
Captive Insurance Agency

Table RJ0-1

| Description | FY 2017 Actual | FY 2018 Actual | FY 2019 Approved | FY 2020 Approved | % Change from FY 2019 |
|------------------|-------------------|-------------------|---------------------|---------------------|-----------------------------|
| OPERATING BUDGET | \$2,001,189 | \$2,672,990 | \$2,305,765 | \$3,040,994 | 31.9 |
| FTEs | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 |

The mission of the Captive Insurance Agency (“the Captive”) is to provide medical malpractice insurance for local non-profit health centers, and to procure real property insurance for District government real property assets, personal property insurance for District personal property assets, liability insurance to protect the District against loss arising out of a legal liability to others, and such other insurance policies as the Risk Officer determines necessary to minimize risk of loss to the District. The Captive was created by statute in 2008 and 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. The liability of the agency is limited to the funds available to the Captive's participants. In FY 2014, the scope of the Captive was expanded to include property insurance.

The agency's FY 2020 approved budget is presented in the following tables:

FY 2020 Approved Gross Funds Operating Budget and FTEs, by Revenue Type

Table RJ0-2 contains the approved FY 2020 budget by revenue type compared to the FY 2019 approved budget. It also provides FY 2017 and FY 2018 actual data.

Table RJ0-2

(dollars in thousands)

| Appropriated Fund | Dollars in Thousands | | | | | | Full-Time Equivalents | | | | | |
|---|----------------------|-------------------|---------------------|---------------------|---------------------------|--------------|-----------------------|-------------------|---------------------|---------------------|---------------------------|-------------|
| | Actual FY 2017 | Actual FY 2018 | Approved FY 2019 | Approved FY 2020 | Change from FY 2019 | % Change* | Actual FY 2017 | Actual FY 2018 | Approved FY 2019 | Approved FY 2020 | Change from FY 2019 | % Change |
| GENERAL FUND | | | | | | | | | | | | |
| Local Funds | 1,869 | 2,479 | 2,095 | 2,152 | 57 | 2.7 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 | 0.0 |
| Special Purpose Revenue Funds | 0 | 9 | 211 | 889 | 678 | 321.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| TOTAL FOR GENERAL FUND | 1,869 | 2,487 | 2,306 | 3,041 | 735 | 31.9 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 | 0.0 |
| INTRA-DISTRICT FUNDS | | | | | | | | | | | | |
| Intra-District Funds | 132 | 186 | 0 | 0 | 0 | N/A | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| TOTAL FOR INTRA-DISTRICT FUNDS | 132 | 186 | 0 | 0 | 0 | N/A | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| GROSS FUNDS | 2,001 | 2,673 | 2,306 | 3,041 | 735 | 31.9 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 | 0.0 |

*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 2020 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2020 Approved Operating Budget, by Comptroller Source Group

Table RJ0-3 contains the approved FY 2020 budget at the Comptroller Source Group (object class) level compared to the FY 2019 approved budget. It also provides FY 2017 and FY 2018 actual expenditures.

Table RJ0-3

(dollars in thousands)

| Comptroller Source Group | Actual FY 2017 | Actual FY 2018 | Approved FY 2019 | Approved FY 2020 | Change from FY 2019 | Percentage Change* |
|--|-------------------|-------------------|---------------------|---------------------|---------------------------|-----------------------|
| 11 - Regular Pay - Continuing Full Time | 0 | 226 | 241 | 246 | 5 | 2.1 |
| 12 - Regular Pay - Other | 0 | 161 | 161 | 167 | 6 | 3.8 |
| 14 - Fringe Benefits - Current Personnel | 0 | 88 | 94 | 97 | 3 | 2.8 |
| SUBTOTAL PERSONAL SERVICES (PS) | 0 | 475 | 496 | 509 | 14 | 2.8 |
| 20 - Supplies and Materials | 0 | 0 | 16 | 9 | -7 | -41.4 |
| 40 - Other Services and Charges | 2,001 | 2,198 | 1,794 | 2,522 | 728 | 40.6 |
| SUBTOTAL NONPERSONAL SERVICES (NPS) | 2,001 | 2,198 | 1,810 | 2,532 | 721 | 39.9 |
| GROSS FUNDS | 2,001 | 2,673 | 2,306 | 3,041 | 735 | 31.9 |

*Percent change is based on whole dollars.

FY 2020 Approved Operating Budget and FTEs, by Division/Program and Activity

Table RJ0-4 contains the approved FY 2020 budget by division/program and activity compared to the FY 2019 approved budget. It also provides FY 2017 and FY 2018 actual data. For a more comprehensive explanation of divisions/programs and activities, please see the Division/Program Description section, which follows the table.

