



PRIMA INSTITUTE 2023



Prince William County VA

Building a Robust Risk Management Program


Lori Gray
Assistant Director of Finance for Risk and Wellness Services
Prince William County, Virginia


Carleen Patterson, ARM-P, CIC, CRM
Senior Vice President
Alliant Insurance Services, Inc.


Robust:

Strong and effective in all situations

~www.dictionary.com







Learning Objectives

- 1. Discuss the difference between traditional and enterprise risk management
- 2. Understand the elements critical to the success of a robust program
- 3. Consider critical steps in the process of building a robust program
- 4. Identify methods for evaluating your program



- 1. Discuss the difference between traditional and enterprise risk management









Traditional versus Enterprise Risk

Risk Universe

Political	Business	Economic	People	Financial	Natural
Government / Legislation	Compensation	Cost Inflation	Succession Planning	Foreign Exchange / Commodity	Weather (Storm / Flood)
Public Opinion	Demand Failure	Global Economy	Health & Safety / Wellness	Capital Availability	Climate Change
Environmental Change	Safety Standards	Local Economy	Labor Relations	Interest Rates	Earthquake / Volcano / Tsunami
War / Terrorism / Riots	Premature Obsolescence	Crime	Human Error	Insolvency / Credit Risk	Fire / Explosion

Wholly Insurable

Significantly Insurable

Significantly not Insurable

Not Insurable

The PI23 logo is in the bottom left corner.

Traditional versus Enterprise Risk

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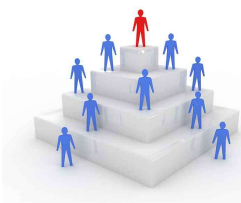
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2. Understand the elements critical to the success of a robust program



Executive Support



- » Educate management on the organizational benefits of a risk management program
- » Top down not bottom up
- » Support for risk initiatives
- » Performance-based goals for department heads
- » Continuous process



Item	F10	F11	F12	F13	F14	F15	F16
Year	2010	2011	2012	2013	2014	2015	2016
Compensation of corporate officers per 100 employees	152	136	437	137	188	138	138
Days worked in calendar (F10) Non-Corporate per 100 employees	424	422	416	436	432	427	427
Corporate return of assets available per 1,000,000 sales (\$/m)	10.10	13.00	6.91	1.46	11.00	1.10	1.10
Non-GAAP & Unaudited Measures							
Order backlog (reported in thousands)	F10	F11	F12	F13	F14	F15	F16
Net Revenue	\$125	\$220	\$230	\$190	\$130	\$120	\$207
Net Income	1,018	1,513	1,764	1,901	4,285	4,313	4,079
Items reported made	67	52	65	65	66	66	64
Number of training sessions offered	255	330	369	361	391	391	356
Investment Revenue	F10	F11	F12	F13	F14	F15	F16
Investment sales	11	51	52	52	52	52	52
Investment expenses	45	41	41	41	41	41	41



- » Internal staff
 - Environmental Health & Safety
 - Claims
 - Wellness



- » External partners
 - Broker
 - Third Party Administrator
 - Doctors
 - Attorneys
- » Understand goals and objectives

Business relationships are an extension of your business



Strong Environmental Health & Safety Program

SERVICES PROVIDED: FY22

48	Fuel Tank Inspections	
99	Safety Inspections	
32	Environmental Compliance Audits	
231	Wellness Events Hosted	
33	Pop-Up Training Events	

- » Knowledgeable EHS staff or outside consultants
- » Access and analysis of loss data
- » Policies and procedures
- » Regulatory compliance
- » Know your customers & your business operations



Strong Claims Management Program



- » Experienced claims manager
 - Communicate with employees and supervisors
 - Manage TPA
 - Coordinate return to work
 - Select physicians
 - Manage attorneys
 - Manage claims



3. Consider critical steps in the process of building a robust program



- » Start with the basics
 - Conduct risk assessment to understand operations and identify exposures
 - Analyze data
 - Develop recommendations
 - Prioritize action plan



