

RISK MANAGEMENT

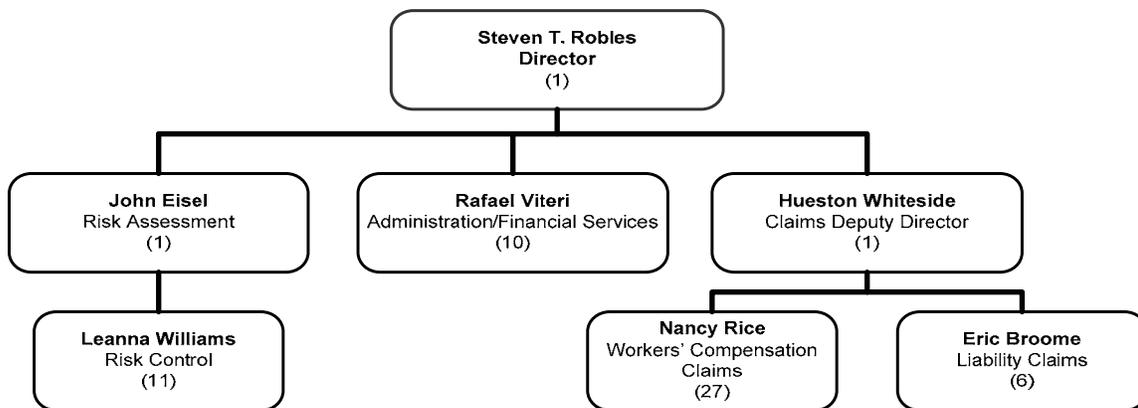
Steven T. Robles

MISSION STATEMENT

Risk Management seeks to minimize the frequency and severity of financial loss to the County through a coordinated Integrated Risk Management Program that includes identification and assessment of exposures that can result in loss, effective risk reduction and loss prevention programs for identified risks, aggressive claims management, and fiscally responsible risk financing and recovery.



ORGANIZATIONAL CHART



2010-11 AND 2011-12 ACCOMPLISHMENTS

- Deployed internal online claim reporting.
- Deployed nurse triage for injury reporting in selected departments.
- Maintained self-insurance reserves at 80% confidence level.
- Received positive external audit results on Workers' Compensation and Liability programs.
- Maintained the Cost of Risk below 2% of the County budget.



2012-13 GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

GOAL 1: MINIMIZE THE TOTAL COST OF RISK.

Objective A: Optimize insurance vs. risk retention.

Measurement	2009-10 Actual	2010-11 Actual	2011-12 Target	2011-12 Estimate	2012-13 Target
Cost of risk as a percent of County budget. Target less than 2%.	1.8%	1.9%	<2%	1.8%	<2%

GOAL 2: SUPPORT COUNTYWIDE RISK CONTROL EFFORTS.

Objective A: Provide formal training courses and informal consultation targeting safety, loss control, and risk transfer needs as identified by departments.

Objective B: Expand participation in Arrowhead Achievement Program.

Measurement	2009-10 Actual	2010-11 Actual	2011-12 Target	2011-12 Estimate	2012-13 Target
Percentage increase in formal training classes offered.	5%	9%	10%	14%	15%
Number of departments participating in Arrowhead Achievement Program.	7	7	15	7	10

The Arrowhead Achievement Program is an action based, self-driven, incentive program designed to assist departments in reducing their overall cost of risk by merging risk management techniques with fundamental safety principles; thus, increasing productivity, public safety, customer service and positively impacting the cost of risk. The program consists of five (5) basic components: identifying loss exposures, analyzing loss exposures, examining risk control techniques, implementing risk control techniques and evaluating results. The estimate for 2011-12 is lower than the target as a result of less departments joining the program than was originally anticipated. Risk Management is actively working with departments in an effort for them to join the program in 2012-13.



