,972
Claims cost:			
Losses	$736,204	$2,601	$574,541
Allocated loss adjustment expense	$70,973	$132	$15,585
Unallocated loss adjustment expense	$3,579	$239	$7,038
Change in provision for losses/expenses	$553,897	($388)	$534,480
TOTAL EXPENSES	$1,384,977	$3,392	$1,171,616
NET INCOME(LOSS) FROM OPERATIONS	($814,693)	$926,469	$88,091
NON-OPERATING REVENUES AND EXPENSES			
Interest income	$0	$9,122	$0
Gain(loss) on sale of fixed assets and misc. income	$0	$0	$0
TOTAL OTHER INCOME/LOSS	$0	$9,122	$0
TOTAL NET INCOME/LOSS	($814,693)	$935,591	$88,091
RETAINED EARN./FUND BAL. JULY 1, 2008	($7,525,922)	($2,212,081)	($1,648,844)
Current year income(loss)	($814,693)	$935,591	$88,091
Prior year adjustments	$123,263	$8,218	$242,415
RETAINED EARN./FUND BAL. JUNE 30, 2009	($8,217,922)	($1,268,272)	($1,318,338)

Balance Sheet

ASSETS	
Cash & investments - State Treasury	$265,126,271
Insurance/reinsurance balances receivable	$9,919,761
Less reserve for abolished agencies	$0
Interest receivable and other assets	$12,958
Prepaid insurance	$0
Machinery	$22,280
Less: Accumulated depreciation	$6,646
TOTAL ASSETS	$275,074,624
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$131,139,085
Unearned premium	$0
Other liabilities	$344,710
TOTAL LIABILITIES	$131,483,795
FUND EQUITY	
TOTAL FUND EQUITY	$143,590,079
TOTAL LIABILITIES AND FUND EQUITY	$275,073,874

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums Written	$17,160,099
Other Revenue	33,236
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	$17,193,335
OPERATING EXPENSES	
General and administrative expenses	$966,572
Losses	$18,029,903
Allocated loss adjustment expense	$6,406,122
Unallocated loss adjustment expense	$815,910
Change in provision for losses/expenses	($9,762,710)
TOTAL EXPENSES	$16,453,139
NET INCOME(LOSS) FROM OPERATIONS	$740,196
NON-OPERATING REVENUES AND EXPENSES	
Interest income	$1,959,337
Gain(loss) on sale of fixed assets and misc. income	$0
TOTAL OTHER INCOME/LOSS	$2,699,533
TOTAL NET INCOME/LOSS	$2,699,533
RETAINED EARN./FUND BAL. JULY 1, 2008	$135,035,573
Current year income(loss)	$2,699,533
Prior year adjustments	$5,854,973
RETAINED EARN./FUND BAL. JUNE 30, 2009	$143,590,079

Balance Sheet

ASSETS	
Cash & investments - State Treasury	($355,008,018)
Insurance/reinsurance balances receivable	$0
Less reserve for abolished agencies	$0
Interest receivable and other assets	$0
Prepaid insurance	$0
Machinery	$24,726
Less: Accumulated depreciation	$12,693
TOTAL ASSETS	($354,995,985)
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Loss and expense reserves	$164,598,927
Unearned premium	$0
Other liabilities	$545,961
TOTAL LIABILITIES	$165,144,888
FUND EQUITY	
TOTAL FUND EQUITY	($520,140,873)
TOTAL LIABILITIES AND FUND EQUITY	($354,995,985)

Statement of Revenues and Expenses

OPERATING REVENUES	
Premiums written	$0
Other Revenue	$0
Hurricane Recoveries	$0
General fund appr./non-tort reimbursement	$10,138,835
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	$10,138,835
OPERATING EXPENSES	
General and administrative expenses	$1,526,011
Losses	$717,789
Allocated loss adjustment expense	$7,399,122
Unallocated loss adjustment expense	$922,250
Change in provision for losses/expenses	($29,963,357)
TOTAL EXPENSES	($19,398,185)
NET INCOME(LOSS) FROM OPERATIONS	$29,537,020
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	$29,537,020
RETAINED EARN./FUND BAL. JULY 1, 2008	($558,934,913)
Current year income(loss)	$29,537,020
Prior year adjustments	$9,527,020
RETAINED EARN./FUND BAL. JUNE 30, 2009	($520,140,873)

