



Risk Management and Self-Insurance Premiums

13.1 Agency Self-Insurance Premiums Decision Packages

Risk management is a key strategy for reducing costs and improving outcomes

Risk is defined as anything that poses a potential barrier to an agency achieving its mandated and strategic objectives/goals. Risk management refers to the practices an agency uses to manage its risks. Enterprise Risk Management (ERM) is a coordinated method of performing risk management that considers all risks that affect an agency's goals across all parts of the agency. ERM allows an agency to identify, measure, prioritize, and respond to its risks.

This coordinated approach can create cost savings and enhance agency efficiency by identifying resources and linking them to agency goals and action plans. Governor Gregoire has declared ERM to be an agency best practice, and it should be integrated with all planning, strategic, and decision-making processes. This section of the budget submittal offers a means for agencies to describe their ERM strategies, programs, activities, and needs.

Use maintenance level decision package (9X) for self-insurance premiums



When available, preliminary estimates for self-insurance premium cost changes for 2009-11 will be posted at <http://www.ofm.wa.gov/rmd/budget/default.asp>. Agencies should prepare a maintenance level decision package (9X) requesting this amount.

OFM will update the agency-submitted amounts in the budget in the fall when the self-insurance premium costs are finalized.

An Enterprise Risk Management Update form must be attached to the self-insurance premium decision package



Agencies must complete the Enterprise Risk Management Update form in its entirety and attach it to the 9X – Self Insurance Premium decision package using the new attachment feature in BDS. The Enterprise Risk Management Update form is available on the OFM forms page at <http://www.ofm.wa.gov/budget/forms.asp>. Some agencies have already completed a similar form, the 2008 Enterprise Risk Management and Safety Update. If available, that update form can be attached instead of the Enterprise Risk Management Update form referenced here.

Please address the following topics in the Self-Insurance Report. However, do not include confidential information related to specific closed/pending claims or lawsuits. Seek advice from agency legal staff if there are questions regarding confidentiality issues.

When completing the Enterprise Risk Management Update form, do not include confidential information related to specific closed/pending claims or lawsuits. Seek advice from agency legal staff if there are questions regarding confidentiality issues.

In addition to the ERM Update form, please also address the following topics in your decision package narrative (as noted above, do not include confidential information):

- **Past Agency Loss Trends** – Summarize your agency’s loss trends during the past five years. Include information to address whether the loss trends match the risks your agency has identified.
- **Future Agency Loss Trends** – Summarize your agency’s potential future loss trends and explain strategies your agency will use to mitigate/preclude these losses from occurring in the future.

Please request other risk management funding separately

Please request other extraordinary enterprise risk-management related costs (e.g., unexpected costs related to implementing enterprise risk management programs, or unexpected costs related to specific risks and their associated treatment plans) in a separate policy-level decision package. Do not include such requests in the Self Insurance Premium decision package (9X).

Resources to assist agencies

- The Risk Management Division (RMD) of OFM can provide a loss history profile of agency losses, including pending claims. A loss history report for the agency can be requested online under Risk Management Tools at <http://www.ofm.wa.gov/rmd/budget/default.asp>. Agencies can contact their assigned risk specialist with any questions about the report. The assigned risk specialist listing is also available at this website.
- For additional information and resources, including the Risk Management Division Guidelines for Section 13.1 Risk Management and Self-Insurance Premium 2009-11 Budget, visit the RMD website at <http://www.ofm.wa.gov/rmd/budget/default.asp>.
- RMD staff are available to assist you with interpreting loss trends and developing risk management goals.