



Risk Management Fiscal Year 2009-2010 Annual Report

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Appreciation is expressed to Beecher Carlson in the preparation of this annual report.



FY 2010

Jeff Cogen, Multnomah County Chair



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Enclosed is the fiscal year 2010 (FY10) Risk Management Annual Report. This report provides information on: employee injuries and illness that occurred during the course of work; motor-vehicle accidents; liability and property claims and costs; and insurance coverage.

Over the past decade there has been an overall decrease in the number of injuries sustained by employees, as well as a lower rate of injuries per 100 full-time equivalent employees (FTEs). These are each positive aspects on which we want to improve.

In FY10 we had an 8.6 percent decrease in the number of workers' compensation claims over FY09. Even with this decrease in claims, the rate per 100 FTE was the same as that in FY09; this is due to a lesser number of hours worked in FY10. Most injuries were the result of accidents that are preventable with a few simple precautions including the following:

- Avoid distractions while walking. Make sure that your hands are free and that you are able to react to slip and trip hazards;
- Beware of uneven surfaces that could cause a fall;
- When lifting, be sure that you use proper techniques to save your back. If an item is too heavy for you, look at another way of moving the item or ask someone for help;
- Before doing a job, step back for a moment and look at the situation with an eye towards safety;
- Review the County's new [Ergonomic Self-Assessment tool](#) on the MINT and make any changes necessary for safety and comfort in your work area;
- Point out any safety hazards to your supervisor and pass along issues to your Safety Committee;
- Consider safety a joint, cooperative effort between you and your co-workers.

The number of motor-vehicle accidents sustained during County business was almost the same compared to the previous year (106 vs. 102); the percentage of accidents deemed preventable on the



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part of the County driver was the same as in the previous year. Ruefully, I note that Multnomah County's vehicle-accident rate per 100,000 miles driven has risen steadily since 2003 and the rate is higher than our colleagues at the cities of Portland and Eugene. I challenge each and every one of us to strive to eliminate vehicle accidents. Motor vehicle accidents present the greatest risk to life and health both to employees and general public.

It is my goal, shared by County leadership, that nobody gets hurt while performing his or her job. Simply stated, it is our goal to have ZERO injuries and illnesses and ZERO motor-vehicle accidents. In support of this goal, we are committed to doing everything possible to create an environment and culture that eliminates injuries and illnesses. These are high standards we are committing ourselves to but standards we must strive to achieve.

I was especially pleased to see that Multnomah County's Cost of Risk compares most favorably with other large organizations both public and private. Minimizing our cost of risk allows us to put more money into programs that help the public.

Risk management is the joint responsibility of management and employees. This responsibility includes our efforts to create a work environment that minimizes risks while fostering a culture of safety and risk awareness. It is each employee's responsibility to do his/her job in a safe and efficient manner.

Let's make the upcoming year a safe, productive, and fulfilling one.

Sincerely,

Jeff Cogen
Multnomah County Chair



FY 2010

Managing Multnomah County Risk Activities to Protect County Human, Physical and Financial Assets

Risk Management Mission Statement

Risk Management Staff And Partners

Marc Anderson
Risk Manager

Helen Barkley
Property & Liability Program Manager

Michelle Cross
Safety, Health, and Workers' Compensation
Manager

Rob Gabris
Safety & Health Supervisor

Amber McMurry
Workers' Compensation Specialist

Ron Drouin
Safety & Health Specialist

Jamal Abusneineh
Safety & Health Specialist

**Beecher Carlson Insurance
Agency**

**Teresa Gooley
Cynthia Conover**
Farrell & Associates

Jerilyn McGilchrist
CCMSI

With support from County leadership, Risk Management strives to be proactive to prevent losses before they occur and to mitigate losses that do occur. We have over 150 years of risk management experience within our work group. We continue to keep abreast of the constantly changing world of risk management. We work with all departments, projects, and functions to mitigate risk. We also help the organization understand that effective risk management is everyone's responsibility. We are viewed as leaders and innovators in the risk management community.

It is our privilege to support Oregon's most populous county with top-flight services. Please do not hesitate to contact us if we may be of assistance to you.

Marc Anderson, ARM, CRIS
Risk Manager



2010 Accomplishments

- Continued to have the lowest Cost of Risk of any public entity in Oregon.
- Continued at Best Practices in the workers' compensation arena.
- Honored with the National Association of Counties (NACO) Award for Contractual Insurance Certificate Tracking program. Continued to refine program and share with other entities.
- Completed the March 1, 2010, property insurance renewal with lower premium and maintained extensive new coverages for vehicle damage, loss of tax revenue, valuable papers, and other items.
- Completed July 1, 2010, renewals for liability and medical malpractice insurance with reduced premiums while maintaining the same \$5 million in coverage. Negotiated new coverage for in-house legal fees.
- Completed an unprecedented excess workers' compensation insurance renewal with 28% lower premiums and continuation of communicable disease coverage, which is particularly important with the H1N1 threat.
- Responded in an organized and professional manner to Oregon OSHA's final compliance order which impacts future County-wide penalty potential for the next two years. We obtained reduced fines and heightened safety awareness throughout the County, effectively turning a problem into an opportunity. We believe this is changing the safety culture at the County.
- Presented at National Risk and Insurance Management Society (RIMS) in 2010, which is the largest risk management and insurance conference in the world.
- Presented at Oregon Self-Insured's Association (OSIA) and Oregon Public Risk and Insurance Management Society (PRIMA). Risk Management employees served in leadership roles for these organizations.
- Revised and implemented "Safety and The Supervisor" training for all levels of supervision.
- Continued to enhance employer-at-injury program (EAIP) reimbursement opportunities associated with workers' compensation claims, expanding them to include worksite modification equipment for light-duty use.



Injury & Illness Prevention

Three Safety and Health staff members work collaboratively with County employees at all levels. Our goal is to help get operations staff to take an active role and ownership for injury and illness prevention. Strategies used include:

- o Outreach through site safety visits
- o Assessments of safety and health management programs
- o Technical consultation on topics such as fall protection, respiratory protection, ergonomics, and excavation
- o Development of County-wide policies for issues common to all departments and offices



Beginning in January 2010, Risk Management began using the MINT to provide online training in some subjects. These include: a Defensive Driving Refresher, Safety Committee Roles, Accident Analysis, and Hazard Identification. These last three subjects are required for Safety Committee members. Between January and June inclusive the second half of FY 2010, the number of staff completing these trainings were:

Defensive Driving Refresher	1,154
Safety Committee Roles	64
Accident Analysis	24
Hazard Identification	77

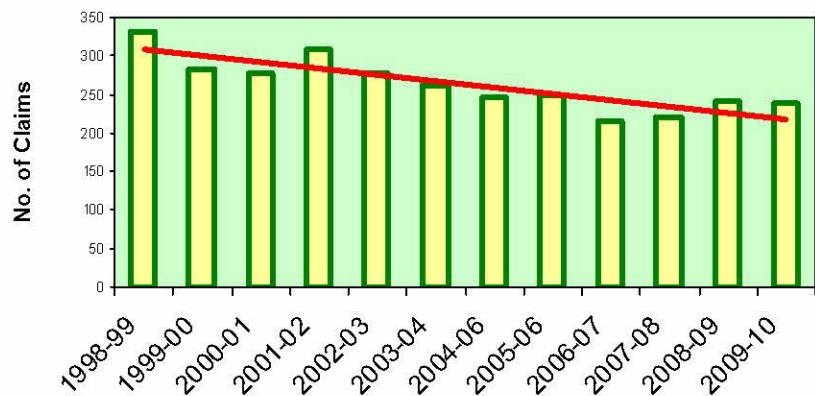
Risk Management will continue to utilize online training for these and other subjects where the online method is effective. The online format won't be used where active student participation is necessary and/or the integrity of the class may be diminished.