SUMMARY OF BUDGET UNITS

	2012-13					
	Appropriation	Revenue	Net County Cost	Fund Balance	Revenue Over/ (Under) Exp	Staffing
Internal Service Funds						
Operations	6,313,948	6,313,948			0	57
Insurance Programs	89,862,129	64,773,010			(25,089,119)	0
Total Internal Service Funds	96,176,077	71,086,958			(25,089,119)	57

5-YEAR APPROPRIATION TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Risk Management Operations	7,180,783	6,541,581	5,833,825	6,106,689	6,313,948
Insurance Programs	64,286,186	66,040,123	67,582,150	76,723,028	89,862,129
Total	71,466,969	72,581,704	73,415,975	82,829,717	96,176,077

5-YEAR REVENUE TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Risk Management Operations	7,180,783	6,570,156	6,351,588	6,106,689	6,313,948
Insurance Programs	84,075,100	68,127,100	62,912,172	70,326,842	64,773,010
Total	91,255,883	74,697,256	69,263,760	76,433,531	71,086,958

5-YEAR REVENUE OVER/(UNDER) EXPENSE TREND					
	2008-09	2009-10	2010-11	2011-12	2012-13
Risk Management Operations	0	28,575	517,763	0	0
Insurance Programs	19,788,914	2,086,977	(4,669,978)	(6,396,186)	(25,089,119)
Total	19,788,914	2,115,552	(4,152,215)	(6,396,186)	(25,089,119)



