

Risk Management



FY08 Service Level Report with historical data

Mission – Risk Management

To administer a risk management program that utilizes liability insurance, loss prevention and safety programs to prevent, reduce and minimize losses and liability exposure for the City.

Measures of Inputs

People

Liability / Risk Mgmt	FY04	FY05	FY06	FY07	FY08	FY09
Full Time	1	1	1	1	1	1

Money

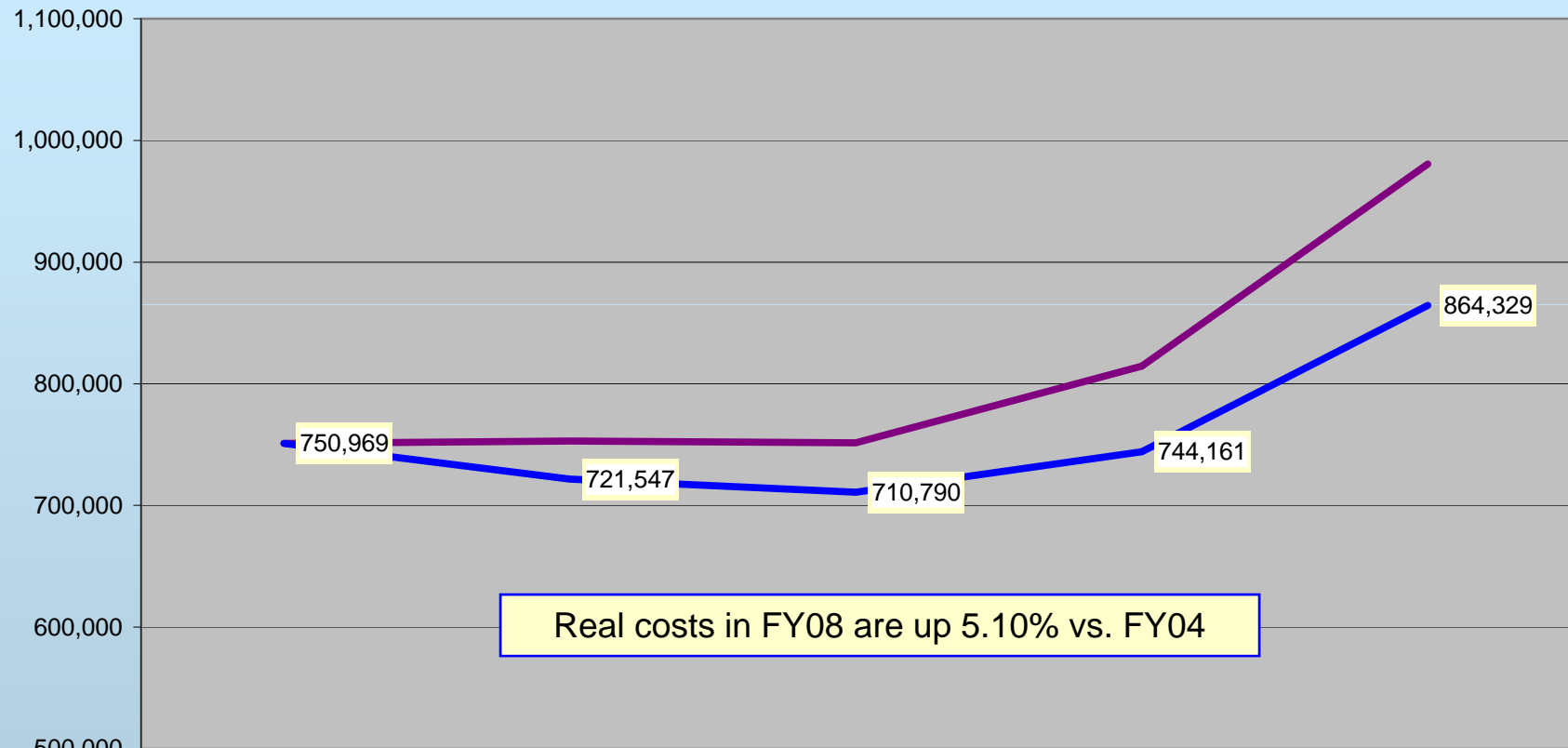
	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ACTUAL	FY 2008 ACTUAL	FY 2009 BUDGET
LIABILITY & RISK MANAGEMENT						
Labor	123,253	74,896	107,534	111,557	115,195	116,331
Operating	622,216	663,424	643,841	701,911	865,373	877,396
Capital	5,500	14,599		1,000		6,000
Total	750,969	752,919	751,375	814,468	980,568	999,727
CPI	190.9	199.2	201.8	208.9	216.6	
Real FY04 \$	750,969	721,547	710,790	744,161	864,329	
% Change in Real FY04 \$, FY04-FY08					15.10%	

