



# State of Colorado



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## DPA

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*The State Office of Risk Management provides a diverse array of risk management services, focusing on minimizing losses through a combination of preventive training, education, consultation and insurance programs.*

## INTRODUCTION

The State Office of Risk Management (SRM) protects the State's assets by proactively managing and limiting risk. SRM administers the Property, Liability and Workers' Compensation insurance programs for the State of Colorado through aggressive loss control, claim intervention, claim management, provider oversight and policy management.

The 2006 Annual State Risk Management Report is a comprehensive review of SRM activities and programs provided to participating departments and institutions of higher education (departments). This report includes claim activity comparison across departments for the "big picture" view of risk management across the state. Claim data used to prepare this report are from fiscal year 2006 (FY06).

## ACCOMPLISHMENTS

With the hiring of two new loss control staff members SRM increased its' training output by two-thirds. During FY06 SRM experienced a dramatic increase in ergonomic evaluation requests. Ergonomic evaluations provide departments and employees with hands-on workstation adjustment and individual education needed to help employees work safer. This helps reduce the costs and damages of repetitive motion and cumulative trauma injuries. SRM loss control staff provided 216 individual ergonomic evaluations during FY06 for departments throughout the state, in addition to 127 evaluations performed by Pinnacol Assurance loss control staff.

Training is a major part of all three insurance programs managed by SRM. The FY06 training calendar was a reflection of the level of importance the loss control staff placed on training. There were a total of 15 classes scheduled of which 13 were held on various topics as indicated in Table 1 below. SRM Loss Control Specialists presented additional training on individual titles upon request.

| <b>Class Title</b>                    | <b># Classes Held</b> | <b>Registration</b> | <b>Attendance</b> |
|---------------------------------------|-----------------------|---------------------|-------------------|
| <b>Ergonomics Train-the-Evaluator</b> | <b>3</b>              | <b>23</b>           | <b>31</b>         |
| <b>SRMAG</b>                          | <b>3</b>              | <b>n/a</b>          | <b>57</b>         |
| <b>Workers' Compensation 101</b>      | <b>5</b>              | <b>51</b>           | <b>141</b>        |
| <b>Combined Training</b>              | <b>5</b>              | <b>138</b>          | <b>116</b>        |
| <b>Defensive Driver Training</b>      | <b>1</b>              | <b>30</b>           | <b>45</b>         |
| <b>15 Passenger Van Training</b>      | <b>3</b>              | <b>27</b>           | <b>20</b>         |
| <b>Wood Chipper Safety Training</b>   | <b>1</b>              | <b>50</b>           | <b>65</b>         |
| <b>Winter Injury Prevention</b>       | <b>1</b>              | <b>19</b>           | <b>19</b>         |
| <b>Blood Borne Pathogens</b>          | <b>2</b>              | <b>21</b>           | <b>21</b>         |

Table 1

SRM continued the third year of Combined Training in cooperation with Pinnacol Assurance, the Attorney General's Office, Colorado State Employee Assistance Program (C-SEAP) and the State Personnel Board. The topics were: "C-SEAP Organizational Assistance," "FLSA Rules and How NOT to Break Them," "When an Ordinary Tort Becomes a Federal Case: Guarding Against Section 1983," "Slips/Trips/Falls Prevention," "Workers' Compensation Legal Update," and "Dissection of the Disciplinary Process."

SRM developed and distributed two important documents in FY06, the revised Workers' Compensation Manual and the Return-to-Work Program Guide. Pinnacol Assurance and the Colorado Department of Labor & Employment, Division of Workers' Compensation were instrumental in the development of the information contained in the documents. The manual and guide were distributed at the January '06 State Risk Management Advisory Group (SRMAG) meeting and are available on the SRM Web page. These "living" documents will be revised and updated each year there are applicable changes to the Workers' Compensation statute and the Division of Workers' Compensation Rules of Procedure.

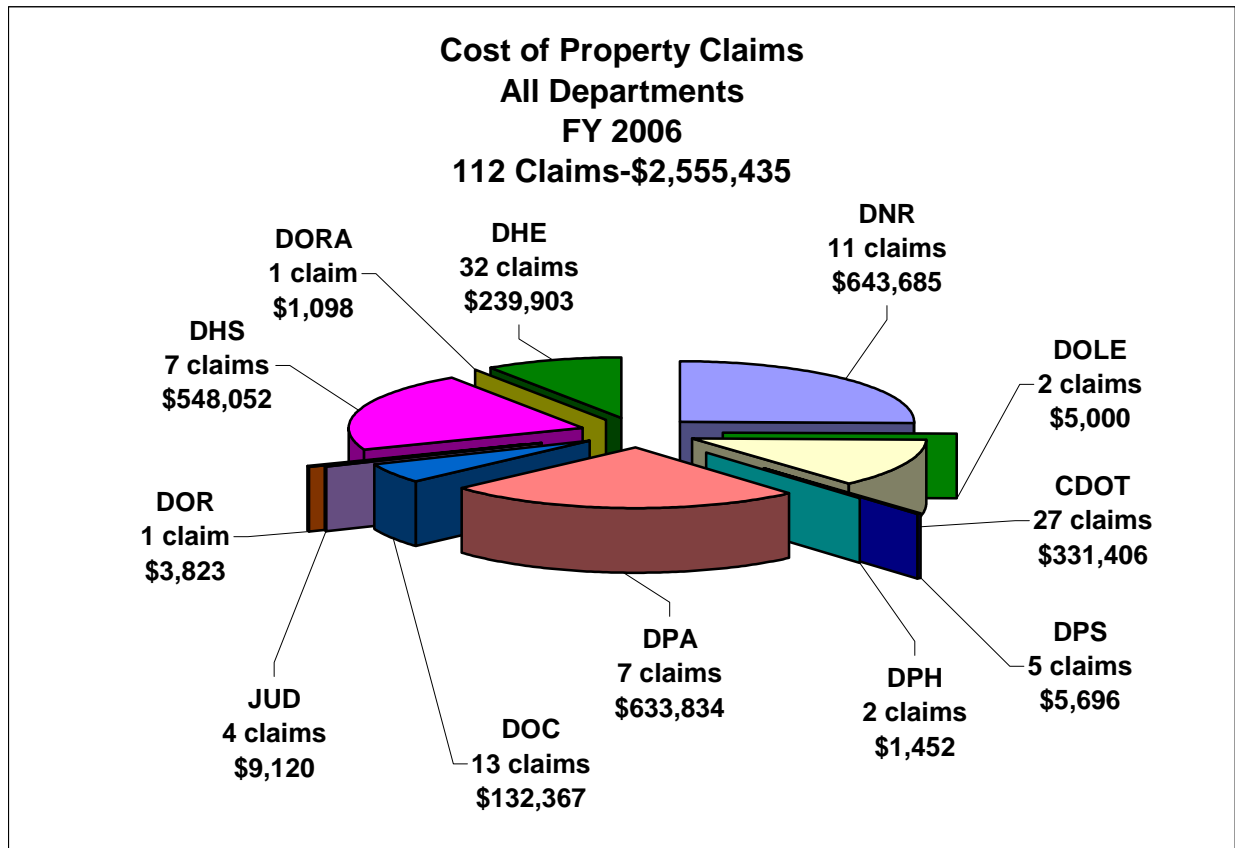
SRM provided Quarterly Reports to all participating state departments. The goal of the Quarterly Reports is to provide an updated claim analysis of the workers' compensation, property, and liability programs. The reports should be used as a tool that will enable departments to make informed decisions regarding potential risks to state employees, resources, property and the public. They are also a means to support effective communication between the SRM and participating departments.

