

RISK MANAGEMENT LFC HEARING

August 27, 2019



**STATE OF NEW MEXICO
GENERAL
SERVICES
DEPARTMENT**

**Risk
Presentation**

FY21 Allocation Report

v1: Med Mal Ratable Limit: \$1.5M, All other coverage: \$1.0M

Daniel Park
med mal ratable limit: \$1.5M
all other coverage: \$1.0M
No difference here since these
are incurred losses

Base Premium (unadjusted) is 5-year
average of limited incurred losses
(see [9.2] of regulations)

National avg CPI
(U.S. Department Of Labor)
<http://www.bls.gov/news.release/cpi.nr0.htm>
unadjusted 12-mos. Ended June 2019, All Items

Base Premium Calculation

(version 2.08-08-19)

Base Premium's Loss and
Exposure components set by
Director's ratios (see [10.2])

Base Premiums to be apportioned
to individual entities based on their
share of Losses / Exposures (see

1.6%

Coverage	Incurred Losses ⁽¹⁾							Adjustments						Weights		Base Premiums		
	2014	2015	2016	2017	2018	5-Yr Tot	5-Yr Avg	Loss Dev. ⁽²⁾	Insurance ⁽³⁾	Admin ⁽⁴⁾	1.6% CPI	Other ⁽⁵⁾ Scenario D	Total Prem	Loss %	Exposure %	Loss	Exposure	Total
12 Workers Compensation	11,286,173	10,314,099	13,593,197	9,663,713	11,182,141	56,039,323	11,207,865	3,758,518	0	1,000,000	1,252,243	1,315,962	18,534,588	90	10	16,681,129	1,853,459	18,534,588
21 General Liab	5,882,996	6,568,483	4,774,405	2,787,168	1,905,627	21,918,678	4,383,736	1,753,494	0	3,000,000	554,943	514,713	10,206,886	70	30	7,144,820	3,062,066	10,206,886
22 Law Enforcement	2,873,158	240,319	283,809	147,848	40,527	3,585,661	717,132	138,961	0	0	70,714	84,201	1,011,009	70	30	707,706	303,303	1,011,009
23 Medical Malpractice	9,003,845	7,599,164	5,944,938	1,832,721	6,660,040	31,040,707	6,208,141	2,391,064	0	0	710,305	728,924	10,038,435	70	30	7,026,904	3,011,530	10,038,435
24 Civil Rights	18,127,352	11,976,882	5,899,924	4,071,675	4,925,684	45,001,516	9,000,303	3,466,816	0	0	1,029,800	1,056,763	14,553,682	70	30	10,187,578	4,366,105	14,553,682
35 Auto Liability	1,584,014	790,509	752,953	919,383	1,153,528	5,200,386	1,040,077	252,240	4,251	0	106,815	122,120	1,525,503	70	30	1,067,852	457,651	1,525,503
Aircraft Liability	0	0	0	0	0	0	0	0	19,120	0	306	0	19,426	n/a	n/a	0	0	19,426
38 Railroad Liability	308,072	49,870	7,932	0	0	365,874	73,175	29,270	0	0	8,462	8,592	119,499	70	30	83,649	35,850	119,499
41 Auto Physical Damage	1,599,505	823,799	1,736,648	1,353,684	1,487,362	7,000,999	1,400,200	16,019	0	0	116,982	0	1,533,201	30	70	459,960	1,073,240	1,533,201
50 Fidelity Bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0
71 Blanket Property	5,033,984	3,551,878	3,213,972	2,451,896	1,605,583	15,857,313	3,171,463	125,315	2,838,000	1,000,000	333,726	0	7,468,504	30	70	2,240,551	5,227,953	7,468,504
80 Fine Arts	0	0	88	0	0	88	18	0	226,575	0	3,627	2	230,221	30	70	69,066	161,155	230,221
90 Boiler	101,825	59,462	0	0	0	161,286	32,257	0	157,632	0	5,187	3,787	198,863	30	70	59,659	139,204	198,863
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	203,668	0	3,259	0	206,927	n/a	n/a	0	0	206,927
Crime	0	0	0	0	0	0	0	0	0	0	0	0	0	n/a	n/a	0	0	0
Total	55,800,922	41,974,465	36,207,867	23,228,088	28,960,491	186,171,833	37,234,367	11,931,698	3,449,246	5,000,000	4,196,368	3,835,065	65,646,744 ²			45,728,875	19,691,516	65,646,744

