



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

September 3, 2014

### Ordinance 17883

**Proposed No.** 2014-0358.1

**Sponsors** von Reichbauer

1 AN ORDINANCE relating to the duties of the risk  
2 manager; and amending Ordinance 3581, Section 2, as  
3 amended, and K.C.C. 2.21.020 and Ordinance 11984,  
4 Section 3, as amended, and K.C.C. 2.21.030.

#### 5 PREAMBLE

6 A performance audit of the office of risk management conducted in June  
7 of 2013 concluded that King County could be exposed to costly future  
8 liabilities unless it implements an integrated countywide approach to  
9 managing risks.

10 King County is self-insured; it budgets an amount to fund potential future  
11 losses based on actuarial calculations.

12 The county also maintains catastrophic insurance to cover individual  
13 claims with losses above a certain threshold. This threshold is the self-  
14 insured retention. King County is exposed to increased claim costs as a  
15 result of the county's increased self-insured retention. Now at seven  
16 million five hundred thousand dollars, the self-insured retention has more  
17 than doubled since 2010 due to significant claims payments in 2010 and  
18 2011.

19 An integrated approach to managing risks that is more effective in  
20 identifying emergent risks and aggressively addressing persistent risks is  
21 needed to reduce the county's exposure to high cost claims. This requires  
22 a countywide policy of departmental risk analysis with strategies to  
23 mitigate future risks and associated costs. This approach to risk  
24 management is typically referred to as enterprise risk management.

25 The office of risk management, in consultation with the county executive,  
26 has developed a work plan for an integrated risk management framework  
27 for the county, allowing the county to realize the benefits of enterprise risk  
28 management in reducing future claims.

29 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

30 SECTION 1. Ordinance 3581, Section 2, as amended, and K.C.C. 2.21.020 are  
31 each hereby amended to read as follows:

32 The definitions in this section apply throughout this chapter unless the context  
33 clearly requires otherwise((-));

34 A. "Chief civil deputy" means the chief deputy of the civil division, office of the  
35 prosecuting attorney or the chief civil deputy's designee;

36 B. "Civil division" means the civil division of the office of the King County  
37 prosecuting attorney;

38 C. "Claims" means any claim that names the county, its officer, employee or  
39 agents, while acting in good faith with no reasonable cause to believe the conduct was  
40 unlawful and within the scope of the county officer, employee or agent's service to or

41 employment with the county as a cause or causes of injury or damage and that alleges a  
42 tort cause of action and asks for money damages((~~;~~);

43 D. "Committee" means the risk management committee established by K.C.C.  
44 2.21.040;

45 E. "Enterprise risk management" means a countywide approach to risk  
46 management that proactively identifies and addresses potential risks across all operations.  
47 It is designed to ensure that organizational leadership integrates consideration of risk into  
48 the county's culture and processes, including but not limited to business and strategic  
49 planning and performance measurement;

50 F. "Lawsuit" means any lawsuit that names as a defendant the county, its officers,  
51 employees or agents, while acting in good faith within the scope of their official duties,  
52 that alleges a tort cause of action and that asks for money damages;

53 ((~~E.~~ "Committee" means the risk management committee established by K.C.C.  
54 2.21.040;

55 F.)) G. "Risk management" means a coordinated and continuous management  
56 process to identify potential loss exposures, to apply reasonable and effective risk  
57 controls and to insure that the financial integrity of the county is not impaired after a loss;  
58 and

59 ((~~G.~~)) H. "Safety manager" means the manager of the safety and claims  
60 management division of the department of executive services.

61 SECTION 2. Ordinance 11984, Section 3, as amended, and K.C.C. 2.21.030 are  
62 each hereby amended to read as follows:

63           A. The risk management division is established in K.C.C. chapter 2.16. The  
64 manager of the risk management division shall be the risk manager, who shall report  
65 directly to the director of the department of executive services.

66           B.1. The risk manager shall be responsible for administration of the risk  
67 management program.

68           2. The risk manager shall coordinate with the civil division on contractual  
69 matters giving rise to potential liability on the part of the county. The risk manager shall  
70 seek the advice of the civil division as to appropriate language regarding insurance,  
71 indemnification, releases and hold harmless clauses. Thereafter, the risk manager shall  
72 advise department directors and division managers concerning these matters as part of a  
73 coordinated process before finalization of county contracts.

74           3. The risk manager shall be the chairperson of the committee and shall advise  
75 the committee concerning insurance, risk management policies, broker selection and  
76 other appropriate matters.

77           4. With the approval of the committee, the risk manager shall select appropriate  
78 insurance brokers by use of a competitive procurement process for the marketing of  
79 insurance and related services.