## **PROGRAM DATA**

### **Property –**

In FY06 state departments filed 112 property loss claims, which was an 8 percent increase from claims reported the previous fiscal year. Of this total, higher education filed 32 property claims. State real and personal property is insured commercially. State personal property consists of furniture, computers, and other miscellaneous items, while real property consists of buildings, excluding land. Separate policies provide coverage for boilers and machinery, aircraft, flood and crime or fidelity losses. Chart P-1 shows by department, the FY06 incurred losses. Departments not represented in the chart, (the Departments of Agriculture, Education, Health Care Policy &

Finance, Law Local Affairs, Military and Veterans Affairs, Regulatory Agencies, Treasury, and the Legislature, Secretary of State, and the Governor’s Office) reported no property loss claims for the fiscal year.

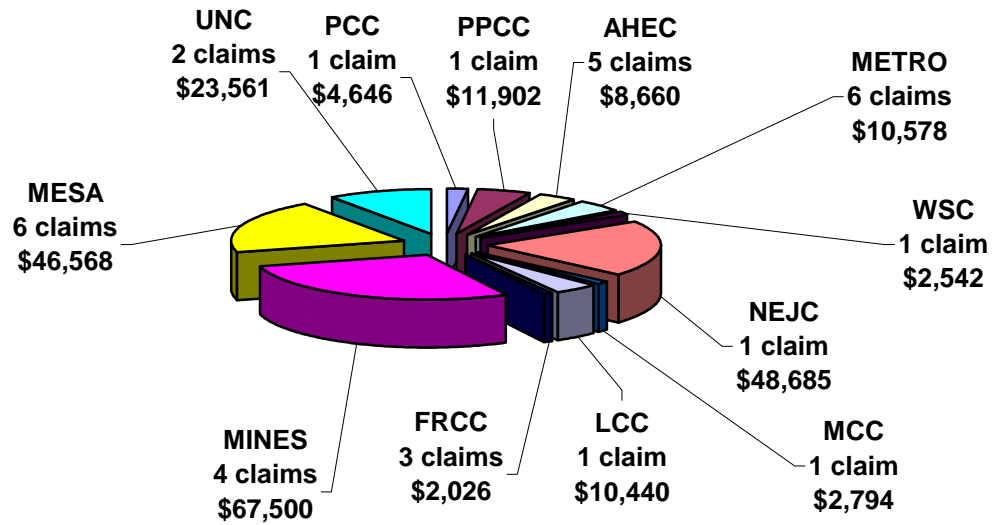


P-1

Please note: Property claims often remain open over a period of years, so the number of claims reported does not specifically relate to the amount paid during the same year. The total incurred property claim cost for FY06 was \$2,555,435.00.