RMD Cost of Defense

FY2012	\$11,845,417.16
FY2013	\$14,856,475.10
FY2014	\$11,453,157.79
FY2015	\$12,870,094.06
FY2016	\$9,636,782.03
FY2017	\$12,826,086.29
FY2018	\$10,111,036.23
FY2019	\$11,189,111.17*

*This amount should be considered a preliminary estimate.

Liability Claims \geq \$250,000 by Agency

	AUTO LIABILITY	CIVIL RIGHTS	GENERAL LIABILITY	LAW ENFORCEMENT	MEDICAL MALPRACTICE	RAILROAD LIABILITY	Grand Total
UNIVERSITY OF NM HOSPITAL (UNMH)	0	1	0	0	70	0	71
DEPT OF TRANSPORTATION (DOT)	0	1	23	0	0	1	25
DEPT OF PUBLIC SAFETY (DPS)	1	11	0	7	0	0	19
DEPT OF CORRECTIONS (DOC)	0	10	2	0	0	0	12
DEPT OF HEALTH (DOH)	0	9	3	0	0	0	12
CHILDREN YOUTH AND FAMILY DEPT (CYFD)	0	8	2	0	0	0	10
NM STATE UNIVERSITY (NMSU)	1	2	2	0	0	0	5
UNIVERSITY OF NM (UNM)	0	3	2	0	0	0	5
HUMAN SERVICES DEPT (HSD)	0	4	0	0	0	0	4
DEPT OF MILITARY AFFAIRS (DMA)	0	3	0	0	0	0	3
DEPT OF FINANCE AND ADMIN (DFA)	0	1	1	0	0	0	2
DIVISION OF VOCATIONAL REHAB (DVR)	0	2	0	0	0	0	2
ECONOMIC DEVELOPMENT DEPT (EDD)	0	2	0	0	0	0	2
GENERAL SRVCS DEPT (GSD)	0	2	0	0	0	0	2
GOVERNOR'S OFFICE (GO)	0	2	0	0	0	0	2
NM INSTITUTE OF MINING & TECH (NMIMT)	0	0	2	0	0	0	2
OFC OF ATTORNEY GENERAL (OAG)	0	2	0	0	0	0	2
SECRETARY OF THE STATE (SOS)	0	2	0	0	0	0	2
STATE RACING COMMISSION (SRC)	0	1	1	0	0	0	2
						Total	184

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Grand Total
AUTO LIABILITY	0	0	0	1	0	0	0	1	0	2
CIVIL RIGHTS	13	19	14	15	8	4	1	4	0	78
GENERAL LIABILITY	7	10	7	5	4	4	2	1	0	40
LAW ENFORCEMENT	3	3	0	1	0	0	0	0	0	7
MEDICAL MALPRACTICE	11	12	15	12	13	6	2	1	0	72
RAILROAD LIABILITY	1	0	0	0	0	0	0	0	0	1
Grand Total	35	44	36	34	25	14	5	7	0	200

Property Claim Count \geq \$250,000

	BOILER & MACHINERY	PROPERTY	Grand Total
DEPT OF CORRECTIONS (DOC)	0	1	1
DEPT OF CULTURAL AFFAIRS (DCA)	0	2	2
DEPT OF MILITARY AFFAIRS (DMA)	0	2	2
DEPT OF TRANSPORTATION (DOT)	0	2	2
ENERGY MINERALS & NATURAL RES (EMNRD)	0	1	1
GENERAL SRVCS DEPT (GSD)	0	4	4
NM INSTITUTE OF MINING & TECH (NMIMT)	0	1	1
NM STATE UNIVERSITY (NMSU)	0	2	2
SAN JUAN COLLEGE (SJC)	0	1	1
SCHOOL FOR THE DEAF & HARD OF HEARING	0	1	1
STATE LAND OFFICE (SLO)	0	1	1
UNIVERSITY OF NM HOSPITAL (UNMH)	0	1	1
UNIVERSITY OF NM (UNM)	1	7	8
WESTERN NM UNIVERSITY (WNMU)	0	1	1
Grand Total	1	27	28

