Multnomah County
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Program # 72015A - FRM - Liability Risk Mgmt — Version 7/08/2009 s

Priority: Accountability
Program Offer Type: Existing Operating
Related Programs:
Program Characteristics:

Lead Agency: County Management
Program Contact: Marc R Anderson

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. Our goal is to annually determine the County's "Cost of Risk", benchmark against other entities and improve our program to move towards best practices.

Program Description

The Liability Risk Program (LRP) purchases Crime, Excess Liability, Bonds, and specialized insurance for the County. The LRP recommends the types/limits of insurance for contracts, recommends the purchase of specialized insurance, 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 purshase 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 department'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 desired types/levels of insurance, implementing sound loss control/risk prevention measures, timely adjusting of liability and subrogation claims, and providing effective risk financing techniques. All input received by customers is clearly analyzed, providing 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. 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 third parties to pay for County damage caused by external parties.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY07-08)	Current Year Purchased (FY08-09)	Current Year Estimate (FY08-09)	Next Year Offer (FY09-10)
Output	Number of policies for liability ins.,bond,crime coverages purchased/renewed	15	16	16	16
Outcome	Annual premium rate for liability ins/bond-cent per $1,000 in budget	2	2	2	2
Quality	Percentage of claims closed in relation to claims received	91.0%	91.0%	91.0%	92.0%

Performance Measure - Description

✔ Measure Changed

Output: Appropriate types of insurance coverage indicates strong safeguarding the County's assets.
Outcome: This year's average premium rate per $1,000 in budget for self-insured Oregon public entities is 5.8 cents. The County's rate is 2.2 cents, indicating that the cost of the Liability Risk Program is well below the average premium rate for self-insured Oregon public entities.
The "Quality" measure is new. A high percentage of closed claims in relation to the total number of claims received indicates that the claims are being well managed and closed in a timely, cost efficient manner.

Legal/Contractual Obligation

The Liability Risk 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, and purchases Excess Liability insurance above the self-insured retention of $1,000,000. The required Public Official Bonds, DEQ Bonds, and Pharmacy Bond are purchased in accordance with State requirements. The LRP manages the County's compliance with numerous OSHA requirements to promote employee safety, including driver's license verification and inspections by regulatory and insurance carrier representatives.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2009	2009	2010	2010
Personnel	$0	$202,981	$0	$229,436
Contracts	$0	$271,200	$0	$236,200
Materials & Supplies	$0	$1,353,695	$0	$1,304,700
Internal Services	$0	$23,169	$0	$30,472
Subtotal: Direct Exps:	**$0**	**$1,851,045**	**$0**	**$1,800,808**
Administration	$19,656	$4,637	$143,702	$0
Program Support	$3,779	$0	$3,280	$0
Subtotal: Other Exps:	**$23,435**	**$4,637**	**$146,982**	**$0**
Total GF/non-GF:	**$23,435**	**$1,855,682**	**$146,982**	**$1,800,808**
Program Total:	**$1,879,117**		**$1,947,790**	
Program FTE	0.00	1.55	0.00	1.55
Program Revenues				
Fees, Permits & Charges	$0	$4,709,418	$0	$1,796,808
Other / Miscellaneous	$0	$2,500	$0	$4,000
Program Revenue for Admin	$0	$0	$0	$0
Total Revenue:	**$0**	**$4,711,918**	**$0**	**$1,800,808**

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 reimbursement related to liability claims.

Significant Program Changes

Last year this program was: #72017, Liability Risk Management
This program offer reduces the funding for the Driver's License Tracking Program by $35,000 which eliminates Risk Management's abiltiy to monitor licenses for any drivers other than those already being montored (A&T, Facilities). This will result in non-compliance with OSHA requirements and could result in fines being imposed.