

# 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 and purchased insurance. The division is responsible for the management of the Self-Insurance fund, excess insurance coverages, certificates of insurance for proof of insurance, and provides oversight of workers’ compensation claim administration and the administration of auto, property, and liability claims. The Risk Management staff provides 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 FY24 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 2024 SUMMARY

### Annual Fiscal Plan

Description	FY22	FY23	FY24	Change
	Actual	Original	Approved	23 to 24
Personnel	\$ 670,530	\$ 731,133	\$ 826,258	13.0%
Operation *	11,764,058	9,789,701	9,789,701	0.0%
Capital	0	3,275	3,275	0.0%
Total	<u>\$ 12,434,588</u>	<u>\$ 10,524,109</u>	<u>\$ 10,619,234</u>	<u>0.9%</u>
Personnel Complement	7	8*	8	0

\* A position previously budgeted within Finance was transferred to Risk Management.

Risk Management

PERFORMANCE MEASURES

	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>Change 23 to 24</u>
<b>Workload Measures</b>				
Workers' Compensation Claims Processed	1,155	970	1,048	78
Auto. Gen. Liability, Other Claims Processed	1,194	1,296	1,401	105
Property Damage and Loss Claims Processed	188	122	132	10

BUDGET HIGHLIGHTS (CONTINUED)

The Risk Management budget for FY24 totals \$10,619,234 and is funded with a transfer of \$9,619,234 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 FY20, the Workplace Safety component was separated from Risk Management and is currently with the Emergency Management department.

In FY24, the budget for Risk Management's Self-Insurance Administration function totals \$1,012,375, a 10.4% increase. This increase is the effect of rising employee salary, health care, and benefit costs along with a position transferred from Finance Administration. Within the Self-Insurance Administration function, eight 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 the General Government and Schools. During FY24, the risk assessment of programs and activities will continue in order to recognize, reduce, and control risk exposures.

In FY24, 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. Funding remains unchanged from FY23.

Also included in the FY24 budget is \$1,986,048 for insurance policies and 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 and remains unchanged from FY23.