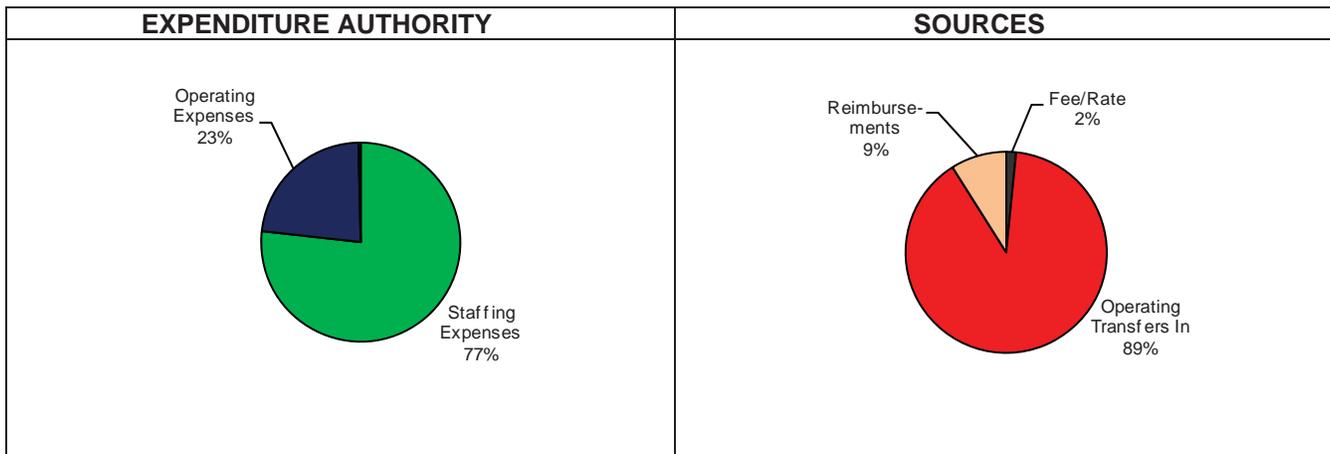
Operations

DESCRIPTION OF MAJOR SERVICES

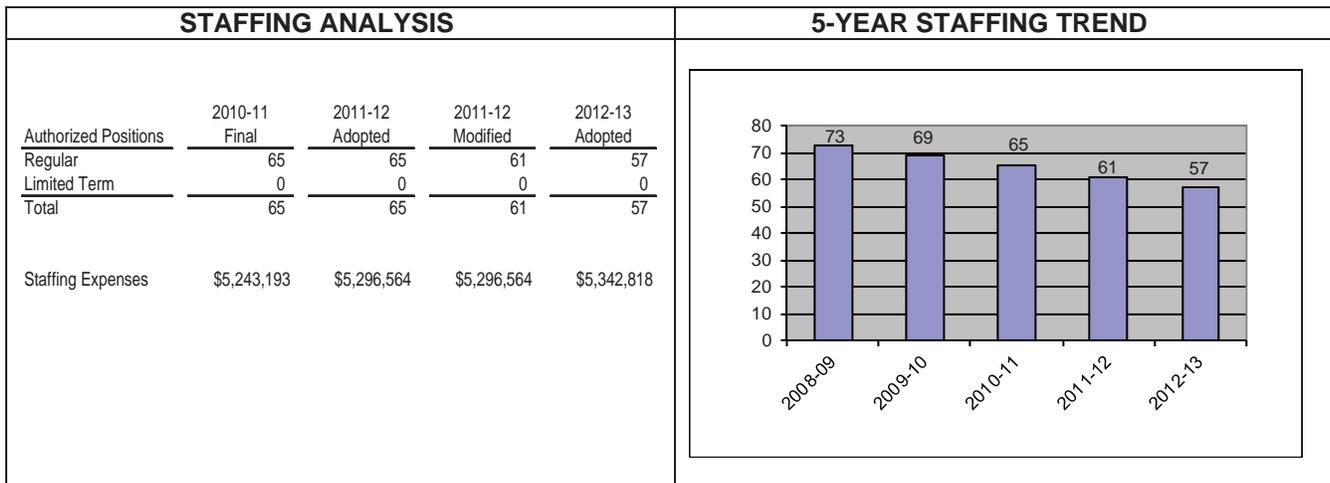
Risk Management administers the County's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and funded by charging general fund and non-general fund departments, as well as Board-Governed Special Districts and County Service Areas. Each is billed for its specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

Budget at a Glance	
Total Expenditure Authority	\$6,935,514
Total Sources	\$6,935,514
Rev Over/(Under) Exp	\$0
Total Staff	57

2012-13 RECOMMENDED BUDGET



BUDGETED STAFFING



ADMINISTRATION ANALYSIS OF 2012-13 RECOMMENDED BUDGET

GROUP: Administration
DEPARTMENT: Risk Management
FUND: Operations

BUDGET UNIT: IBP RMG
FUNCTION: General
ACTIVITY: Other General

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Estimate	2011-12 Modified Budget	2012-13 Recommended Budget	Change From 2011-12 Modified Budget
Appropriation							
Staffing Expenses	5,602,880	5,383,835	5,243,193	5,179,658	5,296,564	5,342,818	46,254
Operating Expenses	1,580,240	1,131,401	1,160,681	1,391,618	1,355,632	1,592,696	237,064
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	7,183,120	6,515,236	6,403,874	6,571,276	6,652,196	6,935,514	283,318
Reimbursements	(633,153)	(664,636)	(570,052)	(545,507)	(545,507)	(621,566)	(76,059)
Total Appropriation	6,549,967	5,850,600	5,833,822	6,025,769	6,106,689	6,313,948	207,259
Depreciation	0	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0	0
Total Requirements	6,549,967	5,850,600	5,833,822	6,025,769	6,106,689	6,313,948	207,259
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	205	29	0	0	0	0	0
Fee/Rate	198,872	97,610	125,214	92,000	136,000	110,000	(26,000)
Other Revenue	(282,886)	(334,872)	(12,133)	19,074	50,000	20,000	(30,000)
Total Revenue	(83,809)	(237,233)	113,081	111,074	186,000	130,000	(56,000)
Operating Transfers In	6,660,783	6,516,493	6,238,507	6,010,689	5,920,689	6,183,948	263,259
Total Financing Sources	6,576,974	6,279,260	6,351,588	6,121,763	6,106,689	6,313,948	207,259
Rev Over/(Under) Exp	27,007	428,660	517,766	95,994	0	0	0
				Budgeted Staffing	61	57	(4)
Fixed Assets							
Capital Expenditures	0	31,500	35,822	65,542	52,735	25,000	(27,735)
Total Fixed Assets	0	31,500	35,822	65,542	52,735	25,000	(27,735)

BUDGET CHANGES AND OPERATIONAL IMPACT

Appropriation is increasing by \$207,259 based primarily on the increase of the COWCAP allocation partially offset by the decrease in transfers.