	NON-TORT PAYMENTS	FUTURE MEDICAL FUND
Balance Sheet		
ASSETS		
Cash & investments - State Treasury	$1,310,000	$9,380,688
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	$1,310,000	$9,380,688
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	$1,310,000	$9,380,688
TOTAL LIABILITIES AND FUND EQUITY	$1,310,000	$9,380,688
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	$2,500,000	$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	$2,500,000	$0
OPERATING EXPENSES		
General and administrative expenses	$0	$0
Losses	$775,000	$619,312
Allocated loss adjustment expense	$0	$0
Unallocated loss adjustment expense	$0	$0
Change in provision for losses/expenses	$0	$0
TOTAL EXPENSES	$775,000	$619,312
NET INCOME(LOSS) FROM OPERATIONS	$1,725,000	($619,312)
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	$1,725,000	($619,312)
RETAINED EARN./FUND BAL. JULY 1, 2008	($415,000)	$9,712,006
Current year income(loss)	$1,725,000	($619,312)
Transfer of Funds		$287,994
Prior year adjustments	$0	$0
RETAINED EARN./FUND BAL. JUNE 30, 2009	$1,310,000	$9,380,688

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, 2009, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.104, is estimated to be $684,195.19. 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, 2009 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.104 is estimated to be $32.55. The leave payable (is) (is not) recorded in the accompanying financial statements.

K. PREPAID EXPENSES AND ADVANCES

Certain items are commonly paid for in advance. Examples are insurance premiums and rent. If your prepayments, along with your other adjustments, exceed the materiality levels as discussed on page two of the cover letter, you should disclose this amount below. The amount of prepaid expenses, including postage, for this agency at June 30, 2009 is $46,399,379.50.

Advances are monies given to providers for services to be performed at a future date. The amount of advances for this agency at June 30, 2009 is $0.

M. LEASE AND RENTAL COMMITMENTS

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year ___ - ___ amounted to $_____.

1. OPERATING LEASES (Do not include leases on state office buildings financed through Office Facilities Corporation)

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 FY2019, create additional columns and report these future minimum lease payments in five year increments.

Nature of lease	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015-2019
a. Office space	$ 73811.21	$ 73811.21	$ 73811.21	$ 73811.21	$ 73811.21	$ 73811.21
b. Equipment						
c. Land						
d. Other						
Total	$ 73811.21	$ 73811.21	$ 73811.21	$ 73811.21	$ 73811.21	$ 73811.21

R. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies will be required to reflect the 2008-2009 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 2007-08 accrual calculation based on eleven (11) days and the fiscal year 2008-09 calculation will be based on twelve (12) days. Agencies must also determine the federal match on this accrual calculation.

		FY 2007-08	FY 2008-09
1.	07/03/08 Payroll (gross & related)	$330,537.92	
2.	07/03/09 Payroll (gross & related)		$346,246.92
		X 110.0%	X 120.0%
2a.	Payroll accrual	$330,537.92	415,496.30
2b.	Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.		
3.	Total payroll accruals	$330,537.92	$415,496.30
4.	Estimated federal receivable attributed to the accrual shown above	$	$
	Total Agency Expenditures		
5.	Total programs from Schedule 1		254,105,600.62
6.	Less: 2007-08 accrual from line 3, column 1 above		(330,537.92)
6a.	2007-2008 accrual from Schedule 3-1		(136,061,212.67)
7.	Plus: 2008-09 accrual from line 3, column 2 above		415,496.30
7a.	2008-09 accrual from Schedule 3-1		171,717,715.22
8.	To Statement B (this should be the total for *all* programs)		$ 289,847,061.55

AA. FUND DEFICITS AND PRIOR-YEAR RESTATEMENT OF FUND BALANCE

The following individual funds had deficits for the year ended June 30, 2009:

Fund	Amount
Self Insurance fund LA Rev Statute 39:1533	($32,613,739.91)
Future Medical Fund La Rev Statute 39:1533.2	9,304,308.22
Total	($23,309,431.69)

These deficits were the results of (describe): Expenditures due to Hurricane Gustav exceed the Self Insurance Fund appropriation for FY 09

The deficits will be resolved (describe): FEMA reimbursements and a supplemental appropriation.

