# Senate Bill No 88

**Alaska Department of Administration Division of Risk Management** 

**Director Scott Jordan** 

Wed. March 10, 2021 | Senate Labor & Commerce Committee





### History of the Catastrophic Reserve 1 Account (CATFund)

### Sec. 37.05.289. State insurance catastrophe reserve account.

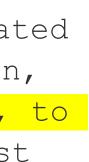
(a) There is established in the general fund a state insurance catastrophe reserve account consisting of assets appropriated to it by the legislature, assets allocated to the account by the Department of Administration as provided in this section, and amounts deposited into the account as provided in this section. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program. Interest earned on money in the account shall be remitted to the Department of Revenue in accordance with AS 37.10.050.

(b) The Department of Administration may allocate to the state insurance catastrophe reserve account, from the appropriations to all state agencies for insurance-related purposes, an amount that the commissioner of administration determines to be necessary to provide an adequate insurance program for the operations of state government. Money remaining in the account at the end of a fiscal year is not a one-year appropriation under AS 37.25.010 and does not lapse, except for amounts determined by the commissioner of administration to be unnecessary to maintain this account at an appropriate level and not to exceed \$5,000,000. If the amount necessary to satisfy claims or judgments for which payment may be due under the state insurance program in a fiscal year exceeds the unexpended balance of the amounts allocated to the account, the department may charge an additional amount from the unencumbered balance of any appropriation that is determined by the commissioner of administration to be available for lapse at the end of the fiscal year.

(c) The \$5,000,000 cap, set in (b) of this section, on money that may be retained in the state insurance catastrophe reserve account applies only to unobligated money in the account at the end of a fiscal year.

(d) Amounts received in settlement of insurance claims or as recovery for losses shall be deposited into the state insurance catastrophe reserve account.



