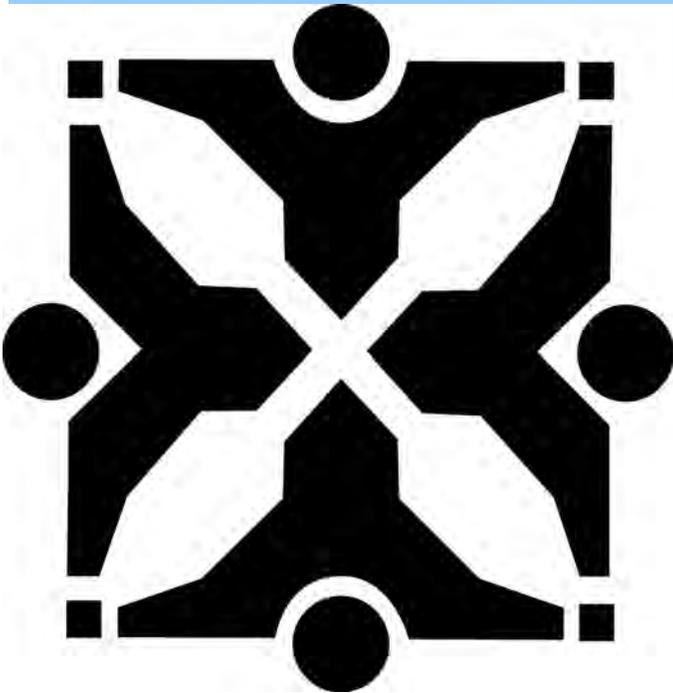


**CITY OF COLUMBIA**  
**Columbia, Missouri**

**Risk Management**  
**Annual Report**

**FISCAL YEAR 2013**



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**City of Columbia Risk Management is a division of the Finance Department. Our focus of protecting the City's employees, property, and assets allows us the opportunity to work with all City departments, as well as citizens and businesses in our community. Risk Management strives to provide excellent customer service to our internal and external customers.**

**Our sincere appreciation to everyone in the City who embrace Risk Management as part of their team and help us be the best we can be.**

## **Risk Management Division**

### **Mailing Address**

P.O. Box 6015  
Columbia, MO 65205-6015

### **Physical Address**

1 South 7th St.  
Columbia, MO 65201

# RISK MANAGEMENT STAFF

Welcome to the first annual City of Columbia Risk Management report. Our goal with this report is to share information and answer some questions about our division. While many people view us as the folks who handle insurance and claims, our hope is to be recognized more broadly for our efforts to protect the City's assets.

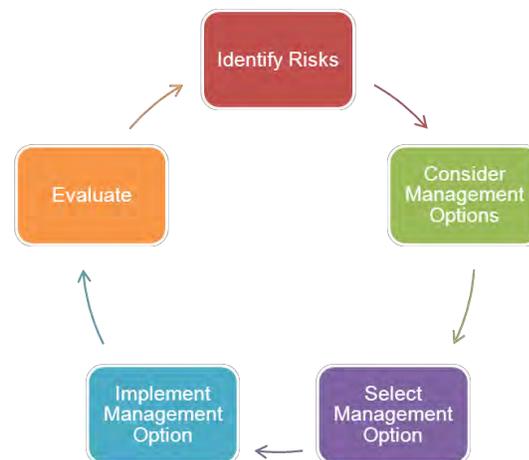
The concept of "Risk Management" is something every one of us practices. When you set your alarm to get up on time, you are managing the risk of being late to work. In a similar fashion, Risk Management uses a process of identifying risks, looking at options for dealing with the risk, selecting the best option, implementing that selection, and monitoring what is in place to see if improvement is possible.

This same process can be used for the risk of sleeping in, employees being injured, City property being damaged, or City assets being exposed because contractors don't have enough insurance. The important thing is that everyone is helping with the process to manage the risks. That is where each and every one of you is part of our efforts.

Please take time to look at our report, ask questions about the information and offer ideas about what you would like to see in the future.



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Risk Manager



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# KEY ACCOMPLISHMENTS

Risk Management is proud of the following accomplishments during fiscal year 2013.

- Four new or updated City-wide safety policies.
  - High-Visibility Apparel Policy
  - Hazard Communication Policy
  - Updated Supervisor's Fact-Finding Report Policy
  - Updated Respiratory Protection Policy
- A new, online injury reporting form that has streamlined the injury reporting process.
- Significant year to year reduction in the number and cost of workers' compensation claims.
- The production of the first Risk Management Annual Report.
- 1,358 employees attended safety training presentations.
- Risk Management recovered over \$50,000 dollars for departments who had infrastructure damaged by outside parties.



