

RISK MANAGEMENT

DESCRIPTION

Risk Management is a division within the Department of Finance that provides protection from accidental losses arising out of the county’s General Government and Public Schools operations. Protection is provided through a combination of self-insurance, purchased insurance, and risk transfer mechanisms. The division is responsible for the management of the Self-Insurance fund, excess insurance coverages, certificates of insurance for proof of insurance, provides oversight of workers’ compensation claim administration and administration of auto, property, and liability claims. The Risk Management staff provide training and guidance to all county agencies and Henrico County Public Schools to help identify and manage operational risks to minimize potential loss and liabilities. Additionally, Risk Management works in collaboration with Workplace Safety and Emergency Management regarding loss prevention, safety training, and environmental concerns.

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 FY2021-22 budget is reflected within the Internal Service Fund series because 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 2022 SUMMARY

| Description | FY20 Actual | FY21 Original | FY22 Approved | Change 21 to 22 |
|----------------------|----------------------|----------------------|----------------------|--------------------|
| Personnel | \$ 587,736 | \$ 696,061 | \$ 700,594 | 0.7% |
| Operation* | 13,042,193 | 9,800,281 | 9,789,701 | (0.1%) |
| Capital | 225 | 3,275 | 3,275 | 0.0% |
| Total | <u>\$ 13,630,154</u> | <u>\$ 10,499,617</u> | <u>\$ 10,493,570</u> | <u>(0.1%)</u> |
| Personnel Complement | 7 | 7 | 7 | 0 |

*\$5,200,000 of FY2019-20 actual expenditures was funded through a routine budget amendment utilizing funding available in the Self-Insurance Reserve.

Risk Management

PERFORMANCE MEASURES

| | <u>FY20</u> | <u>FY21</u> | <u>FY22</u> | <u>Change 21 to 22</u> |
|--|-------------|-------------|-------------|----------------------------|
| Workload Measures | | | | |
| Workers' Compensation Claims Processed | 1,095 | 760 | 970 | 210 |
| Auto. Gen. Liability, Other Claims Processed | 1,194 | 700 | 960 | 260 |
| Property Damage and Loss Claims Processed | 250 | 185 | 200 | 15 |

BUDGET HIGHLIGHTS (CONTINUED)

The Risk Management budget for FY2021-22 totals \$10,500,876 and is funded with a transfer of \$9,493,570 from the county's General Fund and projected revenue of \$1,000,000 from the Department of Public Utilities' Water & Sewer Enterprise and Solid Waste Funds. In FY2019-20, the Workplace Safety component was separated from Risk Management.

In FY2021-22, the budget for the Self-Insurance Administration function of Risk Management totals \$883,436. Within the Self-Insurance Administration area, seven employees provide services including oversight and support of workers' compensation claim administration, auto, property, and liability claim administration, as well as administration of the Self-Insurance Reserve for General Government and Schools. During FY2021-22, the risk assessment of programs and activities will continue in order to recognize, reduce, and control risk exposures.

In FY2021-22, 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. In FY2020-21, this transfer was not needed due to savings attributable to the COVID-19 pandemic. Also included in the FY2021-22 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, 2020 had a balance of \$7,500,000. Costs are continuing to be monitored and if an amendment is necessary, it would come forward in a May or June amendment.