Departmental revenue will increase by \$207,259 primarily due to higher operating transfers in from the insurance funds.

MAJOR EXPENDITURES AND REVENUE IN 2012-13 RECOMMENDED BUDGET

Staffing expenses make up the majority of the Department's expenditures within this budget unit for 2012-13. These expenses fund 57 budgeted positions and are necessary to administer the County's insurance programs. Departmental revenue is primarily made up of operating transfers in from the insurance funds which are funded through Board of Supervisor's approved premiums paid by departments, Board-Governed Special Districts, and County Service Areas. In addition, departmental revenue includes administrative fee revenue from the Emergency Medical Services Program of \$110,000 and interest.

STAFFING CHANGES AND OPERATIONAL IMPACT

The department eliminated 4 vacant positions (1 Liability Claims Representative III, 1 Liability Claims Representative II, and 2 Risk Control Specialists). There is no operational impact as a result of these deletions, the duties will be performed by existing staff.



2012-13 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Administration	13	0	13	13	0	0	13
Risk Control	11	0	11	11	0	0	11
Workers' Compensation Claims	27	0	27	27	0	0	27
Liability Claims	6	0	6	6	0	0	6
Total	57	0	57	57	0	0	57

Administration	Risk Control	Workers' Compensation Claims
<u>Classification</u>	<u>Classification</u>	<u>Classification</u>
1 Director of Risk Management	1 Risk Control Officer	1 Supervising Workers Comp Adjuster
2 Deputy Director of Risk Management	5 Dept. Risk Control Specialist	1 Workers Comp Adjuster III
1 Executive Secretary II	1 Staff Analyst II	13 Workers Comp Adjuster II
1 Risk Assessment Officer	3 Risk Control Specialist	1 Medical Only Claims Adjuster
1 Staff Analyst II	1 Office Assistant III	7 Claims Assistant
1 Accountant II	11 Total	1 Fiscal Assistant
1 Accounting Technician		1 Office Assistant III
2 Fiscal Assistant		2 Office Assistant II
1 Office Assistant II		27 Total
2 Applications Specialist		
13 Total		
Liability Claims		
<u>Classification</u>		
1 Supervising Liability Claims Rep		
1 Liability Claims Rep II		
3 Liability Claims Rep I		
1 Office Assistant III		
6 Total		



