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Program # 72015 - Liability Risk Management

Version 6/21/2007 s

Priority: Accountability

Program Offer Type: Existing Operating

Related Programs:

Program Characteristics:

Lead Agency: County Management

Program Contact: Mindy Harris

Executive Summary

The Liability Risk Program (LRP) manages the County liability program in accordance with all legal requirements and County policies/procedures. It focuses on risk exposures, liability/subrogation claims, insurance, loss control/prevention, and risk management. All input received by customers is clearly analyzed, providing for the opportunity to make informed decisions with respect to the County's Liability Risk Program. The customers participate in the decision-making process and are kept informed of the outcome of the issue. Our goal is determining the County's "Cost of Risk" & benchmark against other entities to move towards best practices.

Program Description

The Liability Risk Program (LRP) purchases Crime, Excess Liability ins., Bonds, and specialized ins. for the County. The LRP recommends the types/limits of insurance for contracts, recommends the purchase of specialized ins., and develops Countywide policies/procedures. The LRP implements risk management strategies for the prevention of risk exposure and liability losses Countywide. This program adjusts claims with a contracted adjuster and the County Attorney's Office. The County chooses to "self-insure" (retain a certain amount of financial exposure to loss and purchase excess coverage for large claims). This controls the loss adjustment process, minimizes our "total cost of risk" (uninsured claims costs + insurance costs + administrative costs), and motivates internal loss control behavior. A dept.'s internal liability rates are based on their past losses.

Program Justification

The Liability Risk Program's mission is to protect the County's assets. This is done by the purchase/retention of the appropriate types/levels of insurance, implementing sound loss control/risk prevention measures, timely adjusting of liability and subrogation claims, and providing effective risk financing techniques. By protecting the County's assets and achieving the program's priorities, 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 County damage caused by external parties.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY05-06)	Current Year Purchased (FY06-07)	Current Year Estimate (FY06-07)	Next Year Offer (FY07-08)
Output	Annual # of lines of liability insurance & bond coverages purchased/renewed.	14	14	14	14
Outcome	Annual premium rate for liability ins./bonds-cents per $1,000 in budget.	7	6	4	4
Quality	Annual visits w/Liability ins. carriers to successfully market our casualty risk	0	0	3	4
Quality	This measure no longer used.(coverages renewed on time;none canceled	100.0%	100.0%	100.0%	0.0%

Performance Measure - Description

✔ Measure Changed

The appropriate level of insurance renewals indicates strong marketing of the County's Liability Risk Program, safeguarding the County's assets. Factors that affect insurance renewals, premiums/rates are insurance market conditions, the various services the County provides (risk exposures), and our claims loss history. This year's average premium rate per $1,000 in budget for self-insured Oregon public entities is 5.454 cents. The County's rate is 3.658 cents, indicating that the Liability Risk Program has done exceptionally well this year by being below the average premium rate for self-insured Oregon public entities.

Legal/Contractual Obligation

The Liability Risk Program is mandated by County Code 7.00-7.104. 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, and purchases Excess Liability insurance above the self-insured retention of $1,000,000. The required Public Official and DEQ Bonds are purchased in accordance with State requirements.

Revenue/Expense Detail

	Proposed General Fund	**Proposed Other Funds**	**Proposed General Fund**	**Proposed Other Funds**
Program Expenses	2007	2007	2008	2008
Personnel	$0	$171,970	$0	$189,288
Contracts	$0	$151,874	$0	$271,200
Materials & Supplies	$0	$1,169,228	$0	$1,282,892
Internal Services	$0	$10,476	$0	$31,740
Subtotal: Direct Exps:	**$0**	**$1,503,548**	**$0**	**$1,775,120**
Administration	$12,397	$411	$11,560	$2,152
Program Support	$1,863	$0	$1,836	$0
Subtotal: Other Exps:	**$14,260**	**$411**	**$13,396**	**$2,152**
Total GF/non-GF:	**$14,260**	**$1,503,959**	**$13,396**	**$1,777,272**
Program Total:	**$1,518,219**		**$1,790,668**	
Program FTE	0.00	1.55	0.00	1.50
Program Revenues				
Fees, Permits & Charges	$0	$1,502,548	$0	$1,772,120
Other / Miscellaneous	$0	$1,000	$0	$3,000
Program Revenue for Admin	$469	$0	$2,152	$0
Total Revenue:	**$469**	**$1,503,548**	**$2,152**	**$1,775,120**

Explanation of Revenues

Departments are charged a liability rate based on claims experience and an actuarial valuation performed every three years. the Liability Risk Program also receives subrogation money and reimbursements related to liability claims.

Significant Program Changes

Last year this program was:
Last year this program was: #72016, Liability Risk Program.