CITY OF
RICHMOND

# Bureau of Risk Management

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- The Bureau of Risk Management serves as the City’s insurance agent and oversees risk exposures through self-insurance, commercial insurance purchases, and loss control programs. Core functions include:

  - **General & Auto Liability Claims** – managed with a Third-Party Claims Administrator; state law (§15.2-209) requires notice of claims within six months.
  - **Workers’ Compensation** – required by state law for all employers with 3+ employees; the City covers ~4,100 employees.
  - **Safety Program** – citywide training, inspections, and driver safety programs.
  - **Subrogation Recovery** – recovering costs from third parties responsible for damages.

# Overview and review of local, state, and federal policies

The Bureau is required to adhere to various federal and state laws, City codes and internal policies, which include but not limited to the following:

**Federal:**

- Environmental Protection Agency (EPA) – Municipalities and facilities that use hazardous substances (Ex. Department of Public Work’s use of underground fuel storage tanks)
- Occupational Safety and Health Administration (OSHA) Reporting Requirements- Section 29 CFR part 1904) – Employers are required to record and report work-related fatalities, injuries, and illnesses.

# Overview and review of local, state, and federal policies

The Bureau is required to adhere to various federal and state laws, City codes and internal policies, which include but not limited to the following:

**State Code:**

- Risk Management plan for public liability (Section 2.2-1837)
- The requirement to establish a risk management plan which may be purchasing insurance or self-insurance or a combination of both.
- Risk Management (12VAC35-105-520). The employer shall designate a person responsible for the risk management function and implement a written plan to identify, monitor, reduce and minimize the risk of harm and other sources of potential liability.
- Section 15.2-209 - Written notice of a claim against a municipality be provided within six (6) months of the event giving rise to the claim.
- Workers’ Compensation Act (Section 65.2). This act governs wage replacement and medical benefits for employees injured or who develop occupational diseases arising out of and in the course of their employment.

# Overview and review of local, state, and federal policies

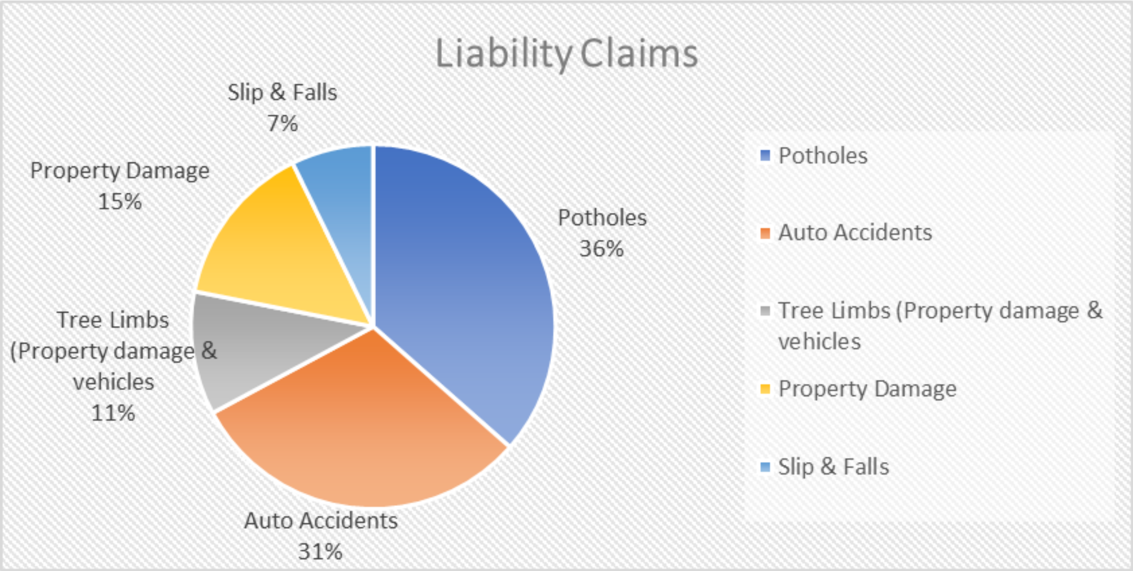
The Bureau is required to adhere to various federal and state laws, City codes and internal policies, which include but not limited to the following:

**City Policies**

- Administrative Regulation 5.1 (Workers' Compensation) Adherence to State Workers' Compensation Act (Section 65.2), which establishes the requirements for the city in the handling of employee illness, injury and disability arising from a job-related accident.
- Return to Duty Program (RTD) (Section 4.18) The RTD program utilizes the City's resources in the most effective manner to return employees back to work, who have a medically documented job-related illness/injury. RTD program operates in conjunction and in coordination with the Americans with Disabilities Act (ADA), Family & Medical Leave Act (FMLA), the Occupational Safety & Health Act (OSHA) and the Virginia Workers' Compensation Act.