Inherited Capital

None

Analysis of Inputs

Liability and Risk Management Nominal & Real FY04-FY08



	ACTUAL FY 2004	ACTUAL FY 2005	ACTUAL FY 2006	ACTUAL FY 2007	ACTUAL FY 2008
— Total	750,969	752,919	751,375	814,468	980,568
— CPI	190.9	199.2	201.8	208.9	216.6
— Real FY04 \$	750,969	721,547	710,790	744,161	864,329



Measures of Outputs



Risk Management

	2006	2007	2008
Claims received	128	118	104
Claims paid	\$186,417.41	\$225,390.41	\$169,932.87
-Reimbursements			\$19,516.24
Net claims paid			\$150,416.63
Premiums paid	\$586,823.00	\$616,697.00	\$653,696.00
+Deductibles			\$14,927.28
Actual insurance cost			\$668,620.28
Premium attributed to insure City Property (Estimate)	\$115,000.00	\$120,850.00	\$127,738.45

Measures of Outputs

Risk Management

Worker's Compensation Statistics

	2004	2005	2006	2007	2008
Insurance Premium	\$872,864	\$779,368	\$657,733	\$728,952	\$792,806
Total Loss	\$270,317	\$622,758	\$294,515	\$120,375	\$255,145
Loss Ratio	30.97	79.91	44.78	16.51	32.18
Claim Count	94	89	94	79	74
Premium Refund	\$57,927	\$0	\$29,103	\$102,001	TBD
Experience Modifier	1.28	1.07	.86	.89	.96



Measures of Efficiency

Risk Management

\$ Claims paid per capita: $\$169,932.87/54,572 =$ **\$3.11** per capita

Benchmarks: ICMA survey average*: \$5.58

ICMA survey median*: \$5.42

Worker's Comp Claims per 100 FTE: $74/582.5 =$ **12.7**

Benchmarks: ICMA survey average*: 11.7

ICMA survey median*: 10.4

*ICMA 2007 survey, cities under 100,000 population

Explanatory Factors

Risk Management

City's policy is to report every worker's compensation claim, regardless of size, dollar amount or severity.

- Inflates number of claims reported compared to many cities**
- Instills safety awareness, ultimately keeping costs and significant injuries down**

Outcomes: Effectiveness & Results

Risk Management

- 1) Through the efforts of the Safety Coordinator, Human Resources and the safety program employees are reporting all injuries not just those that result in workers compensation claims**
- 2) Citizens' and in-house claims were promptly handled**

Optional Comments

Risk Management

- 1)GOAL - Continue to reduce liability claims, workers compensation exposures, claims and premiums through the Wellness, Safety and other educational programs.**
- 2)GOAL - Explore options to cover the risks associated with City operations.**
- 3)GOAL - Increase fund balance by \$200,000.**

Issues & Concerns

Risk Management

In order to become self-insured for risk issues and workers compensation a minimum fund balance of \$1.5 million is needed. In the current economic situation it will be difficult to increase the fund balance. However, if the integrity of the fund balance can be maintained and gradually increased over time the goal can be reached.