Workers' Compensation Claims

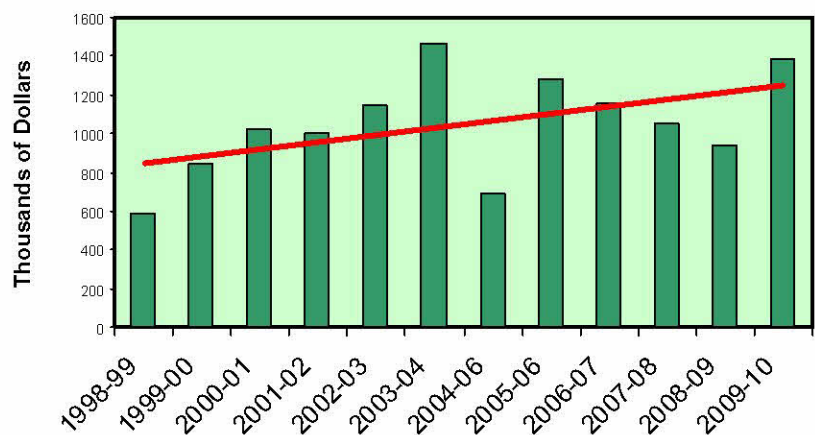
The County continues to enjoy a reduction in the number of claims.

Workers' Compensation Frequency of Claims



The cost of claims from 2006 to 2009 have trended down, with a spike in 2010 due to several large slip, trip & fall-type claims.

Total Workers' Compensation Claims Costs





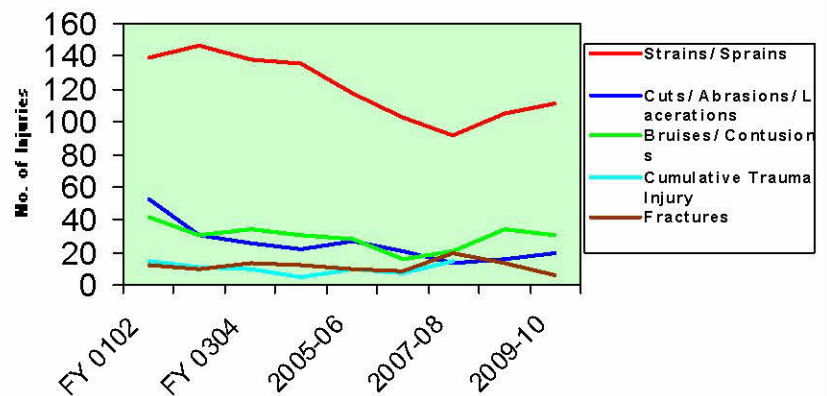
Workers' Compensation Claims

Sprains and strains are the leading type of injuries.

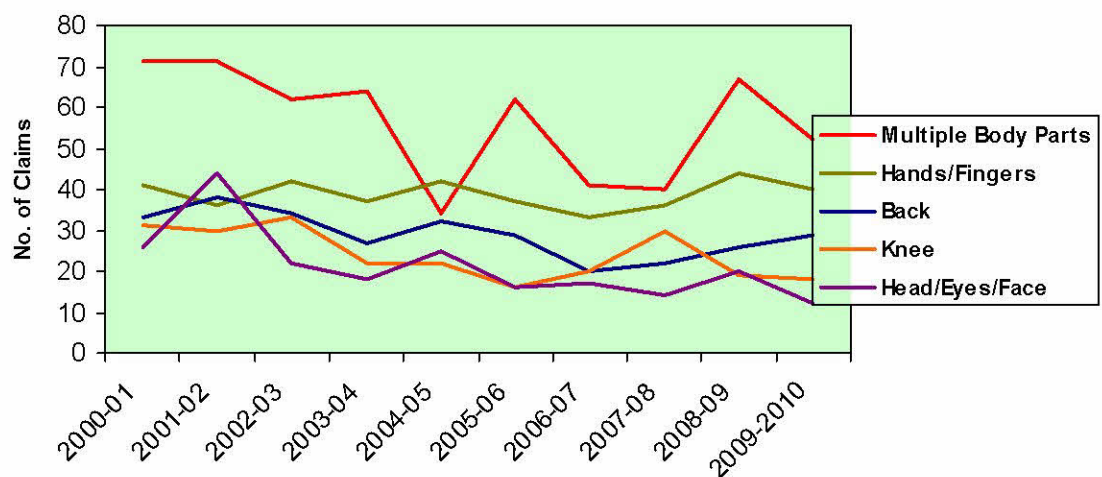
These graphs show the five major injury types.

Risk Management's Safety and Health Specialists provide consultation and training with all County staff to reduce injuries.

Top Five Injuries by Type



Number of Claims by Top Five Body Part(s)





Self-Insurance Savings

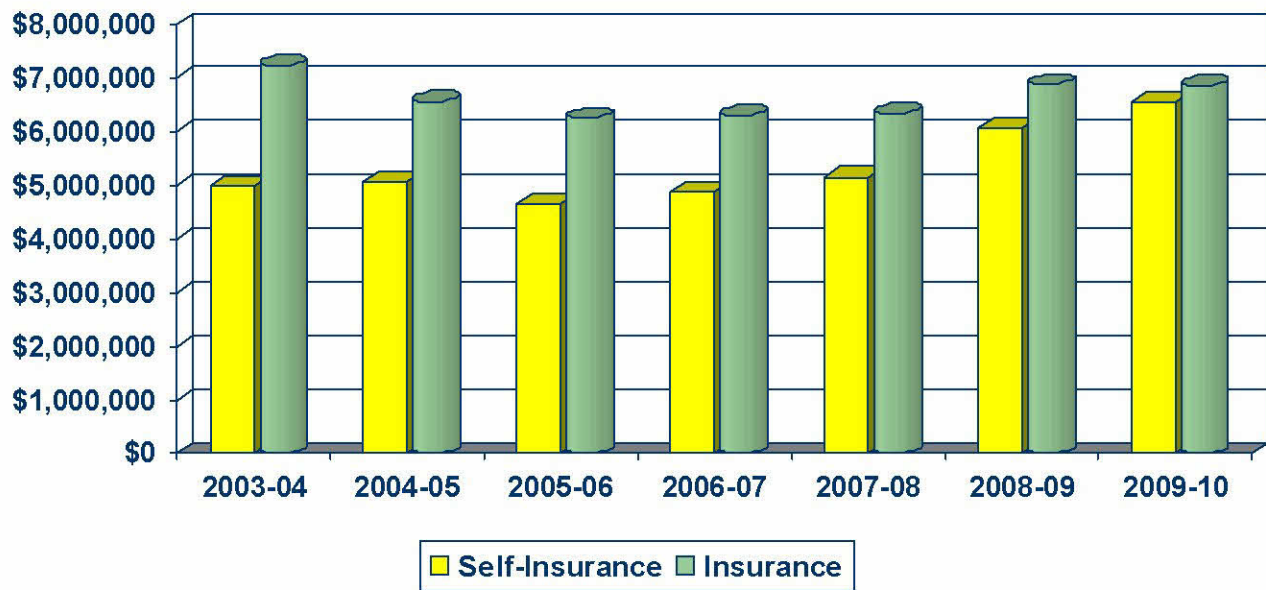
Self-insurance has saved Multnomah County millions of dollars. This is achieved by excellent loss control and by avoiding paying insurance companies' profits and overhead as part of premium.

