

<b>COUNTY OF SHASTA</b>		Number
<b>ADMINISTRATIVE MANUAL</b>		3-101
SECTION:	Risk Management	Risk Management Policies
INITIAL ISSUE DATE:	July 2, 1996	
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**PURPOSE**

To specify the authority and responsibility of the Risk Management Program to control, wherever possible, fortuitous loss of County assets and resources.

**BACKGROUND**

In 1978, Shasta County assumed a self-funded retention for Workers' Compensation and General Liability and purchased excess insurance above the retention levels from the CSAC-Excess Insurance Authority. The administration of these self-funded programs, as well as purchased insurance programs, were assigned to Risk Management. In 2020, CSAC-Excess Insurance Authority changed its name to Public Risk Innovation, Solutions, and Management (also known as PRISM, or PRISM Risk).

By Policy Resolution No. 2007-10, the Board of Supervisors established an 80 percent confidence level for reserves in the Workers' Compensation and General Liability Programs.

**DEFINITIONS**

1. Broker - A solicitor of insurance who represents the buyer of coverage and places orders for coverage designated by the buyer with companies of the buyer's choosing.
2. PRISM - , a joint powers authority implemented to gain mass-purchase and self-insurance advantages in the insurance marketplace for the benefit of the participating counties and public agencies.
3. Excess Insurance - As commonly used, an amount of insurance in excess of a self-funded retained limit of the insured--in this case, the County. The term also applies to standard insurance coverage provided by an insurer that is non-admitted to the State. Non-admitted insurers may insure in any state by paying the state premium tax on a policy-by-policy basis and posting a guarantee bond that they will comply with state statutes.
4. General Liability - A broad coverage to the County against tort liability claims filed by persons for an alleged loss based on a specific cause.
5. Risk Management - A process to minimize the adverse effects of the risk of a loss by risk identification, risk elimination, risk reduction, risk transfer, implementation of risk treatment, and monitoring or evaluating the treated risk.
6. Risk Manager - Director of Support Services or designee.

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7. Self-Funded - A system whereby moneys are set aside to provide loss payments for specific perils identified by the County as economically advantageous to the County to assume in lieu of the cost of a formal insurance program.
8. Self-Funded Retention - Commonly referred to as self-insured retention (SIR). A system whereby moneys are set aside to provide loss payments up to a specific amount, all loss amounts above the specified amount being covered by a formal insurance coverage. Analogous to a deductible.
9. Self-Insured - See "self-funded."
10. Workers' Compensation - Provides coverage to workers for injury or death arising from an accident within the course and scope of their employment (AOE/COE) as provided by state law.

**POLICY/PROCEDURE**

1. Objective

The objective of Risk Management is to minimize the adverse effects of loss or the chance of loss to the assets and resources of Shasta County. This objective shall be met by one or more of the following:

- a. Identification of loss or chance of loss;
- b. Elimination of risk of loss where possible;
- c. Reduction of the risk of loss to acceptable levels; and
- d. Assignment of the risk of loss through:
  - (1) contract,
  - (2) the purchase of insurance, or
  - (3) retention of the risk by County where the County can prudently assume the fiscal responsibility of such a loss.

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2. Evaluation of and Limiting Loss Exposure

Risk Management shall aid and assist all County departments and program managers in identifying and analyzing loss exposures and evaluating alternative activities, processes, contract language, the purchase of insurance by a contractor, or other programs and financial mechanisms which would minimize the chance of loss to the County.

Risk Management shall review all contracts for services and leases to assure, where possible, that no unnecessary risks are assumed by the County or that the risk of loss is appropriately transferred. This shall include but not be limited to the requirements outlined in Administrative Manual Policy [6-101](#), Shasta County Contracts Manual (Chapter 7.0, Insurance and Indemnity Provisions For All Contracts).

3. Purchase of Insurance

a. General Requirements

The Risk Manager shall review the needs and availability of insurance for the County. The Risk Manager is authorized to purchase insurance and retain all insurance records (including, but not limited to, property, boiler, miscellaneous liability, tenant-user, special event, inland marine, and bonds as required) for Shasta County. The Risk Manager will:

- (1) Assure that all insurance policies are uniform and consistent with other policies that may be in place and minimize duplication in coverage;
- (2) Determine if the purchased insurance is an appropriate transfer of risk at a cost advantageous to the County;
- (3) Purchase insurance with limits equal to the maximum foreseeable loss when such insurance is available and it is fiscally advantageous to the County;
- (4) Audit all premium billings and make payment from the appropriate Risk Management fund;
- (5) Allocate all premiums, cost of losses, and other associated costs to the appropriate budget units;

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- (6) Obtain Board of Supervisors approval for increases in Self-Insured Retention (SIR) levels or changes in any coverage program that is new to the County or will have a significant impact on the amount of coverage and/or premium paid; and
- (7) Retain and secure all insurance policies, bonds, and records, making such available for review as may be required.

