

**Function:**  
General Government

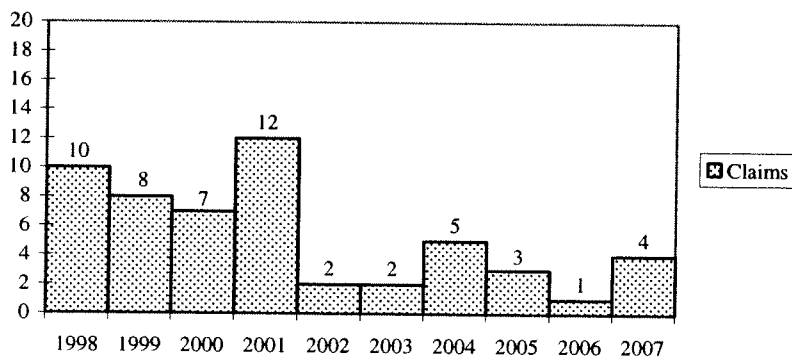
**Department:**  
City Administrator

**Activity:**  
Risk Management

**GENERAL INFORMATION**

This budget includes the City's Risk Management Program, Insurance Program, and Employee Safety Program. The budget allocates funding for the Human Resources Manager's time for Risk Management and Safety Program responsibilities. The City's Wellness Program is also involved in developing and sharing safety information with City employees. The number of lost time workers compensation claims recorded for the City during calendar year 2007 equaled four. The history of lost time claims for the past ten years is as follows:

**Lost Time Workers Compensation Claims**

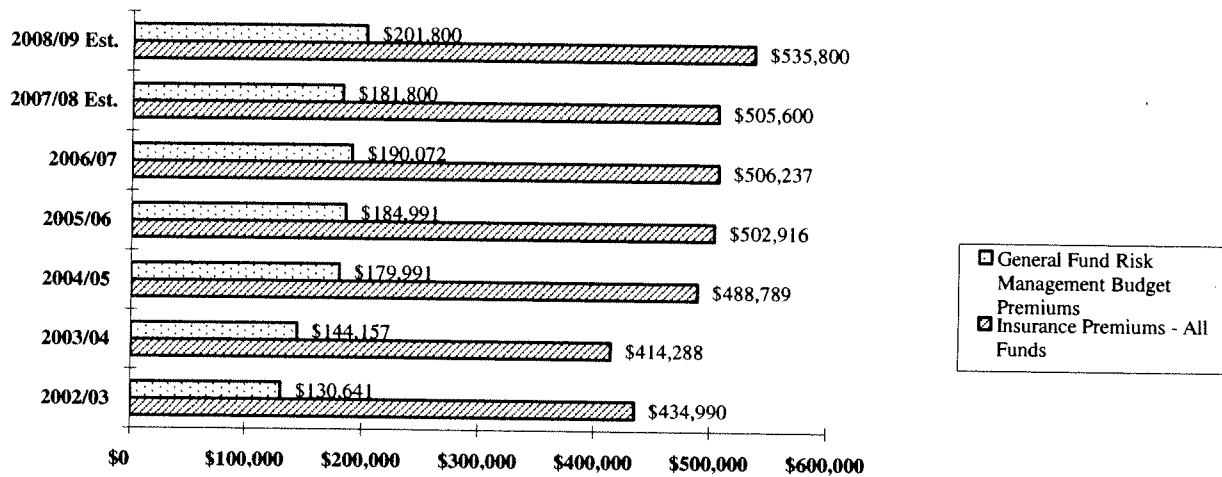


The goal for 2008/2009 is to continue to reduce recordable injuries.

The City's Risk Management Program involves the administration of the City's overall insurance program. A Citizen Insurance Advisory Committee consisting of representatives from various major industries in the community provides a substantial amount of assistance to the City in administering this program.

Insurance costs included in this budget for fiscal years 2002/2003 through the budgeted costs for 2008/2009 as well as total City insurance premiums are shown in the following graph:

### Insurance Premium History



#### **CURRENT TRENDS AND ISSUES**

The 2007/2008 revised estimate General Fund insurance cost of \$181,800 included in this budget is \$38,700 less than the amount budgeted. Of this amount, \$11,473 is the result of a credit from the Workers Compensation audit for 2006/2007. The premium for building and contents insurance was under the budgeted amount by \$14,300 and most other premiums were also close to or under the amounts budgeted..

The 2008/2009 estimated insurance cost of \$201,800 included in this budget is 8.5% less than the 2007/2008 budget and 11.0% more than the 2007/2008 revised estimate. Without the prior year audit credit, the increase over the 2007/2008 revised estimate would be 4.4%. The total insurance premiums (excluding employee health, dental and life insurance) for the entire City are estimated at \$535,800 for 2008/2009. This is a 6.0% increase from the 2007/2008 revised estimate of \$505,600. Of that amount \$201,800 is charged directly to the General Fund Risk Management budget with the remainder allocated to various Enterprise and other funds. Worker's Compensation insurance is allocated based on payroll costs to each of the City's departments.