Self-insurance provides long-term savings to the County. Savings are achieved through lower cost for general liability, auto, workers' compensation and property costs.

The following chart shows the cost to self-insure vs. the premium that would be paid for first-dollar coverage.



**Self-insurance has saved
Multnomah County over
\$11 million in the last
seven years.**

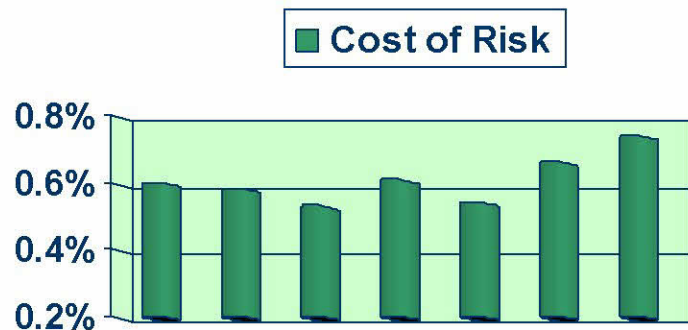




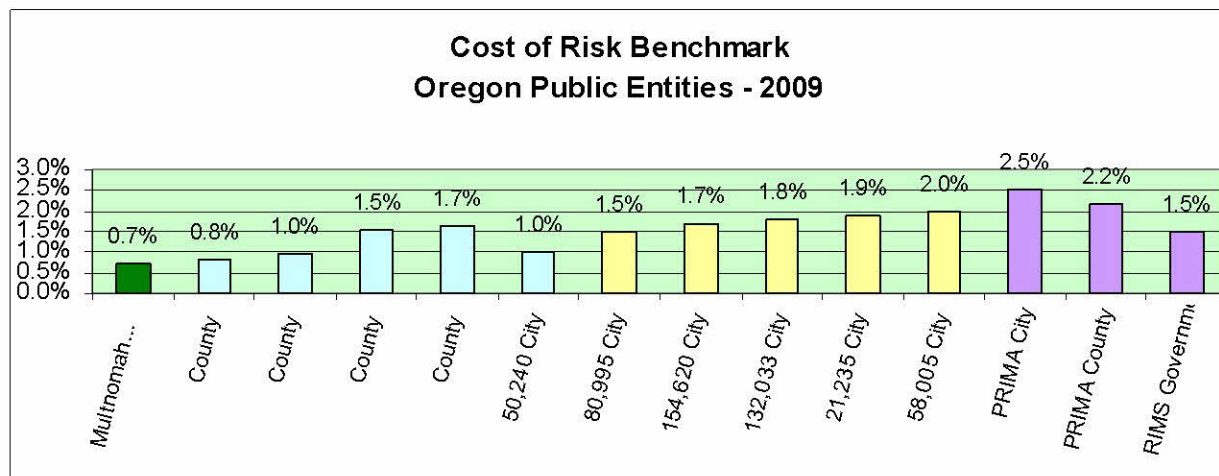
Cost of Risk

An important performance measurement in risk management is known as the “cost of risk.”

This analysis includes all risk management expenses including personnel services, materials and supplies, claims, legal fees, and insurance. The total risk management expenses are then presented as a percentage of the County’s overall budget.



Multnomah County has the lowest cost of risk of any public entity in Oregon.



Benchmark of 14 local governments in Oregon performed by Beecher Carlson in 2009 and 2010.
2006 Public Risk Management Association (PRIMA) benchmark of public entities nationally.
2009 Risk Management Society (RIMS) benchmark of public entities nationally.

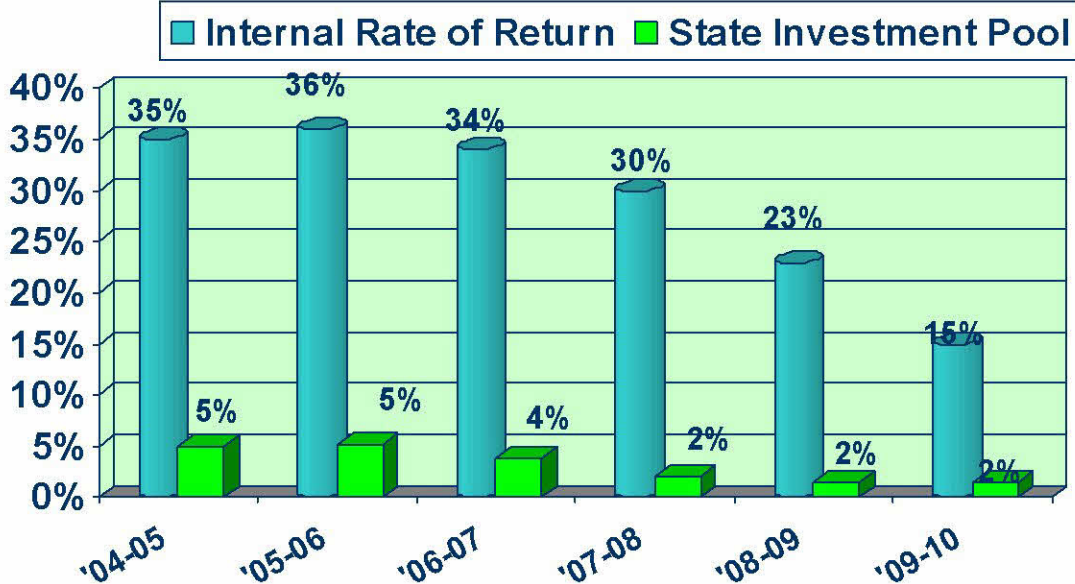


Internal Rate of Return

The **internal rate of return** (IRR) is a capital budgeting metric used by firms to decide whether they should make investments. It is an indicator of the **efficiency** or quality of an investment. In risk management the IRR compares the investment in risk management to the cost of insurance premiums. An activity is a wise investment if the IRR is greater than the rate of return from alternative investments.