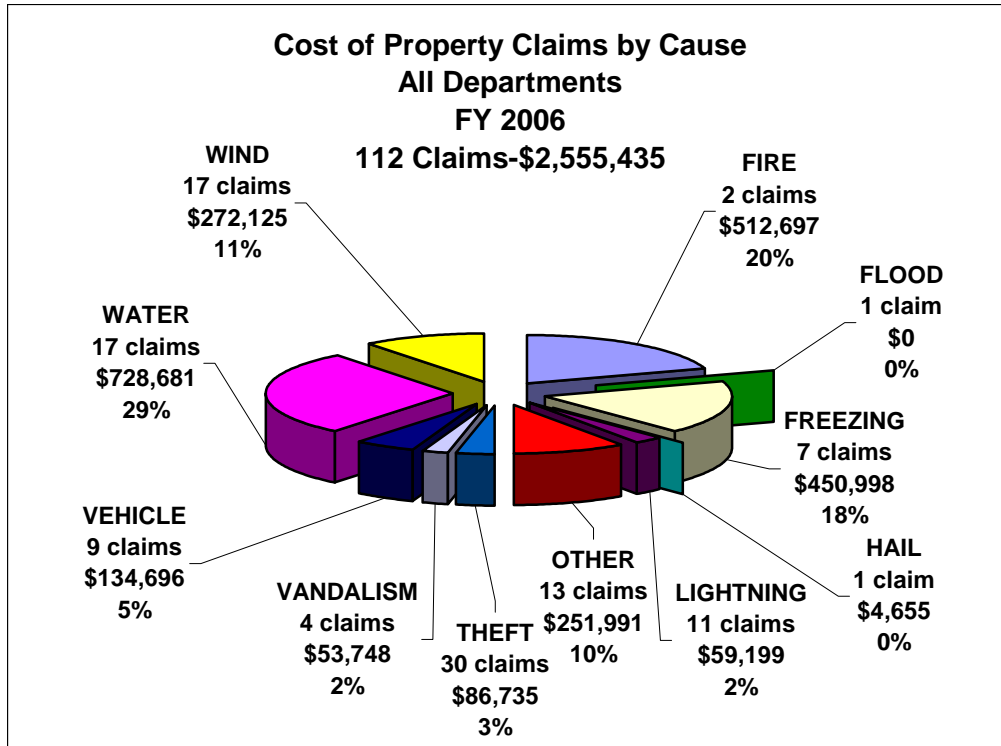
Chart P-2 (below), shows the cost of the portion of claims from the Department of Higher Education by institution. Higher Education agencies not represented in the chart, (Adams State, Arapahoe Community College, Community College of Aurora, Colorado Community College System, Community College of Denver, College Invest, College Access Network, Ft. Lewis College, Historical Society, Northwestern Community College, Otero Community College, Red Rocks Community College, Trinidad Junior College and CSU-Pueblo) reported no property loss claims for the fiscal year.

## Cost of Property Claims - Higher Education



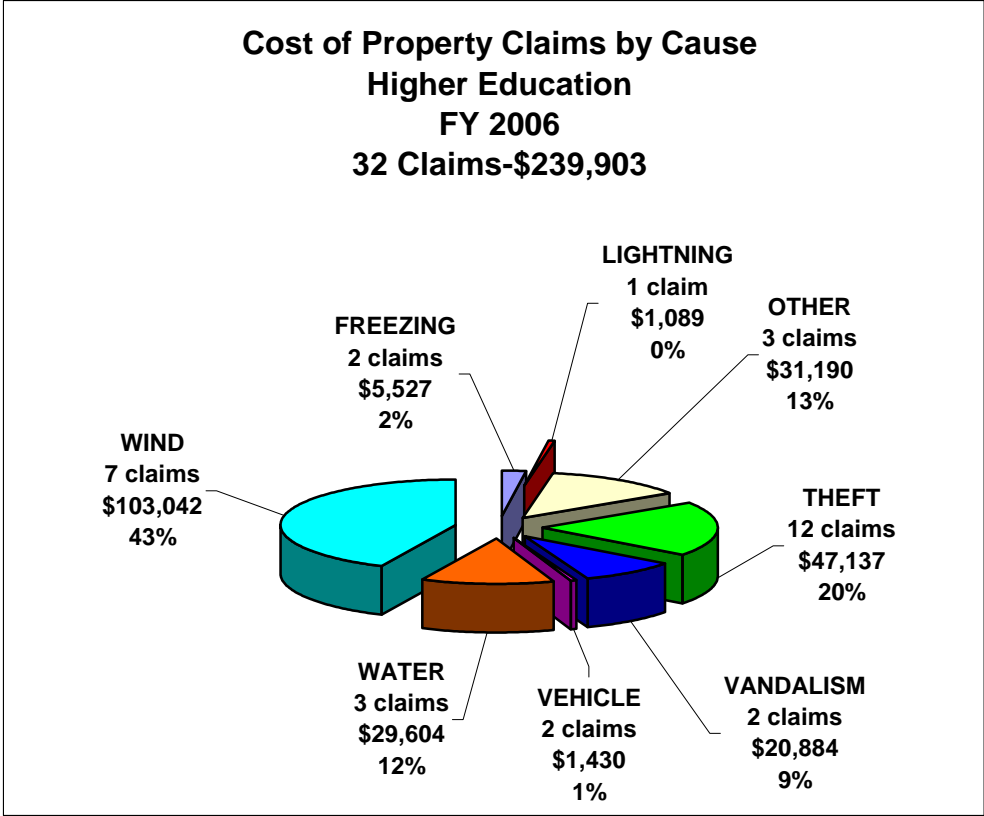
P-2

The total incurred property claim cost for Higher Education in FY06 was \$239,903. Many of the causes of property claims are “Acts of God,” such as floods, hail and lightning strikes. In chart P-3 (below), incurred costs for property claims reported by all departments are broken down by cause.



