

RISK MANAGEMENT LFC HEARING

August 18, 2017



**STATE OF NEW MEXICO
GENERAL
SERVICES
DEPARTMENT**

**Risk
Presentation**

FY'19 Allocation Draft

v2: Med Mal Ratable Limit: \$1.5M, All other coverage: \$1.0M																		
Coverage	Incurred Losses ⁽¹⁾							Adjustments					Weights		Base Premiums			
	2012	2013	2014	2015	2016	5-Yr Tot	5-Yr Avg	Loss Dev. ⁽²⁾	Insurance ⁽³⁾	Admin ⁽⁴⁾	2.2% CPI	Other ⁽⁵⁾ Scenario D	Total Prem	Loss %	Exposure %	Loss	Exposure	Total
12 Workers Compensation	13,615,561	13,530,337	11,121,814	9,881,172	11,509,193	59,658,077	11,931,615	4,024,067	0	1,000,000	373,025	1,792,156	19,120,863	90	10	17,208,777	1,912,086	19,120,863
21 General Liab	6,944,482	5,356,307	4,527,029	3,394,184	2,608,648	22,830,650	4,566,130	1,625,334	0	1,557,100	170,468	685,843	8,604,876	70	30	6,023,413	2,581,463	8,604,876
22 Law Enforcement	2,836,478	791,855	5,205,954	838,489	269,262	9,942,037	1,988,407	458,541	0	0	53,833	298,663	2,799,445	70	30	1,959,611	839,833	2,799,445
23 Medical Malpractice	6,920,089	10,480,716	11,496,305	5,873,276	2,720,239	37,490,625	7,498,125	2,999,250	0	0	230,942	1,126,235	11,854,552	70	30	8,298,187	3,556,366	11,854,552
24 Civil Rights	17,954,566	16,434,200	13,091,699	8,470,785	3,433,573	59,384,823	11,876,965	3,443,113	0	0	337,042	1,783,947	17,441,066	70	30	12,208,746	5,232,320	17,441,066
35 Auto Liability	838,761	547,114	1,377,996	602,417	477,523	3,843,811	768,762	206,666	4,288	0	21,554	115,470	1,116,740	70	30	781,718	335,022	1,116,740
Aircraft Liability	0	0	0	0	0	0	0	0	19,120	0	421	0	19,541	n/a	n/a	0	0	19,541
38 Railroad Liability	239,389	116,849	320,705	49,870	7,932	734,746	146,949	52,307	0	0	4,384	22,072	225,712	70	30	157,998	67,714	225,712
41 Auto Physical Damage	764,356	990,307	1,643,670	829,390	1,644,846	5,872,569	1,174,514	21,313	0	0	26,308	0	1,222,135	30	70	366,641	855,495	1,222,135
50 Fidelity Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0
71 Blanket Property	3,889,545	2,150,286	5,437,241	3,612,121	3,335,566	18,424,759	3,684,952	99,281	3,768,625	0	166,163	0	7,719,021	30	70	2,315,706	5,403,314	7,719,021
80 Fine Arts	3,500	17,397	0	0	88	20,985	4,197	0	227,075	0	5,088	630	236,990	30	70	71,097	165,893	236,990
90 Boiler	3,311	0	101,825	59,462	0	164,598	32,920	0	177,148	0	4,621	4,945	219,634	30	70	65,890	153,744	219,634
92 Money & Securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0
Aircraft Hull	0	0	0	0	0	0	0	0	107,526	0	2,366	0	109,892	n/a	n/a	0	0	109,892
Crime	0	0	0	0	0	0	0	0	0	0	0	0	0	n/a	n/a	0	0	0
Total	54,010,038	50,415,368	54,324,238	33,611,164	26,006,871	218,367,679	43,673,536	12,929,873	4,303,782	2,557,100	1,396,214	5,829,961	70,690,466			49,457,784	21,103,250	70,690,466