**Multnomah County 6 year
Average ROR is 28.8%. The
declining ROR is due to
increased cost of claims in
both Work Comp and
Liability claims.**





Insurance Renewal

Purchasing insurance is a vital risk management function. We strive to obtain the best policies, with adequate limits, for the best price. Listed below are the highlights of the 2009-10 insurance policy renewals for Multnomah County. The renewals were once again very successful and favorable due to the following factors:

- Maintaining a desirable account in an insurance market that has begun to harden since last year's renewal.
- Continuing to have a record of no large Property or Crime Insurance losses for the past 22 years.
- Risk Management's on-going teamwork with departments/divisions.
- Risk Management's year-round marketing strategies, such as meeting with the various insurance underwriters; continually watching and analyzing the condition of the insurance market; and updating coverages throughout the year when appropriate.

As a result of our efforts:

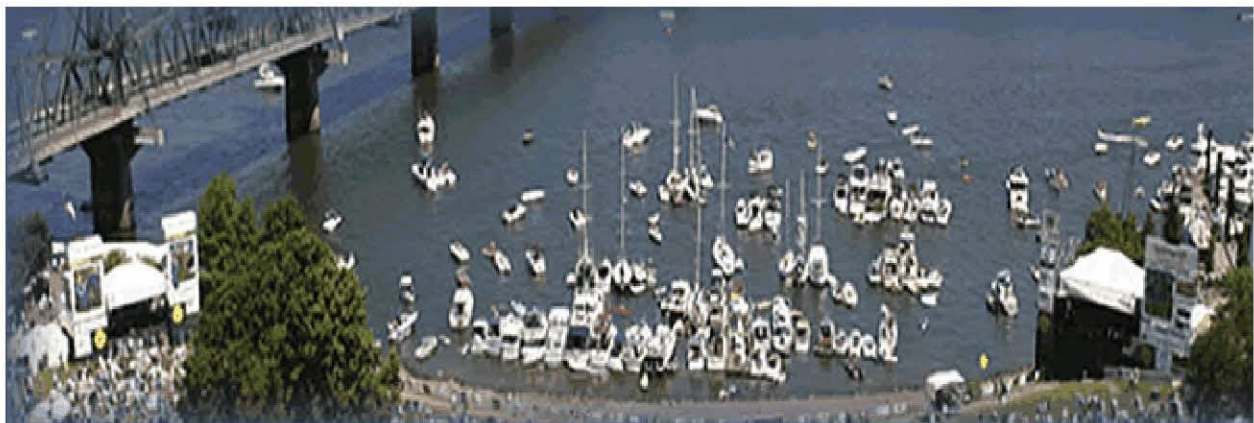
- Property Insurance -- we obtained higher limits, along with a price reduction of about 4%.
- Excess Liability Insurance – A slight decrease in premium cost; negotiated new coverage for inside legal fees.
- Excess Medical Malpractice Insurance – A slight increase in premium cost; maintained \$5 million in coverage..
- Crime Insurance – 5% decrease in premium over last year's renewal.
- Excess Workers' Compensation Insurance – Maintained our \$50 million limit with communicable disease coverage and a 28% reduction in premium with a new carrier.



General Liability & Malpractice

The general liability and medical malpractice market hardened somewhat this renewal period in part due to the changes in the Oregon Tort Claims Act protection limits and an increase in our claims loss amounts for 2009-10. Despite this, we were able to negotiate coverage with our incumbent carrier, Everest National, with the same terms and conditions of \$5 million in coverage above our \$1 million retention and a 4% decrease in premium cost plus new coverage for in-house legal fees. Our medical malpractice insurance, also with \$5 million in coverage above our \$1 million retention, was obtained by negotiating coverage with our incumbent, Darwin Select. We experienced a slight increase in premium over last year. We will continue to concentrate our efforts on these lines of insurance to maintain the best possible limits and conditions as the insurance

Insurance premiums remained flat even with the increased exposure due to changes in the Oregon Tort Claims Act

