



**Risk Management Report  
2010-11**

*This Risk Report summarizes the City of Prineville's Risk Management program during the fiscal year. The purpose of this report is to provide information to City Council that shows how the staff's efforts have affected risk related exposures and losses. The City staff continues its commitment to the development and implementation of effective programs that minimize organizational risk.*

Human Resources department is responsible for the management and administration of the City's insurance, safety and safety compliance programs. Risk insurance programs include Liability, Property/Casualty and Workers' Compensation. The safety and safety compliance programs are largely affected by the City's Safety Committee and the Safety Manual.

### **Risk Management Accomplishments**

We have endeavored to inspire a safety culture, which not only reaches the employee's safety, but also our guests and customers' safety as well. Safety First is our motto. Safety is much more than just OSHA compliance to us.

### **Risk Services:**

- Administration and management of general liability, property and casualty insurance and auto liability.
- Workers' Compensation claims administration and management.
- Safety Manual.
- Risk Management Manual
- Assistance with risk and safety training.
- Internal consulting services for departments on risk related issues.
- Risk identification
- Review of City contracts for insurance requirements and indemnification language. (Completed by our Procurement/Contract Administrator with assistance from legal counsel and our Insurance Agent of Record.)
- Employee benefits
- Environmental concerns (pollution to land, air or water)
- Safety & Loss Control
- Learn and apply "best practices".
- Fleet management (Police and Public Works manage)
- Errors and Omissions (wrongful actions of officials or management)
- Policy and Procedures in place and enforced.
- Emergency Management

## Insurance Review

### Workers' Compensation (SAIF)

We are working diligently to promote and maintain a culture of safety. It is our goal to have all our employees able to return home at the end of the day to their loved ones and friends.

We began working with SAIF in 2004 and since that time we continue to improve our claims frequency and premium decreases for workers' compensation. Below is a chart that shows our improvement.

<i>Policy Yr</i>	<i>Mod Rate</i>	<i>Claim Count.</i>	<i>Premiums</i>
2010	.78	4	42500
2009	.84	3	55626
2008	.98	6	88,283
2007	1.20	7	111,753
2006	1.34	9	126,187
2005	1.49	10	113,029

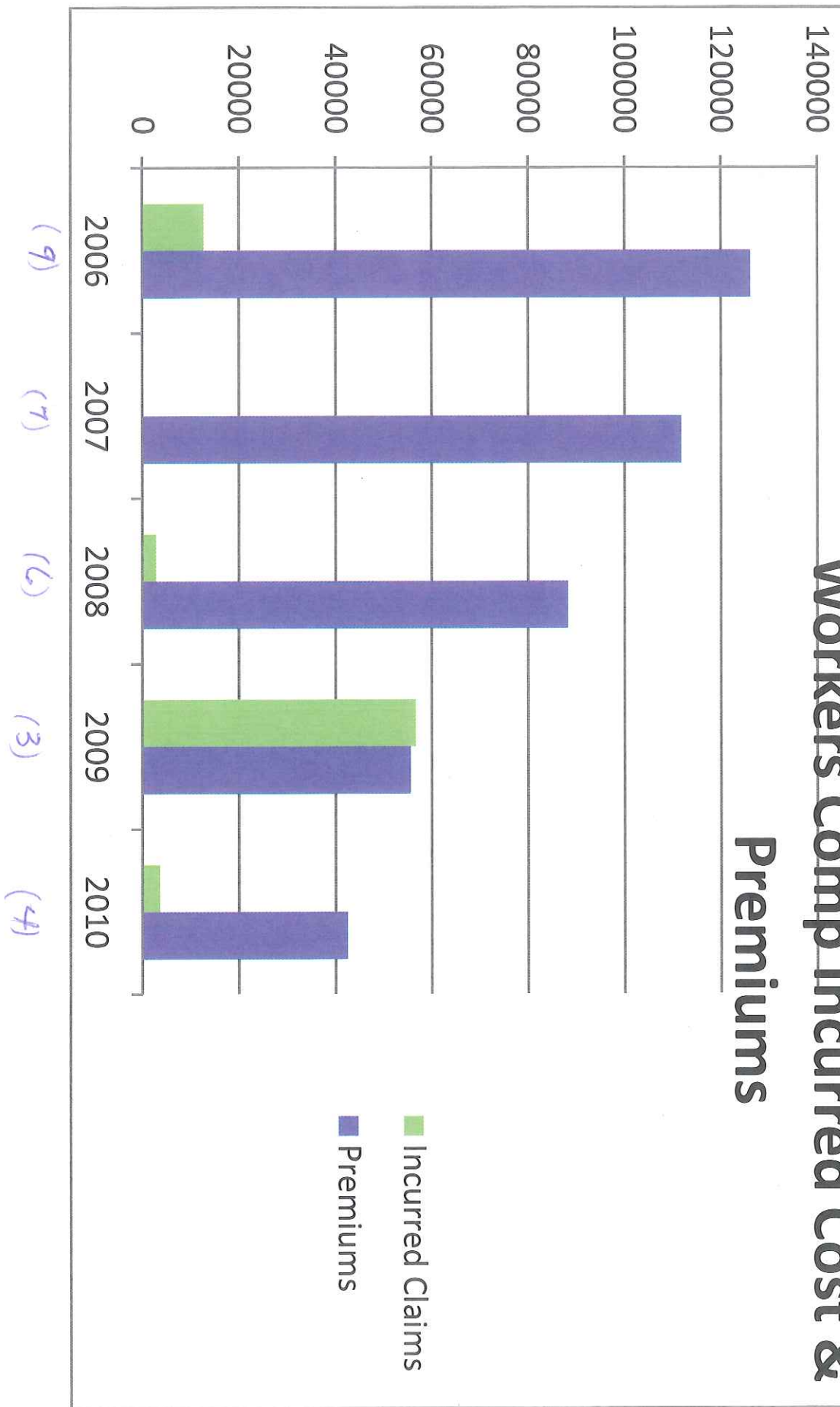
We have a goal to work toward the continuing decline of our premiums. Improvement is due to the continual work of the Safety Committee and the City team members being safety aware and conscious. We have established a safety culture and wish to continue to nurture it.