Risk Assessment



- » Engage your customers
- » Connect with customers personally
- » Understand operations
- » Ask “what keeps them up at night”
- » Uncover reasons for perceived risks
- » Validate with data analysis
- » Develop and prioritize recommendations



Prioritize Recommendations

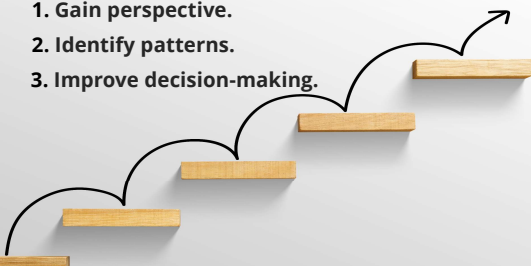


- » Implement risk management strategies
- » Review and modify insurance coverages
- » Eliminate services
- » Transfer/outsource services
- » Target high frequency and high severity causes of loss



Data-Driven Goals

1. Gain perspective.
2. Identify patterns.
3. Improve decision-making.



Prioritize Recommendations

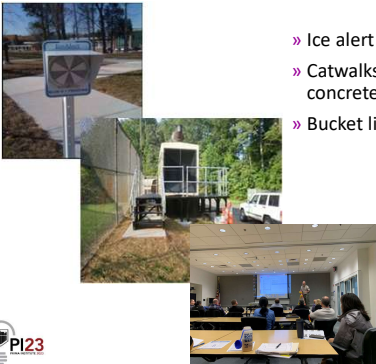


Motor Vehicle Program



- » Driver record checks
- » Collision review committee
- » Driving policy
- » Driver simulators
- » 15 passenger van training
- » Back-up warning devices & cameras
- » High visibility markings

Slips/Trips/Falls



- » Ice alert
- » Catwalks & supporting concrete for generators
- » Bucket lifts

Material Handling



- » Assessments
- » Training
- » Equipment



Strong Claims Management Program



- » Require 1st reports of incidents to Risk
- » Contact injured employee
- » Create/manage return to work program
- » Oversee and manage TPA
- » Specify infectious disease physicians
- » Provide claims training
- » Conduct employee survey
- » Choose physicians panel



Strong Claims Management Program

- Relationship with Doctors
 - Understand exposures
 - Operations
 - Job Duties
 - County WC program



TAKE YOUR DOCTOR TO
WORK DAY



Communication and Outreach



- » Committees
 - Safety & Health Council
 - Facility Safety Group
 - Infection Control Group
 - Environmental Management Council
 - Health & Wellness Council
 - Security Workgroup



Wellness Program



- » Wellness Program
 - Added benefit
 - Impact self-insured retention-health
 - Develop programs to impact WC co-morbidities
 - Reduce WC frequency and severity



Communication and Outreach



- » Programs
- » Events



Strong Risk Finance Program



- » Risk appetite
- » Insure v. Self-Insure
- » Limits
- » Retention/Deductible
- » Address unique exposures
- » Partner with the right carriers



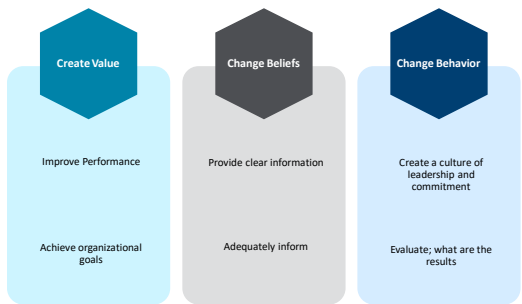
4. Identify methods for evaluating your program



- » Report cards
- » Batting averages
- » Golf handicaps
- » Sales goals



Communicate Results



Communicate Results

EXECUTIVE SUMMARY

WOMEN'S COMPENSATION

Between 1992 and 2000, the average compensation for CEOs of large public companies increased by 200%, while the average compensation for women CEOs increased by 126%. The increase for women CEOs was 63% less than the increase for men CEOs.

