

CITY OF REDDING, CALIFORNIA

Council Policy

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RISK MANAGEMENT POLICY	86-330	203	12-15-86	1

BACKGROUND

The City Council established its Risk Management Policy on December 15, 1986. It describes the authority and responsibility of the Risk Manager and provides guidelines in accordance with which its loss prevention, insurance and self-insurance programs should be administered. It sets as its goal the reduction of all risks of accidental loss and the management of losses in a cost-effective manner.

It is the intention of the City Council to update that policy to reflect more fully the current responsibilities and practices of the Risk Management Office and to revise claim settlement authority.

PURPOSE

The City's Risk Management Policy shall have as its purpose:

- A. To protect the City of Redding against the financial consequences of all accidental losses.
- B. To minimize the long-term cost of the City of all activities related to the control of accidental losses.

These goals shall be attained by means such as loss prevention, loss financing, claims administration, insurance administration, and risk transfer. The Risk Manager shall be primarily responsible for the implementation of this Policy.

POLICY

A. Loss Prevention

The City, in all of its activities, shall emphasize the reduction, modification, or elimination of conditions and practices which may cause loss. Safety to personnel and the public shall have the highest priority. Each department director shall, therefore, make safety issues an integral part of his/her management responsibilities and ensure compliance with Federal, State, County and City safety standards. The Risk Manager shall assist them in that effort and work with the Personnel Office to provide safety training programs for employees and citizens.

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B. Loss Financing

The City self-insures its workers' compensation and liability claims programs, and must, therefore, pay all losses up to the respective self-insurance retentions. It is the policy of the City to pre-fund the outstanding liabilities of those programs in order to reduce the risk of its current operating budget and assets, and ensure with greater probability that it will have sufficient funds available in the event of a catastrophic loss or an unexpected increase in the frequency or severity of claims or litigation. To that end, the City shall strive to fund each program in such a manner so as to maintain a minimum 70% confidence level, based on periodic actuarial reviews.

C. Claims Administration

1. The Risk Manager shall coordinate all activities of the City's self-insured workers' compensation and general liability claims programs in close cooperation and consultation with the Personnel Office and the City Attorney's Office. Chief among those activities is the prompt and effective assistance to those employees legitimately injured on the job. The Risk Manager shall work directly with the City departments and the claims administrators to minimize the costs of those claims by:
 - (a) Informing department directors as to their claims experience so that efforts can be implemented to prevent future losses.
 - (b) Working with department directors to set goals for the control and reduction of the frequency and severity of claims and all costs associated with them.
 - (c) Assisting departments in providing general claims information to their employees so that they are aware of the costs associated with their actions.
 - (d) Keeping abreast of each and every claim, working together with the Human Resources Manager and City Attorney to vigorously fight cases of abuse and fraud.
 - (e) Assisting departments in establishing light duty programs so that injured employees can return to work as soon as practicable.
 - (f) Working with the Human Resources Manager to obtain a second medical opinion, as appropriate, in those workers' compensation claims where abuse is suspected.

2. City staff shall have the authority to settle liability claims, as follows:

Risk Manager	Up to \$ 5,000
City Attorney	Up to \$10,000

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City Attorney and City Manager	Up to \$25,000
City Council	Over \$25,000.

3. City staff shall have the authority to settle workers' compensation claims based on their total estimated cost to the City, as follows:

Risk Manager	Claims with total costs less than \$35,000
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Administrative Services Director, with the agreement of the City Attorney and the Human Resources Manager	Claims with total costs of \$35,000.
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4. City staff shall have the authority to settle property claims of the City against its property insurance carrier, as follows:

Risk Manager, with the agreement of the City Attorney and the director of the department involved	All Losses in any amount.
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5. Whenever it is necessary for the City to reject or provide another form of notice to a claimant, the City Council hereby delegates to the Risk Manager that authority, subject to the prior review and concurrence of the City Attorney's Office.

6. Any claims, the resolution of which may have the effect of creating or changing a risk management or other operating policy or philosophy of the City, shall be referred to the City Council.

D. Insurance Administration

1. With regard to the risk of accidental loss, it shall be the City's policy to self-insure all losses which occur with predictable frequency or which will not have a significant impact on the City's financial position. Insurance will be purchased, however, when:

- (a) It is a cost-effective alternative to self-insurance and deductibles or self-insurance does not result in long-term economies.
- (b) Whenever necessary services can be obtained only by the purchase of insurance.
- (c) When the City is obligated by contract or law to purchase insurance and no other method is available.

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2. Insurance (or other forms of risk finance) shall be purchased from any source determined to be in the long-term best interests of the City.

E. Risk Transfer

Because they are in the best position to control losses, the City shall attempt to transfer the risks of accidental losses to those parties performing services for the City or leasing or using its facilities. The transfer of risk shall occur by means of insurance requirements and hold harmless and indemnification clauses in contracts, purchase orders, and lease or rental agreements. The transfer of risk shall be based on generally accepted risk management practices for public agencies and sound legal advice.

Amended on November 7, 1995, by Resolution No. 95-243
 Amended on August 4, 1998, by Resolution No. 98-116.