

# RISK MANAGEMENT

## DESCRIPTION

Risk Management 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 reserve, administration of workers’ compensation, auto, property and liability claims, loss prevention, and the environmental program. Protection is provided through a combination of self-insurance, purchased insurance, and risk transfer mechanisms. Administrative support is provided to 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, including the communication of policy, program implementation, and employee awareness training.

## OBJECTIVES

- To protect the County against losses that 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 FY2020-21 budget is reflected within the Internal Service Fund series as Risk Management provides services to all areas of General Government and Education, across all funds. Risk Management will continue to administer all applicable programs and services to all County agencies.

## FISCAL YEAR 2021 SUMMARY

### Annual Fiscal Plan

Description	FY19 Actual	FY20 Original	FY21 Approved	Change 20 to 21
Personnel	\$ 915,806	\$ 1,012,663	\$ 696,061	(31.3%)
Operation*	12,422,662	9,715,036	9,800,281	0.9%
Capital	488	5,600	3,275	(41.5%)
<b>Total</b>	<b>\$ 13,338,956</b>	<b>\$ 10,733,299</b>	<b>\$ 10,499,617</b>	<b>(2.2%)</b>
Personnel Complement	11	11	7 **	(4)

\*\$5,190,500 of FY2018-19 actual expenditures was funded through a routine budget amendment utilizing funding available in the Self-Insurance Reserve. An amendment of \$5,200,000 was approved in December 2019.

\*\*FY2020-21 budget reflects the split of the Workplace Safety section in its own narrative.

Risk Management

PERFORMANCE MEASURES

	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>Change 20 to 21</u>
<b>Workload Measures</b>				
Workers' Compensation Claims Processed	1,331	1,300	1,304	4
Auto. Gen. Liability, Other Claims Processed	1,490	1,325	1,400	75
Property Damage and Loss Claims Processed	255	257	214	(43)

BUDGET HIGHLIGHTS (CONTINUED)

The Risk Management budget for FY2020-21 totals \$10,499,617 and is funded with a transfer of \$9,499,615 from the County's General Fund and projected revenue of \$900,000 from the Department of Public Utilities' Water & Sewer Enterprise and Solid Waste Funds. An additional \$100,000 of projected revenue comes from Worker's Compensation and Property/Liability Recovery. In FY2019-20, the Workplace Safety component was separated from Risk Management. The budget and narrative for Workplace Safety appears elsewhere in this document.

This budget reflects an overall decrease of \$233,682 or 2.2 percent from the previous approved budget. The personnel component reflects a net decrease of \$316,602, which is due to the separation of Workplace Safety. The operating component reflects a net increase of \$85,245. This increase is due to the rising costs of claims and insurance. With this budget being fully funded, the need for annual budget amendments is minimized and cost mitigation efforts can be further explored.

In FY2020-21, the budget for the Self-Insurance Administration function of Risk Management totals \$883,797. Within the Self-Insurance Administration area, seven employees provide services including claims administration, loss prevention, loss control, managing the safety program, managing the environmental program as well as administration of the Self-Insurance Reserve for General Government and Schools. During FY2020-21, the risk assessment of programs and activities will continue in order to recognize, reduce, and control risk exposures.

In FY2020-21, the budget for Claims totals \$7,620,811. Funding for a portion of the Division's costs is typically provided in the December amendment via a transfer from the Self-Insurance Reserve within the General Fund. It is important to note that the budget amendment for FY2019-20 totaled \$5,200,000 which was based on an average of actual expenditures for Risk Management over the last three fiscal years. Also included in the FY2020-21 budget is \$1,986,048 for insurance policies/premiums. These funds are for costs 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 supplemented by the Self-Insurance Reserve, which on June 30, 2019 had a balance of \$7,500,000.