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Title: AN ORDINANCE relating to the duties of the risk manager; and amending Ordinance 3581, Section 2, as amended, and K.C.C. 2.21.020 and Ordinance 11984, Section 3, as amended, and K.C.C. 2.21.030.

Sponsors: Pete von Reichbauer

Indexes: Risk Management

Code sections: 2.21.020 - ., 2.21.030 - .

Attachments: 1. Ordinance 17883.pdf, 2. Staff Report 2014-0213 & 0358 ORM proviso enterprise risk mgt.docx, 3. Attachment 2 Proposed Ordinance 2014-0358.doc

Date	Ver.	Action By	Action	Result
9/2/2014	1	Metropolitan King County Council	Hearing Held	
9/2/2014	1	Metropolitan King County Council	Passed	Pass
8/26/2014	1	Government Accountability and Oversight Committee	Recommended Do Pass Consent	Pass
8/18/2014	1	Metropolitan King County Council	Introduced and Referred	

Clerk 08/12/2014

AN ORDINANCE relating to the duties of the risk manager; and amending Ordinance 3581, Section 2, as amended, and K.C.C. 2.21.020 and Ordinance 11984, Section 3, as amended, and K.C.C. 2.21.030.

PREAMBLE

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

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

The county also maintains catastrophic insurance to cover individual claims with losses above a

certain threshold. This threshold is the self-insured retention. King County is exposed to increased claim costs as a result of the county's increased self-insured retention. Now at seven million five hundred thousand dollars, the self-insured retention has more than doubled since 2010 due to significant claims payments in 2010 and 2011.

An integrated approach to managing risks that is more effective in identifying emergent risks and aggressively addressing persistent risks is needed to reduce the county's exposure to high cost claims. This requires a countywide policy of departmental risk analysis with strategies to mitigate future risks and associated costs. This approach to risk management is typically referred to as enterprise risk management.

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

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Ordinance 3581, Section 2, as amended, and K.C.C. 2.21.020 are each hereby amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise((:));

A. "Chief civil deputy" means the chief deputy of the civil division, office of the prosecuting attorney or the chief civil deputy's designee;

B. "Civil division" means the civil division of the office of the King County prosecuting attorney;

C. "Claims" means any claim that names the county, its officer, employee or agents, while acting in good faith with no reasonable cause to believe the conduct was unlawful and within the scope of the county officer, employee or agent's service to or employment with the county as a cause or causes of injury or damage and that alleges a tort cause of action and asks for money damages((:));

D. "Committee" means the risk management committee established by K.C.C. 2.21.040;

E. "Enterprise risk management" means a countywide approach to risk management that proactively identifies and addresses potential risks across all operations. It is designed to ensure that organizational leadership integrates consideration of risk into the county's culture and processes, including but not limited to business and strategic planning and performance measurement;

F. "Lawsuit" means any lawsuit that names as a defendant the county, its officers, employees or agents, while acting in good faith within the scope of their official duties, that alleges a tort cause of action and that asks for money damages;

~~((E. "Committee" means the risk management committee established by K.C.C. 2.21.040;~~

~~F.))~~ G. "Risk management" means a coordinated and continuous management process to identify potential loss exposures, to apply reasonable and effective risk controls and to insure that the financial integrity of the county is not impaired after a loss; and

~~((G.))~~ H. "Safety manager" means the manager of the safety and claims management division of the department of executive services.

SECTION 2. Ordinance 11984, Section 3, as amended, and K.C.C. 2.21.030 are each hereby amended to read as follows:

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

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

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

coordinated process before finalization of county contracts.

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

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

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

6. The risk manager shall advise all county departments and other county agencies regarding risk management and reduction of risk and exposure to loss, including programs and precautions for safety to reduce hazards to the public that may exist in county facilities and operations, and utilizing enterprise risk management in order to integrate risk management processes countywide and proactively identify, analyze, respond to and monitor risks and opportunities for risk-reduction. The risk manager shall cooperate with the safety manager in areas in which, in the opinion of the risk manager, the safety of employees and of the public requires coordinated programs. The risk manager shall also be responsible for answering all insurance or funded self-insurance coverage questions. The risk manager shall be responsible for the evaluation of current and future county or departmental insurance coverage programs and have the authority to make recommendations where such an action is in the best interests of the county.

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

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

risk management financing requirements.

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

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

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

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

4. The risk manager shall maintain complete histories of all claims and claims litigation, insured or funded self-insurance, loss histories and investigations of claims. The risk manager shall be responsible to ensure that complete files are maintained of all claims asserted against the county and all incidents reported to the risk management division sufficient to document at least a five-year claims history.

D.1. The risk manager shall ~~((provide quarterly))~~ report~~((s))~~ quarterly to the council on claims that have been closed with an indemnity payment in the amount of one hundred thousand dollars or more. The report shall: identify the claimant~~((s));~~ ~~((include a description of))~~ describe the claim~~((s));~~ identify the amount of the indemnity payment~~((s));~~ identify if the payment was a result of a settlement, a judgment~~((s))~~ or a payment to an insurance company or other party; and ~~((shall))~~ include any other information the risk manager ~~((feels))~~ believes would be helpful to the council in understanding the nature of the claim. The report shall take the form of a letter with an attached table that provides the information required in this section. The quarterly report~~((s are))~~ is due thirty days after the end of each calendar quarter of the year.

2. The risk manager on or before March 31 of each year shall report to the council ~~((the total number and amount of all claims filed against the county and the number and amounts of all claims paid by the county during the preceding calendar year. The risk manager shall also make an annual report to the committee and~~

~~the council regarding insurance coverage, and the level of retained risk))~~ on the performance of the risk management program, including but not limited to the number of claim filings, amount of claim payments, insurance coverage and self-insured retention. The annual report shall also include enterprise risk management results for the previous year and plans for the current year, including, but not limited to, enterprise risk management goals, priorities, agency actions and measurable results.

E. The reports required by this section shall ~~((take the form of one original letter with an attached table that provides the information required in this section, and an electronic version of the letter and table, submitted to the clerk of the council for distribution to all councilmembers))~~ be filed in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy of the report to all councilmembers.