RISK MANAGEMENT IN A MUNICIPALITY

NOTHING TO IT ...... RIGHT?

Keith L’Esperance
• Undergrad in Business Admin
• Masters in Admin Studies/HR
• Lifetime certification as Senior Professional in Human Resources (SPHR)
• Candidate for Associate in Risk Management (ARM) designation
• Over 29 years experience

A prime example of high risk exposures – employment practices lawsuits (which include wrongful termination & the negligence theories) have increased by a whopping . . .
An example of high risk -- employment practices lawsuits (which include wrongful termination) have increased by a whopping..................
220%

Employment Negligence Exposures
- Negligent Hiring
- Negligent Retention
- Negligent Supervision
- Negligent Training
- Negligent Security
What exactly is "Risk Management"?

The Textbook Definition
(as a "managerial" or "administrative" process)

A process that includes **planning**, **organizing**, **leading** and **controlling** the entity's activities, at reasonable costs, to minimize the adverse effects of accidental and business losses on that entity.

The Textbook Definition
(defined as a "decisional" process)

The process of making and implementing decisions that will minimize the adverse effects of accidental and business losses on an organization.
These are exactly the activities that safety professionals or those assigned safety, loss or HR responsibilities do -- every day -- all the time.

What do these numbers have in common?

- $4,199,454
- $1,696,349
- $137,000

What do these numbers have in common?

- $4,199,545 – group health premiums
- $1,696,349 – liability premiums
- $137,000 – work comp premiums
  (a little history here about work comp fund)
Traditional Insurance vs. Self-Funding

Traditional insurance is buying a policy

Self-funding is setting up own internal fund with purchase of stop loss/excess coverage

What do these numbers have in common?

- $500,000
- $100,000 x 4
- $50,000
- $10,000 x 2

What do these numbers have in common?

- $500,000 – self funded work comp PER CLAIM (stop loss at $5,000,000 deductible)
What do these numbers have in common?

$100,000 x 4 – deductibles for liability, employee & dependent health, public officials & auto liability – PER CLAIM (capped at $3,000,000)

What do these numbers have in common?

$50,000 – deductibles for property damage – PER CLAIM

What do these numbers have in common?

$10,000 x 2 – deductibles for auto physical damage & airport errors & omissions – PER CLAIM
What do these numbers have in common?

Can you see the incentives for someone to be watching the store and getting employee buy-in?

So what does all of that information translate into? Anyone have a guess?
WHAT MAKES UP A MUNICIPALITY?

How many departments can you name?

What job in a city has the highest exposure to injury?

The highest exposure?

Write in what you think might be the job with the highest exposure to injury.
The highest exposure?

How many of you picked..........?

Remember the question was not the highest rate of injury – it was the highest exposure to injury.

What is a Risk Manager, Safety Manager, HR Manager – any Manager – supposed to do?
GOOD RISK MGMT/LOSS
CONTROL STEPS TO
PREVENTION &
INTERVENTION

1. Actively search out and identify risk exposures

HOW DO YOU DO THAT?

- Standardized surveys & questionnaires
- Standardized surveys & questionnaires
- Loss histories (a rich gold mine of information) – what’s happened in the past??

- Standardized surveys & questionnaires
- Loss histories
- Financials/accounting records

- Standardized surveys & questionnaires
- Loss histories
- Financials/accounting/claims records
- Other records & documents (correspondence, memos, minutes, previous similar actions like abatements, citations, etc)
Other records & documents (correspondence, memos, minutes, previous similar actions, etc)

Personal inspections

Other records & documents (correspondence, memos, minutes)

Personal inspections

Expertise within & beyond the organization – you, your peers, your professional groups

1. Actively search out & identify risk exposures

2. Get governing body, management, employee & general public buy-in
1. Actively search out and identify risk exposures

2. Get governing body, management, employee & general public buy-in

3. Actively manage claims (if you have that responsibility) that do occur to keep costs to a minimum – IMPORTANT!

4. Pay those claims for which responsible & aggressively fight the frivolous, baseless & nuisance claims – WRITE IT DOWN – OTHERWISE IT DIDN'T HAPPEN

4. Pay those claims for which responsible & aggressively fight the frivolous, baseless and nuisance claims

5. Employee training and public education
6. Use state-of-the-art & best practices as they become apparent & available -- this includes use of personal protective equipment in the field

6. Use state-of-the-art and best practices as they become apparent and available

7. Never stop learning, seeking and experimenting

Let's examine a case study

Put on your risk management/safety global view thinking helmet
A RISK EXPOSURE CASE STUDY

You are the Risk Manager for the City of Mill City & the City is taking over an ambulance service. What potential issues and risks should be considered that need to be addressed?
A RISK EXPOSURE CASE STUDY

(1) How are you going to staff the service?
(2) Where's the budget going to come from?
   Ambulance charges only?
(3) Driver training for the ambulance crews?
(4) What about health care liability insurance?

A RISK EXPOSURE CASE STUDY

(5) What will happen to the vehicle insurance coverage?
(6) What about general liability limits?
(7) Who's going to maintain the equipment – in house or outsourced?
(8) What are you going to do about billing?

Strongly consider a career in insurance/risk mgmt/safety mgmt. A wide open field needing bright people like you!!!
QUESTIONS???

THANK YOU!!!