Certificate of Coverage Highlights

FY2020 Letter of Administration

- Deductible levels remain unchanged for FY2020;
- Retained property coverage for the Unmanned Aerial Systems (Drones) with 15% deductible;
- Enhanced language for the excluded uninsured, underinsured and medical payments under the vehicle coverage;
- Enhanced language for our volunteers acting within their scope of service; (HB 225)
- Added language for bonding application by our agencies; and
- Added a reference to the Anti-Donation Clause Article IX, Section 14 of the New Mexico Constitution for Additional Insured exclusion.

FY2020 Liability Certificate of Coverage

- Extended defense coverage for the New Mexico Fair Pay for Women Act, New Mexico Inspection of Public Records Act, New Mexico Whistleblower Act;
- The New Mexico Ethics Commission Act now incorporates Risk legal representation for respondents of ethics complaints; (SB 668)

FY2020 Property Certificate of Coverage

- The mitigation extension of coverage was utilized twice in FY2019 after the launch in FY18. It remains in effect for FY2020;
- Time limitations to report damage remain unchanged in FY2020 (30 days); and
- Vehicle losses will be subject to NADA clean retail values.

Summary of FY20 Excess Insurance Renewals

Excess Blanket Property

Total Insured Value = \$8,743,207,550

Rate: .03898

FY20 Premium is \$3,446,338

Fine Arts

FY20 Premium is \$226,575.00

Total Insured Value = \$ 1,865,059,554

Rate: .0121

Rail Runner – Liability only

FY20 Premium is \$1,476,000 (premium is passed on to Rio Metro to satisfy specialty liability insurance requirements).

Rail Runner – Property only

FY20 Premium is \$371,367

Exposure 222,108,971

Rate: .1672

Rate reflects premium dollars paid per \$100 in total insured value.

PUBLIC PROPERTY FUND

PUBLIC PROPERTY FUND: 356		Actual FY2018	ACTUAL FY2019 ¹	Projected FY2020				
		Beg Cash Bal:	End Cash Bal:	End Cash Bal:				
		\$14,347.4	\$18,704.7	\$18,198.6				
SOURCES		TOTAL Actual FY2018	TOTAL ACTUAL FY2019	TOTAL PROJ FY2020				
Revenues								
Insurance Assessments		\$10,865.4	\$9,261.8 ²	\$8,979.5				
Interest		\$138.4	\$451.0	\$350.0				
Misc.		\$0.0	\$135.2	\$125.0				
AR		\$1.9	\$796.4	\$2.0				
Total Revenues		\$11,005.8	\$10,644.4	\$9,454.5				
USES		TOTAL Actual FY2018	TOTAL ACTUAL FY2019	TOTAL PROJ FY2020				
Category					BUDGET FY19	ACTUAL FY19	BALANCE	
Other uses								
PY Vouchers Payable		(\$27.6)	(\$3.0)	\$50.0	\$0	(\$3.0)	\$3.0	
300		\$3,859.5	\$3,944.5 ³	\$4,427.5	\$4,427.5	\$3,944.5	\$483.0	
400		\$2,749.2	\$6,209.0	\$7,070.2 ⁴	\$8,500.0	\$6,209.0	\$2,291.0	
400 Prior Year		\$67.5	\$0.0	\$0.0	\$1,000.0	\$1,000.0		
500		\$0.0	\$1,000.0	\$1,000.0	\$0.0	\$0.0	\$0.0	
Total Expenditures		\$6,648.5	\$11,150.5	\$12,547.7	\$13,927.5	\$11,150.5	\$2,777.0	
Adj.		\$0.0		\$0.0				
		End Cash Bal:	End Cash Bal:	End Cash Bal:				
		\$18,704.7	\$18,198.6	\$15,105.4				
NOTES					Projected fund health: PUBLIC PROPERTY			
1. Per SHARE GL Detail by Fund report dated 7-22-2019					Fund Indicator: Y			
2. FY18 BILLING \$10,916.0 Collection Rate 101% = \$11,005.8					Projected YREND Fund Ratios			
FY19 BILLING \$8,884.7 Collection Rate 104% = \$9,261.8					FY18	FY19	FY20	Item
FY20 BILLING \$8,979.5 Collection Rate 100% = \$8,979.5					\$18,704.7	\$18,198.6	\$15,105.4	Projected Assets
3. 300 category expenditure for professional services, primarily for Excess Insurance and System Maintenance expenses					\$2,237.3	\$3,204.4	\$3,356.4	Outstanding Liabilities ⁵
					836%	568%	450%	Projected Fund Health
4. AON TABLE III-4, p 10 FY18= Actual; FY19 = \$6,102.9; FY20 = \$7,070.2 - Assumes "worst case" scenario								
5. FY18 , FY19 and FY20 per AON RPRT, PD-12, PD 13, OP12, OP-13, Column 9;								
FY18 = \$2,237.3k actuarial calculation of outstanding liabilities.								
FY19= \$3,204.4k actuarial calculation of outstanding liabilities.								
FY20 = \$3,356.4k actuarial calculation of outstanding liabilities								