Public Liability Fund

PUBLIC LIABILITY
FUND: 357

		Actual FY2016	Actual FY2017 ¹	Projected FY2018
		End Cash Bal:	Beg Cash Bal:	Beg Cash Bal:
		\$36,291.1	\$51,225.0	\$49,280.8
SOURCES		TOTAL Actual FY2016	TOTAL Actual FY2017	TOTAL PROJ FY2018
Revenues				
Insurance Assessments ²		\$51,020.9 ²	\$46,209.5 ²	\$40,138.7
Interest		\$101.5	\$261.3	\$50.0
Misc.		\$188.1	\$654.3	\$100.0
AR		(\$92.3)	\$100.0	\$100.0
Total Revenues		\$51,218.2	\$47,225.1	\$40,288.7
USES		TOTAL Actual FY2016	TOTAL Actual FY2017	TOTAL PROJ FY2018
Category				
400 Prior Year AP		\$359.8	\$660.5	\$700.0
400 Prior Year		\$64.2	\$34.6	\$150.0
Total		\$424.0	\$695.1	\$850.0
300		\$12,517.7 ³	\$11,614.0 ³	\$14,251.5
400		\$21,208.1 ⁴	\$17,653.7 ⁴	\$31,672.0
500		\$2,134.4	\$1,706.5	\$1,983.8
SB2 SS & SB113 RS Sweeps		\$0.0	\$17,500.0 ⁶	\$0.0
Total		\$35,860.2	\$48,474.2	\$47,907.3
Total Expenditures		\$36,284.2	\$49,169.3	\$48,757.3
Adj (AP)			\$0.0	\$0.0
		End Cash Bal:	End Cash Bal:	End Cash Bal:
		\$ 51,225.0	\$ 49,280.8	\$ 40,812.2

Ending Cash Balance
\$49,322,054.55

	FY17 BUDGET	FY17 ACTUAL	BALANCE
	\$0.0	\$660.5	(\$660.5)
	\$0.0	\$34.6	(\$34.6)
	\$14,144.7	\$11,614.0	\$2,530.7
	\$28,690.4	\$17,653.7	\$11,036.7
	\$1,706.5	\$1,706.5	\$0.0
	\$44,541.6	\$31,669.3	\$12,872.3

Projected fund health: PUBLIC LIABILITY

Fund Indicator: **Y**

Projected YREND Fund Ratios

FY16	FY17	FY18	Item
\$51,225.0	\$49,280.8	\$40,812.2	Projected Assets
\$101,285.6	\$94,188.1	\$98,900.2	Outstanding Liabilities ⁵
51%	52%	41%	Projected Fund Health

NOTES

1. Per SHARE GL Detail by Fund report dated 7-12-2017.

2. FY16 BILLING \$49,116.8 Collection Rate 104% = \$51,020.9
 FY17 BILLING \$48,931.3 Collection Rate 94% = \$46,209.5
 FY18 BILLING \$40,138.7 Collection Rate 100% = \$40,138.7

3. 300 category expenditure for professional services, primarily for Legal, Investigator, Excess Insurance and System Maintenance expenses

4. AON RPT Projected Losses Paid TABLE III-4 Column (2), Column (2) FY16= Actuals, FY17 = \$42,453.8, FY18 = \$31,672.0 - Assumes "worst case" scenario