# Review FY25 settlements by agency and by type of issue

The City receives approximately **700 liability claims annually**, primarily in the categories of auto accidents, pothole/property damage, tree limb damage, and slip-and-falls.



# Review FY25 settlements by agency and by type of issue

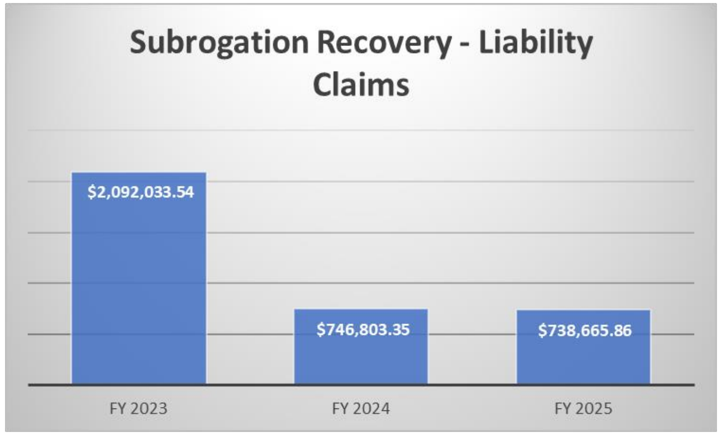
The following represents claims paid by the City in FY 2024.

| * FY 2024 | Public Works | Public Utilities | Police | Fire | Parks & Recreation | Sheriff | All Other Departments |
|---|---|---|---|---|---|---|---|
| Liability | $214,647 | $139,403 | $1,454,467 | $43,034 | $64,033 | $18,002 | $17,434 |
| Workers Comp. | $565,866 | $495,282 | $1,329,208 | $1,013,684 | $52,801 | $933,723 | $121,623 |
| Total | $780,513 | $634,685 | $2,783,675 | $1,056,718 | $116,834 | $951,725 | $139,057 |

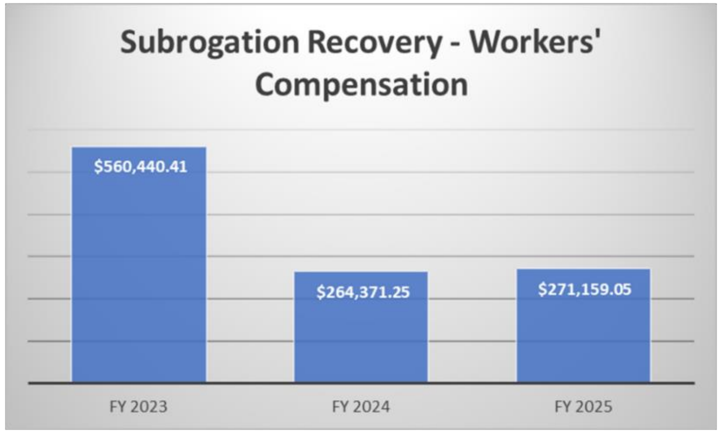
Settlements are negotiated by the City Attorney’s Office with authority provided by Risk Management and processed by the Third-Party Claims Administrator.

# Review FY25 settlements by agency and by type of issue

**Subrogation Recovery:** In FY25, Risk Management recovered **$738,665** in liability-related subrogation, compared to $746,803 in FY24 and $2.09M in FY23.




**Workers' Compensation:** ~700 claims annually. Payments for 2018–2022 ranged from $2.6M to $8.8M annually. **Subrogation Recovery** in FY25 totaled **$271,159**, compared to $264,371 in FY24 and $560,440 in FY23




The sharp decline in the amount of subrogation recoveries in both liability claims and workers compensation claims from FY23 and FY24 was due to the following factors: 1) Reduction in the number of 3rd party liability claims filed (fewer incidents), 2) Reduction in the severity or costs of damages to city property.

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# Risk Management pursues mitigation through the following:

- Contract Reviews: Insurance requirements reviewed by the Chief of Risk Management and Chief Investment Officer.
- Training: Annual liability and workers' compensation training; bi-weekly driver training; coordinate with agency safety officer to conduct trainings and inspections.
- Actuarial Forecasting: External actuarial analyses project future liability exposures:

  (FY26 vs. FY25 Projected % Change)

  - General Liability: +6%
  - Auto Liability: +4%
  - Workers' Compensation: +11%

# Discussion and Questions

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