The Workers' Compensation Division for the State of Oregon calculates a premium adjustment factor, called an experience modification factor (MOD rate) for all Oregon employers. The factor is calculated based on the employer's payroll and loss data for the three prior years. A modifier of 1.0 indicates that the employer's claims experience is average and a modifier below 1.0 indicates better than average. The City's modifier has been below a 1.0 for the past three years.

The City participates in the EAIP (Employer At Injury Program), reimbursement program and the Return to Work plan. We have received \$1,313 under the EAIP program over the last four years. Not every claim qualifies for the reimbursement program, but every effort is made to collect funds when appropriate.

Over the years, SAIF has shared their statewide cost savings with the entities that they service. SAIF reviews all medical expenses and makes sure that our incurred claims costs are within reason and appropriate. The City of Prineville has received to date dividends in the amount of \$59,336. The dividends are not guaranteed and all provided at the decision of their board of directors.

# Workers Comp Incurred Cost & Premiums



(11)

(14)

## Property/Casualty & General Liability (CIS)

Our property, casualty, auto and general liability costs and claims have been on a downward trend. Below is a chart that reflects the last four years information.

<u>Policy Yr.</u>	<u>Claim Frequency:</u>	<u>Incurred Claims:</u>	<u>Premiums</u>
2010-11	2*	2,000	\$215,859
2009-10	8	11,727	223,811
2008-09	7	43,263	217,708
2007-08	7	221,187	213,604
2006-07	10	138,814	201,936
2005-06	24	361,019	128,519 +

\*As of 3-31-11.

Over this timeframe, we have encountered many changes that have affected the premium. Addition and removal of the Crooked River Dinner Train from coverage, removal of the airport from our policy when it was moved to the County's budget, and the addition of the expansion of the Prineville Freight Depot are a few of the changes over the years.

We've experience some high claims cost years that were beyond our control, such as the hail storm in 2006 and the public works building fire in 2005. However, we continue to keep the claims and costs under a watchful eye. We are proactive, that is, as much as we can be.

