

Fund 60000 County Insurance

Mission

To ensure the health and safety of County residents, employees, and public officials, and to protect the County's financial assets. The agency is committed to providing the highest quality customer service in managing the County's risks and exposures.

AGENCY DASHBOARD			
Key Data	FY 2012	FY 2013	FY 2014
1. County Population	1,109,668	1,114,500	1,116,300
2. County Employees	14,673	13,118	13,189
3. Medical Expenses Inflation (CPI)	3.9%	4.2%	2.3%
4. County-Owned Building Values	\$2,344,484,934	\$2,596,741,990	\$2,600,161,973
5. Investment Return Rate on Insurance Fund	0.60%	0.45%	0.50%
6. Average Age of Workers' Compensation Claim	10.94 Years	12.78 Years	13.65 Years

Focus

Fairfax County has a statutory responsibility to provide Workers' Compensation benefits, including medical treatment and loss of wages due to related disability, to employees who sustain occupational injuries and illnesses. Fund 60000, County Insurance, was established to fulfill this obligation. The fund also provides for countywide commercial insurance and self-insurance. The County self-insures automobile and general liability claims. Special commercial coverage is provided for aviation insurance on County helicopters, real property coverage, and Fire and Rescue Department vehicle damage insurance. Administrative expenses of risk management programs are paid through this fund.

The County Insurance Fund supports the following County Vision Elements:



Maintaining Safe and Caring Communities



Exercising Corporate Stewardship

Fairfax County provides a wide range of services to its employees and residents, which in turn create potential risks and exposures to the County. Some of these risks include injuries involving County employees or damage to County property; injuries to residents or damage to residents' property; automobile accidents; incidents arising from police activity; the actions of public officials; and the operation and maintenance of sewage and storm management systems.

The Risk Management Division approaches its mission from both internal and external perspectives. Recognizing that an organization the size of Fairfax County will experience losses, Risk Management staff work to mitigate losses and manage financial liabilities. This is accomplished through both self-insurance (which generally applies to losses expected to occur regularly, such as Workers' Compensation, automobile and general liability, and police professional and public officials liability) and commercial insurance (for losses which occur infrequently but tend to be large exposures, such as real property losses, aircraft liability, and damage to high-value vehicles). Recognizing the importance of prompt and

Fund 60000

County Insurance

fair resolution of claims against the County, claims administration uses both in-house staff and a contract claims administrator. Risk Management is committed to the prevention of injuries in the workplace and focuses on programs that address countywide injury prevention and reduction through training and awareness campaigns. Finally, Risk Management staff focuses on building and using partnerships with other County agencies, the community, and neighboring jurisdictions to mitigate risks and to ensure excellent communication with the residents of Fairfax County.

Budget and Staff Resources

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised																
FUNDING																				
Expenditures:																				
Personnel Services	\$1,470,389	\$1,446,131	\$1,446,131	\$1,575,202																
Operating Expenses	21,651,038	23,054,604	24,690,554	23,615,604																
Capital Equipment	0	0	0	0																
Subtotal	\$23,121,427	\$24,500,735	\$26,136,685	\$25,190,806																
Less:																				
Recovered Costs	(\$476,131)	(\$250,000)	(\$250,000)	(\$250,000)																
Total Expenditures	\$22,645,296	\$24,250,735	\$25,886,685	\$24,940,806																
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)																				
Regular	14 / 14	14 / 14	14 / 14	14 / 14																
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">1 Risk Manager</td> <td style="width: 25%;">1 Loss Prevention Analyst II</td> <td style="width: 25%;">2 Claims Specialists I</td> <td style="width: 25%;"></td> </tr> <tr> <td>1 Insurance Manager</td> <td>1 Loss Prevention Analyst I</td> <td>1 Administrative Assistant IV</td> <td></td> </tr> <tr> <td>1 Loss Prevention Analyst IV</td> <td>1 Claims Specialist III</td> <td>2 Administrative Assistants III</td> <td></td> </tr> <tr> <td>2 Loss Prevention Analysts III</td> <td>1 Claims Specialist II</td> <td></td> <td></td> </tr> </table>					1 Risk Manager	1 Loss Prevention Analyst II	2 Claims Specialists I		1 Insurance Manager	1 Loss Prevention Analyst I	1 Administrative Assistant IV		1 Loss Prevention Analyst IV	1 Claims Specialist III	2 Administrative Assistants III		2 Loss Prevention Analysts III	1 Claims Specialist II		
1 Risk Manager	1 Loss Prevention Analyst II	2 Claims Specialists I																		
1 Insurance Manager	1 Loss Prevention Analyst I	1 Administrative Assistant IV																		
1 Loss Prevention Analyst IV	1 Claims Specialist III	2 Administrative Assistants III																		
2 Loss Prevention Analysts III	1 Claims Specialist II																			
TOTAL POSITIONS																				
14 Positions / 14.0 FTE																				

FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program.

