

**GRAYS HARBOR COUNTY
RISK MANAGEMENT POLICY**

A. Objective

To protect **Grays Harbor County** taxpayers, residents, property, and finances against issues of risk in a cost effective and efficient manner.

B. Risk Management Statement

The Grays Harbor Board of County Commissioners recognizes the need to manage public funds wisely. This policy is intended to proactively preserve and protect County assets and operations from losses in the most economical and efficient manner, and to facilitate a safe, secure, and healthful working environment for County employees.

The Board of County Commissioners establishes a program of risk management consistent with the County's financial resources and related legal requirements. This policy applies to all risks of accidental loss, such as fire, liability, theft, property damage, malpractice, illness, and injury, both direct and indirect, with respect to all County employees (including documented volunteers).

The success of our risk and safety management program depends upon sincere, constant, and cooperative effort at all levels of management, and participation of all elected and appointed officials, department directors, managers, supervisors, employees, and bona fide volunteers. Consequently, the Board of County Commissioners expects the full support of all elected and appointed officers, department directors, managers, supervisors, employees, and documented volunteers regarding risk reduction efforts associated with this critical program.

The County will protect from loss exposure primarily through self-insurance and to transfer such exposure through purchased insurance only when the premium charge is determined to be cost-effective compared to the covered loss exposure. County insurance funds are established and maintained to pay insurance premiums, bonds, deductibles, and insured claims.

C. Purpose

(a) Risk Management. The management and control of the County's Risk Management Program shall be the function of the Board of Commissioners as delegated to the Risk Manager and each Elected Official and Department Head.

- The Board of Commissioners will appoint the County Risk Manager and approves any Designee.

(b) Claims and Lawsuits. *See sections G and H.*

(c) Duties.

- Each Elected Official/Department Head shall be responsible for reviewing, assessing and controlling loss exposures to County employees, property and the

general public that may be attendant to their department operations.

- Each Elected Official/Department Head shall identify and report risk to the risk manager, who will make recommendations to the Board of Commissioners regarding insurance coverage(s), reserves, deductible (or Self-Insured Retention - SIR) levels, loss prevention, and general risk issues pertaining to each department's operations.

D. Definitions

- 1) "**Claim**" means a formal demand for payment by a person who has suffered a financial or property loss.
- 2) "**Commissioners**" means the Grays Harbor County Board of Commissioners.
- 3) "**County**" means Grays Harbor County.
- 4) "**County Claims Administrator**" means the designated person administering civil claims.
- 5) "**Lawsuit**" means a legal action which names as defendant(s) or respondent(s) the County and/or its officers or employees for decisions made, acts performed, omissions made, or taxes or assessments imposed in the course of County business.
- 6) "**Officer**" means any Elected or Appointed Official.
- 7) "**Pool**" means the joint local government entity authority known as the Washington Counties Risk Pool established under Chapters 48.62 and 39.34, RCW, to provide its member counties with joint programs and services including self-insurance, purchasing of insurance, and contracting for or hiring of personnel to provide administrative services, claims handling and risk management.
- 8) "**Risk Manager**" means the person who is responsible for the county risk management function and serves as a liaison between the County and Pool as to risk management.
- 9) "**Risk Management**" means a coordinated and continuous program for the identification, analysis, control, and financing of risk and exposure to loss, including, but not limited to property, liability and personnel.
- 10) "**Safety Officer**" means the person who is assigned the responsibility to ensure that safety rules and regulations as adopted by local, state and federal regulations are followed and shall consider all recommendations of the Pool concerning the development and implementation of a loss control policy to prevent unsafe practices.
- 11) "**Tort**" means a wrongful act, other than a breach of contract, which could harm or may lead to a civil lawsuit.

E. Risk Management

As required in the Pool Interlocal Agreement, a County employee shall be appointed to be responsible for the County's risk management functions ("County Risk Manager or designee"), and to serve as a liaison between the County and the Pool regarding risk

management.

(a) **Designation.** Director of Central Services is designated as the Grays Harbor County Risk Manager and serves as Risk Management advisor to the Board of Commissioners and the County Officials. The Risk Manager or designee shall be given full authority to manage the responsibilities of the position. The Prosecuting Attorney, or his/her designee, shall serve as the legal advisor to Risk Manager or designee. The Safety and Claims Coordinator is designated as the County Safety Officer in compliance with the Risk Pool Interlocal Agreement.

(b) **General Duties.** The goal is to minimize risk of loss from damage to County property, or injury to officers and employees of the County, and to minimize loss or injury to the public.