80           5. The risk manager shall be responsible for the purchasing and administration  
81 of all insurance policies, funded self-insurance programs and related services as are  
82 consistent with good risk management policy and the needs of the county. In purchasing  
83 insurance policies, the risk manager shall obtain the approval of the committee.

84           6. The risk manager shall advise all county departments and other county  
85 agencies regarding risk management and reduction of risk and exposure to loss, including

86 programs and precautions for safety to reduce hazards to the public that may exist in  
87 county facilities and operations, and utilizing enterprise risk management in order to  
88 integrate risk management processes countywide and proactively identify, analyze,  
89 respond to and monitor risks and opportunities for risk-reduction. The risk manager shall  
90 cooperate with the safety manager in areas in which, in the opinion of the risk manager,  
91 the safety of employees and of the public requires coordinated programs. The risk  
92 manager shall also be responsible for answering all insurance or funded self-insurance  
93 coverage questions. The risk manager shall be responsible for the evaluation of current  
94 and future county or departmental insurance coverage programs and have the authority to  
95 make recommendations where such an action is in the best interests of the county.

96           7. The risk manager shall have the power, subject to budget authorization, to  
97 contract for such outside assistance and perform such other acts as are necessary to carry  
98 out the risk manager's responsibilities in an expeditious manner.

99           8. The risk manager is responsible for establishing reserve requirements for all  
100 claims and lawsuits and recommending financing plans and budget actions to assure that  
101 adequate resources are available to meet risk management financing requirements.

102           9. The risk manager is responsible for risk identification, control and reduction,  
103 including authority to make recommendations to all county departments and agencies  
104 regarding the safety of the public using county facilities or services.

105           C.1. The risk manager shall have the power to employ the services of claims  
106 specialists or other persons who are necessary to process claims in an equitable and  
107 expeditious manner.

108           2. The risk manager shall cooperate with the civil division in coordinating  
109 information pertinent to claims and lawsuits against the county.

110           3. The risk manager shall dispose of claims as authorized in K.C.C. 2.21.070.E.

111           4. The risk manager shall maintain complete histories of all claims and claims  
112 litigation, insured or funded self-insurance, loss histories and investigations of claims.  
113 The risk manager shall be responsible to ensure that complete files are maintained of all  
114 claims asserted against the county and all incidents reported to the risk management  
115 division sufficient to document at least a five-year claims history.

116           D.1. The risk manager shall ~~((provide quarterly))~~ report~~((s))~~ quarterly to the  
117 council on claims that have been closed with an indemnity payment in the amount of one  
118 hundred thousand dollars or more. The report shall: identify the claimant~~((;))~~; ~~((include  
119 a description of))~~ describe the claim~~((;))~~; identify the amount of the indemnity  
120 payment~~((;))~~; identify if the payment was a result of a settlement, a judgment~~((;))~~ or a  
121 payment to an insurance company or other party; and ~~((shall))~~ include any other  
122 information the risk manager ~~((feels))~~ believes would be helpful to the council in  
123 understanding the nature of the claim. The report shall take the form of a letter with an  
124 attached table that provides the information required in this section. The quarterly  
125 report~~((s are))~~ is due thirty days after the end of each calendar quarter of the year.

126           2. The risk manager on or before March 31 of each year shall report to the  
127 council ~~((the total number and amount of all claims filed against the county and the  
128 number and amounts of all claims paid by the county during the preceding calendar year.  
129 The risk manager shall also make an annual report to the committee and the council  
130 regarding insurance coverage, and the level of retained risk))~~ on the performance of the

131 risk management program, including but not limited to the number of claim filings,  
132 amount of claim payments, insurance coverage and self-insured retention. The annual  
133 report shall also include enterprise risk management results for the previous year and  
134 plans for the current year, including, but not limited to, enterprise risk management goals,  
135 priorities, agency actions and measurable results.

136 E. The reports required by this section shall ~~((take the form of one original letter~~  
137 ~~with an attached table that provides the information required in this section, and an~~  
138 ~~electronic version of the letter and table, submitted to the clerk of the council for~~  
139 ~~distribution to all councilmembers)) be filed in the form of a paper original and an~~

140 electronic copy with the clerk of the council, who shall retain the original and provide an  
141 electronic copy of the report to all councilmembers.  
142

Ordinance 17883 was introduced on 8/18/2014 and passed by the Metropolitan King County Council on 9/2/2014, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Lambert,  
Mr. Dunn, Mr. McDermott, Mr. Dembowski and Mr. Upthegrove  
No: 0  
Excused: 1 - Ms. Hague

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 11 day of SEPTEMBER, 2014.



Dow Constantine, County Executive

Attachments: None

RECEIVED  
2014 SEP 12 PM 3:30  
CLERK  
KING COUNTY COUNCIL