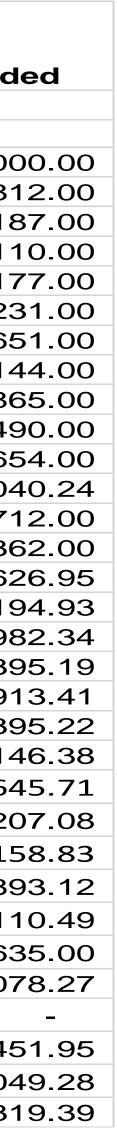




### **Expenditures from the CATFund since inception**

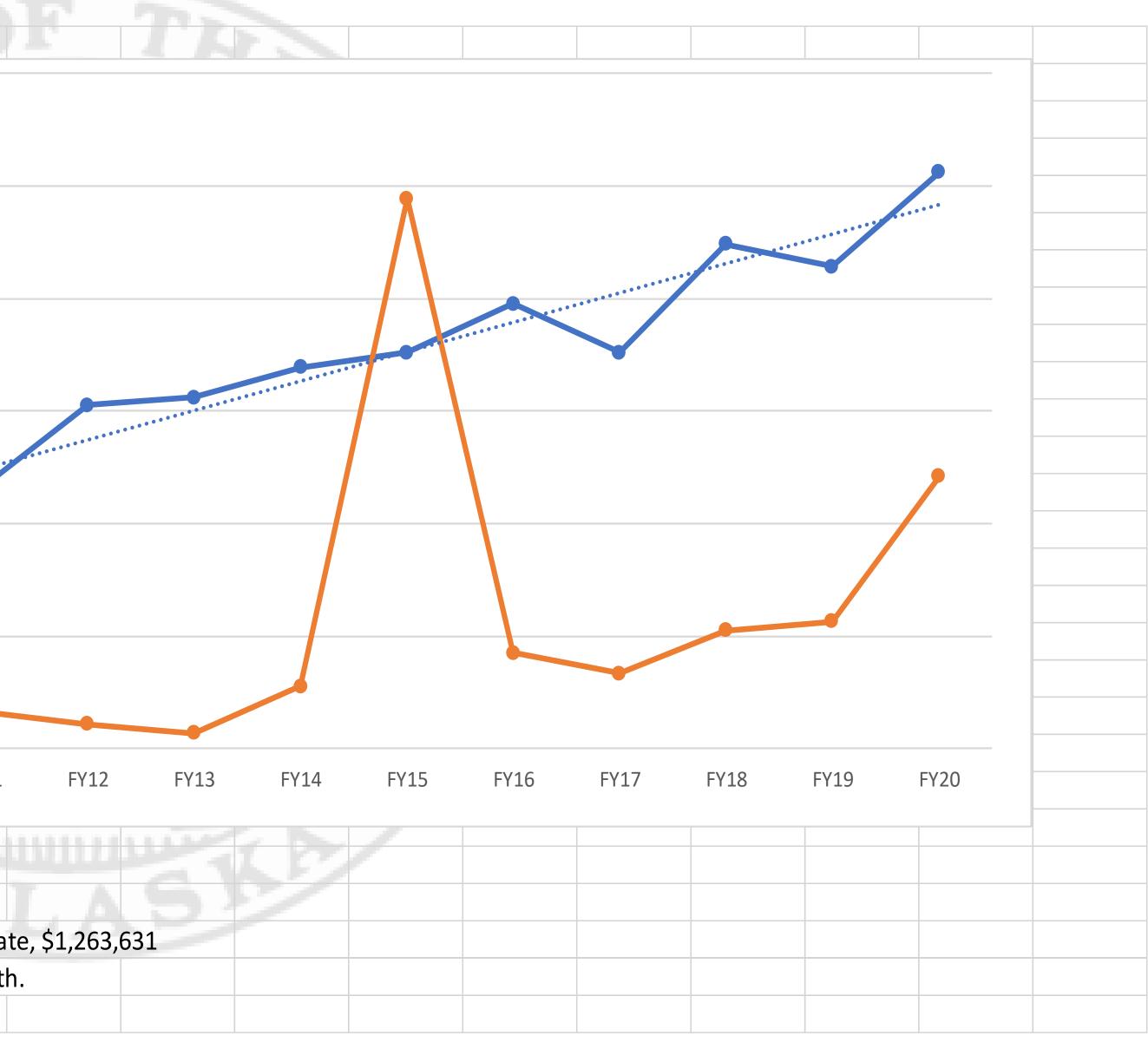
	6/30 Balance	Amount Needed for \$ 5 mil on 7/1	Lapse Sweep from Risk Mgt Appn.	Lapse Sweep - Other Agencies	Amount Short	3rd Party Recoveries and Misc. Receipts	Total Expende
FY88			3,421,253.00	11/1/200			
FY89		1,578,747.00	1,578,747.00				
FY90		3,300,000.00	2,464,374.00				836,00
FY91	1,631,171.00	3,368,829.00	no avail. lapse	3,368,829.00	- \Y ' \	2,464,373.00	4,792,81
FY92	2,423.00	4,997,577.00	no avail. lapse	4,997,577.00	\ YCY \		7,586,18
FY93	894,418.00	9,105,582.00	no avail. lapse	9,105,582.00		1,721,248.00	10,615,11
FY94	1,761,431.95	3,238,568.05	no avail. lapse	3,238,568.00		1,680,732.00	3,520,17
FY95	0.55	4,999,999.45	no avail. lapse	4,999,999.00		2,419,468.00	6,503,23
FY96	76,348.83	4,923,651.17	no avail. lapse	4,923,651.00		1,060,724.00	6,004,65
FY97	2,248,119.65	2,751,880.35	no avail. lapse	2,751,880.00	C ( ) ( )	1,649,588.00	3,349,14
FY98	25,316.03	4,974,683.97	no avail. lapse	4,974,684.00	A = 4 + 1	641,028.56	4,326,86
FY99	1,923,003.72	3,076,996.28	no avail. lapse	1,194,473.68	1,882,523	3,675,408.71	5,173,49
FY00	595,234.11	4,404,765.89	no avail. lapse	2,747,201.00	1,657,565	1,881,227.00	2,739,65
FY01	1,262,902.40	3,737,097.60	no avail. lapse	3,737,098.00	and the fight state	2,401,937.59	8,164,04
FY02	91,155.45	4,908,844.55	no avail. lapse	4,908,845.55	175 (10 - 10 - 10 - 10 - 10 - 10 - 10 - 10	654,010.44	8,253,71