# SERVICES

## Insurance Procurement

While the City does self-insure most of the City's losses, excess coverage is purchased to cover potential losses over Risk Management's self-insurance retention levels. Coverages in this area include Workers' Compensation, Property, and Liability (auto, general, law enforcement, public officials), as well as Special coverages including crime, airport, railroad, and health professional insurance.

Coverage placement with insurance providers is coordinated by Risk Management, with assistance from a contracted insurance broker. The broker involved during fiscal year 2013 was Arthur J. Gallagher of St. Louis.



## Claims Management

All claims are coordinated by Risk Management. However, because of legal requirements associated with claims and the process time involved, the City contracts with a claims administrator to handle some property, workers' compensation, and liability claims. Corporate Claims Management, Incorporated (CCMI) is the City's claims administrator. Depending on the value, complexity, and processing time, claim handling may be internal, by Risk Management staff, or external, by CCMI.

In addition to handling claims, CCMI also assists in loss reports and legislative updates.

## Safety & Loss Prevention



This is a broad resource which covers safety training; development of safety policies and procedures; department-specific safety issues; attendance at safety committee meetings; and accident review, just to name a few. The safety section of this report contains descriptions of recently implemented safety policies and available safety resources.

# SERVICES

## Executive Safety Committee



Risk Management chairs the Executive Safety Committee, which is comprised of delegates from most City departments, and is tasked with the coordination of safety activities. The Executive Safety Committee uses accident and injury information to develop appropriate safety programs, with the mission of controlling injuries and accidents involving City of Columbia employees, property, citizens, and visitors.

## Contract Review

Risk Management works with Purchasing, Legal, and other City departments to develop and review contract language to protect the City's assets.

## Certificates of Insurance

Risk Management coordinates issuing proof of the City's insurance to outside companies and entities.

## Emergency Evacuation Planning & Procedures

Risk Management coordinates emergency evacuation planning, building and floor monitors, and drills to promote better response to emergency situations.

## Restitution Assistance

Risk Management assists City departments with recovering money owed to them for the repair or replacement of damaged City infrastructure.

# INSURANCE COVERAGE

The City of Columbia has elected to “self-insure” a portion of potential losses. This self-insurance retention similar to the deductible individuals elect to take on personal vehicle and home insurance policies. Like those deductibles, the City retains a portion of the claim costs to save money on premiums, experience flexible cash flow, and to promote the City’s attention to safety and loss prevention.

The self-insurance retention is funded through contributions from every department/division. The amount needed for future claims is identified through an annual actuarial study. From this study, the City calculates the amount departments/divisions will contribute so there is adequate funding.

The funding amount for City departments is based upon three components:

- 50% of the cost is based on the department's five year claims cost history
- 30% of the cost is based on departments’ workers’ compensations exposures as determined by industry rates
- 20% of the cost is based on departments’ vehicle exposures which is determined by the number and types of vehicles

The five year claims cost history is used to help smooth out the cost of large claims. The workers’ compensation exposure recognizes certain jobs have more exposure to claims (such as firefighters, law enforcement, linemen) than others (such as employees who work in an office). The vehicle exposure recognizes that certain vehicles have more exposure to claims (such as fire trucks, buses, police cars) than other vehicles.

<b>Department/ Division</b>	<b>Five year claim history</b>	<b>Employee rates by NCCI code</b>	<b>Motorized on-road vehicles</b>	<b>TOTAL</b>
	<b>50%</b>	<b>30%</b>	<b>20%</b>	<b>100%</b>

# INSURANCE COVERAGE

In addition to the City's self-insurance retention (what we pay ourselves), the City purchases excess insurance and coverage for special risk and exposures. What follows is a list of the City's insurance coverages, carriers, and retention/deductibles:

**Property/Inland Marine/Boiler and Machinery Coverages** - Insurance for City owned buildings, vehicles, and equipment:

- Insurance Provider – FM Global Insurance Company
- Retention/Deductible (per claim) - \$100,000/\$100,000/\$250,000 - Power Plant & Wastewater Treatment Plant

**Excess Workers' Compensation** - Insurance for employees with work related injuries or illnesses

- Insurance Provider – Safety National Casualty Corporation
- Retention/Deductible (per claim) - \$750,000 - Police, Fire, Electrical & Power Plant workers/ \$500,000 all other employees

**Package Liability Program** - Claims by outside parties against the City. Includes coverage for General Liability, Public Officials Liability, Police Liability, Professional Liability, Employment Practices Liability, Sexual Abuse Liability, Employee Benefits Liability, and Automobile Liability.

