



**CITY OF REDDING, CALIFORNIA  
COUNCIL POLICY**

<b>SUBJECT</b>	<b>RESOLUTION NUMBER</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
<b>RISK MANGEMENT POLICY</b>	86-330	203	12-15-86	1

**BACKGROUND**

The City Council established its Risk Management Policy on December 15, 1986. It describes the authority and responsibility of the Risk Manager(s) and provides guidelines in accordance with which its loss prevention, insurance and self-insurance programs should be administered. It sets as its goal the reduction of all risks of accidental loss and the management of losses in a cost-effective manner.

It is the intention of the City Council to update that policy to reflect more fully the current responsibilities and practices of the Risk Management operations and to revise claim settlement authority.

**PURPOSE**

The City's Risk Management Policy shall have as its purpose:

- A. To protect the City of Redding against the financial consequences of all accidental losses.
- B. To minimize the long-term cost of the City of all activities related to the control of accidental losses.

These goals shall be attained by means such as loss prevention, loss financing, claims self-administration, insurance administration, and risk transfer. The Risk Manager(s) shall be primarily responsible for the implementation of this Policy.

**POLICY**

A. Programs

Risk Management is comprised of two programs as follows:

- 1. General Liability with oversight by the City Attorney.
- 2. Workers' Compensation with oversight by the Personnel Director.

B. Loss Prevention

The City, in all of its activities, shall emphasize the reduction, modification, or elimination of conditions and practices which may cause loss. Safety to personnel and the public shall have the highest priority. Each department director shall, therefore, make safety issues an integral part of his/her management responsibilities and ensure compliance with Federal, State, County and City safety standards. The Risk Manager shall assist them in that effort and work with the Personnel Office to provide safety training programs for employees and citizens.

C. Loss Financing

The City self-insures its workers' compensation and liability claims programs, and must, therefore, pay all losses up to the respective self-insured retentions. It is the policy of the City to pre-fund the outstanding liabilities of those programs in order to reduce the risk of its current operating budget and assets, and ensure with greater probability that it will have sufficient funds available in the event of a catastrophic loss or an unexpected increase in the frequency or severity of claims or litigation. To that end, the City shall strive to fund each program in such a manner so as to maintain a minimum of 70% confidence level, based on annual actuarial reviews.



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D. Claims Administration

1. General Liability Program

(a) Administration

The Risk Manager shall coordinate all activities of the City's self-insured general liability claims program within the City Attorney's Office. Chief among those activities is the prompt and effective response to individuals and entities that file claims with the City. The City will respond to a claimant within 10 days and offer a definitive answer within 45 days unless negotiations are on-going due to the medical treatment of an injured party. The Risk Manager shall work directly with the City departments to minimize the costs of those claims by:

- (i) Informing department directors as to their claims experience for budgeting and so that efforts can be implemented to prevent future losses.
- (ii) Working with department directors to set goals for the control and reduction of the frequency and severity of claims and all costs associated with them.
- (iii) Assisting departments in providing general claims information to their employees so that they are aware of the costs associated with their actions.
- (iv) Keeping abreast of each and every claim, working together with the Human Resources Manager and City Attorney to vigorously fight cases of abuse and fraud.

(b) Claim Authority

City staff shall have the authority to settle liability claims as follows:

Risk Manager	Up to \$5,000
City Attorney	Up to \$10,000
City Attorney and City Manager	Up to \$25,000
City Council	Over \$25,000

City Staff is authorized to pay any court judgment without Council approval, but will notify Council in a timely manner of a final judgment over \$25,000.

(c) Insurance Administration

With regard to the risk of accidental losses, it shall be the City's policy to self-insure all losses which occur with predictable frequency or which will not have a significant impact on the City's financial position. Insurance will be purchased, however, when:

- (i) It is a cost-effective alternative to self-insurance and deductibles or self-insurance does not result in long-term economies.
- (ii) Whenever necessary services can be obtained only through the purchase of insurance.



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(iii) When the City is obligated by contract or law to purchase insurance and no other method is available.

Insurance (or other forms of risk transfer) shall be purchased from any source determined to be in the long-term best interest of the City.

(d) Risk Transfer

Because they are in the best position to control losses, the City shall attempt to transfer the risks of accidental losses to those parties performing services for the City or leasing or using its facilities. The transfer of risk shall occur by means of insurance requirements and hold harmless and indemnification clauses in contracts, purchase orders, and lease or rental agreements. The transfer of risk shall be based on generally accepted risk management practices for public agencies and sound legal advice.

With respect to insurance claims on the City's property, the Risk Manager shall have the authority to file and settle claims involving damage to City property with the agreement from the City Attorney and the director of the department involved.

(e) Rejection of Claims

Whenever it is necessary for the City to reject or provide another form of notice to a claimant, the City Council hereby delegates to the Risk Manager that authority, subject to the prior review and concurrence of the City Attorney's Office.

2. Workers' Compensation Program

(a) Administration

The Risk Manager shall coordinate all activities of the City's self-insured workers' compensation claims program at the direction of the Personnel Director in close cooperation and consultation with the City Attorney. Chief among those activities is the prompt and effective assistance to those employees legitimately injured on the job. The Risk Manager shall work directly with City departments to minimize the costs of those claims by the following:

- (i) Informing department directors as to their claims experience for budgeting and so efforts can be implemented to prevent future losses.
- (ii) Working with department directors to set goals for the control and reduction of frequency and severity of claims and all costs associated with their actions.
- (iii) Assisting department in providing general claims information to their employees so that they are aware of the costs associated with their actions.
- (iv) Keeping abreast of each and every claim, working together with the Personnel Director and City Attorney to vigorously fight cases of abuse and fraud.
- (v) Assisting departments in providing light duty programs so that injured employees can return to work as soon as possible.



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(b) Claim Authority

City staff shall have the authority to settle workers' compensation claims not to exceed the estimated cost of future medical care (less medical expenses already incurred) to the City, as follows:

Risk Manager	Up to \$35,000
Personnel Director, with the agreement of the City Attorney and City Manager	Up to \$100,000
City Council	Over \$100,000

City staff is authorized to pay any order after hearing by the Workers' Compensation Appeals Board.

(c) Rejection of Claims

Whenever it is necessary for the City to reject or provide another form of notice to a claimant, the City Council hereby delegates to the Risk Manager that authority, subject to the prior review and concurrence of the Personnel Director and/or City Attorney.

**Amended on November 7, 1995, by Resolution No. 95-243**  
**Amended on August 4, 1998, by Resolution No. 98-116.**  
**Amended on October 15, 2013, by Resolution No. 2013-093**