FY03	31,367.00	4,968,633.00	no avail. lapse	4,968,633.00		2,209,797.00	9,460,36
FY04	29,344.00	4,970,656.11	no avail. lapse	4,970,656.11		1,505,030.57	6,872,62
FY05	-	5,000,000.00	no avail. lapse	5,000,000.00		675,283.00	7,025,19
FY06	0.20	4,999,999.80	no avail. lapse	4,999,999.80	-	913,528.55	5,040,98
FY07	76.28	4,999,923.72	3,720,803.15		1,279,121	662,948.69	2,921,39
FY08	303,503.12	4,696,496.88	2,091,901.17	and the second distance of the second distanc	2,604,596.00	676,518.28	3,061,91
FY09	946,391.99	4,053,608.01	3,427,445.51		626,163.00	1,099,985.60	5,569,39
FY10	4,544,477.71	455,522.29	137,974.70	-	317,548	1,478,796.69	2,329,14
FY11	331,796.60	4,668,203.40	50,049.90	4,618,153.00	0.50	383,989.90	4,704,64
FY12	12,590.47	4,987,409.53	50,147.73	4,937,261.80	7 /-	(340,178.56)	5,129,20
FY13	1,802.35	4,998,197.65	16,753.82	4,981,443.83	- /	(1,633,782.34)	6,189,15
FY14	76.93	4,999,923.07	3,260.75	4,996,662.32	-	(567,501.81)	6,025,89
FY15	9,746.14	4,990,253.86	2,105,687.44	2,884,566.42	~ -	(403,902.06)	4,523,11
FY16	2,915,848.73	2,084,151.27		1,794,122.22	290,029.05	(28,526.98)	642,63
FY17	5,021,189.05	(21,189.05)	A-L		(21,189)	(295,777.10)	2,181,07
FY18	4,105,647.61	894,352.39	9,744.82	891,903.00	(7,295.43)	(2,039,736.71)	
FY19	1,951,885.16	3,048,114.84	320,807.78	3,048,114.84	(320,807.78)	(194,030.64)	2,127,45
FY20	4,758,977.40	241,022.60	241,022.60	-	(0.00)	(1,767,826.60)	3,684,04
							149,353,31





