PEND OREILLE COUNTY

NEWPORT, WASHINGTON

RESOLUTION NO. 2014-20

RE: Risk Management Policy

WHEREAS, the Board of County Commissioners have created the risk management program, to protect the people and the assets of Pend Oreille County against issues of risk in a cost effective and efficient manner;

WHEREAS, the purpose of risk management is to proactively protect and preserve Pend Oreille County operations from losses in the most economical and efficient manner;

WHEREAS, a risk management policy is needed to provide county-wide guidance;

NOW, THEREFORE

IT IS HEREBY RESOLVED that the Board of Commissioners hereby adopts the following Pend Oreille County Risk Management Policy.

Adopted 14 day of July, 2014

Board of County Commissioners

Karen Skoog, Chair

Absent

Steve Kiss, Vice-Chair

Mike Manus, Member

Attest

Clerk of the Board

APPROVED AS TO FORM:

/s/

Prosecuting Attorney

PEND OREILLE COUNTY

RISK AND CLAIMS MANAGEMENT POLICY

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A. Objective

To protect the people, property, and finances of Pend County against issues of risk in a cost effective and efficient manner.

B. Risk Management Statement

The County Commissioners recognize the need to manage public funds wisely. The intent of this policy is to proactively preserve and protect the assets of Pend Oreille County from losses while conducting County operations in the most economical and efficient manner. Further, to provide a safe, secure, and healthful working environment for County employees.

The risk management program must function within the financial abilities of the County consistent with related legal requirements. This policy applies to all risks of accidental loss, such as fire, liability, theft, property damage, malpractice, illness, and injury, both direct and indirect, as relates to all County employees including elected officials and documented volunteers.

The success of our risk, claims and safety management program is impacted by the sincere, constant, and cooperative effort at all levels of management and the participation of all county elected and appointed officials, employees, and documented volunteers to fully support the risk reduction efforts associated with this critical program.

Exposures to loss are either retained primarily through self-insurance or transferred through purchased insurance or contractual transfer. Insurance funds are established and maintained to pay pooling contributions/assessments, insurance premiums, bonds, deductibles, and uninsured claims.

C. Purpose

(a) Risk Management. The management and control of the County's Risk Management

Program shall be the function of the County Commissioners as delegated to the Risk Manager.

- The Legislative Authority appoints the Risk Manager for the County. Risk Management shall have authority to establish rules and procedures consistent with Elected Officials' policy to ensure the safety and well-being of employees and the public while on or using County property.

(b) Duties of Risk Management

- Risk Manager shall be responsible for reviewing, assessing and controlling the exposures to County employees, property and to the general public.
- Risk Manager shall identify and analyze risks to the County, and make recommendations to the appropriate authority regarding insurance coverage or insuring options, reserves, deductible levels, loss prevention, and general risk issues.
- Risk Manager or Designee shall be the formal contact with the Washington Counties Risk Pool on matters related to risk and loss control.

D. Definitions

1) "Covered **Claim**" means a demand by a third party for monetary damages because of an occurrence as defined in the applicable Joint Self Insurance Liability Policy ("JSILP").
2) "**County**" means Pend Oreille County.
3) "**County Claims Administrator**" means the official or employee designated by each Member's Legislative Authority or Chief Executive Officer to administer the Member's civil claims and to serve as its liaison with the Pool regarding the administration of its claims.
4) **"Joint Self Insurance Liability Policy" (JSILP)** means the coverage document which defines who is covered, the events that are covered and the extent of coverage for the named insured.
5) **"Member"** means a county of the state of Washington that is signatory to the WCRP interlocal agreement.
6) "**Pool**" means the interlocal cooperative, a joint local government entity, known as the Washington Counties Risk Pool that was established under Chapters 48.62 and 39.34, RCW, to provide its member counties with joint programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management.
7) "**Risk Manager**" means the person who is responsible for the county risk management function and serves as the liaison between the County and Pool as to risk management.
8) "**Risk Management**" means a coordinated and continuous program for the identification, analysis, control, and financing of risk and exposures to loss, including, but not limited to property and liability.
9) "**Safety Officer**" means the person who is assigned the responsibility to ensure that safety rules and regulations adopted by local, state and federal regulators are followed, and shall consider all recommendations of the Pool concerning the development and implementation of a loss control policy to prevent unsafe practices.
10) "**Suit**" means a civil proceeding brought on by a third party in which monetary

damages are alleged due to bodily injury, property damage, personal injury, errors and omissions or advertising injury.
"WCRP" see #7 "Pool" above.