Table RJ0-4

(dollars in thousands)

| Division/Program and Activity | Dollars in Thousands | | | | | Full-Time Equivalents | | | | |
|--|----------------------|-------------------|---------------------|---------------------|---------------------------|-----------------------|-------------------|---------------------|---------------------|---------------------------|
| | Actual FY 2017 | Actual FY 2018 | Approved FY 2019 | Approved FY 2020 | Change from FY 2019 | Actual FY 2017 | Actual FY 2018 | Approved FY 2019 | Approved FY 2020 | Change from FY 2019 |
| (1000) AGENCY MGMT PROGRAM | | | | | | | | | | |
| (1010) Personnel | 0 | 1 | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SUBTOTAL (1000) AGENCY MGMT PROGRAM | 0 | 1 | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (2000) CAPTIVE OPERATIONS | | | | | | | | | | |
| (2001) Oversight | 2,001 | 2,188 | 2,095 | 1,643 | -452 | 0.0 | 0.0 | 4.0 | 0.0 | -4.0 |
| (2002) Growth and Income Strategy and Mgmt | 0 | 484 | 211 | 1,398 | 1,187 | 0.0 | 4.0 | 0.0 | 4.0 | 4.0 |
| SUBTOTAL (2000) CAPTIVE OPERATIONS | 2,001 | 2,672 | 2,306 | 3,041 | 735 | 0.0 | 4.0 | 4.0 | 4.0 | 0.0 |
| TOTAL APPROVED OPERATING BUDGET | 2,001 | 2,673 | 2,306 | 3,041 | 735 | 0.0 | 4.0 | 4.0 | 4.0 | 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 2020 Operating Appendices** located on the Office of the Chief Financial Officer's website. "No Activity Assigned" indicates budget or actuals that are recorded at the division/program level.

Program Description

The 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. Moreover, the Chief Risk Officer administers the Subrogation Fund.

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 Change

The Captive Insurance Agency has no program structure changes in the FY 2020 approved budget.

FY 2019 Approved Budget to FY 2020 Approved Budget, by Revenue Type

Table RJ0-5 itemizes the changes by revenue type between the FY 2019 approved budget and the FY 2020 approved budget. For a more comprehensive explanation of changes, please see the FY 2020 Approved Budget Changes section, which follows the table.

Table RJ0-5

(dollars in thousands)

| DESCRIPTION | DIVISION/PROGRAM | BUDGET | FTE |
|---|--------------------|--------------|------------|
| LOCAL FUNDS: FY 2019 Approved Budget and FTE | | 2,095 | 4.0 |
| No Change | | 0 | 0.0 |
| LOCAL FUNDS: FY 2020 Recurring Budget | | 2,095 | 4.0 |
| Increase: To align personal services and Fringe Benefits with projected costs | Captive Operations | 14 | 0.0 |
| Decrease: To realize savings in nonpersonal services | Captive Operations | -7 | 0.0 |
| Enhance: To support operational requirements | Captive Operations | 250 | 0.0 |
| LOCAL FUNDS: FY 2020 Mayor's Proposed Budget | | 2,352 | 4.0 |
| Reduce: To realize programmatic cost savings in nonpersonal services | Captive Operations | -200 | 0.0 |
| LOCAL FUNDS: FY 2020 District's Approved Budget | | 2,152 | 4.0 |
| SPECIAL PURPOSE REVENUE FUNDS: FY 2019 Approved Budget and FTE | | 211 | 0.0 |
| Increase: To align resources with operational spending goals | Captive Operations | 678 | 0.0 |
| SPECIAL PURPOSE REVENUE FUNDS: FY 2020 Mayor's Proposed Budget | | 889 | 0.0 |
| No Change | | 0 | 0.0 |
| SPECIAL PURPOSE REVENUE FUNDS: FY 2020 District's Approved Budget | | 889 | 0.0 |
| GROSS FOR RJ0 - CAPTIVE INSURANCE AGENCY | | 3,041 | 4.0 |

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

FY 2020 Approved Budget Changes

The Captive Insurance Agency's approved FY 2020 gross budget is \$3,040,994, which represents a 31.9 percent increase over its FY 2019 approved gross budget of \$2,305,765. The budget is comprised of \$2,152,183 in Local funds and \$888,811 in Special Purpose Revenue funds.

Recurring Budget

No Change: The Medical Liability Captive Insurance Agency's budget proposal reflects no change from the FY 2019 approved budget to the FY 2020 recurring budget.

Mayor's Proposed Budget

Increase: The proposed Local funds budget reflects a net increase of \$13,846, in personal services to support projected salary and Fringe Benefit costs. In addition, the Special Purpose Revenue (SPR) budget proposal reflects an increase of \$678,000 to comply with legislation (D.C. 22-341), which enables the Captive to re-distribute the anticipated subrogation revenue directly to agencies and support the subrogation function.

Decrease: The nonpersonal services budget proposes a reduction of \$6,617 because of projected costs savings in office supplies.

Enhance: The Captive proposed budget includes an increase of \$250,000 in nonpersonal services to support Cyber Liability insurance program.

District's Approved Budget

Reduce: The FY 2020 approved Local funds budget includes a decrease of \$200,000 in the Captive Operations program to realize cost savings in professional service fees and contracts.