

May 28, 1985

SUBJECT:

ORIGINATING DEPARTMENT:

Citrus County Risk Management Policy

County Administrator

DEPARTMENT: More Information

Page 1 of 6

POLICY:

Citrus County recognizes the need to protect its assets and preserve operational continuity from risks and hazards that may arise from County activities or events that may effect the County.

The County is committed to providing a safe, healthy environment to protect employees and citizens.

- A. This Administrative Regulation provides guidance in Risk Management Policy procedures.
- B. The primary purpose of this Administrative Regulation is to insure that Citrus County has an official position in regards to Risk Management/Insurance record keeping.

PROCEDURES:

- I. Citrus County shall establish a Risk Management Committee/Accident Review Committee. The Committee's primary purpose is to remain abreast on all developments relating to employee safety guidelines, accidents involving County employees, citizens, all incidents resulting in property damage and all contracts, operations, etc., that involve certain risks.

II. Risk Management Policy Statement**General**

Citrus County recognizes the need to protect its assets and to preserve operational continuity from risks and hazards that may arise from County activities or from other activities or events that may affect the County.

The County is committed to providing a safe and healthy environment to protect employees and other members of the public to whom the County has such a responsibility.

Risk Management

Efficient risk management is considered essential to the successful overall management of the County.

The goal of risk management within the County is the efficient minimization of the following categories of potential risk:

- ◆ Property
- ◆ Operational Interruption
- ◆ Liability
- ◆ Personnel

Catastrophic risks of Potential loss are to be given the County's fullest attention. All reasonably practical techniques to avoid, control or finance such catastrophic risks shall be given due consideration.

Authority and Responsibility

Citrus County's Board of County Commissioners and individual Constitutional officers retain ultimate authority and responsibility for risk management.

Responsibility for ongoing administration of the risk management program is granted to the County Risk Management/Insurance section, Administrative Services Department.

Recommendations to the Board and Constitutional officers to facilitate major risk management decisions shall be submitted through the County Administrator.

All employees are expected to act responsibly in the conduct of their duties, and shall be required to participate in the County's risk management and safety programs to the extent required by the Board, the individual Constitutional officers and their designees.

Recognition shall be given to federal, state and local laws in formulating the risk management program and in all subsequent changes.

Risk Management Techniques

The County will employ the following risk management techniques:

Risk Identification and Analysis

The County will continuously seek to identify and analyze possibilities of loss with potentially significant financial or personal impact.

Risk Avoidance

Where future undertakings of the County shall be accompanied by risks of such a hazardous nature that control or financing of the potential risks of financial loss is impossible or impractical, then the County shall consider avoiding such undertakings.

Risk Control

Wherever possible, and within reasonable cost, the County shall reduce the potential extent of any losses that cannot be totally prevented.

Efforts at risk control shall be continuous, so long as substantial risks persist.

Insurers of major risks shall be asked to what extent their premium charges contemplate provision of risk control services, and such services shall be required when judged to be in the best interests of the County.

Risk Finance

Upon evaluation of its risks of financial loss, the County shall provide for appropriate financing measures. Depending on the nature of the individual risks, the County shall decide whether to retain risks of loss on an uninsured basis, transfer risk of loss to an insurer, transfer risks of loss to another party (such as through 'a hold-harmless agreement with an indemnification provision).

Retention of Risk of Loss

The County shall consider being uninsured or shall consider acceptance of insurance deductibles, exclusions or restrictions when:

Potential amounts of loss are small; there would be no significant effect on the budget.

Insurance premium for coverage is unreasonably expensive.

Risk of loss is so remote that insurance would not ordinarily be purchased.

Budgetary considerations do not permit purchase of all insurance that is needed.

In the last condition, priorities shall be set as to which types and amounts of insurance.

Insurance Purchase

The County shall consider purchase of insurance when:

Potential amounts of loss are too large to be retained without budgetary problems.

Transfer of Risk to Others

The County shall consider transferring risks of loss to others (by hold harmless agreements and/or contractual requirement that insurance be provided by others on the County's behalf) when:

The transfer will not directly or indirectly increase the County's costs above the amount of such costs the County would have incurred had it retained or insured the risks of loss.

The other party can prove that it can successfully finance the amounts of loss transferred, either by providing adequate financial position if insurance is not required or by purchase of insurance (preferable).

Insurance Marketing Policy

The County shall endeavor to seek insurance from capable insurers and agents.