E. Risk Management

As required by the WCRP Interlocal Agreement, Pend Oreille County has appointed an official or an employee of the County to be responsible for the risk management function of Pend Oreille County and to serve as the liaison between the County and the Pool regarding risk management.

(a) Designation. The Pend Oreille County Risk Manager serves as advisor to the County Commissioners and the County Elected and Appointed Officials related to Risk Management. The Risk Manager shall be given full authority to manage the responsibilities of the position.

(b) Authority. The Risk Manager is given direct reporting authority to the Board of County Commissioners to complete the responsibilities described in this policy and supervise any assigned staff.

(c) General Duties. In general, the Risk Manager will play a significant role in the planning, organizing, leading, and controlling of risk. The goal is to minimize risk and provide for loss from damage to County property, for injury to officers and employees of the County, and for loss or injury to the public. The Risk Manager shall confer with the County Safety Officer on a regular basis.

- The Risk Manager shall meet the requirements and perform the duties as defined as a participating county by the WCRP Membership Compact.
- The Risk Manager shall develop and implement programs for the reduction of risk and exposure to loss.
- The Risk Manager shall work with elected and appointed officials and their designees to identify, measure and analyze risks which face the County, and shall make periodic recommendations to the County Commissioners concerning insurance procurement, self-insurance, deductibles, risk rate structure, loss prevention, and alternative techniques for the sound management of risk.
- In conjunction with the Clerk of the Board, County Auditor and Prosecuting Attorney's offices, the Risk Manager or designee shall maintain complete and accurate records with respect to insurance, claims against the County, suits filed against the County, losses incurred by the County, all accidents or incidents giving rise to possible liability against the County, and an inventory of all property in which the County has an insurable interest. Such records shall be maintained in a fashion such that statistical data can be readily extracted from the records. Loss runs shall be maintained, prepared and available at least once per year, or as needed.
- The Risk Manager must immediately notify the Pool when an application for defense is received from a County employee, past or present.

(d) Insurance Information. Risk Management shall be the repository for all insurance policies, certificates of insurance, and contract bonds in which the County is a named insured. Such policies shall be maintained in a current fashion and **shall include all**

riders and endorsements. The Risk Manager shall prepare and maintain a synopsis of each insurance policy naming the County as an additional insured. Such synopses shall, at a minimum, include: description of coverage provided, policy term, coverage limit, deductible, premium, and the carrier's agent.

(e) Prosecuting Attorney. In respect to risk management, the prosecuting attorney's office shall:

- Review all contract forms entered into by the County to identify and reduce any contractual liability being assumed by the County, and attempt to transfer such liabilities.
- Serve as the legal advisor to the Risk Manager.
- Notify the appropriate authorities of changes in State/Federal statutes and common law which affect municipal liability.
- Provide assistance to the insurer(s) in the investigation and settlement of claims against the County from both employees and the public.
- Provide legal assistance in the examination of insurance and bond contracts entered into by the County.
- File and serve Notice's of Appearance if circumstances delay formal assignment(s) of Pool-designated defense counsel.

F. Incident Reporting

Reporting Incidents. The County shall adopt an incident reporting procedure. County officers and employees shall immediately report to the Risk Manager or Designee any accident or incident which a reasonable person would expect to result in the eventual filing of a claim or suit. While the initial report may be verbal, the particulars of the incident shall be reduced to writing as soon as possible to include the time, location, nature of the incident and any witnesses who may be able to provide additional information.

Known traffic collisions and incidents involving county officials, employees, volunteers, invitees, automobiles or property which could or do subject members to claims for damages should be reported immediately to the Risk Manager or Designee. Statements shall not be made to, or in the presence of, third parties or witnesses to the traffic collision or incident. "Fault" shall not be acknowledged. "Fault" is a legal determination that will be made within the appropriate legal forum.

