

# 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**

<b>Description</b>	<b>FY19 Actual</b>	<b>FY20 Original</b>	<b>FY21 Proposed</b>	<b>Change 20 to 21</b>
Personnel	\$ 915,806	\$ 1,012,663	\$ 696,061	(31.3%)
Operation *	12,422,662	9,715,036	13,861,861	42.7%
Capital	488	5,600	3,275	(41.5%)
<b>Total</b>	<b>\$ 13,338,956</b>	<b>\$ 10,733,299</b>	<b>\$ 14,561,197</b>	<b>35.7%</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 \$14,561,197 and is funded with a transfer of \$10,598,096 from the County's General Fund and projected revenue of \$750,000 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. The budget and narrative for Workplace Safety appears elsewhere in this document.

This budget reflects an overall increase of \$3,827,898 or 35.7 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 \$4,146,825. This increase is due to the rising costs of claims and insurance. The increase consists of \$3,200,000 from the Self Insurance Reserve and \$946,825 from revenues. 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 \$11,460,235. 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 \$2,204,064 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.



Department Operating Budget  
 Henrico County, Virginia  
 FY2020-21  
 RISK MANAGEMENT

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50100 Full-Time Salaries and Wages - Regular	624,730	692,560	459,533	-233,027	-33.6%
50101 Full-Time Salaries and Wages - Overtime	-1,395	500	500	0	0.0%
50104 Temporary Salaries and Wages - Regular	66,378	60,000	57,000	-3,000	-5.0%
50105 Temporary Salaries and Wages - Overtime	1,395	0	0	0	0.0%
50108 Hybrid Disability Prgm (Prev Wage Adj)	2,370	2,771	2,648	-123	-4.4%
50110 FICA	49,923	57,609	39,553	-18,056	-31.3%
50111 Retirement VRS	80,480	92,041	64,335	-27,706	-30.1%
50112 Hospital/Medical Plans	84,016	98,109	66,150	-31,959	-32.6%
50113 Group Insurance - Life (VRS)	7,909	9,073	6,342	-2,731	-30.1%
50207 Professional Education Services	0	25,000	9,825	-15,175	-60.7%
50209 Other Professional Services	121,360	160,000	142,198	-17,802	-11.1%
50210 Maintenance and Repairs	0	250	250	0	0.0%
50220 Lease/Rent Of Equipment	2,604	3,260	2,500	-760	-23.3%
50230 Temporary Help Service Fees	0	10,000	10,000	0	0.0%
50240 Printing and Binding	1,372	1,900	950	-950	-50.0%
50250 Advertising	0	600	300	-300	-50.0%
50270 Other Contractual Services	1,590	2,000	1,000	-1,000	-50.0%
50310 Automotive/Motor Pool	12,652	12,000	6,000	-6,000	-50.0%
50410 Postal Services	602	2,000	1,500	-500	-25.0%
50411 Messenger Services	0	150	150	0	0.0%
50412 Telecommunications	7,374	5,650	3,150	-2,500	-44.2%
50420 Insurance	1,353,149	1,345,000	1,563,016	218,016	16.2%
50421 Insurance - Workers' Compensation	596,191	659,500	641,048	-18,452	-2.8%
50430 Mileage	0	500	250	-250	-50.0%
50431 Education and Training	164	3,720	7,860	4,140	111.3%
50450 Dues And Association Memberships	350	1,000	500	-500	-50.0%

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50451 Claims And Contingencies - County	10,315,497	7,460,899	11,460,235	3,999,336	53.6%
50453 Freight Charges	20	150	150	0	0.0%
50459 Other Charges Miscellaneous	3,651	10,882	5,141	-5,741	-52.8%
50500 Office Supplies	2,887	4,500	2,250	-2,250	-50.0%
50501 Food Supplies and Food Service Supplies	1,200	500	0	-500	-100.0%
50506 Repair and Maintenance Supplies	0	100	100	0	0.0%
50511 Uniforms/Wearing Apparel/ITEMS	420	250	125	-125	-50.0%
50512 Books and Subscriptions	522	3,100	2,300	-800	-25.8%
50513 Educational and Recreational Supplies	915	2,000	1,000	-1,000	-50.0%
50514 Other Operating Supplies	142	125	63	-62	-49.6%
50813 Telecommunications Equipment-New Less Than \$5000	0	0	175	175	100.0%
50832 Furniture and Fixtures-Replacement Less Than \$5000	488	5,600	3,100	-2,500	-44.6%
Total Department	13,338,956	10,733,299	14,561,197	3,827,898	35.7%