### **10-year history of property premiums/losses**

ISCAL YEAR	PROP PREMIUMS		6,000,000.00	V		4. P.I							
Y10	2,061,843.00	1,244,906.00	0,000,000.00										
Y11	2,310,286.00	326,352.47											
Y12	3,050,126.00	220,190.00											•
Y13	3,117,942.00	141,890.46	5,000,000.00					8					
Y14	3,389,966.00	556,612.81						Λ					
Y15	3,521,533.00	4,885,306.78											
Y16	3,953,259.00	850,422.30	4,000,000.00										
Y17	3,518,538.00	668,751.69											
Y18	4,479,693.00	1,051,496.86											
Y19	4,282,910.00	1,130,821.91	3,000,000.00										
(20	5,118,935.00	2,418,913.30											
		13,495,664.58											/
			2,000,000.00										
			1,000,000.00										
			-										
				FY10 FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
						1.1.1.1.1		/					
oike in losse	S					1							
		nery fire in March 2014.	Total paid just ove	r \$4,000,000	T.A	57	-						
		ovember 30, 2018 earth			te, \$1,263,63	31							
		n paid for a DOT mainter		•									
		•	•	•									





# 10 year history of property payments compared to all lines of business

ADDATA Depents FV10 Dresents ONUV DDODEDTV										
ARDATA Reports FY10-Present; ONLY PROPERTY										
FISCAL YEAR	PR	OP PREMIUMS	LOS	S PAYMENTS	TOTAL PROP					
FY10	\$	2,061,843.00	\$	1,244,906.00	\$	3,306,749.00				
FY11	\$	2,310,286.00	\$	326,352.47	\$	2,636,638.47				
FY12	\$	3,050,126.00	\$	220,190.00	\$	3,270,316.00				
FY13	\$	3,117,942.00	\$	141,890.46	\$	3,259,832.46				
FY14	\$	3,389,966.00	\$	556,612.81	\$	3,946,578.81				
FY15	\$	3,521,573.00	\$	4,885,306.78	\$	8,406,879.78				
FY16	\$	3,952,259.00	\$	850,422.30	\$	4,802,681.30				
FY17	\$	3,795,316.43	\$	668,751.69	\$	4,464,068.12				
FY18	\$	4,282,910.00	\$	1,051,496.86	\$	5,334,406.86				
FY19	\$	4,435,391.00	\$	1,130,821.91	\$	5,566,212.91				
FY20	\$	5,118,935.00	\$	2,418,913.30	\$	7,537,848.30				
		39,036,547.43	\$	13,495,664.58	\$	52,532,212.01				

### **ARDATA Reports FY10-Present; ALL TYPES OF INSURANCE**

FISCAL YEAR	ALL	PREMIUMS	ALL CRE	DITS	LOSS PAYMENTS		
FY10	\$	5,625,503.00	\$		\$	38,322,997.00	
FY11	\$	5,775,140.95	\$		\$	40,835,395.68	
FY12	\$	6,448,982.00	\$		\$	41,167,877.00	
FY13	\$	6,695,671.73	\$	ER 7 - /	\$	43,706,502.48	
FY14	\$	7,261,291.50	\$		\$	47,522,650.89	
FY15	\$	7,618,977.00	\$		\$	51,236,139.47	
FY16	\$	8,114,115.00	\$		\$	39,355,380.26	
FY17	\$	7,939,340.00	\$	(54,000.48)	\$	41,035,789.90	
FY18	\$	7,997,497.55	\$		\$	36,670,077.88	
FY19	\$	8,403,934.86	\$	_	\$	44,880,951.21	
FY20	\$	8,302,650.56	\$	_	\$	44,969,851.96	
		80,183,104.15		(54,000.48)	\$	469,703,613.73	





## Larger claims paid out of the CRA (CATFund)

- AMHS LeConte Grounding May 2004
- F&G Crystal Lake Hatchery fire March 2014
- Alaska Aerospace Kodiak Launch Facility rocket explosion August 2014
- PFAS claims starting in November 2017
- Earthquake related claims November 2018

\$1,187,330 \$4,078,137 \$1,513,667 \$5,877,555 \$1,263,631





# **Lapse Appropriations Summary**

- The budget includes lapse appropriations to shore up certain state accounts up to statutory limits • The Risk Management lapse appropriation is last to ensure sufficient lapse for the other accounts
- The total FY2021 projected UGF lapse is \$110.7 million

### **UGF Lapse Appropriations Summary**

March 8, 2021

Working Reserve Account Lapse Contributions Group Health and Life Benefits Fund Lapse Contribution State Insurance Catastrophe Reserve Account Lapse

(in thousands)
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	-			
Componsato		FY2018	FY2019	FY2020
	\$	1,142.8	\$ 476.5	\$ -
tributions	\$	- 2	\$ -	\$ -
Lapse Contributions	\$	982.6	\$ 3,368.9	\$ 241.0
Total	\$	2,125.4	\$ 3,845.5	\$ 241.0





## **Contact information**

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