For risks insured under any policies paid for by the County, the Risk Manager is authorized to file claims against such insurers to recover damages covered by such policies. The Risk Manager is further authorized to pay any deductible amounts under such policies for the affected department, where applicable, in accordance with Administrative Policy [3-105](#), Self-Insurance Deductibles, or any other subsequent policy.

b. Available PRISM Coverage

The Risk Manager shall, whenever possible, purchase insurance through PRISM and its broker when such purchase is fiscally advantageous to the County.

c. PRISM Coverage Not Available

If an insurance program is not provided by PRISM and its broker, the Risk Manager will undertake the following competitive selection process for the Board of Supervisors to appoint a Broker of Record who can provide the insurance coverages sought.

- (1) Brokers will be surveyed to determine if they are willing to provide the needed services and coverages.
- (2) Invitations for proposal will be forwarded to those surveyed who can provide the needed services and coverages as well as a list of insurance markets they have available to them.
- (3) Proposals will be submitted to the County for their services without approaching the insurance marketplace.

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- (4) Proposals will then be evaluated based on quality and cost of service and on oral interviews, and service for cost.
- (5) Insurance specifications will then be provided to the brokers, and insurance markets they are to approach will be assigned.
- (6) Premium and coverage quotations will then be evaluated.
- (7) A Broker of Record for the insurance program will be recommended to the Board of Supervisors, as well as the coverage program sought.

In the event that the time it would take to place coverage through the above process would create a risk detrimental to the County, the Risk Manager, with the approval of the County Executive Officer, shall purchase the preferred insurance from any source determined to be in the best interest of the County.

Further, in the event the selected broker does not provide the needed services satisfactorily or the coverages provided by the broker become available through PRISM, the Risk Manager, with the concurrence of the County Executive Officer, is authorized to terminate the Broker of Record and purchase the insurance from any source, including PRISM, determined to be in the best interest of the County.

Selection of coverage by the Risk Manager will be based on cost, quality of service, and coverage.

4. Self Insurance--Auto Liability, General Liability, Errors and Omissions, Medical Malpractice

The Board of Supervisors has authorized the Risk Manager to purchase PRISM excess coverage for automobile liability, general liability, errors and omissions, and medical malpractice and to self-fund the retained limits. The Risk Manager, as delegated in accordance with Section 31000.8 of the California Government Code, is responsible for the administration of automobile liability, general liability, errors and omissions, and medical malpractice, which includes but is not limited to:

- a. Investigating and adjusting of all claims and bringing them to a conclusion;
- b. Working cooperatively with department heads to resolve issues within the department attributable to any claim to bring the matter to a satisfactory closure;

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- c. Seeking all legal means to recover moneys paid by the County for injury or property damage that are the result of negligent acts of third parties;
- d. Responding to all claims filed pursuant to the Tort Claims Act (Government Code §§910 et seq.) with the Clerk of the Board of Supervisors. Procedures for handling claims and litigation involving Shasta County and its officers, agents, and employees shall be in accordance with Administrative Policy [3-100, Procedures for Handling Claims and Litigation Involving Shasta County and its Officers, Agents, and Employees](#); and
- e. Allowing, compromising, or settling any claim or suit within the \$50,000 Risk Manager's authority as specified in Administrative Policy [3-100, Procedures for Handling Claims and Litigation Involving Shasta County and its Officers, Agents, and Employees](#).

5. Self-Insurance--Workers' Compensation

The Board of Supervisors has authorized the Risk Manager to purchase PRISM excess coverage for workers' compensation and to self-insure the retained limits. The Risk Manager, as delegated in accordance with Section 31000.8 of the California Government Code and in accordance with the California Labor Code, shall be responsible for the efficient management of the County's self-insured Workers' Compensation Program. The Risk Manager is authorized to:

- a. Receive all initial reports of work-related illnesses or accidents;
- b. Investigate each claim;
- c. Deny any claim that is not job related;
- d. Monitor each claim for appropriate medical treatment of the employee;
- e. Pay all benefits and obligations for medical aid, loss of earnings, rehabilitation, judicial awards (Compromise and Release, Stipulations and Awards), and other related costs in accordance with established County policy and the State of California Labor Code;
- f. Assign all claims within the scope of workers' compensation to appropriately experienced legal counsel where it is believed to be in the best interest to preserve the resources of the County;

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- g. Work cooperatively with department heads to resolve issues within the department attributable to any claim to bring the matter to a satisfactory closure;
- h. Allow, compromise, or settle any claim or suit within the \$50,000 Risk Manager's authority as specified in Administrative Policy [3-100](#), Procedures for Handling Claims and Litigation Involving Shasta County and its Officers, Agents, and Employees; and
- i. Seek, by all legal means, the recovery of all payments made by the County as workers' compensation benefits that are the result of willful or negligent acts of third parties.

