

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

Executive Summary

The Liability Unit manages the County liability program 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 liability exposures and liability and subrogation claims, related insurance, loss control/risk prevention, and risk management related issues. The program is funded entirely by the Risk Management Fund. The County is self-insured for most of its liability insurance but does purchase excess insurance for claims that are in excess of \$500,000.

Program Description

The Liability program negotiates and purchases crime insurance, excess auto liability insurance, various bond coverage, and other specialized insurance coverages for the County. The Liability program consists of 0.55 FTE, who recommends the types and limits of insurance to require in County contracts, advises on liability and subrogation claims and related exposures, recommends the purchase of specialized insurance coverage, and develops policies and procedures to implement risk management strategies for the prevention or reduction of liability losses Countywide. This program adjusts liability and subrogation claims with the assistance of a contracted third party administrator and the County Attorney's Office.

Program Justification

The Liability 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/risk prevention measures, appropriate and timely adjusting of liability and subrogation claims, and providing effective risk financing techniques. By protecting the County's assets, the program is being accountable to the employees and citizens of Multnomah County. Subrogation claims reimbursement is the act of pursuing non-county insurance companies to pay for damages caused by one the non-county insurance companies insured party.

Performance Measures

The Liability Program's performance indicator is the annual cost of claims and the liability rates that are charged to departments to cover claims paid. The lower the cost the better the performance.

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

Based on an actuarial valuation conducted in FY04, all County Departments rates will increase in FY06. Claims cost continue to increase and the County will purchase excess insurance to help offset further increases. Liability claims costs have increased over the last three fiscal years from \$752,000 to \$2,100,000 in FY04. The results expected for FY05 are expected to be the same as FY04. It is anticipated that costs will decrease in FY06 due to more aggressive management of claims and reduced costs due to limiting our risk exposure by purchasing excess insurance.

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

The Liability program is mandated by County Code 7.100-7.104. The County is required by the State to have specific insurance and bond coverage. The County is self-insured for liability in accordance with the provisions of the Oregon Tort Claims Act, ORS 30.270. The required Public Official and DEQ bonds are purchased in accordance with State requirements. Based on discussions with the County Attorney, CFO and external actuary consultant, reductions to this program would place the County in a high risk financial position.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
	2005	2005	2006	2006
Program Expenses				
Personnel	\$0	\$94,465	\$0	\$51,567
Contracts	\$0	\$241,690	\$0	\$241,690
Materials & Supplies	\$0	\$946,720	\$0	\$1,109,300
Internal Services	\$0	\$24,570	\$0	\$71,715
Subtotal: Direct Exps:	\$0	\$1,307,445	\$0	\$1,474,272
Administration	\$0	\$0	\$40,399	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$40,399	\$0
Total GF/non-GF:	\$0	\$1,307,445	\$40,399	\$1,474,272
Program Total:	\$1,307,445		\$1,514,671	
Program FTE	0.00	0.00	0.00	0.55
Program Revenues				
Fees, Permits & Charges	\$0	\$4,486,615	\$0	\$1,069,592
Other / Miscellaneous	\$0	\$1,500	\$0	\$404,680
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$4,488,115	\$0	\$1,474,272

Explanation of Revenues

Departments are charged a liability rate based on claims experience. The liability rate for each department is based on an actuarial valuation that is performed every three years. The last actuary was performed in FY04. The liability program also receives various subrogation money and reimbursements on expenses related to liability claims.

Significant Program Changes

A change for the Liability program this year will be the purchase of an Excess Liability insurance policy. Currently, the County remains self-insured for liability allegations in excess of the Oregon Tort Claims Act. By electing to finance this risk through the purchase of excess liability coverage, the County will be in a better position to safeguard its assets. To purchase this coverage, an additional \$150,000 is budgeted in the "Insurance" Cost Element. The cost of this insurance will be offset by the potential savings in the "Claims Paid" Cost Element. Increase of 0.55 FTE in FY06 because staff was shown fully in Property Risk Program in FY05. Increase of \$40,399 internal service payment to CFO to cover program allocation of department administration.