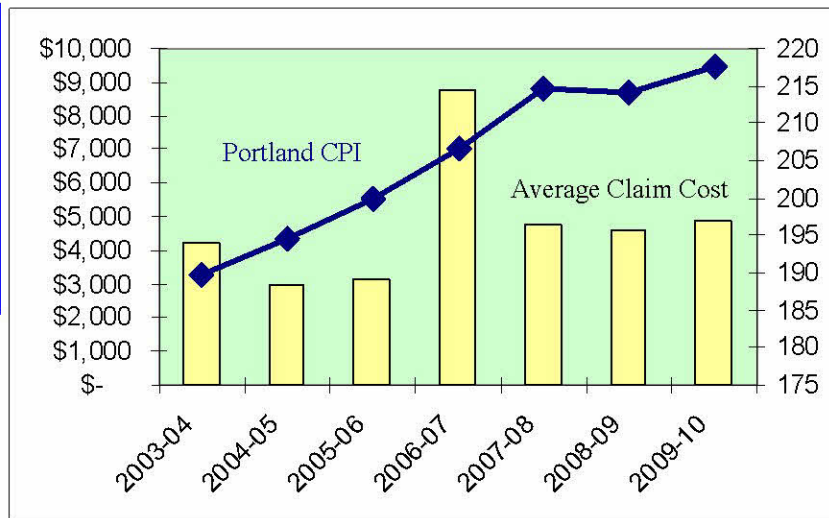




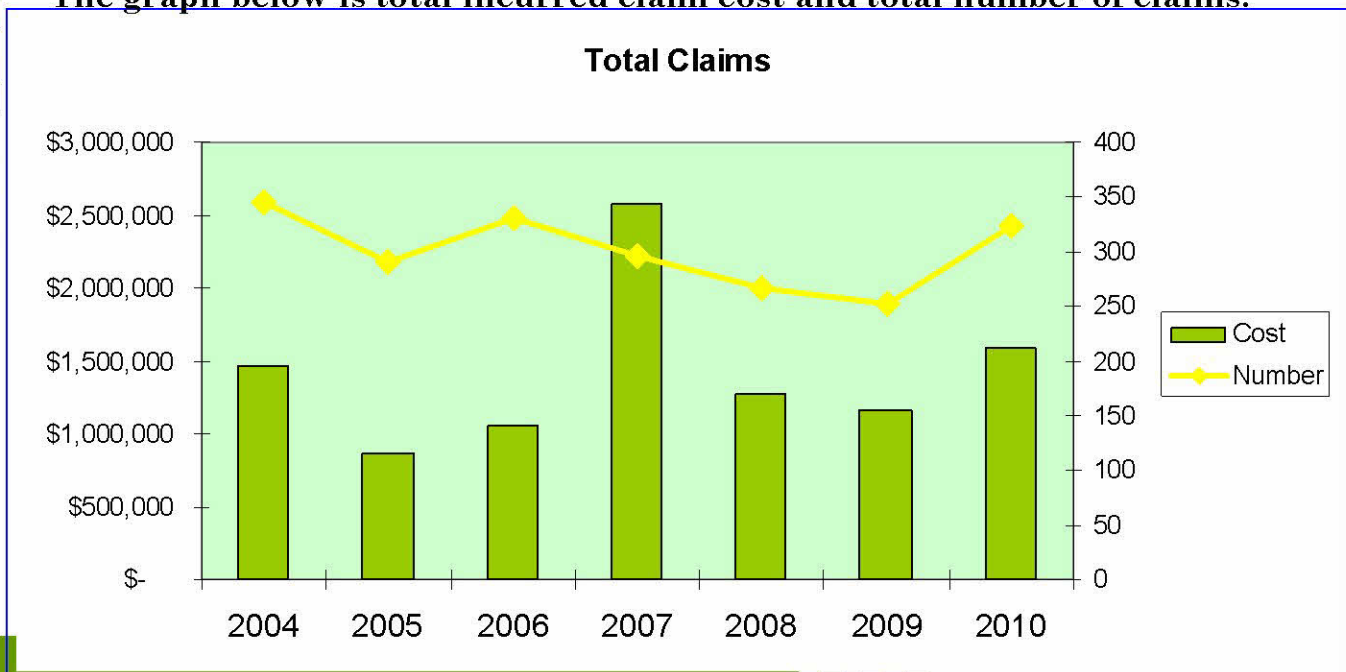
General Liability Claims

The graph below shows the average claims cost for the last six years compared to Portland Consumer Price Index (CPI).

The cost and number of liability claims are decreasing.



The graph below is total incurred claim cost and total number of claims.



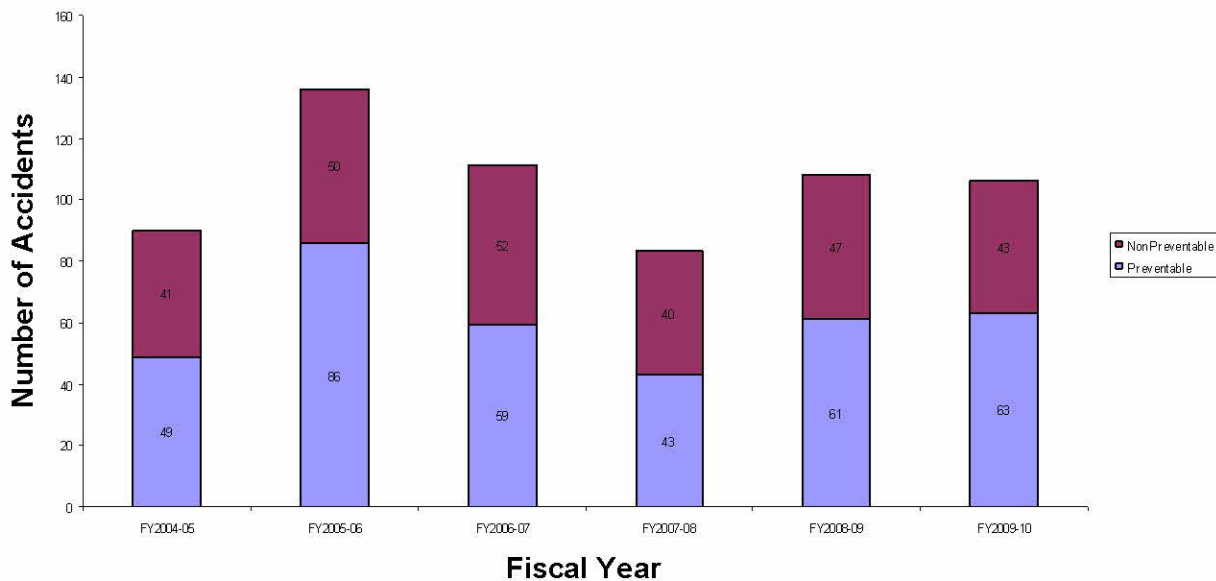


Auto Experience

Motor vehicle accidents (MVAs) are the leading cause of workplace fatalities. County staff average over 4.5 million vehicle-miles each year driving on County business. The chart below shows the total number of MVAs occurring on County business.

The County continues to review all MVAs via a Vehicle Accident Review Committee (VARC). The VARC consists of an employee from Risk Management; an employee from Fleet Services; and an at-large employee. Using guidelines published by the Oregon Trucking Association, the VARC determines if the MVA could have been prevented by the County employee driving the vehicle. The graph below shows the numbers of accidents in the last six years.