BB. 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, 2009, ($23,309,431.69) was the amount reserved.

Office/Fund	Louisiana Revised Statutes	Reserve for Continuing Operations
Self Insurance Fund	39:1533	$ (32,613,739.91)
Future Medical Fund	39:1533.2	9,304,308.22
Total		($23,309,431.69)

DD. EMPLOYEE TERMINATION BENEFITS (see instructions regarding this Note)

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances; however, normal termination payment for annual leave are not included.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits:

1. A description of the termination benefit arrangement(s)
2. Year the state becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2009, the cost of providing those benefits for 3 (number of) voluntary terminations totaled $_17,882.91_. For 2009, the cost of providing those benefits for 3 (number of) involuntary terminations totaled $_4,548.08__.

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is $_____. This liability consists of _____ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, _____ is $_____. This liability consists of _____ (number of) involuntary terminations.

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

_____

_____

_____

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

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 Act was not applied retroactively, but did provide for a reduction of costs in claims following its enactment. In February of 2004, the Louisiana Supreme Court ruled that La. R.S. 13:5106, as amended by said Act 63, limits the recovery of wrongful death damages, exclusive of loss of earnings, to $500,000 per claimant and is not a limit per victim. The result was to expand the potential liability associated with such claims. By Act 1 of 2005, the Legislature further amended such statute to change the effect of the Supreme

Court ruling by making it explicit that the limit is, in fact, per victim, or $500,000, in toto, exclusive of earning loss.

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 <u>includes paid and unpaid claims and expenses associated with settling claims, including legal fees</u>. 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 09, The State of Louisiana covered property losses up to a limit of $400,000,000, 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, 2009, state agencies have filed claims for Hurricane Katrina property losses totaling $727,917,983. Claims filed through June 30, 2009 have exceeded insurance coverage by $227,917,983 for this event. Through June 30, 2009, ORM has paid state agencies $148,658,506 for Hurricane Katrina property claims.

   Hurricane Rita

   Hurricane Rita struck the state of Louisiana on September 25, 2005. As of June 30, 2009, state agencies have filed claims for Hurricane Rita property losses totaling $32,147,057. Property claims paid through June 30, 2009 total $12,860,448.

Hurricane Gustav

Hurricane Gustav struck the state of Louisiana on September 1, 2008. As of June 30, 2009, state agencies have filed claims for Hurricane Gustav property losses totaling $140,695,532. Property claims paid through June 30, 2009 total $60,986,181

Hurricane Ike

Hurricane Ike struck the state of Louisiana on September 13, 2008. As of June 30, 2009, state agencies have filed claims for Hurricane Ike property losses totaling $4,765,430. Property claims paid through June 30, 2009 total $518,109.

Boudreaux vs. State

A judgment of $93 million was awarded and with interest is now estimated to be in excess of $350 million. Attempts to reach a compromise on this judgment have been unsuccessful to date.

The present value of reserves for claim liabilities for FY 08/09 as reported on the financial statements totals $875,822,970. A further breakdown of this total follows:

	Total Reserves	Net of Estimated Recoveries
Current	$30,188,909	$31,750,529.12
Long-Term	$864,219,383	$846,457,090.52
Total	$894,408,292	$878,207,619.64

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	($153,155,254)	($158,682,759)	$1,180,608	$876,645,772
2008-09	$876,645,772	$213,973,640	($209,263,244)	($3,148,548)	$878,207,619.64

The cumulative total of estimated recoveries at June 30, 2009 is $16,200,672. Claims payments include all allocated loss adjustment expenses including legal expense and are net of actual recoveries on settled and unsettled claims.

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, 2009 there are 100 active annuities. The outstanding amount due on these 100 annuities as of June 30, 2009 was $ 207,832,206.70. Of the 100 annuities, 85 contain wording which releases ORM from any and all future liability on the claims. The remaining liability, on the 15 which do not contain the wording necessary to release ORM from any possible future liability, totals $40,942,219.13. At June 30, 2008 the total amount of annuities purchased was $41,793,995.