- The Risk Manager or designee shall meet the requirements and perform the duties as defined as a participating county by the Pool Membership Compact.
- The Risk Manager or designee shall work with elected and appointed officials and managers to identify, measure, analyze and finance risks which face the County and shall make periodic recommendations to the Board of Commissioners concerning insurance procurement, self-insurance, deductibles, risk rate structure, loss prevention, and alternative techniques for the sound management of risk.
- In conjunction with the Clerk of the Board, County Auditor and Prosecuting Attorney's offices, the Risk Manager or designee shall maintain complete and accurate records with respect to insurance, claims against the County, lawsuits filed against the County, losses incurred by the County, all accidents or incidents giving rise to possible liability against the County, and an inventory of all property in which the County has an insurable interest. Such records shall be maintained in a fashion such that statistical data can be readily extracted from the records. Loss runs shall be maintained, prepared and available at least once annually, or on an as-needed basis.
- When an application for tort claim defense is received from a current or former County employee, the Risk Manager or designee must immediately notify the Pool and any insurance carrier whose insurance policy may provide coverage.

(c) **Authority.** The Risk Manager reports directly to the Board of Commissioners.

(d) **Insurance Information.** Risk Management shall be the repository of all insurance policies, certificates of insurance and contract bonds in which the County is a named insured. Such policies shall be maintained in a current fashion and shall include all riders and endorsements. The Risk Manager or designee shall prepare and maintain a synopsis of each insurance policy carried by the County. Such synopses shall, at a minimum, include: description of coverage provided, policy term, coverage limit, deductible, premium, and the carrier's agent.

(b) **Prosecuting Attorney.** In respect to risk management, the prosecuting attorney or his

or her duly-appointed deputy shall:

- Review all contract forms entered into by the County to ensure legal sufficiency, identify and minimize any contractual liability to be assumed by the County, and attempt to transfer such liabilities
- Serve as the legal advisor to the Risk Manager
- Notify the appropriate authorities of changes in State/Federal statutes and common law which affect municipal liability
- Provide assistance to the insurer(s) in the investigation and settlement of claims against the County, whether from employees or the public
- Provide legal assistance in the examination of insurance and bond contracts entered into by the County
- File and serve Notices of Appearance if circumstances delay formal assignment(s) of Pool-designated defense counsel.

F. Risk Management Committee.

Purpose: The purpose of the Risk Management Committee is to assist the Risk Manager in the expedient review and processing of incidents/claims/suits on behalf of Grays Harbor County. The committee shall serve as the primary mechanism for processing and disposition of claim/claim-suit applications. The committee shall make recommendations to the Legislative Authority, through the Risk Manager and/or the Civil Division of the Prosecuting Attorney's Office regarding deductibles, loss prevention systems, and any other techniques for the sound management of risk.

(a) Creation and Membership. The Risk Management Committee shall be composed of a minimum of three members:

- (1) Risk Manager;
- (2) County Claims Administrator; and
- (3) Prosecuting Attorney or designated representative, also serving as legal adviser to the committee.
- (4) Members of the Legislative Authority
- (5) Managers of high risk operations such as health services, law enforcement or Public Works.

(b) Duties of the Risk Management Committee:

- Assist in the evaluation of incidents/claims/suits
- Recommend the disposition of claims/suits
- Assist the Risk Manager in developing and implementing a county-wide risk management program
- Update the Legislative Authority or Chief Executive Officer on large claims, areas of potential exposure or those with the potential of litigation.

G. Claims and Suit Administration and Adjudication.

Refer to the Washington Counties Risk Pool Claims Handling Policies and Procedures,

WCRP Bylaws; Article 8 Coverage Determination and Appeal and Article 10 Compliance and Enforcement of Member Obligations; and the WCRP Joint Self-Insurance Liability Policy for additional information on claims and suit handling not included in this chapter.