- ◆ **Employee Compensation** **\$35,176**
 An increase of \$35,176 in Personnel Services includes \$11,777 for a 0.84 percent market rate adjustment (MRA) for all employees and \$23,399 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2015.
- ◆ **Fringe Benefits** **\$93,895**
 An increase of \$93,895 in Personnel Services is primarily attributable to increases in employer retirement contribution and health insurance expenses, based on actual experience and rate increases.
- ◆ **General Insurance Costs** **\$561,000**
 A net increase of \$561,000 in Operating Expenses is primarily due to premiums for additional cyber risk insurance and the expansion of coverage for high value vehicles and equipment, as well as the implementation of a Risk Management Information System.

Fund 60000 County Insurance

◆ **General Fund Transfer**

It should be noted that the General Fund transfer to this fund is increased by \$35,176 to cover expenses related to employee compensation increases.

Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, and all other approved changes through December 31, 2014.

◆ **Carryover Adjustments**

\$1,635,950

As part of the FY 2014 Carryover Review, the Board of Supervisors approved funding of \$1,635,950 in Operating Expenses for expenditures related to litigation in personnel-related matters.

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate
	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimate/Actual	FY 2015
County Insurance Fund				
Percentage of claims processed within 30 days	96%	98%	98%/98%	98%
Preventable accidents per 100,000 miles driven	0.80	0.50	0.60/0.87	0.60
Ratio of premium paid to value of assets covered	0.126%	0.122%	0.138%/0.134%	0.138%

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2016/advertised/pm/60000.pdf

Performance Measurement Results

Workers' Compensation costs are the single greatest challenge to the Insurance Fund. A key factor in containing costs and expediting the return to work of injured employees is prompt and adequate medical evaluation. Awareness of the County's programs in this area, coupled with efficient reporting systems, serve both employee and County interests. The Risk Management Division now averages five days reporting time, and the program is at its ambitious goal of processing 98 percent of all claims within 30 business days from the date of incident.

Driver safety and accident prevention programs remain a priority to the County. Though there was an increase in preventable accidents in FY 2014, stability is anticipated in this area for FY 2015 and FY 2016 and County staff continues to maintain the goal of reducing accident rates.

The commercial insurance portfolio is a key element in protecting the assets of the County against losses in a major event; it ensures that the County is not faced with major property, Workers' Compensation, and liability losses during periods when it cannot afford the costs associated with losses. While the actual premiums tend to increase, County staff successfully continues to maintain low rates for those premiums, surpassing the goal of a 0.138 percent premium rate by attaining a 0.134 percent rate in FY 2014.

Fund 60000 County Insurance

FUND STATEMENT

Fund 60000, County Insurance

	FY 2014 Actual	FY 2015 Adopted Budget Plan	FY 2015 Revised Budget Plan	FY 2016 Advertised Budget Plan
Beginning Balance	\$53,042,245	\$87,102,486	\$89,784,983	\$88,034,162
Revenue:				
Interest	\$61,665	\$275,000	\$275,000	\$275,000
Workers' Compensation	513,592	515,000	515,000	515,000
Other Insurance	119,363	105,859	105,859	105,859
Total Revenue	\$694,620	\$895,859	\$895,859	\$895,859
Transfer In:				
General Fund (10001)	\$58,693,414	\$23,240,005	\$23,240,005	\$23,275,181
Total Transfer In	\$58,693,414	\$23,240,005	\$23,240,005	\$23,275,181
Total Available	\$112,430,279	\$111,238,350	\$113,920,847	\$112,205,202
Expenditures:				
Administration	\$1,609,403	\$1,689,066	\$1,689,066	\$1,883,137
Workers' Compensation	14,338,433	14,445,000	14,445,000	14,445,000
Self Insurance Losses	3,002,494	4,176,000	5,811,950	4,176,000
Commercial Insurance Premium	3,487,341	3,682,000	3,682,000	4,178,000
Automated External Defibrillator	207,625	258,669	258,669	258,669
Total Expenditures	\$22,645,296	\$24,250,735	\$25,886,685	\$24,940,806
Expense for Net Change in Accrued Liability	\$0	\$0	\$0	\$0
Total Disbursements	\$22,645,296	\$24,250,735	\$25,886,685	\$24,940,806
Ending Balance	\$89,784,983	\$86,987,615	\$88,034,162	\$87,264,396
Restricted Reserves:				
Accrued Liability	\$47,157,000	\$47,157,000	\$47,157,000	\$47,157,000
AED Replacement Reserve	860,154	699,110	745,283	630,412
Litigation Reserve	30,000,000	30,000,000	30,000,000	30,000,000
PC Replacement Reserve	7,200	0	0	0
Reserve for Catastrophic Occurrences	11,760,629	9,131,505	10,131,879	9,476,984

