
Captive Insurance Agency

Description	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed	% Change from FY 2013
Operating Budget	\$176,657	\$2,495,850	\$1,802,071	-27.8

The mission of the Captive Insurance Agency (“the Captive”) is to provide medical malpractice insurance for local non-profit health centers, as well as property insurance for District government real property assets. The Captive was created by statute in 2008 and is administered by the Chief Risk Officer, Office of Risk Management (ORM). ORM incorporated the Captive and began writing medical malpractice insurance policies in FY 2008. In FY 2014, the scope of the Captive will be expanded to include property insurance. The liability of the agency is limited to the funds available to the Captive participants.

The agency’s FY 2014 proposed budget is presented in the following tables:

FY 2014 Proposed Gross Funds Operating Budget, by Revenue Type

Table RJ0-1 contains the proposed FY 2014 agency budget compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table RJ0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change*
General Fund						
Local Funds	196	177	2,430	1,753	-677	-27.8
Special Purpose Revenue Funds	0	0	66	49	-17	-25.9
Total for General Fund	196	177	2,496	1,802	-694	-27.8
Gross Funds	196	177	2,496	1,802	-694	-27.8

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80 Agency Summary by Revenue Source in the FY 2014 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Operating Budget, by Comptroller Source Group

Table RJ0-2 contains the proposed FY 2014 budget at the Comptroller Source Group (object class) level compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table RJ0-2
(dollars in thousands)

Comptroller Source Group	Actual FY 2011	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Percent Change*
11 - Regular Pay - Continuing Full Time	-1	0	0	0	0	N/A
12 - Regular Pay - Other	88	0	0	0	0	N/A
13 - Additional Gross Pay	-1	0	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	16	0	0	0	0	N/A
Subtotal Personal Services (PS)	102	0	0	0	0	N/A
20 - Supplies and Materials	0	5	10	10	0	0.0
40 - Other Services and Charges	95	172	2,486	1,792	-694	-27.9
Subtotal Nonpersonal Services (NPS)	196	177	2,496	1,802	-694	-27.8
Gross Funds	196	177	2,496	1,802	-694	-27.8

*Percent change is based on whole dollars.

Program Description

The District of Columbia Captive Insurance Agency operates through the following program:

Captive Operations – funds the management and insurance policies of the Captive Insurance Agency. The Office of Risk Management underwrites and administers medical malpractice insurance policies to non-profit community health centers and offers gap insurance to Federally Qualified Health Centers for claims that are not covered by the Federal Tort Claims Act. It also provides property insurance for risks to District government real property assets for various hazards.

This program contains the following 2 activities:

- **Oversight** – the Chief Risk Officer, with the advice of the Captive Advisory Council, administers the Captive by hiring a Captive manager and other staff, including legal staff; and
- **Growth and Income Strategy and Management** – distributes payments and collects premium and interest income on behalf of the Captive for the establishment, operation, and administration of the agency.

Program Structure Changes

The Captive Insurance Agency has no program structure changes in the FY 2014 proposed budget.

FY 2014 Proposed Operating Budget and FTEs, by Program and Activity

Table RJ0-3 contains the proposed FY 2014 budget by program and activity compared to the FY 2013 approved budget. It also provides the FY 2012 actual data.

Table RJ0-3

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013	Actual FY 2012	Approved FY 2013	Proposed FY 2014	Change from FY 2013
(2000) Captive Operations								
(2001) Oversight	177	2,430	1,753	-677	0.0	0.0	0.0	0.0
(2002) Growth and Income Strategy and Management	0	66	49	-17	0.0	0.0	0.0	0.0
Subtotal (2000) Captive Operations	177	2,496	1,802	-694	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	177	2,496	1,802	-694	0.0	0.0	0.0	0.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see Schedule 30-PBB Program Summary by Activity in the FY 2014 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Budget Changes

The Captive Insurance Agency's (the Captive) proposed FY 2014 gross budget is \$1,802,071, which represents a 27.8 percent decrease from its FY 2013 approved gross budget of \$2,495,850. The budget is comprised of \$1,753,071 in Local funds and \$49,000 in Special Purpose Revenue funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2013 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The initial adjustments in the budget proposal represent changes that should be compared to the FY 2014 CSFL budget and not necessarily changes made to the FY 2013 Local funds budget. The FY 2014 CSFL adjustments to the FY 2013 Local funds budget are described in table 4 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

The Captive's FY 2014 CSFL budget is \$2,488,071, which represents a \$58,314, or 2.4 percent, increase over the FY 2013 approved Local funds budget of \$2,429,757.

Major CSFL Cost Drivers

The FY 2014 CSFL calculated for the Captive included an adjustment entry that is not described in detail on table 4. This adjustment was made for an increase of \$58,314 in nonpersonal services based on the Consumer Price Index (CPI) inflation factor of 2.4 percent. During the development of the CSFL, some adjustments such as this were categorized as "other adjustments".

Agency Budget Submission

Decrease: Special Purpose Revenue funds were decreased by \$17,093 to align the budget with projected revenues.

Mayor's Proposed Budget

The Captive Insurance Agency has no changes from the FY 2014 agency budget submission to the Mayor's proposed budget.

District's Proposed Budget

Decrease: The budget includes a decrease of \$735,000 in Local funds due to a projected reduction in the need for malpractice and property insurance.

FY 2013 Approved Budget to FY 2014 Proposed Budget, by Revenue Type

Table RJ0-4 itemizes the changes by revenue type between the FY 2013 approved budget and the FY 2014 proposed budget.

Table RJ0-4

(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2013 Approved Budget and FTE		2,430	0.0
Other CSFL Adjustments	Captive Operations	58	0.0
LOCAL FUNDS: FY 2014 Current Services Funding Level Budget (CSFL)		2,488	0.0
No Changes		0	0.0
LOCAL FUNDS: FY 2014 Agency Budget Submission		2,488	0.0
No Changes		0	0.0
LOCAL FUNDS: FY 2014 Mayor's Proposed Budget		2,488	0.0
Decrease: Realignment of budget to projected needs	Captive Operations	-735	0.0
LOCAL FUNDS: FY 2014 District's Proposed Budget		1,753	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2013 Approved Budget and FTE		66	0.0
Decrease: To align with projected revenues	Captive Operations	-17	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Agency Budget Submission		49	0.0
No Changes		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Mayor's Proposed Budget		49	0.0
No Changes		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2014 District's Proposed Budget		49	0.0
Gross for RJ0 - Captive Insurance Agency		1,802	0.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

