Multnomah County
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Program # 70002 - Property Risk Unit — Version 4/25/2005 s

Priority: Accountability
Lead Agency: Finance Budget & Tax
Program Offer Type: Existing Operating
Program Contact: Dave Boyer
Related Programs:
Frameworks:

Executive Summary

The Property Risk Program manages the County property and insurance programs in accordance with all legal requirements and County policies and procedures. It provides professional and technical expertise to all County departments, employees, and elected officials on property, insurance, loss control/prevention, and risk management related issues. The program is funded entirely by the Risk Management Fund through department service reimbursements.

Program Description

The Property program negotiates and purchases property insurance for 79 County-owned buildings and their contents, and other specialized insurance coverage for the County. The Property Risk Program consists of .55 FTE, who consults and advises on property related risk exposures, recommends the purchase of specialized insurance coverage, and develops policies and procedures to implement risk management strategies for the prevention or reduction of property losses Countywide. This program adjusts property claims with the assistance of a contracted insurance broker/risk consultant.

Program Justification

The Property program's mission is to protect the County's assets. This is done by the purchase and retention of the appropriate types and levels of insurance, recommending and implementing sound loss control/prevention measures, appropriate and timely adjusting of property loss claims, and providing effective risk financing techiques. By protecting the County's assets, the program is being accountable to the employees and citizens of Multnomah County, minimizing loss to departments - reducing their costs so they can provide more resources for direct services to customers.

Performance Measures

The Property program has two main performance indicators that demonstrate how results are achieved. The first indicator is the number of County preventable property claims each fiscal year. A fewer number of claims indicates stronger loss control/prevention processes that in turn protect County assets. The second performance indicator is the number of insurance policies that have been renewed, with no vital policies canceled. The appropriate level of insurance renewals indicates strong marketing of the County's property portfolio, safeguarding the County assets. Factors that affect property renewal and associated premiums are insurance market conditions, County property values, and property loss claims.

Summary of last year's program results and this year's expected results

For FY04, there were no County property loss claims to report to the insurance carrier. With effective loss control/prevention processes in place, the results for FY05 are expected to be the same.

For last fiscal year, the appropriate levels of insurance renewals took place, with no vital insurance policies canceled. With our strong experience rating and loss prevention processes in place, the results for FY05 are expected to be the same.

Program Mandate: 2 Mandated Program with Funding/Service Level Choice

The Property Risk Program is mandated by County Code 7.100-7.104. The County is also required by its financing agreements to have specific property insurance in place.

The level of expenditures is based on market value of insurance to cover the County's property risk. Based on discussions with the County Attorney, CFO and external insurance broker, reduced property insurance coverage would place the County in a high financial risk position.

Revenue/Expense Detail

	Proposed General Fund	**Proposed Other Funds**	**Proposed General Fund**	**Proposed Other Funds**
Program Expenses	2005	2005	2006	2006
Personnel	$0	$0	$0	$51,566
Contracts	$0	$50,000	$0	$75,000
Materials & Supplies	$0	$871,930	$0	$913,080
Internal Services	$0	$3,175	$0	$46,402
Subtotal: Direct Exps:	**$0**	**$925,105**	**$0**	**$1,086,048**
Administration	$0	$0	$30,914	$0
Program Support	$0	$0	$0	$0
Subtotal: Other Exps:	**$0**	**$0**	**$30,914**	**$0**
Total GF/non-GF:	**$0**	**$925,105**	**$30,914**	**$1,086,048**
Program Total:	**$925,105**		**$1,116,962**	
Program FTE	0.00	0.00	0.00	0.55
Program Revenues				
Fees, Permits & Charges	$0	$0	$0	$1,086,048
Program Revenue for Admin	$0	$0	$0	$0
Total Revenue:	**$0**	**$0**	**$0**	**$1,086,048**

Explanation of Revenues

Revenues for this program are recovered through service reimbursements from departments based on personal services. The rates are set annually to cover the cost of insurance and has increased by 50% over the last three years due to market conditions as stated below.

Significant Program Changes

Increases in Insurance $49,500 to cover increased cost of insurance premiums due to market conditions. Insurance premiums have been increasing over the last several years due to several natural disasters and because of the terroists threats. Internal Services were budgeted in Liability Risk Program in FY05 and are being divided between Liability Risk & Property Risk for FY06. Increase of $30,914 internal service payment to CFO to cover program allocation of department administration. Property insurance premiums, for the same level of coveage has increased from $372,600 in FY03 to $755,300 in FY04.