5. FY16, FY17 and FY18 per AON RPRT, GL-12/13, LE-12/13, CR-12/13, AL-12/13, MP-12/13, Column 9;

FY16= \$101,285.6k actuarial calculation of outstanding liabilities

FY17 = \$94,188.3k actuarial calculation of outstanding liabilities

FY18 = \$98,900.3k actuarial calculation of outstanding liabilities

6. Laws of 2017, Chapter 2, SB113(i); Laws of 2016, Chapter 4, SB2(9)

Public Property Fund

PUBLIC PROPERTY FUND: 356		Actual FY2016	Actual FY2017 ¹	Projected FY2018	<div style="border: 2px solid black; padding: 5px; text-align: center;"> Ending Cash Balance \$14,347,426.86 </div>																														
		Beg Cash Bal:	End Cash Bal:	End Cash Bal:																															
		\$7,891.4	\$10,537.5	\$12,666.9																															
SOURCES		TOTAL Actual FY2016	TOTAL Proj FY2017	TOTAL PROJ FY2018																															
Revenues																																			
Insurance Assessments		\$13,116.4	\$11,052.6 ²	\$9,933.2																															
Interest		\$20.2	\$58.2	\$10.0																															
Misc.		\$0.0	\$530.4	\$550.0																															
AR		\$0.6	\$0.0	\$0.5																															
Total Revenues		\$13,137.2	\$11,641.2	\$10,493.2																															
USES		TOTAL Actual FY2016	TOTAL Actual FY2017	TOTAL PROJ FY2018	BUDGET FY17	ACTUAL FY17	BALANCE																												
Category																																			
Other uses		\$ 2.55																																	
PY Vouchers Payable		\$788.6	(\$6.3)	\$20.0	\$0	(\$6.3)	\$6.3																												
300		\$4,719.0	\$3,701.9 ³	\$5,369.9	\$4,369.9	\$3,701.9	\$668.0																												
400		\$4,905.4	\$2,443.7	\$5,575.6 ⁴	\$6,900.1	\$2,443.7	\$4,456.4																												
400 Prior Year		\$75.5	\$3.9	\$5.0		\$3.9	(\$3.9)																												
SS & SB113 RS Sweep		\$0.0	\$1,699.3 ⁶	\$0.0																															
Total Expenditures		\$10,491.1	\$7,842.5	\$10,970.5	\$11,270.0	\$6,143.2	\$5,126.8																												
Adj. ASD 16 EOY		\$0.0	\$0.0	\$0.0																															
		End Cash Bal:	End Cash Bal:	End Cash Bal:																															
		\$10,537.5	\$12,666.9	\$12,189.6																															
NOTES																																			
1. Per SHARE GL Detail by Fund report dated 7-12-17.																																			
FY16 BILLING	\$10,366.7	Collection Rate	127% =	\$13,116.4																															
FY17 BILLING	\$10,916.0	Collection Rate	101% =	\$11,052.6																															
FY18 BILLING	\$9,933.2	Collection Rate	100% =	\$9,933.2																															
3. 300 category expenditure for professional services, primarily for Excess Insurance and System Maintenance expenses																																			
4. AON TABLE III-4, p 10 FY16= Actual; FY17 = 4,889.7; FY18 = \$5,575.6 - Assumes "worst case" scenario																																			
5. FY16 , FY17 and FY18 per AON RPRT, PD-12, PD 13, OP12, OP-13, Column 9;																																			
FY16 = \$2,670.4k actuarial calculation of outstanding liabilities.																																			
FY17= \$2,409.5k actuarial calculation of outstanding liabilities.																																			
FY18 = \$2,585.9k actuarial calculation of outstanding liabilities																																			
6. Laws of 2016, Chapter 4, SB2(8); Laws of 2017, Chapter 2, SB113(K)																																			
		<table border="1"> <thead> <tr> <th colspan="4">Projected fund health: PUBLIC PROPERTY</th> </tr> <tr> <th colspan="4">Fund Indicator: Y</th> </tr> <tr> <th colspan="4">Projected YREND Fund Ratios</th> </tr> <tr> <th>FY16</th> <th>FY17</th> <th>FY18</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$10,537.5</td> <td style="text-align: right;">\$12,666.9</td> <td style="text-align: right;">\$12,189.6</td> <td>Projected Assets</td> </tr> <tr> <td style="text-align: right;">\$2,670.4</td> <td style="text-align: right;">\$2,409.5</td> <td style="text-align: right;">\$2,585.9</td> <td>Outstanding Liabilities⁵</td> </tr> <tr> <td style="text-align: right;">395%</td> <td style="text-align: right;">526%</td> <td style="text-align: right;">471%</td> <td>Projected Fund Health</td> </tr> </tbody> </table>						Projected fund health: PUBLIC PROPERTY				Fund Indicator: Y				Projected YREND Fund Ratios				FY16	FY17	FY18	Item	\$10,537.5	\$12,666.9	\$12,189.6	Projected Assets	\$2,670.4	\$2,409.5	\$2,585.9	Outstanding Liabilities ⁵	395%	526%	471%	Projected Fund Health
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395%	526%	471%	Projected Fund Health																																

