



Report Highlights

Office of Risk Management

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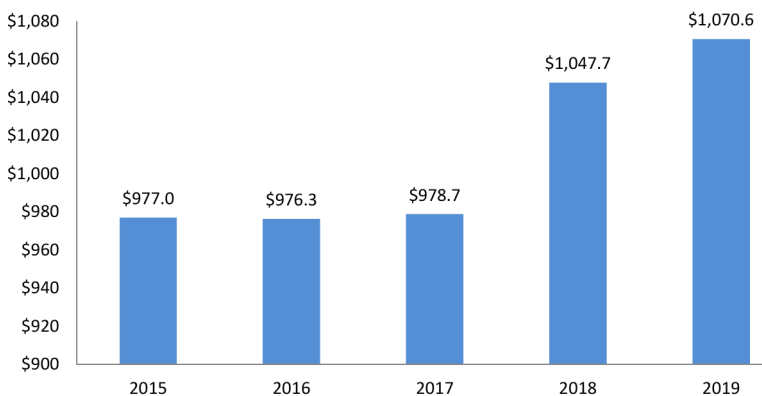
Why We Conducted This Work

We performed certain procedures at the Office of Risk Management (ORM) to evaluate certain controls ORM uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds for the period July 1, 2018, through April 30, 2020.

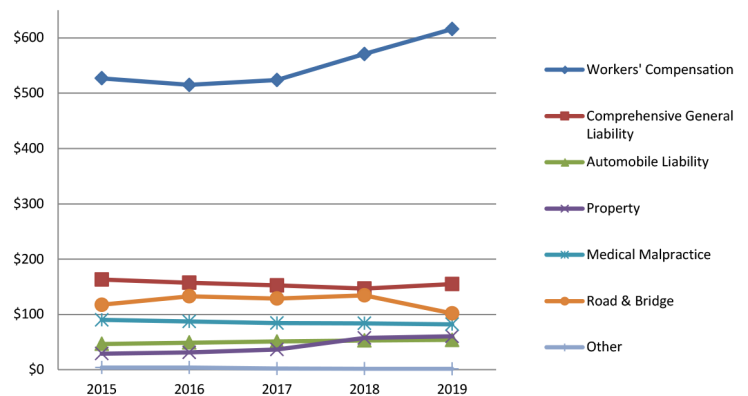
What We Found

- We evaluated the controls and transactions relating to monitoring of claims payment review, claims liabilities for reserves and annuities, professional services contracts, insurance premium revenues, payroll and personnel, and purchasing card and Controlled Billed Account (travel) expenditures. We found these controls provided reasonable assurance of accountability over public funds and compliance with applicable laws and regulations for the period examined.
- In analyzing net reserve estimates over the past five fiscal years, total net reserves for claims liability increased by \$93.5 million, or 10%, primarily in the Workers' Compensation and Property lines of insurance. For Workers' Compensation, ORM noted that the reserve method was updated for older cases where the claimant will be receiving benefits for life, combined with an increased cost of medical care for permanently disabled workers. In addition, there is an increase in workers classified as temporarily totally disabled, which have an outsized cost as the treatment may be intensive and is focused on returning these individuals to work. Finally, the State's workforce is aging and older workers are more susceptible to injuries, with both higher frequency and severity. Per ORM, the Property reserve increases are directly related to disaster loss events that have occurred since 2015, including the two 2016 floods, Hurricane Harvey, a localized flood event, and a tornado in Ruston.

Total Net Reserves for Estimated Claims Liability, by Fiscal Year (in millions)



Net Reserves, by Line of Insurance, by Fiscal Year (in millions)



Source: Fiscal Year 2015-2019 ORM Schedule of Reserves

View the full report at www.lla.la.gov.