Claims

- (a) **Designation.** Grays Harbor County designates the *Safety and Claims Coordinator* as the County Claims Administrator. The County Claims Administrator shall maintain records in conformance with the Pool's Claims Database Policy to insure accuracy of the Pool's loss reporting system.
- (b) **General Duties.** The County Claims Administrator shall establish procedures for the prompt administration of every claim pursuant to and consistent with the WCRP Claims Handling Policies and Procedures, including but not limited to:
- Maintenance of a "County claim and loss log".
 - The prompt and complete electronic reporting of all incidents/claims/suits in conformance with the timelines specified in Section D of the WCRP Claim Handling Policies and Procedures. Potentially higher-value claims and 'Significant' incidents shall be reported within seven (7) days of the receipt of the claim or the event; all other claims shall be reported within thirty (30) days. (NOTE: failure of timely reporting could result in loss of insurance coverage)
 - Assist and fully cooperate with the Pool in the efficient administration of claims.
- (c) **Receipt of Claim.** Upon receipt of a claim for damages, the County Claims Administrator will enter the claim into the Pool's electronic database and will discuss with the Pool whether the claim will be handled in-house by the County or assigned to an independent adjuster for investigation and evaluation. The County Claims Administrator will receive an acknowledgement form identifying the Pool claim number, date of loss, the initial claim reserve (if determined) and the Pool point of contact who is handling the claim.
- (d) **Claims Adjustment and Settlement.** The County Claims Administrator will coordinate claim evaluation with the Pool including determining if the County has authority to settle a claim within its deductible level. Regardless of delegation authority, the Pool will actively monitor all claims. (NOTE: For specified settlement authorities and timelines refer to the WCRP "Claims Handling Policies and Procedures.")

Third Party Suit

Immediately upon receipt of any lawsuit, Clerk of the Board for the Grays Harbor County Commissioners shall record the suit and transmit a copy to the Risk Manager or County Claims Administrator. The County Claims Administrator will:

1. Provide WCRP Claims Manager a copy within 5 days.
2. Discuss selection of appropriate counsel with Pool.
3. A Notice of Appearance shall be filed and served promptly by the Pool-designated

defense counsel (either the County Prosecutor or outside defense counsel) in order to protect the County and other insured from entry of a default judgment. If circumstances delay the formal assignment of Pool-designated defense counsel, the County's Prosecuting Attorney shall file and serve the Notice of Appearance to avoid default.

Reserve Fund and Claim Reserving

(a) **Claim Fund.** The County will establish and maintain an adequately funded claims fund for payment of its claims, deductible amounts and costs incurred.

(b) **Third Party Reserve Setting.** The County will work with WCRP to establish and maintain pertinent third party liability claims reserves using the Jury Verdict Value process. Reserves shall be calculated to address the extent of the exposure for indemnity and defense costs. When a member has or acquires knowledge regarding liability or damages that will affect the claim reserve determination, that information shall be conveyed promptly to the County Claims Administrator who will then convey the information to the Pool. The County may appeal any claim reserve determination utilizing the procedures established by the Washington Counties Risk Pool.

H. Risk Transfer/Contract Review.

(a) **Uniform Procedures.** The County shall adopt uniform procedures for the review and monitoring of all County contracts, interlocal agreements and other agreements for risk transfer and indemnification. The Board of Commissioners is the sole contracting authority for the County. No elected official, employee or agent can commit the County to a legally binding contract without the express, written consent of the Board of Commissioners. On occasion the Commissioners may delegate authority to bind the County to contracts or agreements that have pre-approved language, form and hold harmless/indemnification clauses to certain key operational personnel. Those key personnel requiring Board of Commissioner authorization shall docket a resolution along with a copy of the contract form(s) for approval.

(b) **Contractor Insurance.** For the duration of the contract and until all work specified in the contract is completed, the contractor shall maintain in effect all insurance as required and comply with all limits, terms and conditions stipulated therein. Work under the contract shall not commence until evidence of all required insurance and bonding is provided to the County. Evidence of such insurance shall consist of a completed copy of the certificate of insurance signed by the insurance agent for the contractor and returned to the County. If for any reason, any material change occurs in the coverage during the course of the contract; such change will not become effective until 30 days after the County has received written notice of the change. The policy shall be endorsed and the certificate shall reflect that the County is an additional insured on the contractor's general liability policy with respect to activities under the contract.

The insurance policy shall provide and the certificate shall reflect that the insurance afforded applies separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability.

The policy shall be endorsed and the certificate shall reflect that the insurance afforded therein shall be primary insurance and any insurance or self-insurance carried by the owner or County shall be excess and not contributory insurance to that provided by the contractor.

(c) **Contract-Agreement Approvals.** Prior to the signing of any contract, personal services agreement, lease or rental agreement by the Board of Commissioners, the following approvals must be secured:

- Prosecuting Attorney's Office: review to ensure proper contracting authority and form of legal document.
- Risk Manager: review to ensure acceptable risk, insurance, and hold harmless and indemnification stipulations.
- Budget/Finance Officer: review to ensure that funds exist and expense is properly allocated.