G. Claims and Suit Administration and Adjudication

Claims

(a) Designation. The Risk Manager or Designee is designated as the County Claims Administrator for Pend Oreille County.

(b) General Duties. The County Claims Administrator shall establish procedures for the prompt administration of every claim pursuant to and consistent with the WCRP Claims Handling Policies and Procedures, including but not limited to:

- Maintenance of a "County claim and loss log".

- Third Party Liability Claim Reporting: The prompt and complete electronic reporting of all incidents/claims/suits in conformance with the timelines specified in Section D of the WCRP Claim Handling Policies and Procedures. Potentially higher-value claims and 'Significant' incidents shall be reported within seven (7) days of the receipt of the claim or the event; all other claims shall be reported within thirty (30) days. (NOTE: failure of timely reporting could result in loss of insurance coverage)
- Assist and fully cooperate with the Pool in the efficient administration of claims.

(c) Receipt of Claim. Upon receipt of a claim for damages, the County Claims Administrator will enter the claim into the Pool's electronic database and will discuss with the Pool whether the claim will be handled in-house by the County or assigned to an independent adjuster for investigation and evaluation. The County Claims Administrator will receive an acknowledgement form identifying the Pool claim number, date of loss, the initial claim reserve (if determined) and who is handling the claim.

(d) Claims Adjustment and Settlement. The County Claims Administrator will coordinate claim evaluation with the Pool including determining if the County has authority to settle a claim within its deductible level. Regardless of delegation authority, the Pool will actively monitor all claims. (NOTE: For specified settlement authorities and timelines refer to the WCRP "Claims Handling Policies and Procedures.")

Third Party Suit

Immediately upon receipt of any suit, the Pend Oreille County Auditor shall record the suit and transmit a copy to the Risk Manager and Prosecuting Attorney.

1. Provide WCRP Claims Manager a copy within 5 days.
2. Discuss appropriate counsel with Pool.
3. A Notice of Appearance shall be filed and served promptly by the Pool-designated defense counsel (either the County Prosecutor or outside defense counsel) in order to protect the County and other insured from entry of a default judgment. If circumstances delay the formal assignment of Pool-designated defense counsel, the County's Prosecuting Attorney shall file and serve the Notice of Appearance to avoid default.

Reserve Fund and Claim Reserving

(a) Claim Fund. The County will establish and maintain an adequately funded claims fund pursuant to Governmental Accounting Standards Board (GASB) Statement No. 10 for payment of its claims, deductible amounts and costs incurred.

(b) Third Party Reserve Setting. The County will work with WCRP to establish and maintain pertinent third party liability claims reserves using the Jury Verdict Value process. Reserves shall be calculated to address the extent of the exposure for indemnity and defense costs. When a member has or acquires knowledge regarding liability or damages that will affect the claim reserve determination, that information shall be conveyed promptly to the County Claims Administrator who will then

convey the information to the Pool. The County may appeal any claim reserve determination utilizing the procedures established by the Washington Counties Risk Pool.

H. Automobile Collision Loss

The County self-insures automobiles, SUV's, light trucks, Sheriff vehicles and other vehicles through the Risk Management Fund. The Risk Fund will pay the cost to repair these vehicles after a collision loss or other property loss not covered by the County's property insurance. The Risk Fund does not cover non-collision glass damage or minor road damage.

The Board may declare a vehicle a total loss when the estimated repair cost exceeds 70% of the actual cash value of the vehicle. The Board will determine the actual cash value of the vehicle. When a vehicle is declared a total loss, the Risk Fund will provide funding equal to the actual cash value of the vehicle towards replacement. The salvage value of the damaged vehicle will normally be deposited into the Risk Fund.

In all matters dealing with collision loss, the Board may use its discretion to determine the County's best interest and act accordingly.