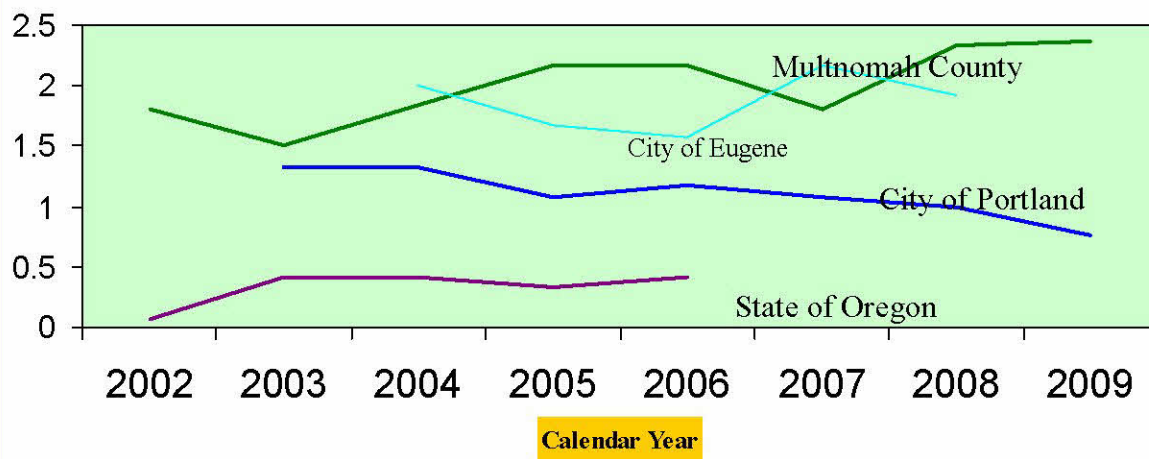
Motor Vehicle Accidents by Fiscal Year



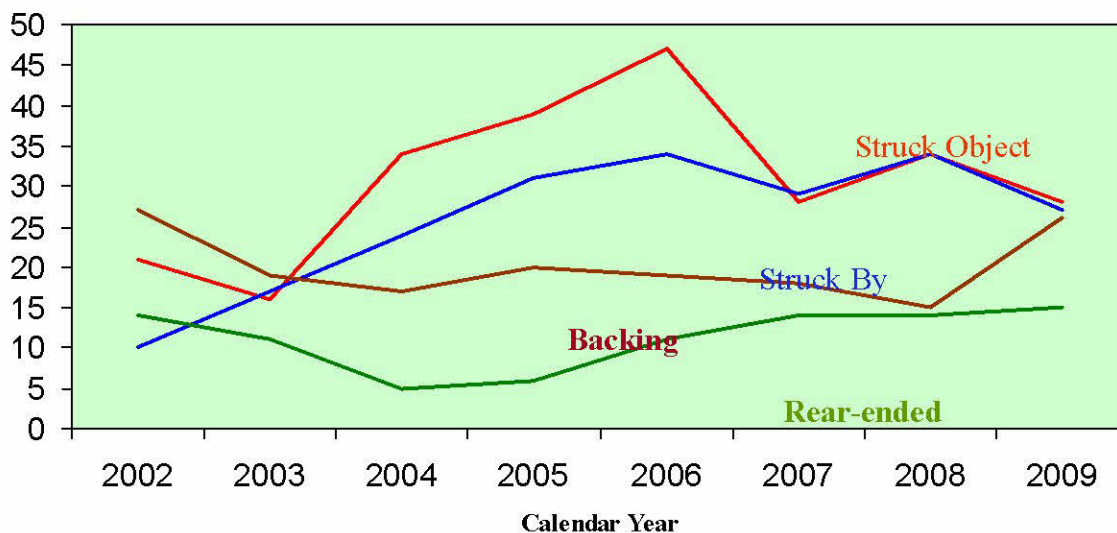


Auto Experience

Accidents per 100,000 vehicle-miles



Auto Accidents by Cause





Property Insurance

Eight of the top property insurance writers competed for our account this renewal period. This created a very competitive environment for pricing and product. Our main property insurance account was kept with Lexington/AIG, now called Chartis. Below is a recap of the highlights of this renewal:

- Lower renewal in an ever-increasing pricing environment.
- Maintenance of All-Risk Policy limits at \$150 million.
- Earthquake and Flood limits of \$50 million (Chartis was the only carrier that could offer these limits).

Maintenance of the Following Minor Sublimits

- Increase in Extra Expense Coverage from \$5 million to \$20 million.
- New coverage for Tax Interruption (for disruption of tax collections due to a covered peril) of \$5 million.
- Increase in Course of Construction (Builder's Risk) Coverage from \$5 million to \$25 million.
- \$100,000 per-occurrence deductible on our Property Insurance Coverage.
- Increase in Business Interruption and Rental Income Coverage from \$5 million to \$20 million.
- Increase in Expediting Expense Coverage from \$250,000 to \$1 million.
- Increase in Service Interruption Coverage from \$2 million to \$10 million.
- Increase in Pollutant Cleanup Coverage from \$250,000 to \$1 million.
- Increase in Newly Acquired Property Coverage from \$5 million to \$10 million.
- New Cyber Secure Coverage of \$1 million (covering intentional attacks on the County's Information Technology infrastructure).
- New coverage for Vehicle Collision or Overturn of \$1 million with a \$5,000 per-occurrence deductible.
- Increase in Terrorism Coverage from \$125 million to \$150 million.
- Upgraded to LEED Green Construction Standards for repair, \$5 million in coverage.



Crime Insurance

The Crime Insurance Policy renewal premium for 2009-2010 increased slightly by 3% from last year. This increase was due to market conditions. The County's loss control/prevention practices play a significant role in the pricing of our insurance premium. Factors that also affect the premium cost are loss history and a renewal application that is detailed and complete. The County's Crime Coverage is \$2 million and is consistent with other local governments.

The County's four Public Official Bonds, which are mandated by state law, have a limit of \$2 million per bond. This level of coverage aligns with levels determined appropriate for the risk exposures related to the positions of Treasurer, Chief Financial Officer, Tax Collector, and Public Guardian. The premium for these bonds remained flat for this renewal period.

The County's crime coverage is \$2,000,000. This is consistent with other local governments.





FY 2011 Goals

- Continue to provide top risk management services and innovative solutions to Multnomah County.
- Continue to build collaborative relationships with County departments, working towards constant safety improvements.
- Maintain the County's cost of risk at its current best practice level.
- Work vigorously to market the County's risk with property, liability and excess workers' compensation carriers to obtain the best pricing and product.
- Keep abreast of the rapidly-changing risk management business through seminars and other training opportunities.
- Continue to provide leadership to other risk management organizations through key participation in business associations.

