

RISK MANAGEMENT POLICY

Specific Objective:

To provide risk transfer and financing techniques so the City can protect its assets in the most cost effective ways while stabilizing the impact on City budgets.

Policy Statements:

1. The City will identify and evaluate its exposures to risk.
2. The City will strive to eliminate, or reduce, as far as practical, the conditions and practices that provide risk exposure.
3. Loss information will be provided to the Employee Safety and Health Division of the Human Resources Department so training seminars and loss prevention programs can be developed to further reduce potential risk.
4. Risks will be transferred to insurance companies if cost justified.
5. Claims administration will be accomplished using outside consultants where the expertise and related costs are justified.
6. The purchase of insurance and risk management services will be done in accordance with the City Purchasing Manual of Practices and Procedures.
7. The City will treat all claimants fairly in a courteous and professional manner.
8. The City shall develop and maintain an information system which will provide timely and accurate reporting of losses, claims, insurance premiums, and other related costs.
9. The City has established and will annually fund, to the fullest extent possible, a Risk Management Fund. The level of funding will be determined by the City Council utilizing the policy statements as described in 9.1, 9.2, 9.3, and 9.4.

9.1 Self-insured liability exposures will be funded at an 80% confidence level and reserved at a 95% confidence level as determined by an independent actuary.

9.2 Property damage exposures will be funded at a level to pay the excess policy premium plus the expected losses between the department deductible and the excess policy deductible.

9.3 Health and dental exposures will be funded at a level to pay expected medical bills and expenses. Rate increases may be limited to soften the impact on department budgets if the expected losses will not have a significant negative effect on fund balances. Fiscal year-end unpaid medical bills will be reserved in compliance with the Insurance Division of Iowa rules and regulations.

9.4 Workers Compensation exposures will be funded at a level to pay expected expenses and reserved at a 95% confidence level as determined by an independent actuary. Rate increases may be limited to soften the impact on department budgets if the expected loss will not have a significant negative effect on the fund balance.

10. The City will submit annual health and dental self-insurance applications and reports to the Insurance Division of Iowa as required.
11. Annually, the City will engage independent actuaries to determine the self-insured liability funding amount and the liability, workers compensation, health and dental reserve amounts.
12. Annually, during budget preparation, the City will determine the risk management charges for the fiscal year being budgeted. These charges will be based upon adherence to policy statements 9, 10, and 11.
13. The City will comply with the Governmental Accounting Standards Board pronouncements in its financial reporting related to risk management activities.