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# Captive Insurance Agency

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Description	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	% Change from FY 2014
Operating Budget	\$497,848	\$1,802,071	\$1,600,145	-11.2

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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 was expanded to include property insurance. The liability of the agency is limited to the funds available to the Captive participants.

The agency’s FY 2015 proposed budget is presented in the following tables:

## FY 2015 Proposed Gross Funds Operating Budget, by Revenue Type

Table RJ0-1 contains the proposed FY 2015 agency budget compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

**Table RJ0-1**  
(dollars in thousands)

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
<b>General Fund</b>						
Local Funds	177	498	1,753	1,545	-208	-11.9
Special Purpose Revenue Funds	0	0	49	55	6	12.2
<b>Total for General Fund</b>	<b>177</b>	<b>498</b>	<b>1,802</b>	<b>1,600</b>	<b>-202</b>	<b>-11.2</b>
<b>Gross Funds</b>	<b>177</b>	<b>498</b>	<b>1,802</b>	<b>1,600</b>	<b>-202</b>	<b>-11.2</b>

\*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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

## FY 2015 Proposed Operating Budget, by Comptroller Source Group

Table RJ0-2 contains the proposed FY 2015 budget at the Comptroller Source Group (object class) level compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

**Table RJ0-2**  
(dollars in thousands)

Comptroller Source Group	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
20 - Supplies and Materials	5	5	10	10	0	0.0
40 - Other Services and Charges	172	493	1,792	1,590	-202	-11.3
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>177</b>	<b>498</b>	<b>1,802</b>	<b>1,600</b>	<b>-202</b>	<b>-11.2</b>
<b>Gross Funds</b>	<b>177</b>	<b>498</b>	<b>1,802</b>	<b>1,600</b>	<b>-202</b>	<b>-11.2</b>

\*Percent change is based on whole dollars.

## 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.

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 2015 proposed budget.

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## FY 2015 Proposed Operating Budget and FTEs, by Program and Activity

Table RJ0-3 contains the proposed FY 2015 budget by program and activity compared to the FY 2014 approved budget. It also provides the FY 2013 actual data.

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**Table RJ0-3**

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
<b>(2000) Captive Operations</b>								
(2001) Oversight	498	1,753	1,545	-208	0.0	0.0	0.0	0.0
(2002) Growth and Income Strategy and Management	0	49	55	6	0.0	0.0	0.0	0.0
<b>Subtotal (2000) Captive Operations</b>	<b>498</b>	<b>1,802</b>	<b>1,600</b>	<b>-202</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Proposed Operating Budget</b>	<b>498</b>	<b>1,802</b>	<b>1,600</b>	<b>-202</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

(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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

## **FY 2015 Proposed Budget Changes**

The Captive Insurance Agency's ("the Captive") proposed FY 2015 gross budget is \$1,600,145, which represents an 11.2 percent decrease from its FY 2014 approved gross budget of \$1,802,071. The budget is comprised of \$1,545,145 in Local funds and \$55,000 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 2014 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 FY 2015 CSFL adjustments to the FY 2014 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 2015 CSFL budget is \$1,795,145, which represents a \$42,074, or 2.4 percent, increase over the FY 2014 approved Local funds budget of \$1,753,071.

### **CSFL Assumptions**

The FY 2015 CSFL calculated for the Captive included adjustment entries that are not described in detail on table 5. These adjustments were made for an increase of \$42,074 in nonpersonal services based on the Consumer Price Index factor of 2.4 percent.

### **Agency Budget Submission**

**Increase:** The FY 2015 proposed Local funds budget for the Captive increased by \$240 in Supplies and Materials. In Special Purpose Revenue funds, the budget submission proposes an increase of \$6,000 to align the budget with projected revenue.

**Decrease:** The Local funds budget decreased by \$240 in Other Services and Charges to offset the increase of \$240 in Supplies and Materials.

### **Mayor's Proposed Budget**

**No Change:** The Captive Insurance Agency's budget proposal reflects no change from the agency budget submission to the Mayor's proposed budget.

### **District's Proposed Budget**

**Reduce:** The Captive's Local funds budget decreased by \$250,000 in nonpersonal services to align budget with the agency's non-lapsing fund balance.

## FY 2014 Approved Budget to FY 2015 Proposed Budget, by Revenue Type

Table RJ0-4 itemizes the changes by revenue type between the FY 2014 approved budget and the FY 2015 proposed budget.

**Table RJ0-4**  
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
<b>LOCAL FUNDS: FY 2014 Approved Budget and FTE</b>		<b>1,753</b>	<b>0.0</b>
Other CSFL Adjustments	Captive Operations	42	0.0
<b>LOCAL FUNDS: FY 2015 Current Services Funding Level Budget (CSFL)</b>		<b>1,795</b>	<b>0.0</b>
Increase: To align budget with operational goals (less than \$500)	Captive Operations	0	0.0
Decrease: To align funding with nonpersonal services costs (less than \$500)	Captive Operations	0	0.0
<b>LOCAL FUNDS: FY 2015 Agency Budget Submission</b>		<b>1,795</b>	<b>0.0</b>
No Change		0	0.0
<b>LOCAL FUNDS: FY 2015 Mayor's Proposed Budget</b>		<b>1,795</b>	<b>0.0</b>
Reduce: To align nonpersonal services with non-lapsing fund balance	Captive Operations	-250	0.0
<b>LOCAL FUNDS: FY 2015 District's Proposed Budget</b>		<b>1,545</b>	<b>0.0</b>
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2014 Approved Budget and FTE</b>		<b>49</b>	<b>0.0</b>
Increase: To align budget with projected revenues	Captive Operations	6	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Agency Budget Submission</b>		<b>55</b>	<b>0.0</b>
No Change		0	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2015 Mayor's Proposed Budget</b>		<b>55</b>	<b>0.0</b>
No Change		0	0.0
<b>SPECIAL PURPOSE REVENUE FUNDS: FY 2015 District's Proposed Budget</b>		<b>55</b>	<b>0.0</b>
<b>Gross for RJ0 - Captive Insurance Agency</b>		<b>1,600</b>	<b>0.0</b>

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