Workers Compensation

WORKERS COMPENSATION
FUND: 359

	Actual FY2016 Beg Cash Bal:	Actual FY2017 ¹ End Cash Bal:	Projected FY2018 End Cash Bal:
	\$18,970.6	\$22,971.3	\$22,799.8
SOURCES	TOTAL Actual FY2016	TOTAL Proj FY2017	TOTAL PROJ FY2018
Revenues			
Insurance Assessments	\$22,913.6	\$20,501.4 ²	\$17,979.2
Interest	\$50.0	\$120.0	\$50.0
Misc.	\$272.1	\$207.8	\$200.0
Accounts Receivable	\$1.4	\$0.0	\$0.0
Total Revenues	\$23,237.2	\$20,829.2	\$18,229.2
USES	TOTAL Actual FY2016	TOTAL Actual FY2017	TOTAL PROJ FY2018
Category			
Prior Year AP	(\$391.7)	448.3	400.0
400 Prior Year Payment	\$61.7	54.6	40.0
Contracts Payable	(\$4.2)	\$0.0	\$0.0
Total Prior Year	(\$334.2)	502.9	440.0
300 ²	\$ 1,123.2	\$816.3 ³	\$2,235.4
400 ³	\$ 16,141.7	\$15,099.1 ⁴	\$15,415.1
500	\$ 2,134.4	\$1,582.4	\$1,706.5
SB2 SS Sweep		\$3,000.0 ⁶	
Total Current Year	\$19,399.3	\$20,497.8	\$19,357.0
Total Expenditures	\$19,065.1	21,000.7	19,797.0
Other Liabilities	\$0.0		
	End Cash Bal:	End Cash Bal:	End Cash Bal:
	\$23,142.7	\$22,799.8	\$21,232.0

Ending Cash Balance
\$22,992,563.47

BUDGET FY17	ACTUAL FY17	REQUIRED BAR
	448.3	(\$448.3)
	54.6	(\$54.6)
\$2,235.4	\$816.3	\$1,419.1
\$16,700.5	\$15,099.1	\$1,601.4
\$1,582.4	\$1,582.4	\$0.0
\$20,518.3	\$18,000.7	\$2,517.6

Projected fund health: Workers' Compensation
Fund Indicator: **Y**

Projected YREND Fund Ratios			
FY16	FY17	FY18	Item
\$23,142.7	\$22,799.8	\$21,232.0	Projected Assets
\$56,263.2	\$56,197.5	\$57,756.4	Outstanding Liabilities ⁵
41%	41%	37%	Projected Fund Health

NOTES

- Per SHARE GL Detail by Fund report dated 7-12-17
- | | | | | | |
|--------------|------------|-----------------|--------|---|-------------|
| FY16 BILLING | \$22,833.8 | Collection Rate | 100.3% | = | \$22,913.60 |
| FY17 BILLING | \$22,740.2 | Collection Rate | 90% | = | \$20,501.43 |
| FY18 BILLING | \$17,979.2 | Collection Rate | 100% | = | \$17,979.20 |
- 300 category expenditure for professional services, primarily for Legal, Investigator, Excess Insurance and System Maintenance expenses
- AON TABLE III-4, p 9 Columns (2) and (3) FY16=Actuals, FY17=\$15,159.5, FY18=\$15,415.1- Assumes "worst case" scenario
- FY16, FY17 and FY18 per AON RPRT Exhibit WC-12 and WC-13 Column 9
FY17 = \$56,197.5k actuarial calculation of outstanding liabilities
FY18 = \$57,756.4k actuarial calculation of outstanding liabilities
- Laws of 2016, Chapter 4, SB2 sweep for \$3,000,000

Unemployment Compensation

STATE UNEMPLOYMENT			
FUND: 353			
	Actual FY2016	Actual FY2017	Projected FY2018
	Beg Cash Bal:	Beg Cash Bal:	Beg Cash Bal:
	\$20,498.7	\$22,202.1	\$7,782.4
SOURCES	TOTAL Actual FY2016	TOTAL Actual FY2017	TOTAL PROJ FY2018
Revenues			
Insurance Assessments ²	\$6,996.5	\$6,092.2	\$5,532.0
Interest	\$48.5	\$48.0	\$20.0
Misc.	\$0.0	\$0.0	\$0.0
AR	\$1.4	\$0.0	\$0.0
Total Revenues	\$7,046.5	\$6,140.2	\$5,552.0
USES	TOTAL Actual FY2016	TOTAL Actual FY2017	TOTAL PROJ FY2018
Category			
400 Prior Year AP	\$128.8	\$5,620.1 ⁷	\$120.1
400 Prior Year	(\$10.7)	\$0.0	\$0.0
Total Prior Year	\$118.1	\$5,620.1	\$120.1
Due To			
300 ³	\$76.8	\$45.0	\$90.0
400 WSD Reimburse			\$5,313.9 ⁴
Q1 Actual	\$1,462.2	\$1,613.3	\$0.0
Q2 Actual	\$1,326.1	\$1,515.7	\$0.0
Q3 Actual	\$1,127.2	\$1,093.4	\$0.0
Q4 Actual	\$1,082.6 ⁶	\$958.8	\$0.0
Uncollectable			
500 sweeps	\$150.0	\$9,713.7 ⁵	\$150.0
Total Current Year	\$5,224.9	\$14,939.9	\$5,553.9
Total Expenditures	\$5,343.0	\$20,560.0	\$5,674.0
Adj.			
	End Cash Bal:	End Cash Bal:	End Cash Bal:
	\$22,202.1	\$7,782.4	\$7,660.4

