Multnomah County

Program #72006 - FRM Property & Liability Risk Management

2/17/2017

Department:	County Management	**Program Contact:**	Michelle Cross
Program Offer Type:	Existing Operating Program	**Program Offer Stage:**	As Requested
Related Programs:			
Program Characteristics:	In Target		

Executive Summary

The Property & Liability Risk Program (P&LRP) manages the County's property and liability risks in accordance with all legal requirements and County policies/procedures. It focuses on countywide risk exposures, liability/subrogation claims, property claims, purchasing insurance, loss control/prevention, and assists departments in managing identified risks.

Program Summary

Each year, the Property & Liability Risk Program (P&LRP) seeks to determine the County's "Cost of Risk", benchmark against other entities and continually improve the program by implementing best practices. The (P&LRP) purchases property insurance, marine coverage, crime coverage, excess liability, excess medical malpractice coverage, bonds, and other specialized insurance coverage for the County. Where the cost of insurance prohibits purchase or coverage is not available, we self fund losses. The P&LRP recommends the types/limits of insurance for contracts, recommends the purchase of specialized insurance and develops countywide policies and procedures related to loss prevention and control. The P&LRP designs and implements risk management strategies for the prevention of risk exposure and property and liability loss countywide. The program adjusts property loss claims, and oversees the Third Party Administrator contracted to process general liability insurance claims for the County. Litigation and large general liability insurance claims are settled with expertise from the County Attorney's Office. The County chooses to "self-insure" (retain a certain amount of financial exposure to loss) and purchases property and excess liability coverage for large property and liability related claims. This decision 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 property and liability allocated charges are based on their past losses using actuarial data and historical loss data to determine cost percentage rates based on anticipated future losses.

Performance Measures

Measure Type	Primary Measure	FY16 Actual	FY17 Purchased	FY17 Estimate	FY18 Offer
Output	Number of policies for insured risks and statutory bonds purchased/renewed*	17	17	17	17
Outcome	Total Cost of Risk as a percentage of operational budget**	.46	.67	.67	.59

Performance Measures Descriptions

*Appropriate types of insurance coverage indicate strong safeguarding of the county's assets.
**Total Cost of Risk is measured and compared annually to other public entities. It provides information on the financial impact of the county's risk assumption.

Legal / Contractual Obligation

The Property & 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 third-party liability in accordance with the provisions of the Oregon Tort Claims Act, ORS 30.270 and purchases Excess General 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 P&LRP manages the County's compliance with numerous Oregon Occupational Safety and Health Administration (OR-OSHA) and Life Safety requirements to promote employee and public safety, including driver's license validation program 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	**2017**	**2017**	**2018**	**2018**
Personnel	$0	$197,840	$0	$309,714
Contractual Services	$0	$240,000	$0	$230,105
Materials & Supplies	$0	$3,408,145	$0	$3,051,166
Total GF/non-GF	**$0**	**$3,845,985**	**$0**	**$3,590,985**
Program Total:	**$3,845,985**		**$3,590,985**	
Program FTE	0.00	1.50	0.00	2.50

Program Revenues				
Other / Miscellaneous	$0	$3,845,985	$0	$3,590,985
Total Revenue	**$0**	**$3,845,985**	**$0**	**$3,590,985**

Explanation of Revenues

Departments are charged a risk property & liability rate based on claims experience and an actuarial valuation performed every three years. The P&LRP also receives subrogation money and reimbursement related to liability claims.

Significant Program Changes

Last Year this program was: FY 2017: 72006 FRM Property & Liability Risk Management

Software and maintenance costs increased due to the procurement of a Risk Management Information System (RMIS) to manage internal claims administration processes, assist in the performance of loss control analysis, and to capture financial implications of the County's risk management programs.

1.0 FTE (.50 of a HR Technician and .50 of a HR Analyst) was moved from program offer 72009-18 (Risk-Workers Comp & Safety). The adjusted FTE allocation better reflects the current workload of positions.