- Insurance Program Provider – States Risk Retention Group
- Retention/Deductible (per claim) - \$500,000

**Crime Coverages**

- Insurance Provider – Federal Insurance Company (Chubb)
- Retention/Deductible (per claim) - \$50,000

**Airport Liability**

- Insurance Provider – Global Aerospace, Inc.
- Retention/Deductible (per claim) - \$10,000

**Health Department Professional Liability**

- Insurance Provider – Columbia Casualty Insurance Company (CNA)
- Retention/Deductible (per claim) - \$15,000

**Railroad Liability**

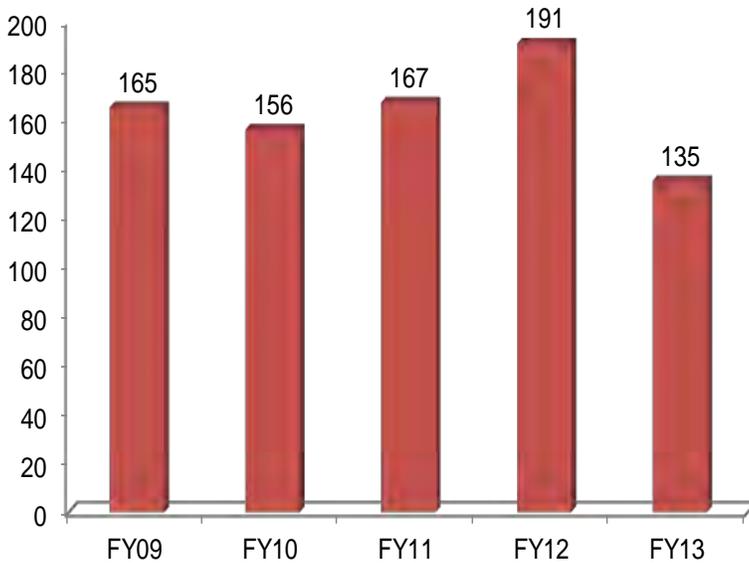
- Insurance Provider – Great American Fidelity Insurance Co.
- Retention - \$25,000

**Railroad Rolling Stock**

- Insurance Provider – AGCS Marine Insurance Co.
- Retention/Deductible (per claim) - \$1,000

# WORKERS' COMPENSATION

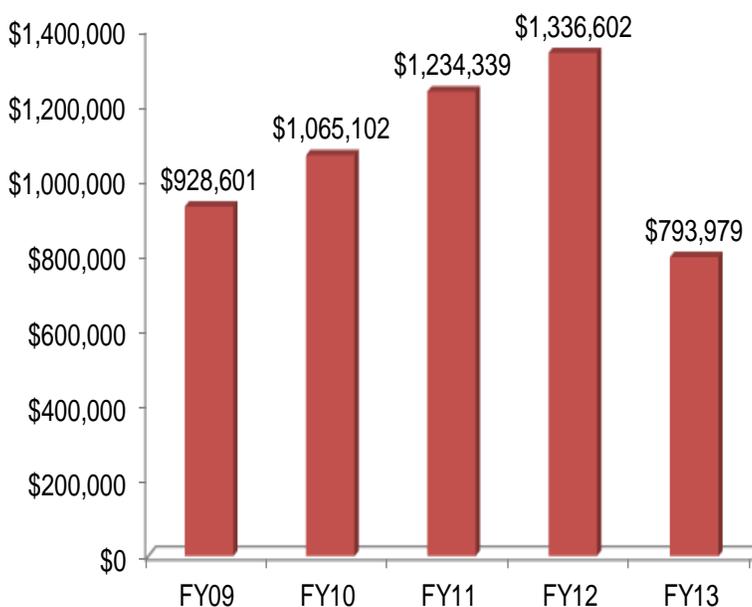
## NUMBER OF WORKERS' COMPENSATION CLAIMS



The City of Columbia is self-insured for the first \$500,000 of loss for most employees and the first \$750,000 for Electrical Linemen, Power Plant employees, Firefighters, and Police Officers. Risk Management purchases excess coverage for claims that may extend beyond the self-insurance retention amounts.

The City experienced a decline in both the number of workers' compensation claims and the total cost of those claims in fiscal year 2013.