**Ending Cash Balance
\$7,788,766.90**

Qtr	FY15 Actual	FY16 Actual	FY17 est
Q1*	\$2,103.0	\$1,462.2	\$1,613.3
Q2*	\$1,888.3	\$1,326.1	\$1,515.7
Q3	\$1,271.3	\$1,127.2	\$1,093.4
Q4	\$1,235.5	\$1,082.6	\$958.8
Total	\$6,498.1	\$4,998.2	\$5,181.3

	FY17 BUDGET	FY17 ACTUAL	BALANCE
	\$100.0	\$0.0	\$100.0
	\$7,000.0	\$0.0	\$7,000.0
	\$963.7	\$0.0	\$963.7
	\$8,063.7	\$0.0	\$8,063.7

Projected fund health: STATE UNEMPLOYMENT

Fund Indicator: **Y**

Projected YREND Fund Ratios

FY16	FY17	FY18	Item
\$22,202.1	\$7,782.4	\$7,660.4	Projected Assets
\$5,871.6	\$5,313.9	\$5,313.9	Outstanding Liabilities ⁴
378%	146%	144%	Projected Fund Health

NOTES

1. Per SHARE GL Detail by Fund report dated 7-12-2017
2. FY16 Billing \$7,086.5 Collection Rate 99% = \$6,996.5
FY17 Billing \$7,086.5 Collection Rate 100% = \$7,086.5
FY18 Billing \$5,532.0 Collection Rate 100% = \$5,532.0
3. 300 category expenditure for professional services, primarily for Third Party Administrator (TPA)
4. Estimates based on AQN Exhibit UC-8, p 253 Total FY15= Actual; Total FY16 = \$5,313.9 FY17 = \$5,313.9
5. Includes sweeps from 2016 Regular Session HB311(6) for \$8,750,000
6. Q4 amount paid out of FY17 budget

