

Department of Finance and Administrative Services

Risk Management Division

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Law and Risk Management Best Practices Brown Bag
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Organization Structure

Risk Management Division
(Director)

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graph TD; A["Risk Management Division (Director)"] --- B["Risk Management"]; A --- C["Claims Management"]
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Risk Management

- Insurance
- Risk Shifting
- Loss Control

Claims Management

- Each Claim Investigated
- Claim Adjustment
- Loss Prevention

Risk Management Division (RMD) Core Responsibilities

- **Adjust** Third Party (Legal Liability) Claims
- **Review** City Contracts to ensure appropriate insurance levels
- **Administer** the City's Legal Liability Self-Insurance Program
- **Manage** the City's Insurance and Bonding Programs
- **Advise** Ways for the City to Avoid or Reduce Liability Losses

Adjust Third Party Claims

- **Third Party Claim** is where the City may be Legally Liable for Property Damage or Injuries
- **1,500-2,000** Claims Filed Annually
- **Selective Use** of Outside Claims Adjusters
- **Only** about 5% of Claimants eventually File Suit against the City
- **Lawsuits** managed by the City Attorney's Office

Review Contracts to Assess Levels of Risk Shifting via Insurance

- **Collaborate** with City Attorney's Office to Transfer Risk via Contractual Agreements (indemnification) and Insurance
- **Assess risk** on City projects using Risk Management Checklist to establish Insurance Requirements
- **Train City staff** to evaluate and approve Insurance Certificates
- **Insurance Requirements** established using Public Entity "Best Practices"

Administer the City's Legal Liability Self-Insurance Program

- **City pays** Claims and Judgments from own Resources up to a Specific Amount (Self-Insured Retention)
- **Amounts paid** above this Self-Insured Retention by City's Excess Liability Insurance Policies
- **Self-Insurance is cost effective** - Avoids 30-40% Mark-Up on Insurance Premiums
- **Self-Insurance** funded by City's Judgment/Claims Subfund
- **Judgment/Claims Subfund** supported by "Self-Insurance Premiums" paid by City Departments and set by FAS in consultation with CBO

Manage City Insurance and Bonding Programs

- **Excess Liability Insurance** Protects City against Catastrophic claims
- **“All Risk” Property Insurance**, including Fire/Earthquake/Flood perils, covers City’s \$4.3 Billion Property Portfolio
- **Miscellaneous Insurance** coverages includes Accidental Death for Police, Fire and other City Employees

Advise Ways for the City to Avoid or Reduce Third Party Liability Claims

- **Currently RMD** responds to Loss Trends through Data Analysis
- **RMD Implementing** Enhanced Loss Control Measures, including
 - **Joint Effort** between Risk Management and City Attorney's Office
 - **Forming** a Citywide Risk Management Advisory Group
 - **Requiring** Operating Departments to designate a Risk Management Coordinator

Principal Exceptions to RMD's Scope of Traditional Risk Management Activities

- **Worksite Safety** (Resides in Personnel and Operating Departments)
- **Workers' Compensation** (Personnel)
- **Regulatory Management** (Departments/Law)
Compliance with laws
- **Crisis Management** (Emergency Management)
- **Management of Lawsuits** (City Attorney's Office)

Conclusion

- **The City's current risk management practice** is efficient and consistent with generally accepted best practices among similarly situated public entities.
- **In addition, the planned loss control enhancements** will further improve the City's best practices.