## Employee Turnover

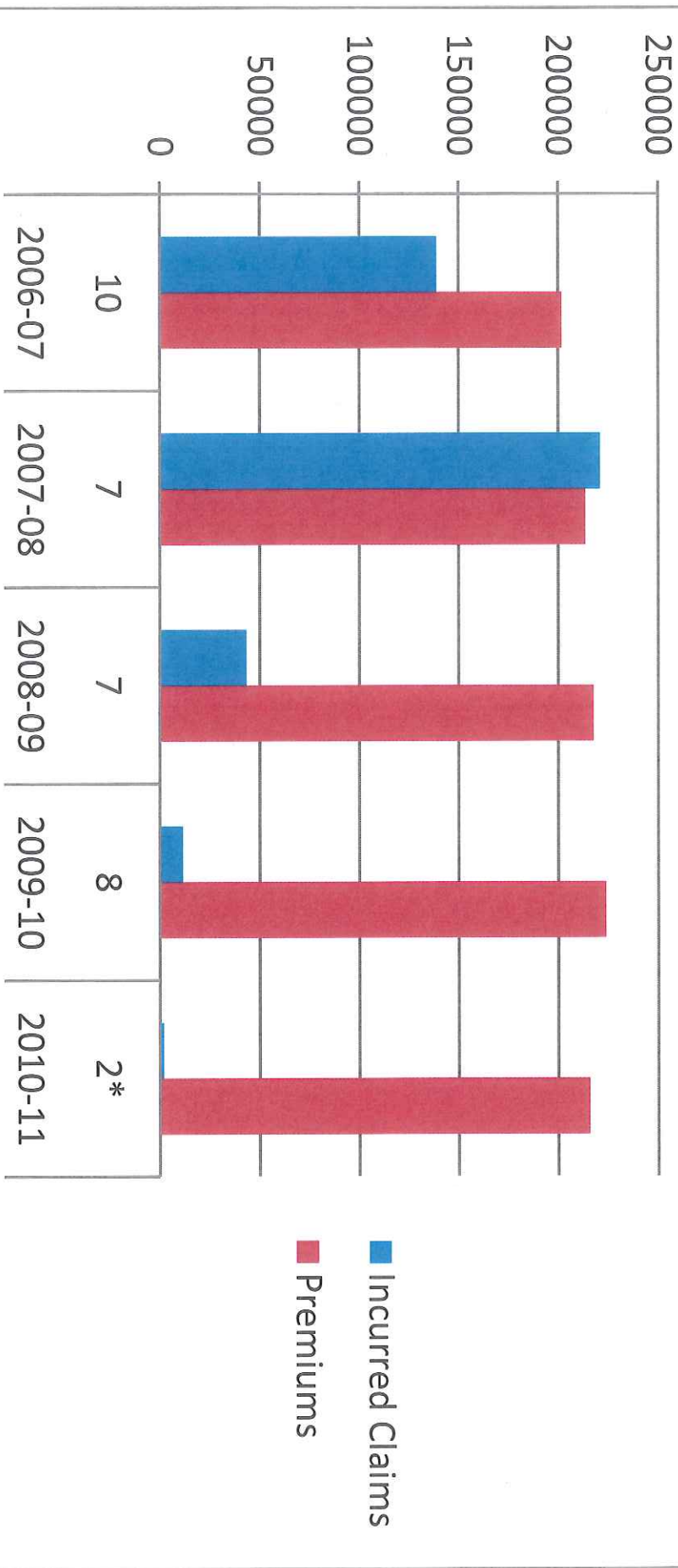
We want to share with you the following chart on Employee Turnover as it relates to our possible exposure to wrongful termination liability. Employee turnover also has an effect on our unemployment rates.

We have a high turnover rate due to the part-time employees at the Meadow Lakes Golf Course and Restaurant. And during the period of 2006-2008 we also had the Crooked River Dinner Train. The Police Department also has an occasional lose to one of the tri-county agencies as they can offer a more diverse work experience.

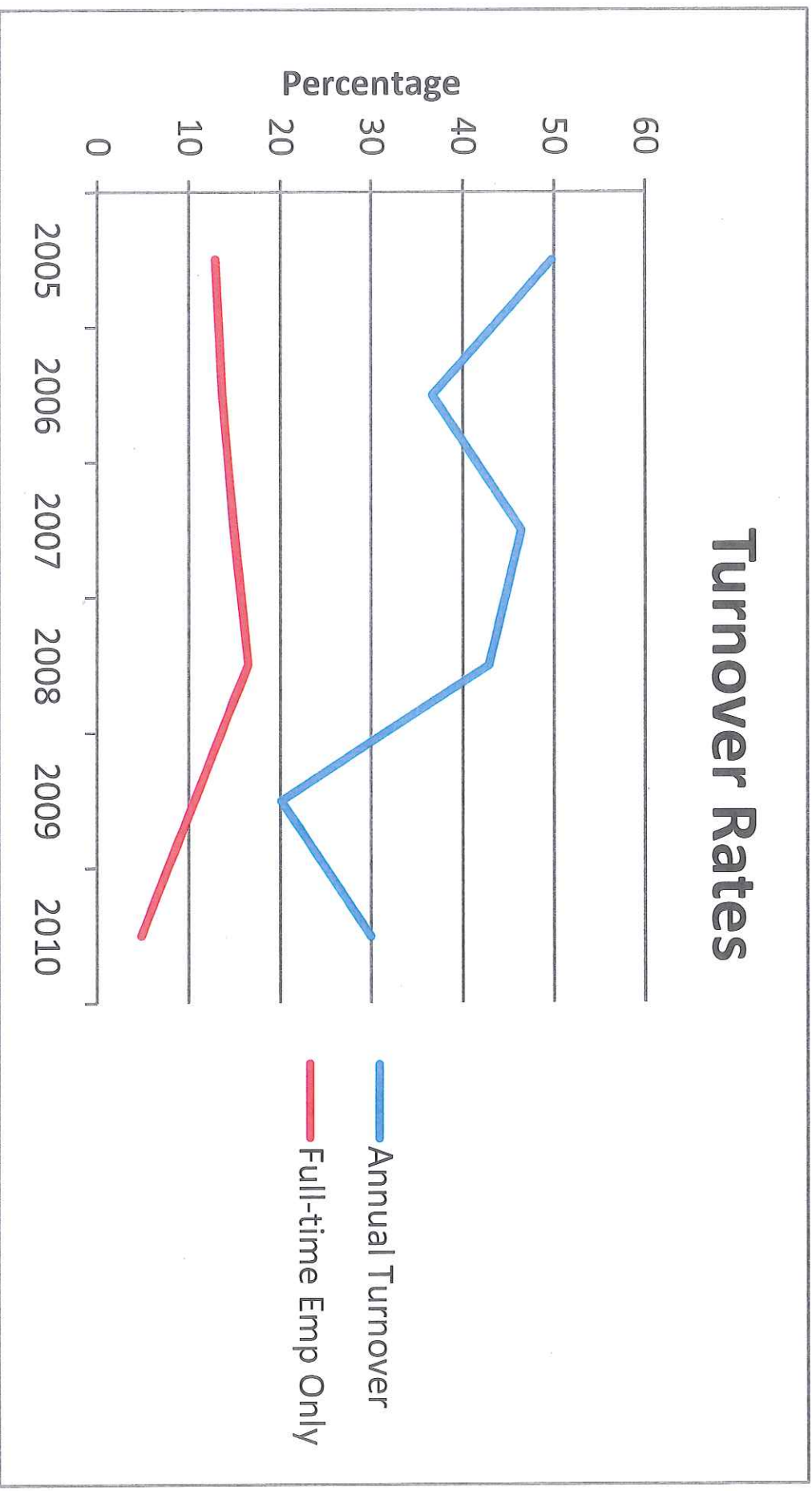
The annual turnover rate began to rise again in 2010. Less part-time employees are being accepted back on our payroll from the seasonal layoff last October at Meadow Lakes Golf Course and Restaurant, this is due to the careful guarding of expenditures.