RMD Legal Defense Expenditures

FY12 \$11,940,273.74

FY13 \$10,437,774.32

FY14 \$10,651,323.36

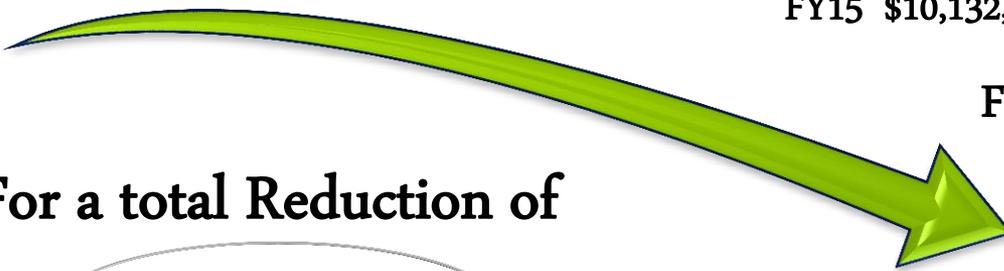
FY15 \$10,132,627.09

FY16 \$10,175,921.85

For a total Reduction of

\$1,717,965,78

FY17 \$10,222,307.96



Liability Claims \geq \$250,000 by Agency

Liability Claim Count \geq \$250,000 (FY2009 - FY2017)								
Claim Types: 21, 22, 23, 24, 35, and 38								
Dept Code	Department	AUTO LIABILITY	CIVIL RIGHTS	GENERAL LIABILITY	LAW ENFORCEMENT	MEDICAL MALPRACTICE	RAILROAD LIABILITY	Grand Total
0000232	SECOND JUDICIAL DISTRICT COURT	0	1	0	0	0	0	1
0000253	THIRD JUDICIAL DISTRICT ATTORNEY	0	1	0	0	0	0	1
0000305	ATTORNEY GENERAL	0	1	0	0	0	0	1
0000341	DEPT OF FINANCE AND ADMINISTRATION	0	1	1	0	0	0	2
0000350	GENERAL SERVICES DEPARTMENT	1	0	0	0	0	0	1
0000352	EDUCATIONAL RETIREMENT BOARD	0	1	1	0	0	0	2
0000356	GOVERNOR	0	2	0	0	0	0	2
0000360	LIEUTENANT GOVERNOR	0	1	0	0	0	0	1
0000370	SECRETARY OF THE STATE	0	3	0	0	0	0	3
0000419	ECONOMIC DEVELOPMENT DEPARTMENT	0	2	0	0	0	0	2
0000430	PUBLIC REGULATION COMMISSION	0	3	0	0	0	0	3
0000440	SUPERINTENDENT OF INSURANCE	0	1	0	0	0	0	1
0000460	NM STATE FAIR	0	0	1	0	0	0	1
0000469	STATE RACING COMMISSION	0	0	1	0	0	0	1
0000505	OFFICE OF CULTURAL AFFAIRS DEPARTMENT	0	0	1	0	0	0	1
0000550	OFFICE OF THE STATE ENGINEER	0	1	0	0	0	0	1
0000624	AGING AND LONG-TERM SERVICES DEPT	0	1	0	0	0	0	1
0000630	HUMAN SERVICES DEPARTMENT	0	4	0	0	0	0	4
0000644	DIVISION OF VOCATIONAL REHABILITATION	0	2	0	0	0	0	2
0000662	MINERS' HOSPITAL OF NM	0	0	0	0	1	0	1
0000665	DEPARTMENT OF HEALTH	0	12	3	0	0	0	15
0000667	ENVIRONMENT DEPARTMENT	0	2	0	0	0	0	2
0000690	CHILDREN YOUTH AND FAMILY DEPARTMENT	0	8	0	0	0	0	8
0000705	DEPARTMENT OF MILITARY AFFAIRS	0	2	0	0	0	0	2
0000770	CORRECTIONS DEPARTMENT	0	8	2	0	0	0	10
0000790	DEPARTMENT OF PUBLIC SAFETY	1	4	0	8	0	0	13
0000805	DEPARTMENT OF TRANSPORTATION	1	4	27	0	0	3	35
0000924	PUBLIC EDUCATION DEPARTMENT	0	1	0	0	0	0	1
0000950	HIGHER EDUCATION DEPARTMENT	0	1	0	0	0	0	1
0000953	NM STATE UNIVERSITY	1	1	1	0	0	0	3
0000969	UNIVERSITY OF NEW MEXICO	0	4	1	0	0	0	5
0096901	UNIVERSITY OF NEW MEXICO HOSPITAL	1	1	0	0	77	0	79
Grand Total		5	73	39	8	78	3	206

Liability Claim Count \geq \$250,000 by line of coverage

Slide 9: Liability Claim Count \geq \$250,000 (FY2009 - FY2017)										
Claim Types: 21, 22, 23, 24, 35, and 38										
Description of Liability	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Grand Total
MEDICAL MALPRACTICE	16	7	11	12	15	10	6	1	0	78
CIVIL RIGHTS	5	11	13	16	10	10	6	2	0	73
GENERAL LIABILITY	11	3	7	10	3	3	2	0	0	39
LAW ENFORCEMENT	0	1	3	3	0	1	0	0	0	8
AUTO LIABILITY	1	3	0	0	0	1	0	0	0	5
RAILROAD LIABILITY	2	0	1	0	0	0	0	0	0	3
Grand Total	35	25	35	41	28	25	14	3	0	206

Property Claim Count \geq \$250,000

Property Claim Count \geq \$250,000 (FY2009 - FY2017)
Claim Types: 45, 46, 71, 73, 90, and 91

