

Department Function**Fund 700****Risk Management****Replacement Page 398****Dept 11234****Administration****Mission**

The Risk Management Department works to protect the Kenai Peninsula Borough (KPB) and Kenai Peninsula Borough School District's (KPBSD) assets by identifying, analyzing and mitigating against the consequences of accidental losses and claims. The Risk Management Department serves as a resource for protecting the health, safety, and well-being of KPB and KPBSD employees and property through continuous efforts to reduce the frequency, severity and associated cost of risk and risk-related claims through continuous education, analysis, active participation and communication.

Program Description

The Risk Management Department coordinates the insurance program for the KPB and KPBSD, manages Workers' Compensation claims, and consults with the KPB, Service Areas, and the KPBSD on loss prevention, safety, and environmental compliance programs.

Major Long Term Issues and Concerns:

- Increasing medical costs throughout the State of Alaska.
- Continuing variances in market conditions and related regulatory changes will likely continue to affect the cost of procuring excess insurance for the KPB, the Service Areas and the KPBSD.
- Presumptive disability statutes continue to impact risk avoidance for emergency services organizations.
- Environmental programs may continue to be affected by federal and state regulatory changes.
- Maintenance coverage of KPB aging facilities.

FY2019 Accomplishments

- Completed required FEMA Training and serve as active members of the KPB Incident Management Team.
- Removed hazardous waste from several schools and disposed of through the Household Hazardous Waste (HHW) Program.
- Fire service area risk mitigation planning and program implementation.
- Continued team development and cross training efforts.
- Consolidated the custodial in-services training to work within the new time constraints.
- Revised the KPB's Emergency Action Plan (EAP).
- Conduct PPE Hazard Assessments of Central Peninsula Landfill operations.

FY2020 New Initiatives:

- KPB Emergency Action Plan training and implementation of drills on Borough campus.
- Continue involvement and training in the KPB's IMT.
- Conduct PPE Hazard Assessments for the KPB and KPBSD.
- Pursue engineering recertification of CPL's SPCC Plan.
- Complete Water Rights Applications for K-Beach Elementary, Sterling Elementary and KPB Shop/Poppy.
- Complete LCIP inspections for all KPB owned properties (this includes KPBSD properties).
- Work with ADEC and KPB Maintenance to continue improving drinking water and waste water systems.
- Update annual training requirements within the FirstNet Learning Management System (LMS).
- Research and select EHS Software for Risk Management.
- Update Risk Management's Records Retention schedule.
- Build out and populate a Certificate of Insurance tracking system within SharePoint.

Performance Measures

	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Estimated
Number of Insurance Policies Purchased	13	13	13	13
Number of Insurance Certificates Reviewed ¹	-	197	197	197
Number of Contracts Reviewed for Insurance Purposes ²	80	32	45	52
Loss Control Incentive Program (LCIP) Inspection	198	202	205	225
Tax Foreclosure Environmental Reviews	187	166	87	80
Staffing History	4	4	4	4

¹ Number of certificates of insurance received and digitally stored during the year.

² Number based off Purchasing's Procurement Contract Document Log.

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Dept 11236

Workers' Compensation

Program Description

- As required under the Alaska Workers' Compensation Act, Workers' Compensation is a program that requires employers to pay medical costs and lost wages in the event an employee becomes injured or ill due to working conditions. The Risk Management Department is responsible for complying with the Alaska Workers' Compensation Act by administering a compliant and comprehensive self-insurance program. This includes identifying and mitigating to the extent possible, the hazards that could cause injury to the visiting public, students, and employees; and analyzing, managing, and processing claims.
- Our program serves to educate supervisors about our Workers' Compensation obligations and actions, and about providing accommodations to returning employees in temporary transitional work to help reduce time away from work and increase productivity.
- The program utilizes an electronic reporting system to track employee injuries and costs of medical treatment and other actions connected with employee workers' compensation claims.

Major Long Term Issues and Concerns:

- Increasing cost of claims, primarily due to high cost of medical treatment and litigation in the State of Alaska.

- Presumptive disability statutes continue to impact risk avoidance for emergency services organizations.
- Aging workforce both at the KPB and KPBSD.

FY2019 Accomplishments

- Continued improvement with the incident reporting process and tracking mechanism have allowed for detailed claims analysis, identification of more hazardous locations, and areas needing increased Risk Management presence.
- Maintained decreases in our renewal cost as a result of increased compliance with loss control programs.

FY2020 New Initiatives:

- Cross training and improved functionality within the Risk Management Department to increase field presence and in-person investigation of Workers' Compensation claims for both the KPB and KPBSD.
- Continue working with high-risk locations and positions to provide focused information and training with the goal of reducing preventable injuries and accidents.
- Educate client group on parameters requiring Risk Management incident investigations.
- Develop and share informal after-action communications (Safety Bulletins) to department leadership in both the KPB and KPBSD.
- In-depth investigations for all Recordable incidents.

Performance Measures

	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Estimated
Total Incidents for the KPB	33	37	40 (37 YTD)	37
Total Incidents for the KPBSD	92	99	125 (120 YTD)	105
Total Incidents for Year (KPB & KPBSD)	125	136	165 (157 YTD)	142
Number of No Treatment Incidents	-	56	65 (61 YTD)	-
Number of First Aid Treatment Incidents	-	27	50 (46 YTD)	-
Number of Recordable Incidents	-	53	50 (47 YTD)	-

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Dept 11237

Property

Program Description

Property Insurance including claims is for coverage of the buildings, contents, emergency equipment and vehicles of the Borough, School District, and Service Areas.

