

## WORKERS COMPENSATION INSURANCE FUND

This fund is used to account for the provision of workers compensation insurance. In previous years, workers compensation was accounted for in the Health Benefits Fund, which is now the Health Insurance Fund. The County had used a premium-based insurance plan from the NC Association of County Commissioners. In FY 2011, the Board of Commissioners established this self-insurance plan for workers compensation.

This is an insurance plan in which the County takes on some aspects of self-insurance. A TPA (Third Party Administrator) is hired to administer the plan, investigate claims, represent the County at NC Industrial Commission hearings, and assist us with those few claims requiring legal advice. In this case, the County uses Compensation Claims Solutions of Concord, NC. Then, the County pays directly all legitimate claims. To protect from major losses, specific stop-loss insurance is also purchased.

Each department having personnel is budgeted for the premiums to pay for this program. Those amounts are then transferred on each payroll date to this fund, and are the revenues for this fund. The expenses of the plan listed above are paid from this fund.

Implementing this plan in FY 2011 allowed a budgeted annual savings of about \$200,000 spread over the General Fund, Water and Sewer Fund, and the Solid Waste Fund. That represents a 33% reduction in the cost of the plan compared to FY 2010. It could potentially save more as we have better claims years. The plan ended FY 2013 with a deficit of \$157,722, but ended FY 2014 with a surplus of \$82,828. FY 2015 has seen several settled claims, and we project a slight deficit again. However, we increased rates over the past two years, knowing these claims would settle and be paid. Therefore, I am recommending no increase in premiums in FY 2016.

LINCOLN COUNTY WORKERS COMPENSATION FUND  
FISCAL YEAR 2016

ACCOUNT	DESCRIPTION	FY 2014 ACTUAL	FY 2015 BUDGET	FY 2015 THRU 2/28/15	FY 2015 PROJECTED	FY 2016 REQUESTED	FY 2016 RECOMMENDED
<b>REVENUES</b>							
81-0000-00-00-36810-	Workers Comp Premiums	\$ (508,358)	\$ (524,475)	\$ (404,972)	\$ (524,475)	\$ (524,475)	\$ (524,475)
81-0000-00-00-37000-	Interest Revenue	(258)	(500)	(78)	(500)	(500)	(500)
81-0000-00-00-38190-	Miscellaneous Revenues	(2,796)	-	-	-	-	-
	<b>TOTAL REVENUES</b>	(511,412)	(524,975)	(405,049)	(524,975)	(524,975)	(524,975)
<b>EXPENDITURES</b>							
81-4000-51-00-54103-	Professional Services	4,000	4,000	4,000	4,000	4,000	4,000
81-4000-51-00-56501-	Administrative Fees	100,784	80,000	119,773	130,000	80,000	80,000
81-4000-51-00-56503-	Claims	166,065	325,000	533,297	570,000	325,000	325,000
81-9840-59-00-59500-	Reserve	-	115,975	-	-	115,975	115,975
	<b>TOTAL EXPENDITURES</b>	\$ 270,849	\$ 524,975	\$ 657,070	\$ 704,000	\$ 524,975	\$ 524,975