Count of ClaimNumber		Column Labels			
Dept Code	Department	AIRCRAFT HULL DAMAGE	BOILER & MACHINERY	PROPERTY	Grand Total
0000244	BERNALILLO COUNTY METRO COURT	0	0	2	2
0000350	GENERAL SERVICES DEPARTMENT	0	0	2	2
0000505	OFFICE OF CULTURAL AFFAIRS DEPARTMENT	0	0	2	2
0000521	ENERGY, MINERALS & NATURAL RESOURCES	0	0	1	1
0000539	COMMISSIONER OF PUBLIC LANDS	0	0	1	1
0000665	DEPARTMENT OF HEALTH	0	0	1	1
0000705	DEPARTMENT OF MILITARY AFFAIRS	0	0	1	1
0000770	CORRECTIONS DEPARTMENT	0	0	1	1
0000790	DEPARTMENT OF PUBLIC SAFETY	1	0	0	1
0000805	DEPARTMENT OF TRANSPORTATION	0	0	1	1
0000953	NM STATE UNIVERSITY	0	0	2	2
0000957	NM HIGHLANDS UNIVERSITY	0	0	1	1
0000959	NM INSTITUTE OF MINING & TECHNOLOGY	0	0	1	1
0000962	WESTERN NM UNIVERSITY	0	0	1	1
0000964	SAN JUAN COLLEGE	0	0	1	1
0000969	UNIVERSITY OF NEW MEXICO	0	1	12	13
0096901	UNIVERSITY OF NEW MEXICO HOSPITAL	0	0	1	1
Grand Total		1	1	31	33

8/10/2017

Property Certificate of Coverage Enhancements

Mitigation – Extension of Coverage

In light of recurring losses caused by our aging infrastructure, the FY18 Certificate of Coverage was expanded to include mitigation activities that would control the current loss with the added benefit of possibly preventing future losses. In the past, the coverage would respond to the resulting damages but would exclude any mitigation activity on maintenance related items, typically a leaking roof, windows, drain blockage, fire detection, alarms, etc.

The following language is now included within the Certificate of Coverage:

In the event of physical damage of covered property as a result of the lack of maintenance, this certificate is extended to mitigate those items shown to have caused the ensuing loss to the structure owned by the Government Entity. This coverage shall only apply when conditions necessitate the immediate repair to roofs, windows, etc. to prevent future losses. Mitigation expenses covered by this extension will be subject to a \$20,000.00 annual aggregate limit.

Historically this coverage would have been applied to this sampling of claims directly related to our aging buildings and the increased associated costs related to maintenance activities.

- FY14 Flood Loss \$1,260,531.11 (Roofs/Drains)
- FY15 Water Loss \$4000.00 (Water Line)
- FY16 Freeze Loss \$7000.00 (Freeze Alarm)
- FY17 Water Loss \$2000.00 (Gutters)
- FY17 Water Loss \$7000.00 (Gutters)

The associated cost related to this extension of coverage is minimal and may directly reduce the overall cost of property losses triggered by the high maintenance requirements of our aging buildings.

Summary of FY'18 Excess Insurance Renewals

Excess Blanket Property

Total Insured Value = \$ 8,897,472,151

\$500,000 Self-Insured Retention

FY'18 premium is flat at \$2,838,000

(secured 25% rate reduction in FY'17 with 3 year lock – reviewed options this year and locked rate was the most favorable).

Losses

\$11.6M in 6 years. Ratio: 69%

Current year has no claims.

5 year loss ratio prior to this year: 83%

While there were no losses reported in the 16/17 policy term, the overall 5 year loss ratio is still in excess of where markets would be comfortable in providing a rate as competitive as the Lexington rate.

A slight adjustment to value was made for the upcoming term, as it was under the 5% cushion negotiated in the rate lock, there was no change in premium which provided a \$121,092 savings.

Lexington will charge a \$35k Property Loss Control Fee and will inspect 10 sites during the course of the year.

Boiler Equipment Breakdown

Total Insured Value = \$ 8,688,698,900

\$250,000 Self-Insured Retention

FY'18 Premium is \$156,563.00

The renewal quote for the equipment breakdown coverage is down approximately 2%. This includes a 5% rate decrease with a 3% total insured value. Due to losses, we were not able to obtain competitive quotes with the next closest quote considerably higher.

Fine Arts

Total Insured Value = \$ 1,618,067,336

\$50,000 Self-Insured Retention

FY'18 Premium is \$227,075

6% rate reduction to keep the premium virtually flat even though there was a 20% increase in reported exposure.

Rail Runner

Total Insured Value = \$ 219,867,762

Obtained an overall reduction of 7% rate with the incumbent carriers with a 3% increase in exposure.

Questions & Comments



**STATE OF NEW MEXICO
GENERAL
SERVICES
DEPARTMENT**

**Risk
Presentation**