Major Long Term Issues and Concerns

- Aging properties throughout the Borough resulting in increased frequency and cost of repairs.
- Every growing costs to bring existing facilities to current building code requirements.

FY2019 Accomplishments

- Initiated a comprehensive review and evaluation of the Kenai Peninsula Borough (KPB) property schedule.
- Identified appraisal activities needed in the upcoming fiscal year focusing on high exposure and high value properties. This will help confirm and update insurance values for all KPB owned properties.

FY2020 New Initiatives

- Completed appraisal activities with our carrier focusing on the high exposure and high value properties to confirm and/or update insurance values for all KPB properties.
- Analyze and evaluate coverage needs for remodeled or new KPB properties and structures within last year.
- Increased investigations of property claims over \$5,000.
- Develop and share informal after-action communications (Safety Bulletins) to department leadership in both the KPB and KPBSD.
- Complete project of migrating property and risk allocation spreadsheet data to multi-user platform and input information into SharePoint.
- Update the KPB&SD Property Schedule to accurately reflect owned properties, structures, and locations.

Performance Measures

	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Estimated
Total Number of Claims	59	63	59	60
Average Claim Cost (Including Auto, Property & Vandalism) ¹	\$2,050	\$16,935	\$8,360	\$9,115

¹ FY19 Projected and FY20 Estimated figures based on a 3-year averages.

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Dept 11238

Liability

Program Description

Administered by the Risk Management Department, the liability insurance program covers the Kenai Peninsula Borough (KPB) and Kenai Peninsula Borough School District (KPBSD) for risks imposed by lawsuits and other similar claims.

Major Long Term Issues and Concerns:

- The KPB and KPBSD's exposures, loss ratio, and overall costs continue to present challenges in securing reasonably priced excess insurance.
- Increased litigation costs for exceedingly more complex claims.

- Presumptive disability statutes continue to impact risk avoidance for emergency services organizations.

FY2019 Accomplishments

- Enhanced tracking capabilities using technology improvements for internal loss control.

FY2020 New Initiatives:

- Go out to market to obtain competitive insurance coverage quotes that meet or exceed our current coverage while maintaining, or reducing costs.

Performance Measures

Key Measures	FY2017 Actual	FY2018 Actual	FY2019 Projected	FY2020 Estimated
Total Number of Claims	10	10	10	10
Average Claim Cost (Liability Only) ¹	\$9,612	\$17,976	\$12,129	\$13,239

¹ FY19 Projected and FY20 Estimated figures based on a 3-year averages.

**Kenai Peninsula Borough
Budget Detail**

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	FY2017 Actual	FY2018 Actual	FY2019 Original Budget	FY2019 Forecast Budget	FY2020 Department Proposed	Difference Between Department Proposed & Original Budget %	
Services							
43011 Contractual Services	\$ 39,349	\$ 6,330	\$ 18,990	\$ 18,990	\$ -	\$ (18,990)	-100.00%
43511 Extended Coverage	-	-	-	-	-	-	-
43515 CGL Excess Liability	402,381	314,608	460,000	460,000	485,000	25,000	5.43%
43519 Finance Officer Bond	-	-	3,000	3,000	3,000	-	0.00%
43520 Employee Bond	300	950	5,000	5,000	5,000	-	0.00%
43521 Other Bonds	280	805	2,500	2,500	2,500	-	0.00%
43525 Travel Accident Insurance	-	-	-	-	5,000	5,000	-
43528 Aviation Liability	12,096	12,096	12,100	12,100	12,100	-	0.00%
43529 Other Miscellaneous Coverage	259	73,577	128,000	128,000	80,000	(48,000)	-37.50%
43999 Claim Reserves	64,646	180,074	250,000	1,106,020	500,000	250,000	100.00%
Total: Services	519,311	588,440	879,590	1,735,610	1,092,600	213,010	24.22%
Interdepartmental Charges							
60000 Charges (To) From Other Depts.	168,434	162,593	184,581	184,581	190,903	6,322	3.43%
Total: Interdepartmental Charges	168,434	162,593	184,581	184,581	190,903	6,322	3.43%
Department Total	\$ 687,745	\$ 751,033	\$ 1,064,171	\$ 1,920,191	\$ 1,283,503	\$ 219,332	11.42%

Line-Item Explanations

43515 CGL Excess Liability. Cost of liability, excess liability, and crime insurance policies as well as loss control and rate stabilization.

43519 Finance Officer Bond. Bonds for KP&SD Finance Department officials as required by law.

43520 Employee Bond. Blanket fidelity bond for public employees.

43521 Other Bonds. Costs for State of Alaska Notary Bond fees.

43525 Travel Accident Insurance. Cost of the renewed Travel Accident Insurance Policy. Absorbed in 43529 in FY2019.

43528 Aviation Liability. Cost of liability insurance on KP&SD employees traveling on chartered aircraft.

43529 Other Miscellaneous Coverage. Includes costs for pollution liability, storage tank liability, professional medical liability, and mobile equipment liability policies. Overall decrease in total was due to reallocation of excess liability coverage to 43515 and boiler/machine to 43511 in Department 11237.

43999 Claim Reserves. To cover estimated costs of self-insured losses for liability. Estimate based on a 5-year average of actual liability losses and rate increase in claims filed.

60000 Charges (To) From Other Depts. Allocation of Risk Management Administration costs to insurances provided by the fund: (50%) Workers Compensation, (20%) Property Insurance, and (30%) General Liability.