PUBLIC LIABILITY FUND

PUBLIC LIABILITY FUND: 357		Actual FY2018	Actual FY2019 ¹	Projected FY2020			
		End Cash Bal:	Beg Cash Bal:	Beg Cash Bal:			
		\$49,322.1	\$57,107.6	\$71,269.1			
SOURCES		TOTAL Actual FY2018	TOTAL ACTUAL FY2019 ¹	TOTAL PROJ FY2020			
Revenues							
Insurance Assessments ²		\$41,986.7 ²	\$43,877.9 ²	\$38,645.3			
Interest		\$505.1	\$1,849.7	\$1,000.0			
Misc.		\$0.0	\$11.8	\$12.0			
AR		\$49.1	\$1,222.3	\$1,000.0			
Total Revenues		\$42,540.9	\$46,961.7	\$40,657.3			
USES		TOTAL Actual FY2018	TOTAL ACTUAL FY2019	TOTAL PROJ FY2020	FY19 BUDGET	FY19 PROJ	BALANCE
Category							
400 Prior Year A/P		(\$74.5)	\$581.4	\$35.0	\$0.0	\$581.4	(\$581.4)
400 Prior Year		\$35.7	\$35.6	\$50.0	\$0.0	\$35.6	(\$35.6)
Total		(\$38.7)	\$617.0	\$85.0			
300		\$10,849.0 ³	\$10,230.7 ³	\$11,888.3	\$12,689.5	\$10,230.7	\$2,458.8
400		\$21,961.3 ⁴	\$19,568.0	\$26,264.8 ⁴	\$24,478.0	\$19,568.0	\$4,910.0
500		\$1,983.8	\$2,415.8	\$2,576.5	\$2,415.8	\$2,415.8	\$0.0
Total		\$34,794.2	\$32,214.4	\$40,729.6	\$39,583.3	\$32,831.4	\$6,751.9
Total Expenditures		\$34,755.4	\$32,831.4	\$40,814.6			
DOJ award settlement Adj (AP)			(\$31.3)	\$0.0			
		End Cash Bal:	End Cash Bal:	End Cash Bal:			
		\$ 57,107.6	\$ 71,269.1	\$ 71,111.8			

NOTES

1. Per SHARE GL Detail by Fund report dated 7-22-2019.

2. FY18 BILLING	\$48,931.3	Collection Rate	87% =	\$42,540.9
FY19 BILLING	\$41,714.4	Collection Rate	105% =	\$43,877.9
FY20 BILLING	\$38,645.3	Collection Rate	100% =	\$38,645.3

3. 300 category expenditure for professional services, primarily for Legal, Investigator, Excess Insu.

4. AON RPT Projected Losses Paid TABLE III-4 Column (2), FY18= Actual, FY19 = \$34,984.3, FY20 = \$26,264.8 - Assumes "worst case" scenario

5. FY18, FY19 and FY20 per AON RPRT, GL-12/13, LE-12/13, CR-12/13, AL-12/13, MP-12/13, Column 9;

FY17= \$75,456.4k actuarial calculation of outstanding liabilities.