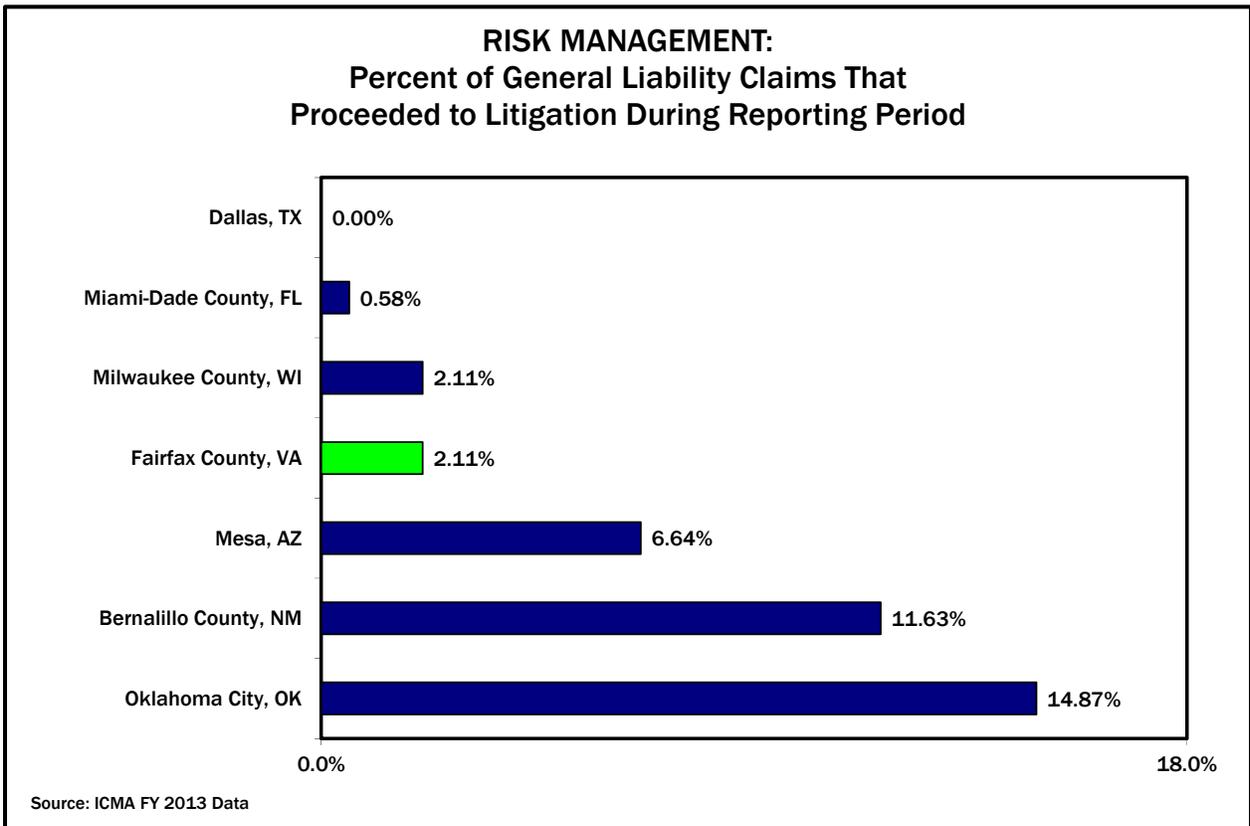
Fund 60000

County Insurance

Benchmarking

As a means of enhancing accountability, benchmarking data have been included in the annual budget since FY 2005. These data are included in each of the Program Area Summaries in Volume 1 and now in Other Funds (Volume 2) as available. The majority of this benchmarking data come from the International City/County Management Association's (ICMA) benchmarking effort in which Fairfax County has participated since 2000. More than 180 cities, counties and towns provide comparable data annually in 15 service areas. However, not all jurisdictions provide data for every service area. As part of the ICMA benchmarking effort, participating local governments (cities, counties and towns) provide data on standard templates provided by ICMA in order to ensure consistency. ICMA then performs extensive checking and data cleaning to ensure the greatest possible accuracy and comparability of data. As a result of the time required to collect the data and undergo ICMA's comprehensive data cleaning processes, information is always available with a one-year delay. FY 2013 data represent the latest available information. The jurisdictions presented in the graphs on the following pages generally show how Fairfax County compares to other large jurisdictions (population over 500,000). In cases where other Virginia localities provided data, they are shown as well. Risk Management is one of the service areas for which Fairfax County provides data. As can be seen on the following pages, Fairfax County compares favorably to the other large jurisdictions that provided data for this template. The County's General Liability claims, expenditures and percent that proceeded to litigation during the reporting period are all relatively low compared to the other responding cities and counties. An important point to note about the ICMA comparative data effort is that since participation is voluntary, the jurisdictions that provide data have demonstrated that they are committed to becoming/remaining high performance organizations. Therefore, comparisons made through this program should be considered in the context that the participants have self-selected and are more inclined to be among the higher performers than a random sample among local governments nationwide. It is also important to note that not all jurisdictions respond to all questions. In some cases, the question or process is not applicable to a particular locality or data are not available. For those reasons, the universe of jurisdictions with which Fairfax County is compared is not always the same for each benchmark.

Fund 60000 County Insurance



Fund 60000 County Insurance