P-3

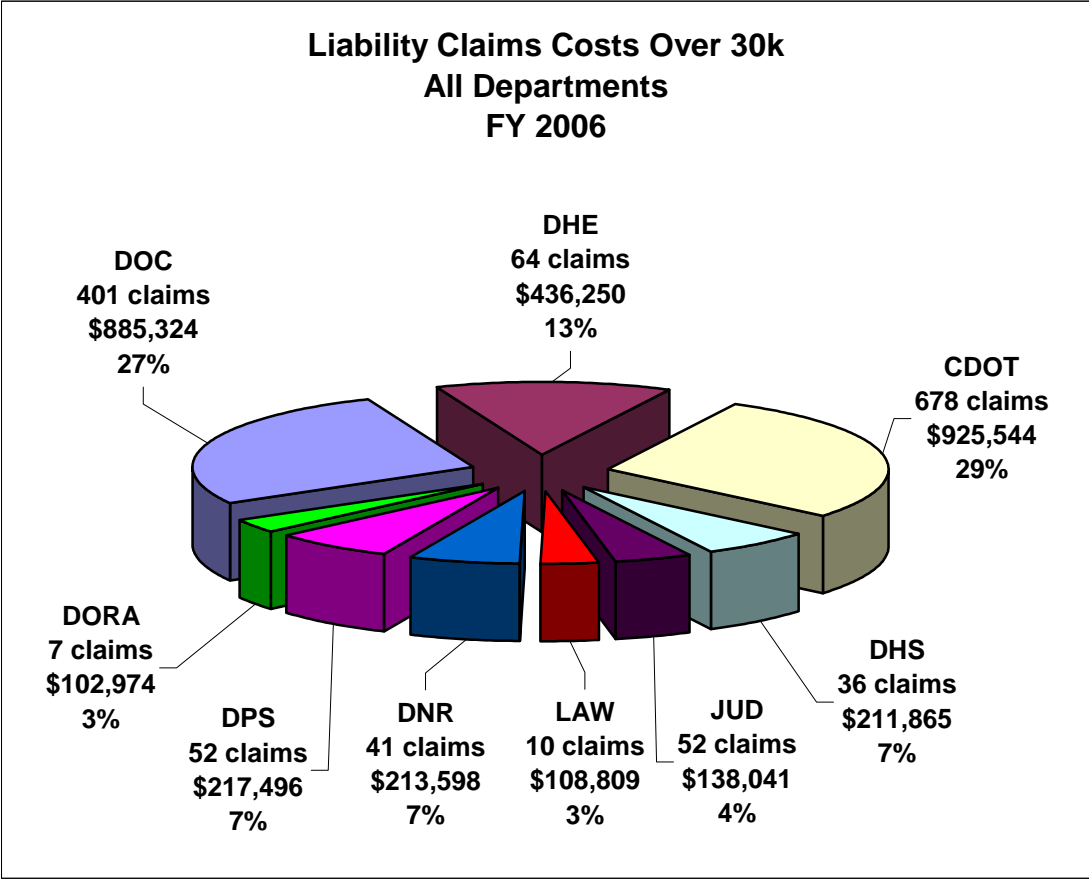
Property losses related to claim categories such as: “Vehicle,” “Theft,” and “Vandalism” can be addressed through loss control to reduce exposures and occurrences. Chart P-4 shows the breakdown of the cost of Higher Education property claims by cause.



P-4

**Liability –**

In FY06 1,387 liability claims were reported to SRM as of the date of download. This is a 14 percent decrease from the number of claims reported in FY05. Personal injury claims, state vehicle operation and highway maintenance procedures comprise the majority of new claims and lawsuits. Personal injury claims include: employment, discrimination, civil rights violations and other claims related to federal law. General liability claims can vary significantly from year to year, primarily due to weather conditions and construction or highway maintenance operations. The total incurred cost of liability claims for FY06 was \$3,319,439.00.

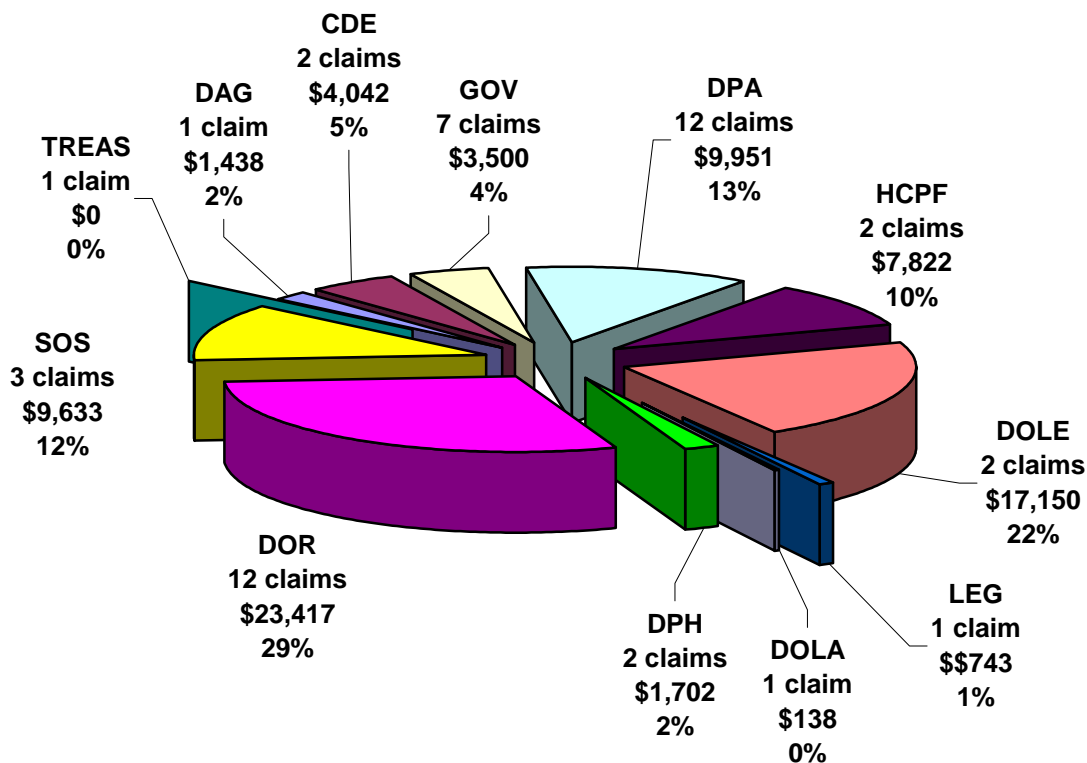


L-1

Chart L-1 (above) shows the cost of liability claims by cause and number of claims reported for all departments with claim costs over \$30k. This includes dollars paid and reserves.