Competition shall be periodically required in purchase of insurance policies -and shall not be restricted to local insurers and agents.

Although premium cost should not be the sole consideration in accepting an insurance proposal, it should receive major emphasis, so long as other considerations are consistent.

Where the competition for particular kinds of insurance is significant, the County should endeavor to provide sufficient information, to agents and insurers to assure that solicited proposals shall be comparable. This should be accomplished by preparation of formal specifications, which should include statements of desirable coverage, amounts, endorsements, etc., and setting forth premium and loss information and rating data which insurers normally require.

When desirable, additional and optional coverage's, amounts, etc., should be requested for the County's consideration. The broadest coverage available shall be preferred if the premium cost is reasonable.

Cancellation notices required of insurers should be no less than ninety (90) days and should also include insurer notice of nonrenewable and rate increase.

Premium quotations of incumbent insurers and agents as well as other insurers and agents should be required well in advance of policy renewal dates.

III. **Risk Management Communications**

General

Open and frequent communications about organization and operational changes within an organization are critical to maintenance of an effective, up-to-date risk management/insurance program.

It is important that the County's Risk Management/Insurance section be promptly made aware of any actions which should require a revision of risk management techniques or changes in insurance or self-insurance programs or in agreements, contracts or leases.

The County's Constitutional officers,-key management personnel, department heads, etc., should be constantly aware of the risk management/insurance implications of their ongoing decisions and actions and should not delay notification to the Risk Management/Insurance section of changes of risk which should require corresponding changes in programs of safety, insurance, self-insurance, etc.

Failure to provide prompt communications about significant changes of risk may result in unacceptable time delays and gaps, in implementing important safety procedures, insurance coverage's, etc.

In instances where significant changes of risk should require purchase of insurance and the changes of risk are not communicated, the County may be subject to major financial loss without any source of recovery.

Changes of Risk to be Communicated

All changes of risk should be immediately identified and analyzed and consideration should be given to various risk management/ insurance alternatives available to treat the risks.

Although the following list is not intended to be all inclusive, it should be an indication of the types of changes which should generate prompt communication to the County's Risk Management/Insurance section for effecting immediate risk management insurance/self insurance program modifications.

Organizational or Operational Changes

- ◆ Formation or dissolution of authorities boards councils, commissions, etc.
- ◆ Restructuring of authority or responsibility.
- ◆ Engaging in intergovernmental agreements with other organizations.

Property Changes

Purchase or sale of real or personal property, including land, buildings, furniture, fixtures, equipment, vehicles, aircraft, watercraft, etc., and borrowing or lending of such property.

Changes in care, custody or control of real or personal (tangible or intangible) property of others, including buildings, personal property, etc.

Business Interruption Changes

Increases or decreases in revenues, fees, rents, etc,

Changes in utilization of properties, which would affect the potential amount of extra expenses necessary after damage of destruction of such property.

Liability Changes

Pursuit or discontinuance of activities which may increase or decrease potential public liability, professional liability, fiduciary responsibility, etc.

Agreements, Contracts, Leases Changes

Negotiation of new, modification of existing or termination of old agreements contracts or leases.

Loss Control Changes

Undertaking of new or additional loss control/safety measures or discontinuation of previous loss control/safety activity.

Claims/Losses

New claims/losses whether insured or not, and Significant developments with regard to changes in the severity of previous claims.

IV. **Risk Management/Insurance Record-keeping**

General

Good record keeping is important to the success of Citrus County's risk management/insurance/self-insurance program.

Risk management/insurance information shall be well organized and filed for easy access. It shall be used to maximize the effectiveness of loss control efforts, to secure better insurance and self-insurance proposals and to serve as a reminder that program changes may be warranted.

Records to be Kept

The following categories of information shall be accumulated in separate, well-designated files:

- Risk Management Policy Statement
- Contingency Plan
- Safety Program
- General risk and insurance correspondence
- Current insurance policies, by expiration date
- Claims log for insurer follow-up and reconciliation with loss experience reports
- Insurance premiums/claims history, by year, by policy
- Expired insurance policies
- Property valuation records of replacement cost and/or actual cash value, by location
- Documentation of estimates of potential business interruption loss
- Automobile fleet schedule
- Payroll data required for general liability and workers compensation programs
- Motor vehicle records of drivers
- Other information as needed

Wherever possible, this background information shall be kept in a manner, which is organized to facilitate insurer rating and premium determination.

FOOTNOTES & REFERENCES TO RELATED AR's