While we have experienced some attrition and minimal staff reductions over the last few years due to the economy, we have been more fortunate than our neighboring cities.

# Property/Casualty & General Liability



# Turnover Rates



## **Safety Committee**

Our City Safety Committee is comprised of representation from each of the City departments, excluding the Railway. (The Railway is excluded as they are federal employees.) The Safety Committee is composed of both employer and employee representatives. As agreed upon by labor and management the committee may have more employee representatives.

On May 11<sup>th</sup>, the Safety Committee provided the employees with a luncheon as a “thank you” for their continued safety awareness. Pertinent safety information was shared with the team members.

Each year a few of the Safety Committee members attend the COSHA Conference held at Eagle Crest in the fall. For two days, information is shared through speakers and training sessions on various safety matters. This conference has been very beneficial for the continuing education of our committee.

## **Other Information**

Oregon Tort Claims Act liability limits were changed to have annual adjustments effective July 1, 2010. State and local liability limits are different. The state legislature changed the tort caps due to the Clarke vs. OHSU claim.

The City offers an annual hearing test to the team members at not cost to them. This is part of our compliance with the Hearing Conservation Plan.

The City coordinates CPR/First Aid training sessions every other year. Again the team members can voluntarily participate at no cost to them.

Automated External Defibrillators (AEDs) are available in the Police Department, City Hall, Public Works and Meadow Lakes Restaurant. Team members of these departments have received training on the proper use of these life savings machines.

Mr. Forrester has been very supportive of our Safety Committee and risk management efforts. It is important that management has the buy in, without it our efforts would fail.

### **Goals for 2011-12:**

1. Remain safety conscious, thus reducing the number of claims and costs associated with them.
2. Assist with provision of desired training sessions.
3. Development of business continuity plans for each department.
4. Develop written Policies and Procedures.



# 2010-2011 Insurance Program

Coverage	Limits	Premium
General Liability	\$500,000/occurrence	\$56,386
Excess General Liability	\$4,500,000/occurrence	\$8,369
Auto Liability	Included in General Liability	\$14,258
Auto Physical Damage	Scheduled	\$6,572
Property incl Boiler & Machinery	Scheduled	\$63,898
<b>Total CIS less credits</b>		<b>\$149,483</b>
Crime	\$100,000	\$1,052
Liquor Liability incl taxes & fees	\$1,000,000/\$1,000,000	\$1,803
Railway General Liability incl taxes & fees	\$3,000,000/\$6,000,000	\$31,992
Railway Commercial Inland Marine incl taxes & fees	\$3,478,800 Bridges & Rail Cars	\$18,058
Insurance Agent Fee		\$16,974
Workers Compensation	\$500,000/\$500,000/\$500,000	\$42,500
Bonds:		
Finance Director	100,000	\$500
USDA Position	120,000	\$300
City Manager	200,000	\$700
<b>Total for 2010-11</b>		<b>\$263,362</b>

(91)