

RISK MANAGEMENT

Description

Risk Management is a division within the Department of General Services that provides protection from accidental losses arising out of the County's General Government and Public Schools operations. The Division is responsible for the management of the self-insurance fund, administration of workers' compensation, auto, property and liability claims, loss prevention, safety training, and environmental management. Protection is provided through a combination of self-insurance, purchased insurance, and risk transfer mechanisms. Administrative support is provided to the Executive Safety Committee and the Accident Review Board. The safety staff provides training and guidance to all County agencies and Henrico County Public Schools to ensure compliance with state and federal regulations. The environmental coordinator provides administration for the County's environmental program to include communication of policy, program implementation, and employee awareness training.

Objectives

- To protect the County against losses which could significantly impact its personnel, property, or financial stability in providing services to the general public.
- To provide comprehensive insurance coverage for the General Government and Schools at the lowest possible cost when considering the various risks involved.

Budget Highlights

The FY2010-11 budget reflected within the Internal Service Fund series as Risk Management provides services to all General Government and Education, across all funds. In FY2010-11, the budget for Risk Management is funded with a transfer of \$4,364,026 from the County's General Fund and a projected transfer of \$620,577 from the County's Water & Sewer Enterprise Fund. The personnel component represents 14.9 percent of the budget while the operating component represents 85.1 percent of the total. A more detailed synopsis of these components will be explained in the individual areas within Risk Management listed below.

In FY2010-11, the budget for the Self-Insurance Administration function of Risk Management totals \$985,606. Within the Self-Insurance Administration area, ten employees provide risk management services including claims administration, loss prevention, loss control, safety training, administration of the Self-Insurance Fund for both General Government and Schools, and coordination of the Environmental Management Program. During FY2010-11, special emphasis will continue in the area of risk assessment of programs and activities in an effort to recognize, reduce, and control risk exposures. In addition, the development and implementation of the Environmental Management Program will continue, including communication of the County's environmental policy, general employee awareness training, and establishing objectives through the Environmental Management

Annual Fiscal Plan

| Description | FY09 Actual | FY10 Original | FY11 Approved | Change 10 to 11 |
|--------------------------|---------------------|---------------------|---------------------|--------------------|
| Personnel | \$ 718,825 | \$ 735,881 | \$ 743,013 | 1.0% |
| Operation* | 8,292,190 | 4,250,532 | 4,238,090 | (0.3%) |
| Capital | 9,351 | 0 | 3,500 | 0.0% |
| Total | \$ 9,020,366 | \$ 4,986,413 | \$ 4,984,603 | (0.0%) |
| Personnel Complement | 10 | 10 | 10 | 0 |

*\$5,507,380 of FY2008-09 actual expenditure was funded through a routine budget amendment that utilized funding available in the Self-Insurance Reserve.

Risk Management (cont'd)

| Performance Measures | | | | |
|---|-------------|-------------|-------------|----------------------------|
| | FY09 | FY10 | FY11 | Change 10 to 11 |
| Workload Measures | | | | |
| Workers' Compensation Claims Processed | 691 | 700 | 700 | 0 |
| Auto, General Liability, Other Claims Processed | 538 | 530 | 535 | 5 |
| Property Damage & Loss Claims Processed | 1,064 | 1,100 | 1,050 | (50) |

System (EMS) process. The Environmental Coordinator will participate with and provide support to the EMS teams from selected operations.

In FY2010-11, the budget for Claims is \$2,942,250, which includes \$1,685,961 for workers' compensation claim costs, \$1,241,289 for property/liability claims costs, and \$15,000 for long-term disability. As the number and cost of claims continues to increase due to additional County employees, facilities, and vehicles, emphasis is placed on loss prevention and loss control.

The Division promotes a culture of safe work practice through the review and development of safety programs, emergency action plans, safety training for employees, and analyses of trends in the number and

type of claims. Rising medical costs contribute to the increase in the cost of workers' compensation claims. Efforts to control the costs include close monitoring of the claim, negotiated discounts with providers, reduction of bills through a preferred provider network or to the prevailing community rate, and a prescription drug program.

Also included in the FY2010-11 budget is \$1,056,747 for insurance policies/premiums. These funds are for expenditures associated with purchased commercial insurance for both property liability and workers' compensation.

It should be noted that the County's costs in this area are also augmented by the Self-Insurance Reserve, which on 6/30/09 had a balance of \$9.5 million.