6. Loss and Claim Adjusting and Settlement

The Board of Supervisors has authorized the Risk Manager to self-insure or purchase insurance where it is economically to the advantage of the County. The Risk Manager, as delegated in accordance with Section 31000.8 of the California Government Code, is responsible for rendering investigation, administration, and claims adjusting services to public liability and real or personal property loss claims against the County, which includes but is not limited to:

- a. Investigating the loss of County property and claims against the County, adjusting damages, and bringing them to a conclusion;
- b. Working cooperatively with department heads and legal counsel to resolve issues within the departments attributable to a loss to bring the matter to satisfactory closure;
- c. Seeking all legal means to recover moneys paid by the County for property damaged as a result of negligent acts of third parties.

7. Miscellaneous Insurance and Bonds

The Board of Supervisors has authorized the Risk Manager to purchase miscellaneous insurance coverage, including (but not limited to) assets and exposures to the County's buildings, contents, and equipment; airports; special districts; crime and employee blanket bonds; public officials bond; and other miscellaneous bonds that may be required for the county to perform its legal obligations. The Risk Manager, as delegated in accordance with Section 31000.8 of the California Government Code, is responsible for the administration of such programs, which includes but is not limited to:

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- a. Investigating all losses;
- b. Filing the necessary claims and proofs of loss with the appropriate insurance carrier;
- c. Working with department heads and legal counsel to resolve issues within the department attributable to the loss; and
- d. Seeking all legal means to recover from the insurer or bonding company all monies owed under the policy agreement.

8. Benefits - Medical, Dental, Life, Accidental Death & Dismemberment, Vision, and Disability Income Insurance and Other Miscellaneous Coverages

The Risk Manager shall review the needs and availability of all insurance coverage or health plans which the Board of Supervisors has authorized as employee benefits for County employees and their dependents. The purchase of those benefit programs shall be the responsibility of the Risk Manager (except for any PERS-provided program in which the County participates). These benefit programs shall be made available to County employees only upon specific approval of the Board of Supervisors. The Risk Manager is authorized to:

- a. Negotiate with brokers, with PRISM or its broker, or with insurers for coverages;
- b. Purchase available insurance on a cost, benefit, and competitive basis;
- c. Administer coverage programs that are put in place;
- d. File for and/or assist employee beneficiaries to receive benefits accrued them from coverage in place to which they have subscribed; and
- e. Audit premium billing and make payments from the appropriate Risk Management fund.

9. Safety and Loss Control

On July 1, 1991, the Board of Supervisors adopted the Shasta County Injury and Illness Prevention Plan to comply with Labor Code Section 6401.7 and California Code of Regulation, Title 8, Sections 1509(2) and 3203.



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The Injury and Illness Prevention Plan, which is maintained by Risk Management, emphasizes the reduction, modification, or elimination of conditions and practices that may cause loss. Each Department Head shall be responsible to see that his/her operations conform to Federal, State, and County safety standards. Each Department Head shall be responsible for all County property in his or her charge (buildings, contents, equipment, vehicles, etc.) and shall exercise all reasonable care to protect such from any and all exposure to loss.

Risk Management will be responsible for oversight and coordination of the Workplace Safety Program. The Program includes a designated Safety Coordinator in each department, and a plan to meet the specific safety standards required of each department. Risk Management will provide training, consultation, and assistance for departments in order to comply with the requirements of the Workplace Safety Plan. In order to consistently apply the required safety standards and avoid state and federally imposed fines and penalties, departments should contact Risk Management immediately in the event that an OSHA or CalOSHA complaint is received or an inspector arrives at the worksite. Risk Management will assist by taking the lead in the inspection process and complaint response.

### **RESPONSIBLE DEPARTMENTS**

Support Services -- Risk Management

### **REFERENCES**

Board Policy Resolution No. 2020-044 (Amended)

Administrative Update--07/13/2012

Board Policy Resolution No. 2008-02--3/4/08 (Amended)

Board Policy Resolution No. 2003-3--11/25/03 (Amended)

Board Policy Resolution No. 2001-14--8/14/01 (Amended)

Board Policy Resolution No. 98-6--12/19/98 (Amended)

Board Policy Resolution No. 96-5--7/2/96