

## **A STUDY OF VENTURA COUNTY'S RISK MANAGEMENT DEPARTMENT**

### **INTRODUCITON**

A citizen's complaint regarding costs incurred in litigating a retirement disability claim was received by the County Services and Special Districts Committee. Allegations made and issues raised by the complainant resulted in an investigation and study of the Risk Management Department (RMD) to ascertain if relevant practices and procedures were consistent with all applicable government codes and ordinances.

### **INQUIRY**

We met with the manager of RMD and received briefings and reports from department managers and their staff representing their areas of responsibility. This included Liability Claims, Safety and Loss Prevention, Workers Compensation Insurance and Return to Work Programs. Reports and briefing notes were provided and were in sufficient detail to offer us an understanding RMD's functions.

### **FINDINGS**

The RMD's authority is provided in the State and Federal Government Codes, Retirement Act of 1937, Labor Code, Code of Civil Procedures, Board of Retirement Rules and Board of Supervisors' ordinances. RMD is charged with the responsibility to respond to all related tort issues, which includes providing a defense on behalf of Ventura County (County) in litigation, including non-retirement and retirement matters.

RMD is under the General Services Agency (GSA) and coordinates its efforts with other County departments.

RMD objectives are to avoid, transfer and mitigate the County's exposure to risk, plus minimize costs to all County departments.

RMD manages Workers' Compensation Insurance program, Medicare malpractice defense, disability, retirement, medical-legal defense, safety, health and loss prevention and insurance services.

Two major areas of risk exposure are the Sheriff and Public Works Departments. RMD has been successful in protecting the County's interests in these areas by paying out less than 7% of the exposure value from FY 1986 through FY 1997 (\$47.6 million vs. \$3.6 million paid out).

Since 1985 the County has remained self-insured for liability claims with RMD acting as a small insurance company. RMD administers the insurance plan, pays claims, secures legal defense, provides safety inspection services, sets premiums and maintains reserve funds.

Outside actuarial firms are hired to determine proper funding levels and premium rates. Private law firms and claims adjusters are hired as needed. RMD reserves the right to finalize settlements, establish reserve funding, select attorneys for legal defense and administers overall case management.

The RMD collects restitution for damages on behalf of other County departments and can litigate and prosecute citizens where cases of damage to County property, facilities and equipment occur.

To avoid rising costs, RMD in Fiscal Year 1995-96, purchased Workers' Compensation Insurance and has operated this function to the benefit of the County by reducing premium costs, claims administration, benefits and health care costs. Since that time this self insurance has resulted in a cost savings of \$2 million in each of the years reported and also returned \$750,000 to County agencies.

## **CONCLUSIONS**

RMD has been pro-active in finding ways to reorganize and improve its efficiency and effectiveness.

RMD's effort has proven that cost savings to the County can be achieved by implementing the practices and procedures in the private sector.

RMD is organized in a manner that ensures the County will be able to capitalize on financially advantageous insurance industry opportunities that may arise in the future.

## **RECOMMENDATIONS**

None

## **RESPONSE REQUIRED**

None