FY18 = \$77,997.0k actuarial calculation of outstanding liabilities

FY19 = \$88,115.0k actuarial calculation of outstanding liabilities

Projected fund health: PUBLIC LIABILITY

Fund Indicator: **Y**

Projected YREND Fund Ratios

FY18	FY19	FY20	Item
\$57,107.6	\$71,269.1	\$71,111.8	Projected Assets
\$75,456.4	\$77,997.0	\$88,115.0	Outstanding Liabilities ⁵
76%	91%	81%	Projected Fund Health

WORKERS' COMPENSATION FUND

WORKERS COMPENSATION FUND: 359		Actual FY2018 Beg Cash Bal:	ACTUAL FY2019 End Cash Bal:	Projected FY2020 End Cash Bal:			
		\$22,992.6	\$24,317.6	\$28,578.6			
SOURCES		TOTAL Actual FY2018	TOTAL Proj FY2018 ¹	TOTAL PROJ FY2020			
Revenues							
	Insurance Assessments	\$18,086.2	\$18,840.1 ²	\$19,836.2			
	Interest	\$230.3	\$769.7	\$500.0			
	Misc.	\$0.0	\$190.8	\$200.0			
	Accounts Receivable	\$0.0	\$1,080.6	\$1,100.0			
	Total Revenues	\$18,316.6	\$20,881.2	\$21,636.2			
USES		TOTAL Actual FY2018	ACTUAL FY2019	TOTAL PROJ FY2020	BUDGET FY19	ACTUAL FY19	REQUIRED BAR
Category							
	Prior Year AP	\$46.5	(\$46.1)	50.0		(\$46.1)	\$46.1
	400 Prior Year Payment	\$16.7	\$24.6	25.0		24.6	(\$24.6)
	Contracts Payable	(\$13.5)	\$13.5	\$15.0			
	Total Prior Year	\$49.7	(8.0)	90.0			
	300 ²	\$ 1,117.3	\$1,240.0 ³	\$1,500.0	\$2,235.4	\$1,240.0	\$995.4
	400 ³	\$ 14,118.1	\$13,388.1 ⁴	\$15,434.0	\$14,072.2	\$13,388.1	\$684.1
	500	\$ 1,706.5	\$2,000.0	\$2,000.0	\$2,000.0	\$2,000.0	\$0.0
		\$ -					
	Total Current Year	\$16,941.9	\$16,628.1	\$18,934.0	\$18,307.6	\$16,606.6	\$1,701.0
Total Expenditures		\$16,991.5	16,620.1	19,024.0			
	Adjustment	\$0.0					
		End Cash Bal:	End Cash Bal:	End Cash Bal:			
		\$24,317.6	\$28,578.6	\$31,190.8			
		\$24,317.58					
		\$0.00					
NOTES							
1. Per SHARE GL Detail by Fund report dated 7-22-2019							
2.	FY18 BILLING	\$22,740.2	Collection Rate	81% =	\$18,316.55		
	FY19 BILLING	\$18,839.2	Collection Rate	100.01% =	\$18,840.14		
	FY20 BILLING	\$19,836.2	Collection Rate	100% =	\$19,836.20		
3. 300 category expenditure for professional services, primarily for Legal, Investigator, Excess Insurance and System Maintenance expenses							
4. AON TABLE III-4, p 9 Columns (2) and (3) FY18=Actual, FY19=\$14,721.4, FY20=\$15,434.0- Assumes "worst case" scenario							
5. FY17, FY18 and FY19 per AON RPRT Exhibit WC-12 and WC-13 Column 9							
	FY18 = \$51,940.6k actuarial calculation of outstanding liabilities						
	FY19 = \$54,778.2k actuarial calculation of outstanding liabilities						
	FY20 = \$57,078.2k actuarial calculation of outstanding liabilities						

