

## DOUGLAS COUNTY RISK MANAGEMENT POLICY

1. PURPOSE: This policy statement establishes a program to manage exposure to risk and uniform procedures for handling Douglas County's liability, property and fidelity exposures and procedures for workers' compensation claims.

2. OBJECTIVES OF THE DOUGLAS COUNTY RISK MANAGEMENT PROGRAM: The following objectives shall constitute the Risk Management Program.

2.1. To systematically and continuously identify potential exposures to loss.

2.1.1. Areas of potential exposure to loss shall be reviewed annually. This review shall include County operations, services and service delivery methods, real and personal property and other exposures. The review shall also include an analysis of losses and loss history trends.

2.1.2. Activities shall be conducted to increase the level of awareness of department heads as to risk impact of new programs, projects, procedures, procurements, and activities.

2.1.3. Department heads shall report to the Risk Manager who shall report to the Risk Management Committee:

2.1.3.1. All changes in building use;

2.1.3.2. Any County building that is razed;

2.1.3.3. Any disposal or procurement of insurable equipment;

2.1.3.4. Property losses occurring from fire or other casualties;

2.1.3.5. New programs, projects, procedures, procurements, or activities with risk impact.

2.1.4. Claims related to workers' compensation shall be reported to and handled through the Human Resources Department.

2.2. To reduce or eliminate risk exposures.

2.2.1. Identified exposures shall be eliminated or reduced where possible.

2.2.2. Identified exposures shall be reviewed and recommendations made as to the reduction or elimination of those exposures where feasible. Such recommendations may be in the nature of

2.2.2.1. abandoning the project proposed;

2.2.2.2. redesign or providing additional safeguards;

2.2.2.3. documenting the decision for implementation so that its discretionary nature is recognized.

2.3. To transfer exposures to other parties where applicable and possible.

2.3.1. The County shall transfer risk to persons using County facilities or performing any operations for or on behalf of the County whenever possible. All contracts entered into by the County shall be reviewed to identify and reduce any contractual liability being assumed by County. Such liability shall be transferred to the contracting party when possible.

2.3.2. All contracts for services shall clarify the status of the contractor as an independent contractor.

2.3.3. All contracts having a total price in excess of \$5000 are to be "Reviewed as to Form" by County Counsel.

2.4. To analyze the balance of risk exposures for the probability of frequency and severity of loss.

2.4.1. Develop a perspective regarding the variety and types of claims and their probable financial impact. (amd Dec.26,2001)

2.4.2. Recommend corrective measures and establishing priorities for action.

2.5. To select the optimum level of insurance coverage. For those risks which cannot be eliminated or transferred, then the County shall

2.5.1. purchase insurance;

2.5.2. insure with a deductible;

2.5.3. self insure;

2.5.4. handle claims as an operating cost.

### 3. RESPONSIBILITY FOR PROGRAM:

3.1. The County's Risk Management Program for liability, property, fidelity exposures and workers' compensation claims shall be governed and implemented by the Risk Management Committee and with administrative assistance from the Risk Manager.

3.2. The Risk Manager shall be selected by the Risk Management Committee, subject to approval by the Board of Commissioners. The Risk Manager shall be responsible for correlating, recording, and reporting risk management data and coordinating the purchase of all county insurance.

3.3. The Risk Manager shall be advised by the Risk Management Committee.

3.4 Notwithstanding any delegation of authority under this policy, the Board of Commissioners reserves the right to take any action the Board deems necessary with respect to the Risk Management Program. No provision of this policy or rules adopted pursuant to this policy shall limit the general powers and authority of the Board of Commissioners, to manage and control the general business of the County and to act on matters of County concern.

### 4. RISK MANAGEMENT COMMITTEE:

4.1. The Risk Management Committee shall consist of the following ex-officio voting members:

4.1.1. County Counsel.

4.1.2. Director of Management and Finance.

4.1.3. Human Resources Director.

4.1.4. Director of Public Works.

4.1.5. Sheriff.

4.2. The Committee shall recommend to the Board of Commissioners action to be taken under this policy and provide for the implementation of action required by the

Board. Such action shall include:

- 4.2.1. Annual review of potential exposures to loss as described in Policy 2.1.1.
- 4.2.2. Conduct activities to increase risk impact awareness as described in Policy 2.1.2.
- 4.2.3. Review identified exposures and make recommendations as described in Policy 2.2.2.
- 4.2.4. Recommend corrective measures for other exposures as described in Policy 2.4.2.
- 4.2.5. Recommend optimum level of insurance as described in Policy 2.5.
- 4.2.6. Review, prior to submission to the insurance market, the insurance specifications. These specifications shall include required coverage's, desired forms, deductible options and limits. (amd Dec.26,2001)
- 4.2.7. Develop and implement procedure for reporting accidents and losses.

4.3. The Risk Management Committee shall have the authority to adopt, amend and repeal rules to govern, implement, and administer the Risk Management Program consistent with this policy. Any action taken by the Risk Management Committee on rules shall take effect ten days after the Risk Management Committee gives the Board of Commissioners written notice of such action, unless the Board of Commissioners elects to review the Risk Management Committee's action before the ten days elapses. Upon review, or upon its own initiative, the Board of Commissioners may affirm, overrule, or modify any action of the Risk Management Committee. Regardless of whether the Board of Commissioners elects to review an action of the committee, when any change in the rules takes effect the Board of Commissioners shall enter an order to record the change in the County journal.

## 5. ACCOUNTING FOR RISK MANAGEMENT:

5.1. A separate Internal Service Fund will be used to account for all expenditures related to Risk Management, including claims, insurance premiums, losses, agent fees and any incidental administrative costs.

5.2. Two separate cost centers will be established within the fund. One will account for all expenditures associated with fire, casualty and liability risks and the other will account for all expenditures associated with workers' compensation.

5.3. The Internal Service Fund will obtain the necessary resources to operate from charges assessed the various operating departments. (amd Dec.26,2001)

5.4. These internal service charges and the expenditures from the fund shall be properly budgeted by each department.