## Liability Claims Costs Under 30k All Departments FY 2006



L-2

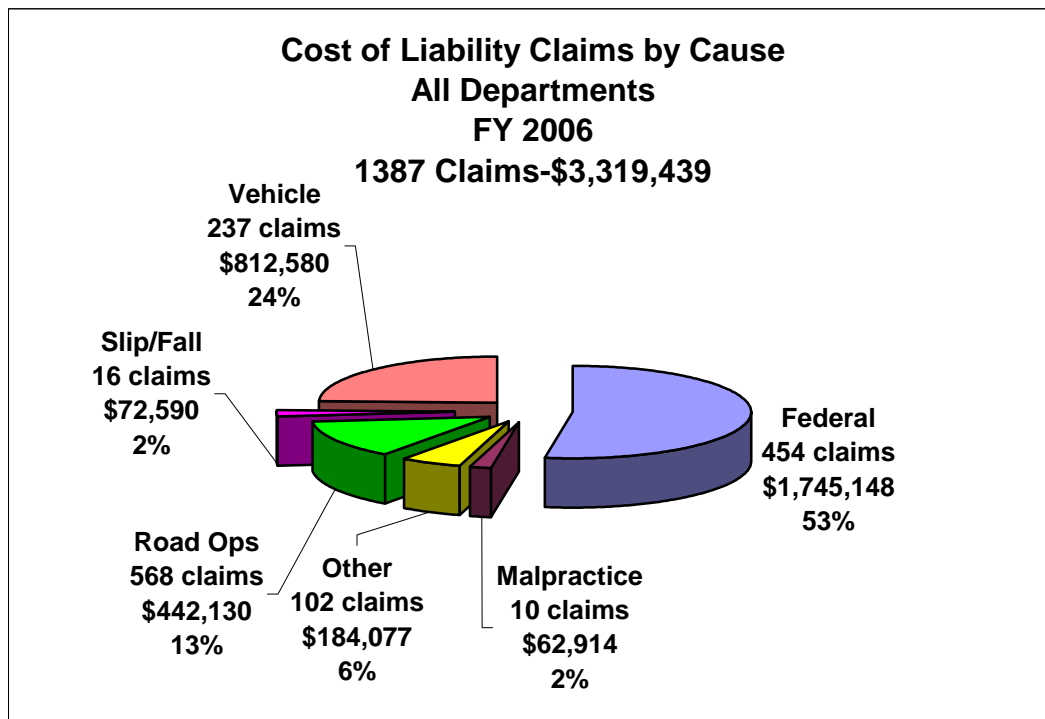
Chart L-2 shows the incurred cost of liability claims by cause and number of claims reported for departments with claim costs under \$30k. This includes dollars paid and reserves.

Table 2 (below) shows the incurred cost of liability claims for higher education agencies.

| Higher Education Agencies         | # of Claims | Claim Costs | Percentage of Total |
|-----------------------------------|-------------|-------------|---------------------|
| Arapahoe Community College        | 1           | \$276       | 0.06%               |
| Adams State College               | 8           | \$152,064   | 34.86%              |
| Auraria Higher Education Center   | 6           | \$15,445    | 3.54%               |
| Community College of Denver       | 1           | \$35,000    | 8.02%               |
| Colorado State University         | 1           | \$124       | 0.03%               |
| Ft. Lewis College                 | 1           | \$6,000     | 1.38%               |
| Front Range Community College     | 3           | \$2,692     | 0.62%               |
| College Access                    | 2           | \$21,207    | 4.86%               |
| Colorado Commission on Higher Ed. | 1           | \$1,000     | 0.23%               |
| Historical Society                | 1           | \$550       | 0.13%               |
| Metropolitan State College        | 2           | \$60,000    | 13.75%              |
| Colorado School of Mines          | 8           | \$9,352     | 2.14%               |
| Morgan Community College          | 1           | \$391       | 0.09%               |
| Mesa State College                | 2           | \$138       | 0.03%               |
| University of Northern Colorado   | 13          | \$71,327    | 16.35%              |
| Otero Junior College              | 1           | \$2,650     | 0.61%               |
| Pikes Peak Community College      | 1           | \$5,150     | 1.18%               |
| Pueblo Community College          | 3           | \$33,007    | 7.57%               |
| CSU-Pueblo                        | 3           | \$13,449    | 3.08%               |
| Trinidad State College            | 1           | \$345       | 0.08%               |
| Western State College             | 4           | \$6,082     | 1.39%               |

