

10. LINE OF DUTY ACT

The Line of Duty Act was created in 1966 by the General Assembly to provide a death benefit to public safety employees killed in the line of duty. Generally speaking, the Act covers law enforcement and correctional officers, firefighters, EMT's, and paramedics, including volunteer firefighters and rescue personnel. Up until now, the cost of providing these benefits was borne by the Commonwealth. However, in its 2010 session, the General Assembly approved a budget amendment which shifted the cost associated with the Line of Duty Act from the general fund onto local governments for their eligible employees and volunteers. We currently have 62 FTE's and 352 volunteers that would qualify for benefits.

Last July, a Trust Fund was established by the VRS to pay for benefits. Effective July 1, 2011, all local governments must start paying the Line of Duty Trust Fund \$233.89 per eligible full-time employee and \$58.47 per eligible volunteer. Local governments have the option of opting out of the Trust Fund prior to June 30, 2012 and self funding the benefit. If you do not opt out by that time, the decision to remain is irrevocable. A decision to leave is also irrevocable.

We have evaluated our options and concluded that it is in our best interest to opt-out of the VRS Trust Fund and join fellow counties in self-funding the benefit through the VACo Group Self Insurance Pool. Counties make up a relatively small share of past and future liabilities but account for a large portion of eligible employees. Accordingly, it seems reasonable that our costs would be lower if counties choose to self-fund as a collective group rather than participating in the larger group. Simply put, by joining the pool, we avoid being blended with non-favorable performers (i.e., large cities), effectively reducing our future costs.

The VRS Trust Fund is phasing in the cost of future liabilities over several years. Based on what we can reasonably foresee, a comparison of our annual cost looks something like this:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
VRS Trust Fund	\$ 35,785	\$ 55,952	\$ 77,009	\$ 98,298
VACo Self Insurance Pool	\$ 31,500	\$ 41,321	\$ 51,352	\$ 66,463

Accordingly, there are two actions necessary today. First, the Board must adopt a resolution, irrevocably electing not to participate in the VRS Trust Fund. Second, you must amend your member agreement in the VACo Group Self Insurance Pool to self insure through their risk pool. Funding is included in your FY 2012 budget.

MOTIONS REQUIRED:

- 1) A motion is required to adopt the attached resolution to opt out of the VRS Trust Fund; and
- 2) A motion is required to approve the addendum to the VACo Self Insurance Pool Member Agreement.



VACORP

**Virginia Association
of Counties Group
Self Insurance
Risk Pool**

**2011-2012
Proposal for
Self Insurance for
Line of Duty Benefits**

**Prepared for
Southampton County**

Revised on
May 20, 2011

Benefits are briefly outlined in this proposal. Complete benefits are defined in the Line of Duty Act, §9.1-400, Code of Virginia and subject to review and approval of the State Comptroller.

LINE OF DUTY

Basis of Premium:

Number of Covered Paid Employees:	<u>62</u>
Number of Covered Volunteers:	<u>352</u>

Coverage:

VACORP will pay on your behalf all Line of Duty Act (LODA) claims approved by the State Comptroller and which fall within one of the following categories:

1. **LODA claims** that occur between 7/1/2011 and 7/1/2012
2. Unknown LODA claims that have occurred between 7/1/2006 and 7/1/2011 but have not been reported prior to July 1, 2011. This allows for the five year statute of limitations for filing claims with the Virginia Department of Accounts and is called **Prior Acts** coverage
3. Ongoing costs payable on existing, active LODA claims incurred by your entity, also known as **Past Liabilities**

Benefits:

All benefits paid are subject to approval by the State Comptroller and may include:

- Death Benefit of \$100,000 (\$25,000 if within 5 years of retirement)
- Continuation of Health Insurance Benefits for:
 1. Officer (in case of Permanent Disability)
 2. Spouse (in case of Officer Death or Permanent Disability)
 3. Children (in case of Officer Death or Permanent Disability)*

* Children are eligible to age 21; full time students are eligible to age 25. Healthcare law changes to do not impact this benefit.

Virginia Association of Counties Group Self-Insurance Risk Pool

Southampton County

LINE OF DUTY CONTRIBUTION SUMMARY

LODA COVERAGE FOR ELIGIBLE STAFF:		Annual Contribution
Claims Occurring 7/1/2011 through 7/1/2012		
62	Paid Staff at \$194.00	<u>\$12,028.00</u>
352	Volunteers at \$48.50	<u>\$17,072.00</u>
Prior Acts Coverage*		
62	Paid Staff at \$16.00	<u>\$992.00</u>
352	Volunteers at \$4.00	<u>\$1,408.00</u>
Past Liabilities of Known Active Claims – N/A		<u>N/A</u>
TOTAL LODA COVERAGE INCLUDING PAST CLAIMS		<u>\$31,500.00</u>

*Prior Acts coverage means VACORP will cover unknown claims that may have been Incurred But Not Reported (IBNR) between 7/1/2006 and 7/1/2011