



U.S. ARMY COMMUNITY AND FAMILY SUPPORT CENTER

Army Central Insurance Fund

ATTN: CFSC-FM-I

Alexandria, VA 22302-4406

(703) 681-7314 DSN 761-7314

Risk Management Bulletin/01-01, April 2001

FY2002 INSURANCE RATES APPROVED

The Commander, Community and Family Support Center (CFSC) has approved the Risk Management Program (RIMP) insurance rates for FY2002. Each year RIMP reviews the rates for each line of insurance and, based on the loss experience in each category, rates are adjusted for the coming fiscal year. Rates are established to generate sufficient premium to pay projected losses.

Rate increases for buildings and contents are the result of claims paid in FY2000 for natural disasters. Losses caused by fire, flood, windstorm and other perils resulted in the payment of claims for damage to buildings and contents totaling \$1.1M.

The increase in rates for fidelity bonding reflects a significant increase in the amount paid for employee theft claims. Over the last five years, RIMP has averaged \$116,300 in employee dishonesty claims paid.

All other rates have been reduced or remain unchanged. Insurance rates for FY2002 are on a separate page of this bulletin.



EMPLOYEE THEFT CLAIMS

There has been an alarming increase in the number and amount of employee theft claims paid over the last five years. RIMP has averaged twenty-six claims per year with payments averaging \$116,300. To date in FY2001, RIMP has already paid ten claims, totaling \$236K. Experience shows that employee theft is more likely to occur when internal controls become lax and the requirements for surprise cash counts and safekeeping of cash and bank deposit procedures are not followed. Good internal controls will not always prevent a loss but will help to mitigate the chance of loss. People will steal for many reasons but personal financial need is a common cause. High personal debt, poor credit or unexpected financial needs are often reasons why employees "borrow" money from the employer. They may look at it as a "loan" which they will repay. Warning signs such as changing lifestyles, unusual behavior or reluctance to take a vacation may indicate that something is not right. Implementing and enforcing good internal controls is the responsibility of management and is the key to preventing employee dishonesty losses.



WORKERS' COMPENSATION

Spring is upon us, so summer can't be far away. It's the time of year when installation programs go into high gear. It is also the time of the year when we see an increase in workers' compensation claims.

RIMP wants to stress the importance of safety in the workplace. Everyone (managers/supervisors and employees) needs to do his or her part to reduce the number of on-the-job injuries.

Medical costs are projected to rise 10 to 15% during 2001 and even more in 2002. RIMP continues to hold the line on workers' compensation rates for FY2002. There will be no increase in rates. However, it is up to all of us to ensure that safety is a top priority in the workplace.

RIMP personnel are available to conduct training on the Workers' Compensation Program as well as the entire RIMP program. Please contact Ken Harris at DSN 761-7314 with requests for training.

SPECIAL EVENTS COVERAGE

Warm weather brings many outdoor MWR special events such as golf tournaments, concerts, carnivals and fests. RIMP is able to assist NAFIs with several coverages for special events.

Nonperformance and Event Cancellation insurance provides coverage for the cost of contracted expenses if a scheduled performer cancels due to sickness or accident or if the event has to be cancelled due to adverse weather.

Weather insurance protects events such as carnivals, picnics, fairs and festivals from financial loss due to inclement weather.

Prize insurance is available for hole-in-one events at golf tournaments or for bowling or bingo games. Other special events such as football toss, half court basketball shot, frisbee toss, strikeout or walk the batter baseball and soccer kick can be covered. NAFIs can offer large prizes for a variety of events and prize insurance will pay the lucky winner. Please contact the RIMP office for more information on the cost and conditions at DSN 761-7314.



FY2002 INSURANCE RATES



		RATES
Buildings	Per \$100 value	\$ 0.15
Contents	Per \$100 value	0.26
Vehicles	Per \$100 value	0.50
Aircraft	Per \$100 value	5.50
Fidelity Bond	Per employee	
	Class I	4.60
	Class II	2.50
Money & Securities	Per employee	2.50
General Tort	Per employee	15.00
Vehicle Tort	Per vehicle	170.00
Family Child Care	Per provider	70.00
Aircraft Tort	2 seats	2500.00
	4 seats	4000.00
Parachute Activities		450.00
Cargo	Per \$100 value	0.40
Unemployment Compensation	Percent of payroll	0.35
Workers' Compensation	Per \$100 payroll	
	U.S., Puerto Rico	1.85
	Overseas	0.60
	Korean Nationals	0.65

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