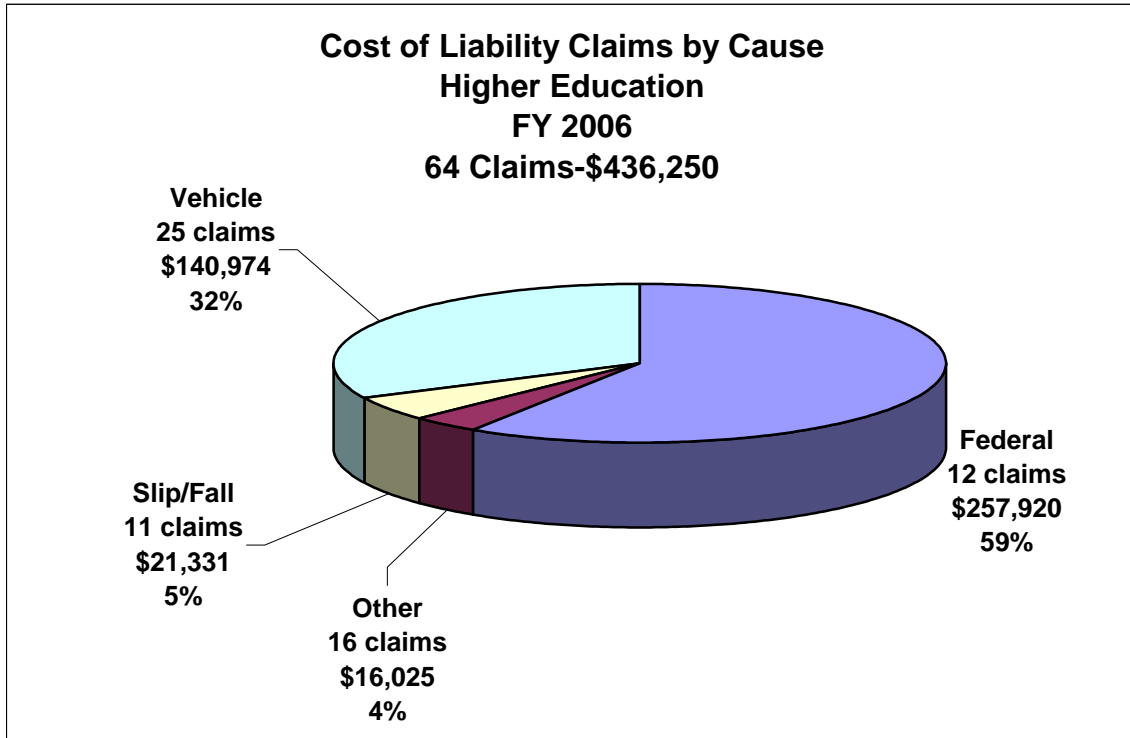
Table 2

Chart L-3 (below) shows the incurred cost of liability claims for all departments by cause.



L-3

Chart L-4 (below) shows the incurred cost of liability claims by cause and number of claims reported for Higher Education. Liability claims filed under federal law related to employment continue to be the most significant in terms of financial loss to the state.



L-4

Please note: Liability claims and lawsuits often remain open over a period of several years, so the dollars that are paid during any one given year do not necessarily relate to the number of new claims filed during that year. The following table illustrates the difference between the amount paid for FY06 and the amount paid during FY06 for claims occurring prior to FY06.

| Total \$ Paid in FY 2006 for Claims from Previous Years | Actual \$ Paid for FY 2006 Claims | Total \$ Paid In FY 2006 |
|---|-----------------------------------|--------------------------|
| \$2,668,880.23  | \$215,393.49                      | \$2,884,273.72           |

Table 3

Table 3 illustrates this same breakdown for Higher Education liability claims in FY06.

| Total \$ Paid in FY 2006 for Claims from Previous Years | Actual \$ Paid for FY 2006 Claims | Total \$ Paid In FY 2006 |
|---|-----------------------------------|--------------------------|
| \$32,469.53   | \$18,384.46                       | \$50,853.99              |

Table 4

## Workers' Compensation –

State departments reported 3,878 Workers' Compensation claims in FY06. This represents a decrease of 4 percent from FY05. Consideration must be given to the fact that these claims have not matured and will continue to accrue costs over the next several years. To help understand how the state's Workers' Compensation budget costs are reflected in the program, charts and tables are included to give a picture of FY06 claim activity.

Table 5 shows the distribution of claims by department. The total incurred cost of workers' compensation claims for FY06 as of 7/1/2006 is \$22,231,112.00. This includes the costs for medical, indemnity and reserves.

| Departments        | # of Claims | Claim Costs | Percentage of Total |
|--------------------|-------------|-------------|---------------------|
| Agriculture        | 30          | \$43,856    | 0.77%               |
| DOC                | 791         | \$3,679,677 | 20.40%              |
| Education          | 67          | \$91,130    | 1.73%               |
| Public Health      | 49          | \$344,188   | 1.26%               |
| Higher Education   | 662         | \$2,925,624 | 17.07%              |
| HCPF               | 7           | \$6,834     | 0.18%               |
| CDOT               | 459         | \$4,511,712 | 11.84%              |
| DHS                | 725         | \$4,994,020 | 18.70%              |
| LAW                | 23          | \$42,314    | 0.59%               |
| Military Affairs   | 8           | \$49,138    | 0.21%               |
| DPS                | 272         | \$1,656,119 | 7.01%               |
| DORA               | 22          | \$80,821    | 0.57%               |
| Revenue            | 87          | \$195,206   | 2.24%               |
| Treasury           | 1           | \$141       | 0.03%               |
| DPA                | 49          | \$389,555   | 1.26%               |
| Judicial           | 285         | \$1,172,014 | 7.35%               |
| DOLE               | 148         | \$560,066   | 3.82%               |
| Legislature        | 3           | \$50,583    | 0.08%               |
| Local Affairs      | 2           | \$2,635     | 0.05%               |
| DNR                | 181         | \$856,336   | 4.67%               |
| Governor's Office  | 2           | \$573,201   | 0.05%               |
| Secretary of State | 5           | \$5,941     | 0.13%               |

Table 5

Table 6 illustrates the same costs broken down by Higher Education agency.