BUDGET FY19	ACTUAL FY19	REQUIRED BAR
	(\$46.1)	\$46.1
	24.6	(\$24.6)
\$2,235.4	\$1,240.0	\$995.4
\$14,072.2	\$13,388.1	\$684.1
\$2,000.0	\$2,000.0	\$0.0
\$18,307.6	\$16,606.6	\$1,701.0

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

Projected YREND Fund Ratios			
FY18	FY19	FY20	Item
\$24,317.6	\$28,578.6	\$31,190.8	Projected Assets
\$51,940.6	\$54,778.2	\$57,078.2	Outstanding Liabilities ⁵
47%	52%	55%	Projected Fund Health

STATE UNEMPLOYMENT FUND

STATE UNEMPLOYMENT FUND: 353				COMMENTS		
	Actual FY2018 Beg Cash Bal:	Actual FY2019 Beg Cash Bal:	Projected FY2020 Beg Cash Bal:			
	\$7,788.8	\$8,417.1	\$8,020.9			
SOURCES	TOTAL Actual FY2018	TOTAL Actual FY2019	TOTAL PROJ FY2020			
Revenues						
Insurance Assessments ²	\$5,353.9	\$5,551.4	\$5,327.9			
Interest	\$76.8	\$301.4	\$20.0			
Misc.	\$0.0	\$0.0	\$0.0			
AR	\$27.5	\$0.0	\$0.0			
Total Revenues	\$5,458.2	\$5,852.8	\$5,347.9			
				Qtr	FY19	
				Q1	\$1,096.9	
				Q2	\$993.8	
				Q3	\$1,052.8	
				Q4	\$717.2	
				Total	\$3,860.7	
USES	TOTAL Actual FY2018	TOTAL Actual FY2019	TOTAL PROJ FY2020	FY19	FY19	BALANCE
Category				BUDGET	ACTUAL	
400 Prior Year AP	\$121.9	\$125.4	\$0.0			
400 Prior Year	\$0.0	\$0.0	\$0.0			
Total Prior Year	\$121.9	\$125.4	\$0.0			
Due To						
300 ³	\$59.4	\$59.4	\$90.0	\$100.0	\$125.4	(\$25.4)
400 WSD Reimburse		\$3,996.20	\$5,093.1 ⁴			
Q1 Actual	\$1,542.0	\$0.0	\$0.0	\$6,500.0	\$5,123.59	\$1,376.4
Q2 Actual	\$1,362.1	\$0.0	\$0.0			
Q3 Actual			\$0.0			
Q4 Actual	(\$2,904.1)	(\$1,959.8)	\$0.0			
Uncollectable						
Claims	4,648.5	\$3,027.8				
500 Transfers		\$1,000.0	\$0.0	\$1,000.0	\$1,000.0	\$0.0
Total Current Year	\$4,707.9	\$6,123.6	\$5,183.1			
Total Expenditures	\$4,829.9	\$6,249.0	\$5,183.1	\$7,600.0	\$6,249.0	\$1,351.0
Adj.						
	End Cash Bal:	End Cash Bal:	End Cash Bal:			
	\$8,417.1	\$8,020.9	\$8,185.7			
Projected fund health: STATE UNEMPLOYMENT						
Fund Indicator: Y						
Projected YREND Fund Ratios						
	FY18	FY19	FY20	Item		
	\$8,417.1	\$8,020.9	\$8,185.7	Projected Assets		
	\$4,829.9	\$5,061.2	\$5,061.2	Outstanding Liabilities ⁴		
	174%	158%	162%	Projected Fund Health		
NOTES						
1. Per SHARE GL Detail by Fund report dated 8-20-2019						
FY18 Billing	\$5,531.3	Collection Rate	96.79% =	\$5,353.9		
FY19 Billing	\$5,532.0	Collection Rate	100.36% =	\$5,551.9		
FY20 Billing	\$5,327.9	Collection Rate	100% =	\$5,327.9		
3. 300 category expenditure for professional services, primarily for Third Party Administrator (TPA)						
4. Estimates based on AON Exhibit UC-8, p 253 Total FY18= Actual; Total FY19 = \$5,061.2 FY20 = \$5,061.2						

STATE OF NEW MEXICO

GENERAL SERVICES

DEPARTMENT



Questions & Comments