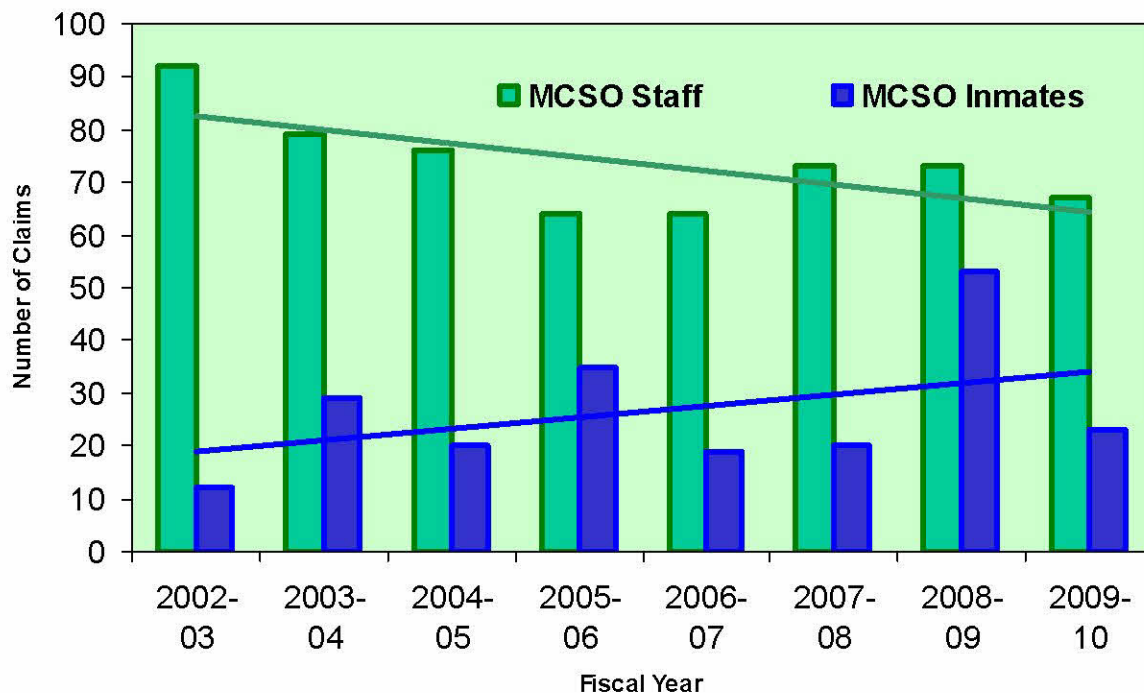




Sheriff's Office Experience



Sheriff's Office Claims



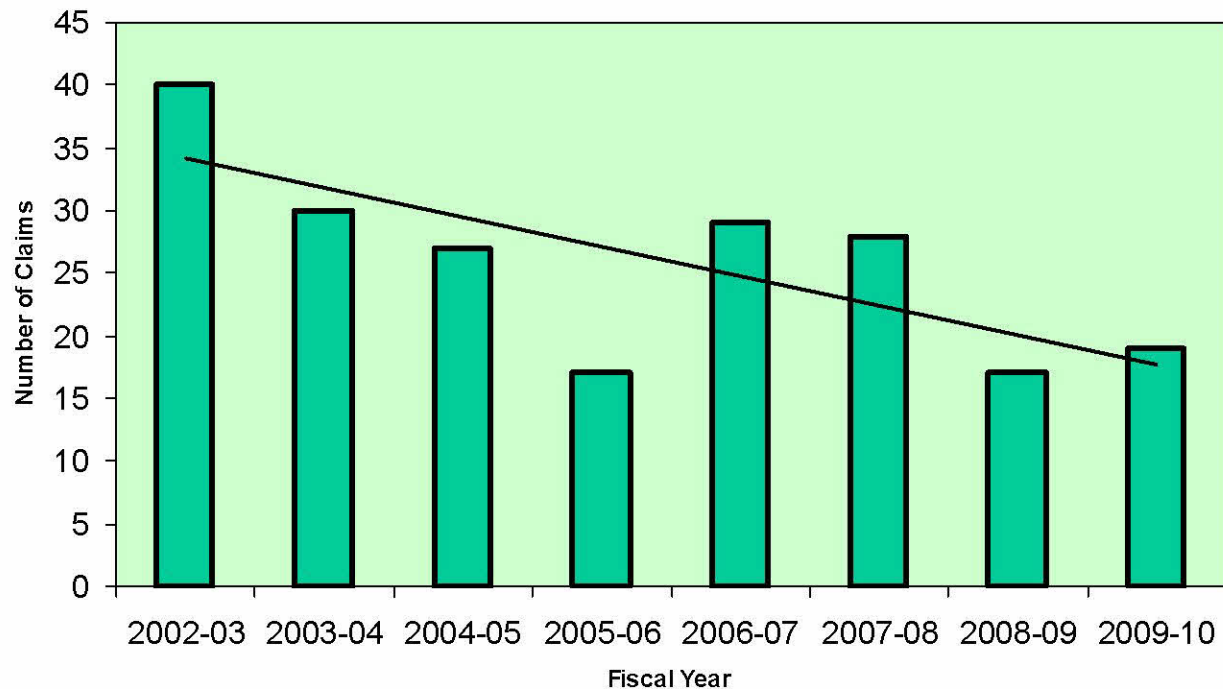


Community Services Experience

Workers' Compensation Claims



Dept. of Community Services Claims





County Management Experience

Workers' Compensation Claims



Dept. of County Management Claims



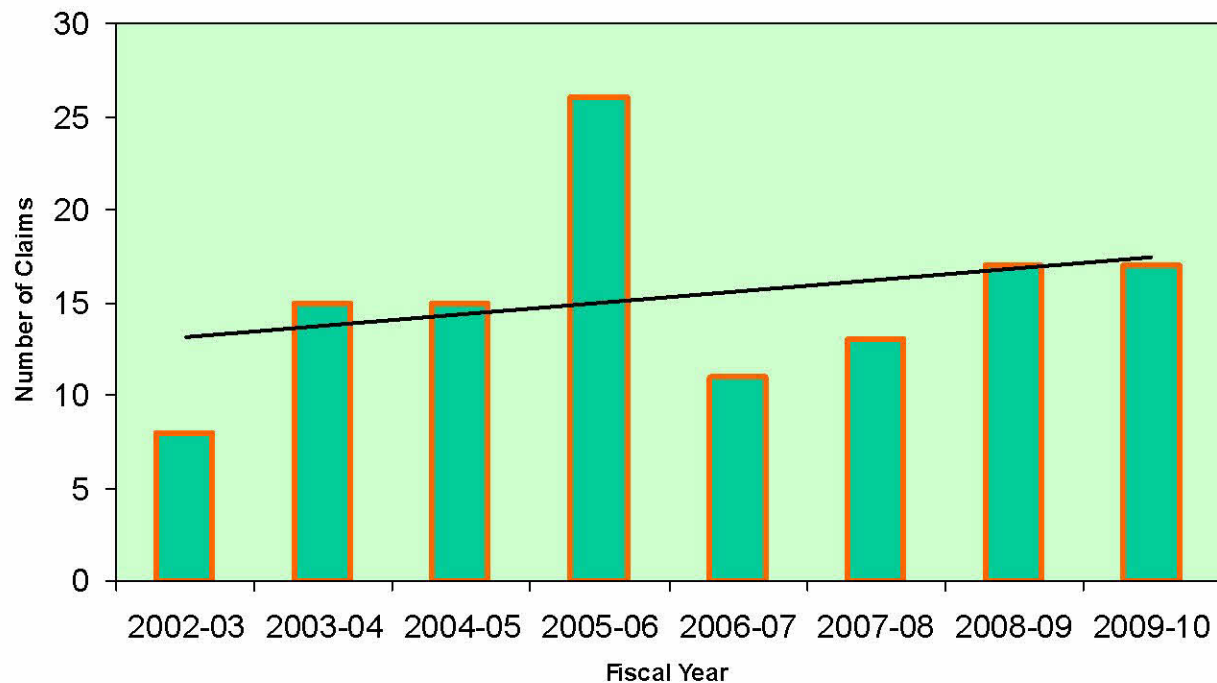


Human Services Experience

Workers' Compensation Claims



Dept. of County Human Services Claims