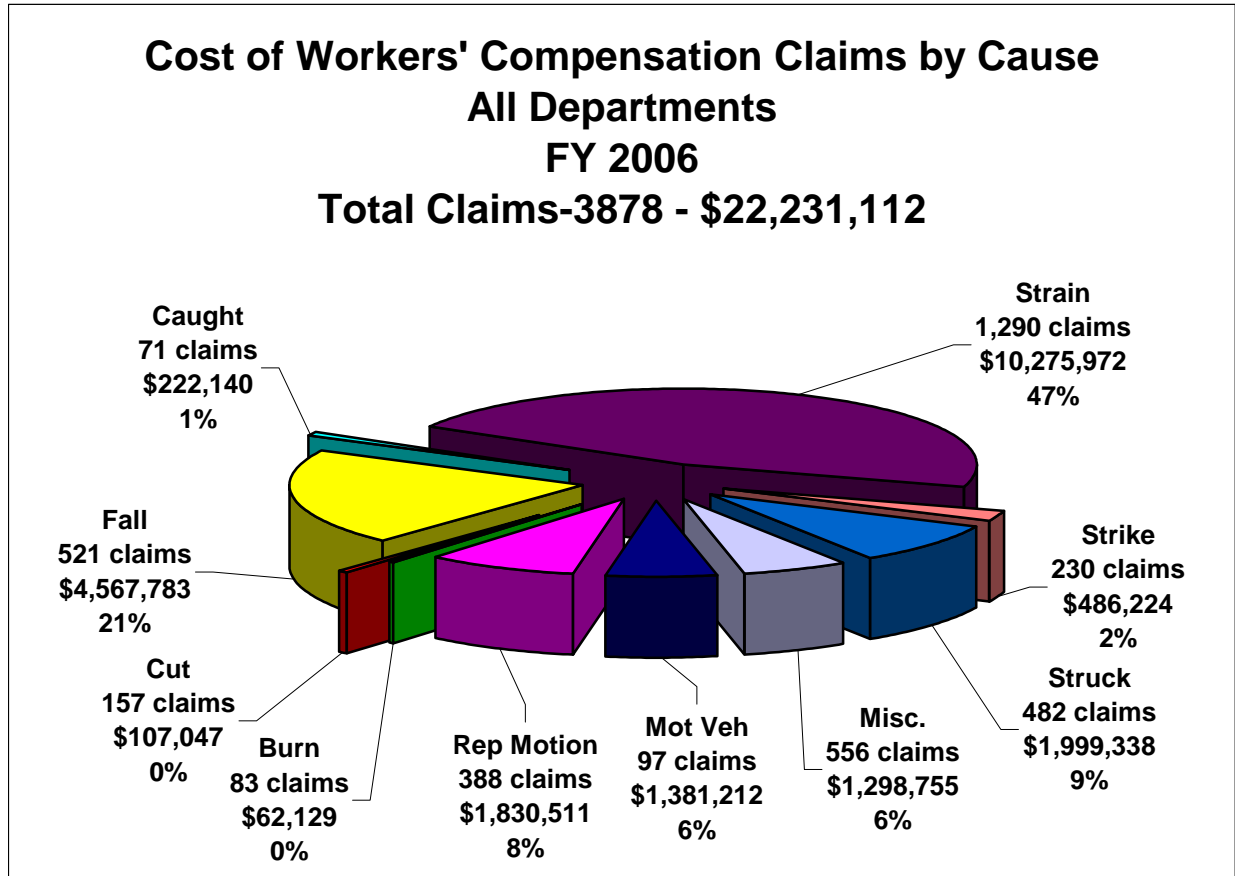
| Higher Education Agencies         | # of Claims | Claim Costs  | Percentage of Total |
|-----------------------------------|-------------|--------------|---------------------|
| Adams State                       | 26          | \$78,231.52  | 2.67%               |
| Arapahoe Community College        | 12          | \$83,941.02  | 2.87%               |
| Auraria Higher Education Center   | 79          | \$166,500.70 | 5.69%               |
| College Invest                    | 1           | \$71,464.18  | 2.44%               |
| Colorado School of Mines          | 42          | \$84,964.32  | 2.90%               |
| Colorado Commission on Higher Ed. | 2           | \$1,642.21   | 0.06%               |
| Community College of Aurora       | 8           | \$25,241.11  | 0.86%               |
| Community College of Denver       | 29          | \$18,493.51  | 0.63%               |
| Colorado Community College System | 8           | \$4,583.16   | 0.16%               |
| CSU-Pueblo                        | 18          | \$66,920.85  | 2.29%               |
| Front Range Community College     | 30          | \$129,285.01 | 4.42%               |
| Ft. Lewis College                 | 23          | \$180,586.02 | 6.17%               |
| College Access                    | 5           | \$54,025.83  | 1.85%               |
| Historical Society                | 8           | \$10,772.29  | 0.37%               |
| Lamar Community College           | 3           | \$483.72     | 0.02%               |
| Mesa State College                | 39          | \$343,491.32 | 11.74%              |
| Metropolitan State College        | 32          | \$52,845.42  | 1.81%               |
| Morgan Community College          | 12          | \$58,796.40  | 2.01%               |
| Northeastern Junior College       | 11          | \$6,111.49   | 0.21%               |
| Northwestern Community College    | 6           | \$3,335.13   | 0.11%               |
| Otero Junior College              | 14          | \$195,320.55 | 6.68%               |
| Pike Peak Community College       | 54          | \$407,128.68 | 13.92%              |
| Pueblo Community College          | 30          | \$175,213.57 | 5.99%               |
| Red Rocks Community College       | 39          | \$50,962.58  | 1.74%               |
| Trinidad State College            | 15          | \$58,458.92  | 2.00%               |
| University of Northern Colorado   | 95          | \$517,889.29 | 17.70%              |
| Western State College             | 21          | \$78,935.57  | 2.70%               |

Table 6

The state's employees are engaged in myriad different job duties and responsibilities such as: general clerical, veterinary services, manufacturing, vehicle and heavy equipment operations. Public entities in Colorado are not required to follow industry standards developed by Occupational Safety & Health Association (OSHA), so the determination of how safe state employees are working can sometimes be difficult to measure. SRM believes that agencies such as OSHA, NIOSH (National Institute for Occupational Safety & Health), and ASHRAE (American Society for Heating Refrigeration and Air Conditioning Engineers) remain the best resources available for use as a foundation for maintaining employee safety and creating successful loss control programs.

Through use of national statistics and formulae from OSHA's Website, state departments can take the workers' compensation data contained in this report and the actual claim data from the Third Party Administrator's (TPA's) Web site and compute the actual claim cause frequency and severity rates. This can then be compared with the department's historical data or with statistics from other businesses involved in the same types of activities. SRM loss control staff is available to help departments interested in the further development of this data.