Compensation by Gender

Compensation Component	Men	Women
Base Salary	\$1,000,000	\$600,000
Bonus	\$500,000	\$300,000
Long-Term Incentive	\$1,000,000	\$500,000
Total Compensation	\$2,500,000	\$1,400,000

Compensation by Industry

Industry	Men	Women
Technology	\$2,000,000	\$1,000,000
Healthcare	\$1,500,000	\$800,000
Financial	\$1,200,000	\$700,000
Manufacturing	\$1,000,000	\$600,000
Retail	\$800,000	\$500,000

Compensation by Company Size

Company Size	Men	Women
Large	\$2,500,000	\$1,400,000
Medium	\$1,500,000	\$800,000
Small	\$1,000,000	\$600,000

Compensation by Tenure

Tenure	Men	Women
0-5 years	\$1,000,000	\$600,000
6-10 years	\$1,500,000	\$800,000
11-15 years	\$2,000,000	\$1,000,000
16+ years	\$2,500,000	\$1,400,000

Compensation by Education

Education	Men	Women
High School	\$1,000,000	\$600,000
Bachelor's	\$1,500,000	\$800,000
Master's	\$2,000,000	\$1,000,000
PhD	\$2,500,000	\$1,400,000

Compensation by Age

Age	Men	Women
30-39	\$1,000,000	\$600,000
40-49	\$1,500,000	\$800,000
50-59	\$2,000,000	\$1,000,000
60-69	\$2,500,000	\$1,400,000

Compensation by Race

Race	Men	Women
White	\$2,500,000	\$1,400,000
Black	\$1,500,000	\$800,000
Hispanic	\$1,000,000	\$600,000
Asian	\$2,000,000	\$1,000,000

AUTOMOBILE LIABILITY

The cost of automobile liability insurance has increased significantly over the past decade. The average cost of a policy for a family of four has increased by 100% over the past decade. The average cost of a policy for a family of four has increased by 100% over the past decade.

Cost of Automobile Liability Insurance

Year	Cost
1990	\$1,000
1995	\$1,500
2000	\$2,000
2005	\$2,500
2010	\$3,000

Cost of Automobile Liability Insurance by State

State	Cost
California	\$3,000
New York	\$2,500
Florida	\$2,000
Illinois	\$1,500
Texas	\$1,000

Cost of Automobile Liability Insurance by Age

Age	Cost
18-24	\$1,000
25-34	\$1,500
35-44	\$2,000
45-54	\$2,500
55-64	\$3,000

Cost of Automobile Liability Insurance by Gender

Gender	Cost
Male	\$2,500
Female	\$2,000

Cost of Automobile Liability Insurance by Education

Education	Cost
High School	\$1,000
Bachelor's	\$1,500
Master's	\$2,000
PhD	\$2,500

Cost of Automobile Liability Insurance by Income

Income	Cost
\$0-\$20,000	\$1,000
\$20,000-\$40,000	\$1,500
\$40,000-\$60,000	\$2,000
\$60,000-\$80,000	\$2,500
\$80,000-\$100,000	\$3,000

Cost of Automobile Liability Insurance by Home Value

Home Value	Cost
\$0-\$50,000	\$1,000
\$50,000-\$100,000	\$1,500
\$100,000-\$150,000	\$2,000
\$150,000-\$200,000	\$2,500
\$200,000+	\$3,000

Cost of Automobile Liability Insurance by Credit Score

Credit Score	Cost
600-649	\$1,000
650-699	\$1,500
700-749	\$2,000
750-799	\$2,500
800+	\$3,000