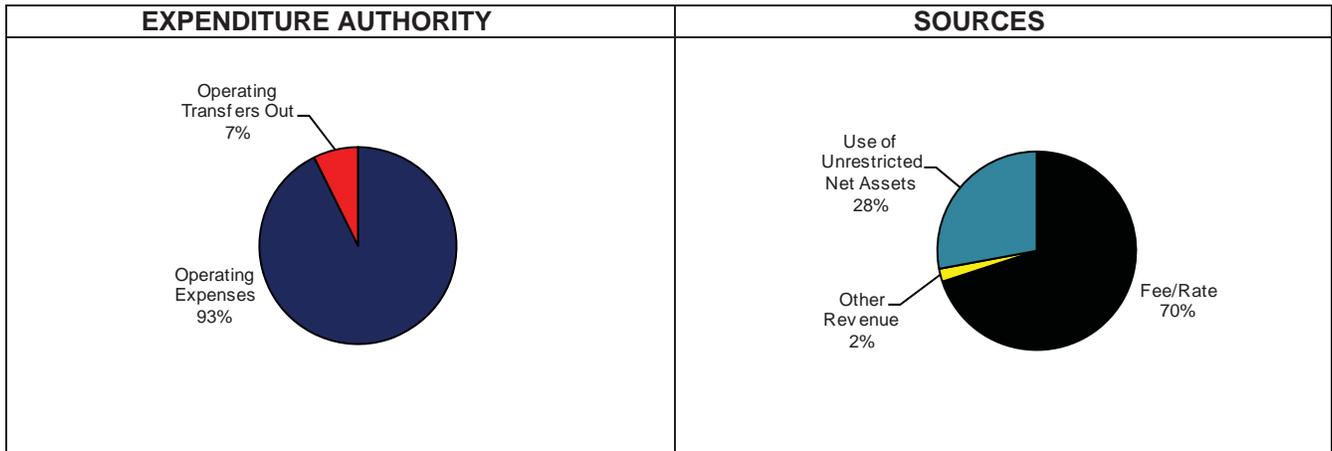
Insurance Programs

DESCRIPTION OF MAJOR SERVICES

Risk Management administers the County's self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs and its insured programs. All programs are paid from self-insurance funds and funded by charging general fund and non-general fund departments, as well as Board-Governed Special Districts and County Service Areas. Each is billed for its specific coverage for the cost to pay losses under the self-insured programs and the cost of insurance for the insured programs.

Budget at a Glance	
Total Expenditure Authority	\$89,862,129
Total Sources	\$64,773,010
Rev Over/(Under) Exp	(\$25,089,119)
Total Staff	0

2012-13 RECOMMENDED BUDGET



ANALYSIS OF 2012-13 RECOMMENDED BUDGET

GROUP: Administration
 DEPARTMENT: Risk Management
 FUND: Insurance Programs

BUDGET UNIT: Various
 FUNCTION: General
 ACTIVITY: Insurance

	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Estimate	2011-12 Modified Budget	2012-13 Recommended Budget	Change From 2011-12 Modified Budget
Appropriation							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	48,881,889	58,310,699	60,568,396	67,429,212	70,493,665	83,270,970	12,777,305
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	48,881,889	58,310,699	60,568,396	67,429,212	70,493,665	83,270,970	12,777,305
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	48,881,889	58,310,699	60,568,396	67,429,212	70,493,665	83,270,970	12,777,305
Depreciation	0	0	0	0	0	0	0
Operating Transfers Out	6,681,112	7,114,024	6,558,844	6,229,363	6,229,363	6,591,159	361,796
Total Requirements	55,563,001	65,424,723	67,127,240	73,658,575	76,723,028	89,862,129	13,139,101
Departmental Revenue							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	41,250	16,875	0	0	0	0	0
Fee/Rate	81,284,460	67,247,750	58,486,072	66,893,396	62,853,000	62,878,000	25,000
Other Revenue	7,641,363	4,721,680	3,415,163	1,918,772	7,473,842	1,895,010	(5,578,832)
Total Revenue	88,967,073	71,986,305	61,901,235	68,812,168	70,326,842	64,773,010	(5,553,832)
Operating Transfers In	0	1,778	0	0	0	0	0
Total Financing Sources	88,967,073	71,988,083	61,901,235	68,812,168	70,326,842	64,773,010	(5,553,832)
Rev Over/(Under) Exp	33,404,072	6,563,360	(5,226,005)	(4,846,407)	(6,396,186)	(25,089,119)	(18,692,933)
				Budgeted Staffing	0	0	0
Fixed Assets							
Capital Expenditures	0	0	0	0	0	0	0
Total Fixed Assets	0	0	0	0	0	0	0

BUDGET CHANGES AND OPERATIONAL IMPACT

Operating expenses have increased \$12.7 million due to costly settlements and increased liability claim experience. Additionally, there are increased claims costs in workers' compensation and premiums for excess insurance are also anticipated to increase.

Departmental revenue is decreasing by \$5.5 million as a result of diminishing interest earnings as well as a decrease in prior excess insurance reimbursements.

MAJOR EXPENDITURES AND REVENUE IN 2012-13 RECOMMENDED BUDGET

Operating expenses of \$83.0 million primarily consist of judgment and settlement costs, medical treatment and expenses, temporary disability and loss earnings, property insurance, and legal defense services. Operating transfers out of \$6.5 million represent funding to Risk Management's Operations budget unit.

Departmental revenue of \$64.7 million includes insurance premiums collected from user departments.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit. Staff that administers these insurance programs are budgeted in Risk Management's Operations budget unit.