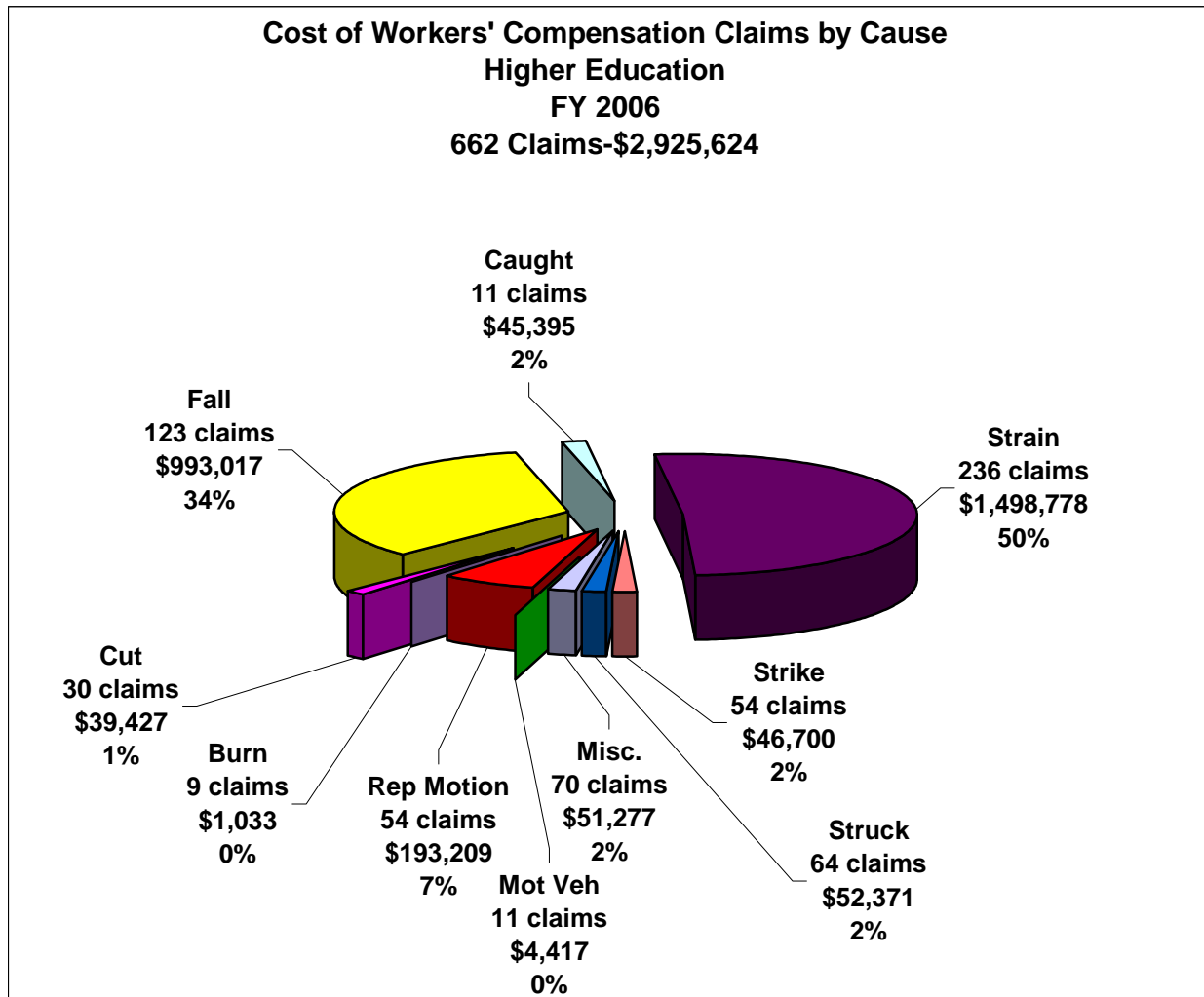
The following chart shows the percentage and cost of workers' compensation claims by cause for all departments.



W-1

The most expensive claim cause category is “Strains,” followed by “Fall,” “Struck,” “Repetitive Motion” and claims caused by “Motor Vehicle” accidents. This illustrates the areas where state department loss control programs can produce the greatest impact on injury costs. The SRM loss control staff is available as a resource and to facilitate department risk management program enhancements.

Chart W-2 (below) shows the breakdown of workers' compensation claims by cause for Higher Education.



W-2

The most expensive claim category for higher education is also “Strain” with the “Fall” category second. This illustrates where the higher education agency loss control programs can produce the greatest impact on injury costs.

### **FY'07 Expectations**

SRM plans to meet at least annually with all state agencies that participate in the SRM programs. The objective of the visits will be to specifically identify exposures, recommend custom proactive loss prevention/control techniques, and to address any risk management issues requiring attention.

The SRM training calendar will be distributed within the next few weeks and will include several new presentations. Some of the new classes are: “The Building & Contents Update-Why and

How,” “Workers’ Compensation and the Aging Workforce,” “Indoor Air Quality-The Investigation Process,” and “Workers’ Compensation for Supervisors.” SRM is also planning to continue the Combined Training program. The Combined Training dates and the agenda will be announced in early 2007. Suggestions from previous attendees are being incorporated into planning for the 2007 schedule. All class information and online registration will be available via the DPA/DHR Training Web page.

## **CONCLUSION**

The State Office of Risk Management continues to uphold its mission in providing valuable services and resources to state employees and state government. For FY06 the state has shown strong improvement in reducing workplace injuries. Data indicates that over the past year, SRM has been able to improve service to state agencies through an array of communication and training methods. Our goal continues to be a focus on strengthening our commitment to safety throughout the departments that we serve. Workplace safety should be considered a value and be encouraged of all employees.

During the new fiscal year, SRM will continue to provide resources and tools designed to assist departments with controlling losses and managing risks. Protecting state assets is the primary mission of SRM; as such we are prepared to assist state departments with managing their loss control programs.

Any state department desiring more information about this report, SRM programs or services may contact SRM at 303-866-3848.