Upon approval, submit the signed contract/agreement to the Clerk of the Board for inclusion on the Commissioner's agenda for approval.

I. Defense and/or Indemnity of County Officers and Employees

(a) Grays Harbor County may provide legal defense of any of its officers, officials, agents, or employees when a suit against them arises out of an official act if the requirements of this section are met. Whether a defense will be provided by the county will be determined by the Commissioners in accordance with the merit in each case. Such a defense will not necessarily be for the benefit of the individual officer or employee but only in support of his or her actions on behalf of the County. An attorney may be hired specially for the purpose of any such defense at County expense, or these services may be provided by the Office of the Prosecuting Attorney. If the Board of Commissioners has approved defense, county officials or employees may be reimbursed for the costs of legal services they have incurred.

Such services or reimbursement may be provided to both past and present officers and employees as long as the cause of action arose as a result of acts or omissions occurring during their tenure of office or employment. Such defense or reimbursement may be provided although it may turn out that the officer or employee exceeded his legal rights and authorities. Such defense may also be provided even though the result at a trial at law clearly shows that the acts were illegal, provided such acts were done by the officers or employees in the bona fide discharge of their duties. Legal services at County expense will not be provided to officers or employees of the county to defend a charge of official misconduct or to defend the right to hold office.

- (b) When any past or present officer, employee or volunteer is named in a claim or lawsuit, the nature of the allegations shall be investigated by the Prosecuting Attorney. The Prosecuting Attorney shall report to the Board of Commissioners the nature of the allegations and the facts known at the time of the report. Based on the information provided and a finding “that the acts or omissions of the officer, employee or volunteer were **not**, in good faith or **not** within the scope of his or her official duties”, the Board of Commissioner shall affirmatively deny the County’s defense of the officer or employee and notify the Washington Counties Risk Pool accordingly.
- (c) If during the course of further investigation or finding of a Court that the officer, employee or volunteer were **not** in good faith or **not** within the scope of his or her official duties”, the Board of Commissioners may stop the expenditure of funds defending the action of the officer, employee or volunteer, and may seek reimbursement for funds so expended.
- (d) Any non-punitive monetary judgment against the officer or employee shall be paid by the County **provided** that the Reservation of Rights provision of Section (c) above was not enacted by the Board of Commissioners. The County shall not be obligated to pay punitive damages awarded against named individuals unless specifically and separately authorized by the Board of Commissioners.

J. Duties of County Officers and Employees.

(a) **Cooperation.** All County officers and employees shall cooperate to the fullest extent with the Risk Manager or designee, Prosecuting Attorney, and outside counsel toward reviewing and resolving claims and defending lawsuits in the following particulars:

- provide information, testimony, exhibits and documents for the investigation, settlement and/or trial of claims and claims lawsuits;
- Provide information which will assist in the implementation and/or operation of this risk management policy.
- Issue directives to subordinate officers or employees necessary to implement the risk management policy.

(b) **Reporting Incidents.** The County shall adopt an incident reporting procedure. County officers and employees shall immediately report to the Risk Manager or designee any incident.

(c) **Responsibility.** The Board of Commissioners expects elected officials and management to:

- communicate and support the intent and contents of this policy,
- establish, supervise and enforce procedures to assure a safe and healthy work environment,
- identify and correct potential risk and safety hazards,
- communicate uncorrectable risk and hazards to risk management in writing,
- provide appropriate response to recommendations by office staff and risk

- management to eliminate or reduce risk,
- implement recommendations by risk management or demonstrate other acceptable mitigation efforts, and
- Support completion and follow through of accident review process.

(c) ***Prohibited Acts***. Without prior authorization of the Board of Commissioners or the Risk Manager or designee or Prosecuting Attorney, County employees shall not:

- attempt to settle any claim or lawsuit involving the County,
- make an admission of liability involving a claim or lawsuit,
- speak to News media or sources about potential or ongoing litigation, or
- Discuss incidents, decisions, or issues with a person not serving as a County officer or employee when a reasonable person would understand that such discussion may lead to a claim or lawsuit against the County.

K. Safety and Loss Prevention

Safety and Loss Prevention Policies and Procedures shall be maintained by Safety and Claims Coordinator

- All mandated training records and Licensing requirements shall be maintained by Safety and Claims Coordinator and approved by the Risk Manager
- Policies and procedures will be regularly reviewed and updated to ensure compliance.