

Date Created:	5/15/2014
Drafted by:	Sean Catanese
Sponsors:	
Attachments:	

1 ..Title

2 AN ORDINANCE relating to the duties of the risk
3 manager; and amending Ordinance 11984, Section 3, as
4 amended, and K.C.C. 2.21.030.

5 ..Body

6 PREAMBLE

7 A performance audit of the office of risk management conducted in June
8 of 2013 concluded that King County could be exposed to costly and
9 unsustainable future liabilities unless it implements an integrated
10 countywide approach to managing risks.

11 King County is self-insured; it budgets an amount to fund potential future
12 losses based on actuarial calculations.

13 The county also maintains catastrophic insurance to cover individual
14 claims with losses above a certain threshold. This threshold is the self-
15 insured retention. King County is exposed to increased claim costs as a
16 result of the county's increased self-insured retention. Now at seven
17 million five hundred thousand dollars, the self-insured retention has more
18 than doubled since 2010 due to significant claims payments in 2010 and
19 2011.

20 A more-integrated approach to managing risks that is more effective in
21 identifying emergent risks and aggressively addressing persistent risks is

Attachment B

22 needed to reduce the county's exposure to high cost claims. This requires
23 a countywide policy of departmental risk analysis with strategies to
24 mitigate future risks and associated costs. This approach to risk
25 management is typically referred to as enterprise risk management.

26 The office of risk management, in consultation with the county executive
27 has developed a work plan for an integrated risk management framework
28 for the county, allowing the county to realize the benefits of enterprise risk
29 management in reducing future claims.

30 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

31 SECTION 1. Ordinance 11984, Section 3, as amended, and K.C.C. 2.21.030 are
32 each hereby amended to read as follows:

33 A. The risk management division is established in K.C.C. chapter 2.16. The
34 manager of the risk management division shall be the risk manager, who shall report
35 directly to the director of the department of executive services.

36 B.1. The risk manager shall be responsible for administration of the risk
37 management program.

38 2. The risk manager shall coordinate with the civil division on contractual
39 matters giving rise to potential liability on the part of the county. The risk manager shall
40 seek the advice of the civil division as to appropriate language regarding insurance,
41 indemnification, releases and hold harmless clauses. Thereafter, the risk manager shall
42 advise department directors and division managers concerning these matters as part of a
43 coordinated process before finalization of county contracts.

Attachment B

44 3. The risk manager shall be the chairperson of the committee and shall advise
45 the committee concerning insurance, risk management policies, broker selection and
46 other appropriate matters.

47 4. With the approval of the committee, the risk manager shall select appropriate
48 insurance brokers by use of a competitive procurement process for the marketing of
49 insurance and related services.

50 5. The risk manager shall be responsible for the purchasing and administration
51 of all insurance policies, funded self-insurance programs and related services as are
52 consistent with good risk management policy and the needs of the county. In purchasing
53 insurance policies, the risk manager shall obtain the approval of the committee.

54 6. The risk manager shall advise all county departments and other county
55 agencies regarding risk management and reduction of risk and exposure to loss, including
56 programs and precautions for safety to reduce hazards to the public that may exist in
57 county facilities and operations. The risk manager shall cooperate with the safety
58 manager in areas in which, in the opinion of the risk manager, the safety of employees
59 and of the public requires coordinated programs. The risk manager shall also be
60 responsible for answering all insurance or funded self-insurance coverage questions. The
61 risk manager shall be responsible for the evaluation of current and future county or
62 departmental insurance coverage programs and have the authority to make
63 recommendations where such an action is in the best interests of the county.

64 7. The risk manager shall have the power, subject to budget authorization, to
65 contract for such outside assistance and perform such other acts as are necessary to carry
66 out the risk manager's responsibilities in an expeditious manner.

Attachment B

67 8. The risk manager is responsible for establishing reserve requirements for all
68 claims and lawsuits and recommending financing plans and budget actions to assure that
69 adequate resources are available to meet risk management financing requirements.

70 9. The risk manager is responsible for risk identification, control and reduction,
71 including authority to make recommendations to all county departments and agencies
72 regarding the safety of the public using county facilities or services.

73 C.1. The risk manager shall have the power to employ the services of claims
74 specialists or other persons who are necessary to process claims in an equitable and
75 expeditious manner.

76 2. The risk manager shall cooperate with the civil division in coordinating
77 information pertinent to claims and lawsuits against the county.

78 3. The risk manager shall dispose of claims as authorized in K.C.C. 2.21.070.E.

79 4. The risk manager shall maintain complete histories of all claims and claims
80 litigation, insured or funded self-insurance, loss histories and investigations of claims.

81 The risk manager shall be responsible to ensure that complete files are maintained of all
82 claims asserted against the county and all incidents reported to the risk management
83 division sufficient to document at least a five-year claims history.

84 D.1. The risk manager shall provide quarterly reports to the council on claims
85 that have been closed with an indemnity payment in the amount of one hundred thousand
86 dollars or more. The report shall identify the claimant, include a description of the claim,
87 identify the amount of the indemnity payment, identify if the payment was a result of a
88 settlement, a judgment, or payment to an insurance company or other party and shall
89 include any other information the risk manager feels would be helpful to the council in

Attachment B

90 understanding the nature of the claim. The reports are due thirty days after the end of
91 each calendar quarter of the year.

92 2. The risk manager on or before March 31 each year shall report to the council
93 ~~((the total number and amount of all claims filed against the county and the number and~~
94 ~~amounts of all claims paid by the county during the preceding calendar year. The risk~~
95 ~~manager shall also make an annual report to the committee and the council regarding~~
96 ~~insurance coverage, and the level of retained risk)) on the performance of the risk
97 management program, including the cost of risk, claim filings, claim payments and
98 insurance coverage. For enterprise risk management, the annual report shall identify
99 priorities for the previous calendar year, agency actions, measurable results, and goals for
100 the current year.~~

101 E. The reports required by this section shall take the form of one original letter
102 with an attached table that provides the information required in this section, and an
103 electronic version of the letter and table, submitted to the clerk of the council for
104 distribution to all councilmembers.