I. Rate Stabilization Fund

The Board will annually adjust the Rate Stabilization Fund to provide for the Claim Fund and reserves for property losses, collision losses and premium payments. The Rate Stabilization Fund will be annually set to equal between three and five times the average annual claim loss during the prior three year history. The Risk Manager may recommend and the Board of Commissioners may approve a different amount.

J. Risk Management Fund Allocation

The following procedure will be used to allocate the risk management fund costs to the various County funds:

1) The distribution of budgeted costs between the County funds shall be determined by using the prior year's reported work hours. The Risk Manager may recommend and the Board may approve assigning additional hours to funds that are under reporting worker hours.
2) The proportion of the costs allocated to each fund is determined by the percentage of that fund's worker hours.
3) The actual allocation of funds shall be done annually after Fund Reconciliation using the proportionate share used in the adopted budget.
4) Fund Reconciliation: The Risk Manager shall reconcile the Risk Management Fund balance with the expected expenditures for the remainder of the current fiscal year and the active case encumbrances considering the Rate Stabilization Fund and Operating Fund balance needs.
5) If the Fund Reconciliation determines that the anticipated unencumbered Fund

Balance is more than the Rate Stabilization Fund, the excess will be refunded by reducing the amount of the current year cost allocation.

6) If the Fund Reconciliation determines that the anticipated Fund Balance is less than the Rate Stabilization Fund, the Risk Manager may recommend and the Board may approve a plan to recover the deficit.

The Risk Manager will report to the Board of Commissioners the following:

1) The Rate Stabilization Fund amount
2) The Risk Management Fund Reconciliation
3) The proposed current year's cost allocation to the various County funds.
4) The preliminary budget and fund allocation for the next budget year.

The Board of Commissioners may make any adjustments they deem appropriate and approve the Rate Stabilization Fund, the current year cost allocation and the next year allocation proportions by motion.

K. Risk Transfer/Contract Review.

(a) Uniform Procedures. The County shall adopt uniform procedures for the review and monitoring of all County contracts, interlocal agreements and other agreements for risk transfer and indemnification (as required in the WCRP Membership Compact and Risk Management Policy).

(b) The contracting authority of the County is the Legislative Authority. All contracts concerning county operations must be presented to the Clerk of the Board of County Commissioners for assignment of an Agreement number which will allow tracking of the contract and review of the insurance and indemnification provisions. The Commissioners may authorize an elected official or Department Head to sign a contract, and this approval shall made by motion and reflected in the official minutes of the Board.

(c) Contractor Insurance. Unless otherwise authorized by the Board of County Commissioners, each contract shall contain a provision(s) affecting the following: For the duration of each contract and until all work specified in the applicable contract is completed, the contractor shall be required to maintain in effect all insurance as required and comply with all limits, terms and conditions stipulated in the contract. Work under any contract shall not commence until evidence of all required insurance and bonding is provided to the Clerk of the Board of County Commissioners.

The policy shall be endorsed and the certificate shall reflect that the insurance afforded therein shall be primary insurance and any insurance or self-insurance carried by the owner or County shall be excess and not contributory insurance to that provided by the contractor. The policy shall provide and the certificate shall reflect that the insurance afforded applies separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability.

If for any reason, any material change occurs in the coverage during the course of the contract; such change will not become effective until 30 days after the County has

received written notice of the change

(d) Contract-Agreement Approvals. Prior to the signing of any contract, personal services agreement, lease or rental agreement by the Board of County Commissioners the following approvals must be secured:

- Prosecuting Attorney's Office: review to ensure proper contracting authority and form of legal document.
- Risk Manager and/or Clerk of the Board: review to ensure acceptable risk, insurance, and hold harmless and indemnification stipulations.

L. Defense and/or Indemnity of County Officers, Employees and Volunteers

The County hereby adopts the following procedure for defense and/or indemnity of County Officers, Employees or Documented Volunteers pursuant to and required by Chapter 4.96. RCW.

(a) Defense Authorized. Whenever an action or proceeding for damages is brought against any past or present officer, employee or volunteer arising from acts or omissions while performing or in good faith purporting to perform his or her official duties for Pend Oreille County, **and** upon request of the named officer, employee or documented volunteer, the legislative authority of Pend Oreille County does hereby authorize the defense of the action or proceeding at County expense. If the individual is named as a co-defendant along with the County and the individual **does not** want the County to provide a defense, then the individual shall notify the County in writing; otherwise a defense will be provided.