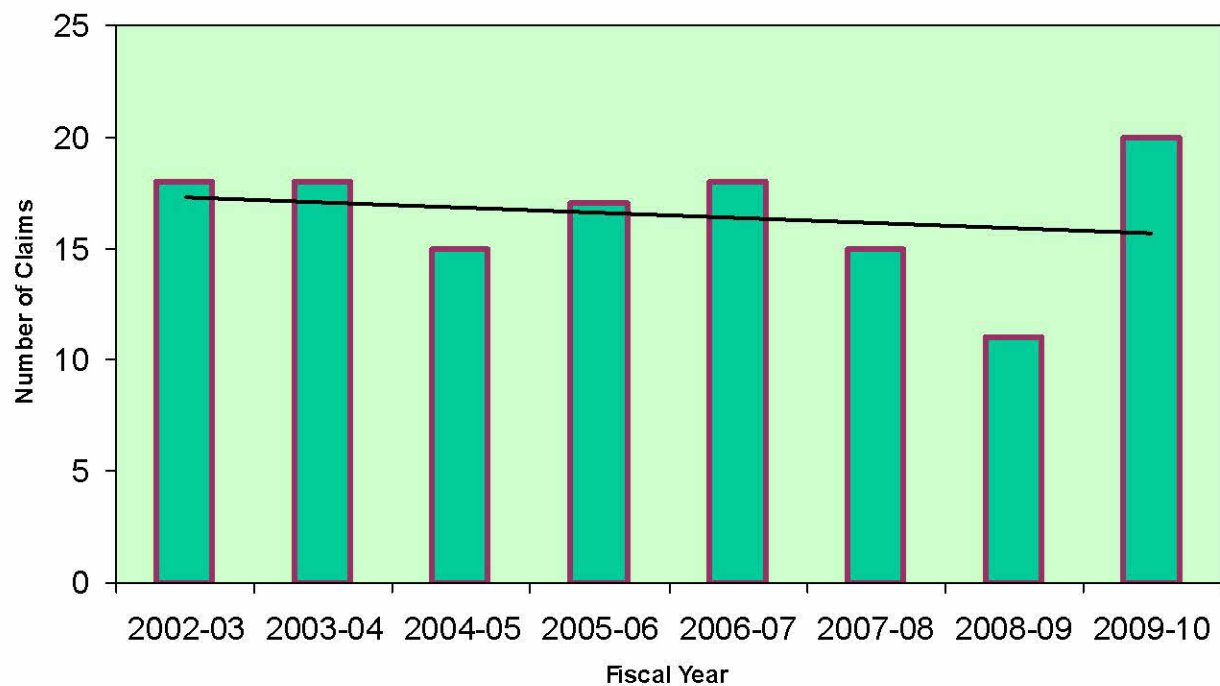


Library Experience

Workers' Compensation Claims



Library Department Claims



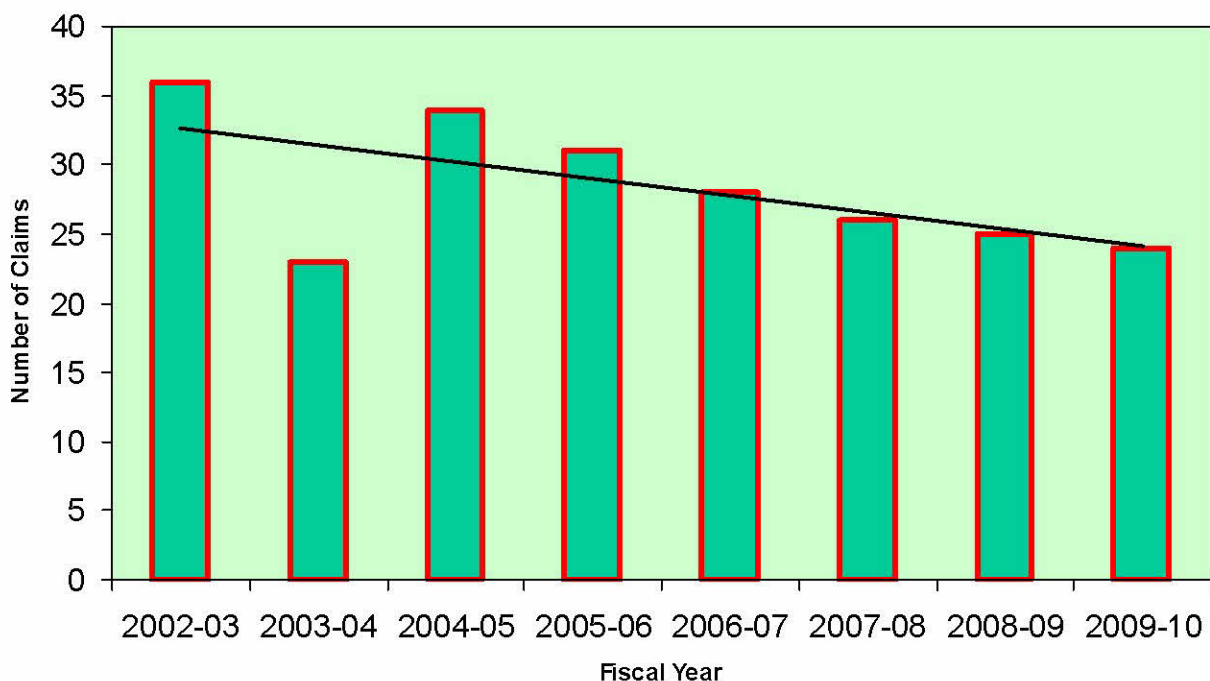


Health Department Experience

Workers' Compensation Claims



Health Department Claims



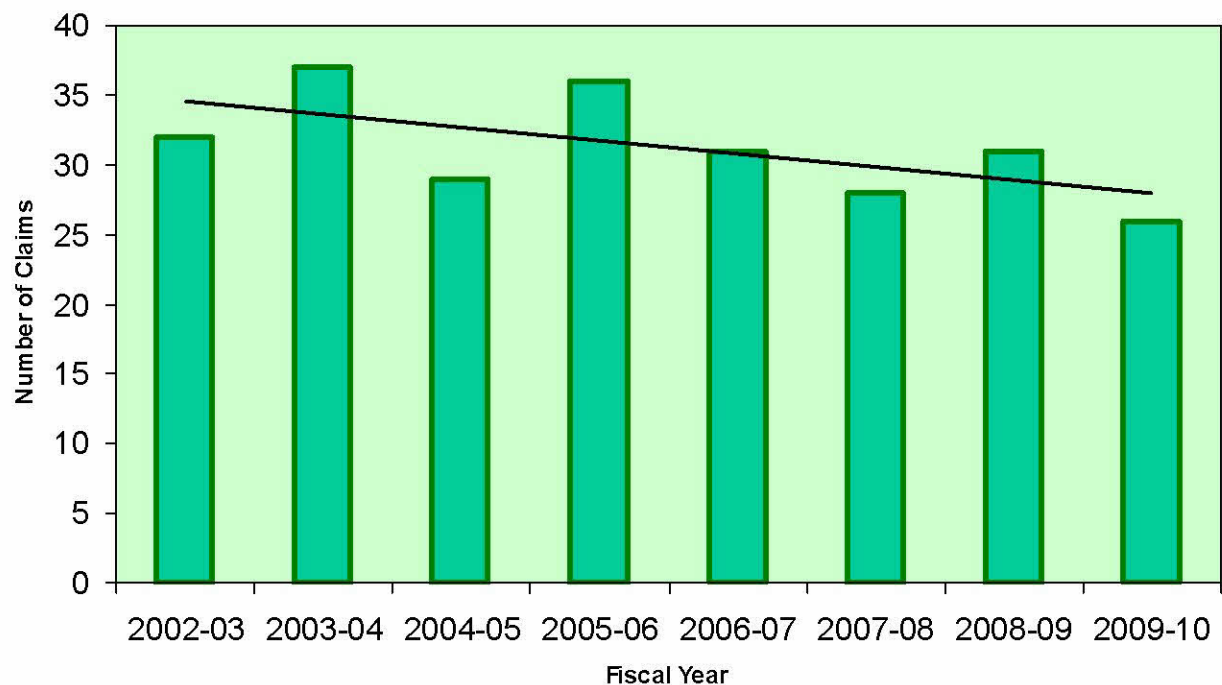


Community Justice Experience

Workers' Compensation Claims



Dept. of Community Justice Claims





District Attorney's Experience

Workers' Compensation Claims



District Attorney's Office Claims