The budget for 2008/2009 includes a \$.31040 per \$1,000 valuation Tort Liability tax levy. The Tort Liability tax levy also provides funding of \$16,500 for the fine arts insurance policy included in the Art Center operations budget. Insurance premiums continue to be a major cost to the City which emphasizes the importance the City should place on its risk management program.

#### **GOAL STATEMENT**

To develop a program for a safe and healthy environment for the employees of the City and to monitor such program in order to reduce injuries and loss exposure to the City; and to assist all departments with risk management to reduce potential injuries to persons and property to limit the City's exposure to claims against the City.

**PERFORMANCE MEASURES**

	<b>Actual 2004/2005</b>	<b>Actual 2005/2006</b>	<b>Actual 2006/2007</b>	<b>Estimated 2007/2008</b>	<b>Estimated 2008/2009</b>
Workers Compensation Experience Modification Factor	.84	.93	.95	.87	.83
Insurance Premiums Paid - All Funds	\$488,789	\$502,916	\$506,237	\$505,600	\$535,800
Risk Management Insurance Premiums	\$179,991	\$184,991	\$190,072	\$181,800	\$201,800
Accident Review Committee Meetings	12	12	12	12	12
Risk and Insurance Management Society (RIMS) Meetings	9	9	9	9	9

**RECENT ACCOMPLISHMENTS**

There have been a number of significant events in the risk management area during the past year. In the spring of 2007 a fire destroyed the maintenance building at the golf course. The following day a tornado hit Muscatine and severely damaged ball fields at Kent Stein Park as well as causing extensive damage at the City's Greenwood Cemetery. In addition, a windstorm damaged Musser Park later in the summer. Each of these incidents required a great deal of interaction with insurance adjusters, and at this time, the claims are close to being settled with the insurance company. While working through these claims, areas for improvement in communication were identified and staff is in the process of making appropriate changes.

The request for broker services will be completed in the spring of 2008. The city is in its fifth year with Holmes Murphy as the City's Agent of Record. Under the current process, these services must be re-bid for the upcoming fiscal year. The city's Insurance Committee will assist in the review of these proposals.

Other activities over the year have included hosting a number of on-site visits from various representatives of the city's insurance carriers. These visits allow the insurance company to become familiar with city operations and to help identify areas where there may be gaps in coverage. These visits included tours of various facilities and meetings with supervisors and other staff members.

The Safety Awareness Team continues to meet monthly and review accidents and injuries. Based on these reviews, suggestions are made to departments for safety improvements and training needs are sometimes identified. The overall accident rate for the city is still low, with a current experience modification of .87. This experience modification factor is anticipated to drop to .83 at the next rating time.

Over the next year, work will continue toward identifying risks and determining the measures that will best mitigate these risks.

***OBJECTIVES TO BE ACCOMPLISHED IN 2008/2009***

- \* To continue to provide effective programs to further reduce the number of work-related injuries and accidents.
- \* To improve the process of collecting restitution when others are responsible for damage to city property.
- \* To complete the request for proposal (RFP) process for insurance broker services and implement any changes if necessary.
- \* To identify and implement areas of possible partnership with the city's Wellness Program.

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**Risk Management**

	<b>Actual 2005/2006</b>	<b>Actual 2006/2007</b>	<b>Budget 2007/2008</b>	<b>Revised Estimate 2007/2008</b>	<b>Budget 2008/2009</b>	<b>Percent Change</b>
<b>Expenditure Summary</b>						
Personal Services	\$ 19,171	\$ 20,943	\$ 22,100	\$ 22,000	\$ 23,000	4.07%
Commodities	9,055	7,873	12,100	12,100	12,100	0.00%
Contractual Services	204,503	203,501	238,300	199,600	219,600	-7.85%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
<b>Total Expenditures</b>	<b>\$ 232,729</b>	<b>\$ 232,317</b>	<b>\$ 272,500</b>	<b>\$ 233,700</b>	<b>\$ 254,700</b>	<b>-6.53%</b>
<b>Funding Sources</b>						
Tort Liability Taxes	\$ 192,729	\$ 192,317	\$ 234,359	\$ 198,700	\$ 224,550	-4.19%
Transfer from Insurance Trust	40,000	40,000	38,141	35,000	30,150	-20.95%
<b>Total Funding Sources</b>	<b>\$ 232,729</b>	<b>\$ 232,317</b>	<b>\$ 272,500</b>	<b>\$ 233,700</b>	<b>\$ 254,700</b>	<b>-6.53%</b>

<b>Personnel Schedule</b>						
	<b>Actual 2005/2006</b>	<b>Actual 2006/2007</b>	<b>Budget 2007/2008</b>	<b>Revised Estimate 2007/2008</b>	<b>Budget 2008/2009</b>	<b>Budget Amount 2008/2009</b>
<b>Full Time Position Allocation:</b>						
Human Resources Manager	0.25	0.25	0.25	0.25	0.25	\$ 16,700
Employee Benefits						6,300
<b>Total Personal Services</b>						<b>\$ 23,000</b>