(b) Prosecutor Investigation/Legislative Authority Review. When any past or present officer, employee, or volunteer is named in a claim or suit, the nature of the allegations shall be investigated by the Prosecuting Attorney. The Prosecuting Attorney shall report to the County legislative authority the nature of the allegations and the facts known at the time of the report. Based on the information provided and a finding "that the acts or omissions of the officer, employee or volunteer were **not**, or in good faith purported to **not** be, within the scope of his or her official duties", the legislative authority shall affirmatively transmit said findings to the Risk Pool and the Risk Pool shall then act accordingly by denying the Risk Pool's coverage of defense of the officer, employee, or volunteer under the provisions of the insuring agreement.

(c) Reservation of Rights. Defense and indemnity shall be by reservation of right. If during the course of further investigation or finding of the Court that the officer, employee or documented volunteer were **not** in good faith or purported to **not** be within the scope of his or her official duties", the Risk Pool may stop the expenditure of funds defending the action of the officer, employee or volunteer, and may seek reimbursement for funds so expended.

(d) Payment of Monetary Judgments. Any non-punitive monetary judgment against the officer, employee, or volunteer shall be paid by the County **provided** that the Reservation of Rights provision of Section (c) above was not enacted. The County shall not be

obligated to pay punitive damages awarded against named individuals, unless specifically and separately authorized by the County legislative authority.

M. Duties of County Officers and Employees

(a) Cooperation. The County and all of its officers and employees shall cooperate to the fullest extent with the Risk Manager, Prosecuting Attorney, and outside counsel toward reviewing and resolving claims and defending suits:

- provide information, testimony, exhibits and documentation for the investigation, settlement of claims and suits;
- provide information which will assist in the implementation and/or operation of the risk management program developed by the Risk Manager pursuant to Section E.
- issue directives to subordinate officers and employees necessary to implement the risk management program developed by the Risk Manager pursuant to Section E.

(b) Responsibility. The Board of County Commissioners anticipate that elected officials and management will:

- communicate and support the intent and contents of this policy,
- establish, supervise and enforce procedures to assure a safe and healthy work environment,
- identify and correct potential risk and safety hazards,
- communicate uncorrectable risk and hazards to risk management in writing,
- provide appropriate response to recommendations by office staff and risk management to eliminate or reduce risk,
- implement recommendations by risk management or demonstrate other acceptable mitigation efforts, and
- support completion and follow through of accident review

(c) Prohibited Acts. Without prior authorization of the Risk Manager, Prosecuting Attorney or outside legal counsel, County employees shall not:

- Make an admission of fault or liability involving a claim, suit or incident.
- Negotiate or otherwise affect the settlement of a claim or suit.
- Speak to new sources about potential or ongoing litigation.
- Discuss incidents, decisions, or issues with a person not serving as a County officer or employee when a reasonable person would understand that such discussion may lead to a claim or suit against the County.

N. Safety and Loss Prevention

Safety and Loss Prevention Policies and Procedures shall be maintained by the Safety Officer.

- Records of all mandated training shall be maintained by the Safety Officer and approved by the Risk Manager.

- Policies and procedures will be reviewed and updated to ensure compliance.

The County has designed and manages a safety and loss prevention program with the cooperation of all County Officials and the Safety Committee representatives. The purpose of the program is to reduce accidents causing injuries to County employees and the public, and to reduce the frequency and severity of all property losses. County Officials shall post all required safety related literature. The County will make full use of the expert services of the Pool, insurers, brokers, and departmental safety personnel whenever possible to develop better safety and loss prevention procedures. The program shall comply with Washington State Labor and Industries regulations and shall include but is not limited to:

- Periodic inspection of facilities.
- Investigation into the causes of accidents and property losses.
- Development of training programs for employees.
- Communicating safety literature to all departments.

All accidents and losses shall be reported promptly to the Risk Manager.