Cost of Automobile Liability Insurance by Driving Record

Driving Record	Cost
Good	\$1,000
Fair	\$1,500
Poor	\$2,000

Cost of Automobile Liability Insurance by Vehicle Type

Vehicle Type	Cost
Sedan	\$1,000
SUV	\$1,500
Truck	\$2,000

Cost of Automobile Liability Insurance by Mileage

Mileage	Cost
0-5,000	\$1,000
5,001-10,000	\$1,500
10,001-15,000	\$2,000
15,001-20,000	\$2,500
20,001+	\$3,000

Cost of Automobile Liability Insurance by Insurance Company

Insurance Company	Cost
State Farm	\$3,000
Allstate	\$2,500



- Risk & Wellness Annual Report
 - Describes risk services
 - Summarizes County statistics by coverage
 - Details Department statistics by coverage



Lori to update

Publicize and Promote



SERVICES TO THE ORGANIZATION

[illegible]

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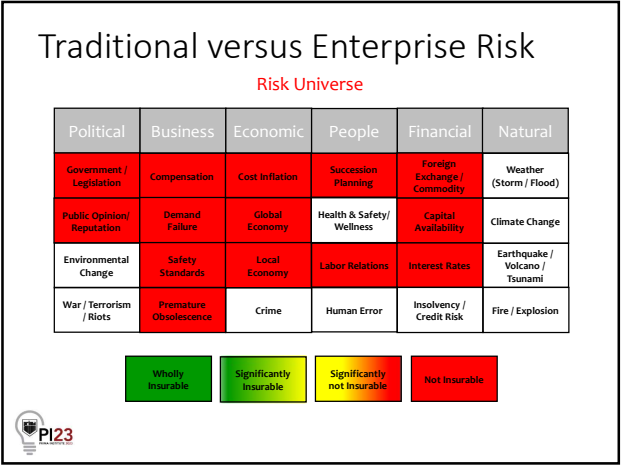
QUARTERLY RISK REVIEW POLICE

July 20, 2023

Ongoing Activities

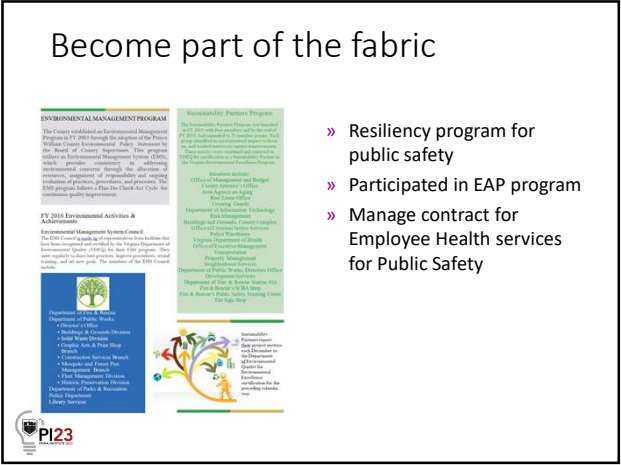
- » Meet with department directors and management team on an annual basis to present the Risk Report.
- » Meet with high claim departments on a quarterly basis.
- » Ongoing communication within organization through risk activities (training, inspections)
- » In-person meetings with vendor partners and insurance carriers

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Risk Universe

Wholly Insurable	Significantly Insurable	Significantly not Insurable	Not Insurable
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Lessons learned



- » Sell, Sell, and Sell...
- » Relationships are essential
- » Data is key
- » Never quit trying
- » Put your money where your mouth is
- » Strive for excellence

Remember... Everyone wants to be on a winning team



Questions?





Lori Gray, RMPE
Assistant Director of Finance for Risk and Wellness Services
Prince William County, Virginia
4349 Ridgewood Center Drive
Prince William, VA 22192
t. 703.792.6754
c. 571.238.0614
Lgray@pwcgov.org
www.pwcgov.org



Carleen C. Patterson, ARM-P, CIC, CRM
Senior Vice President | National Practice Leader
Alliant Insurance Services, Inc.
16000 N. Dallas Pkwy, Suite 850
Dallas, TX 75248
t. 214.973.9511
Carleen.Patterson@alliant.com
www.alliant.com