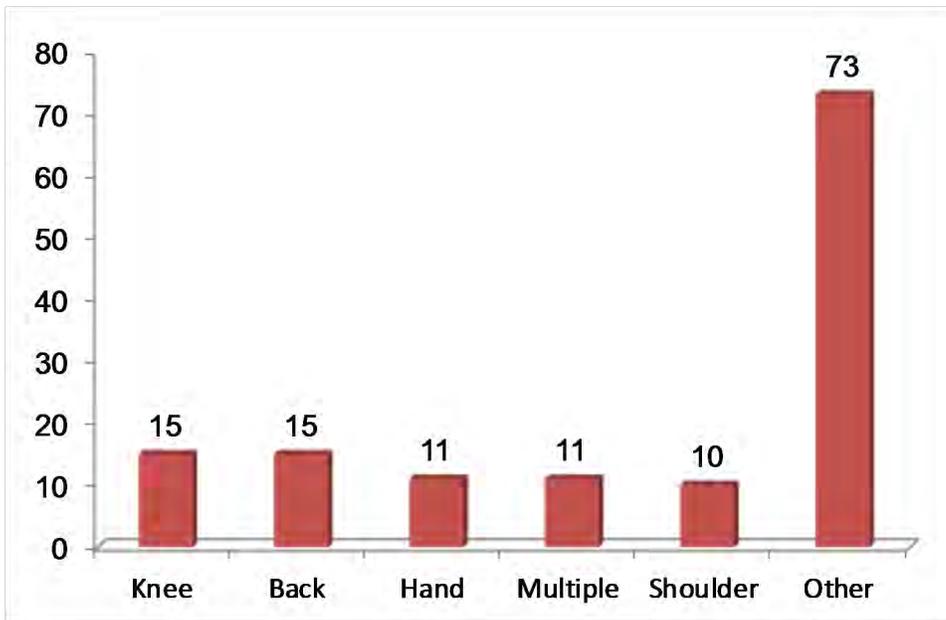
## COST OF WORKERS' COMPENSATION CLAIMS



Average Cost per Workers' Compensation Claim	
FY09	\$5,991
FY10	\$6,828
FY11	\$7,391
FY12	\$6,998
FY13	\$5,881

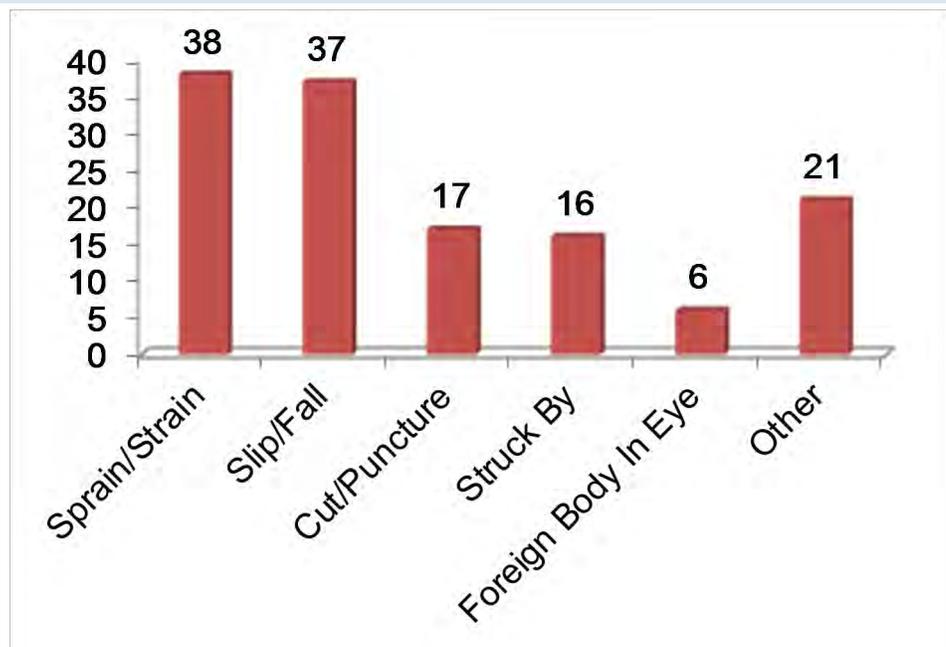
# WORKERS' COMPENSATION

## WORKERS' COMPENSATION CLAIMS BY BODY PART



Average Claim Cost by:	
Knee	\$14,012
Back	\$12,452
Hand	\$709
Multiple	\$7,733
Shoulder	\$7,599
Other	\$3,122

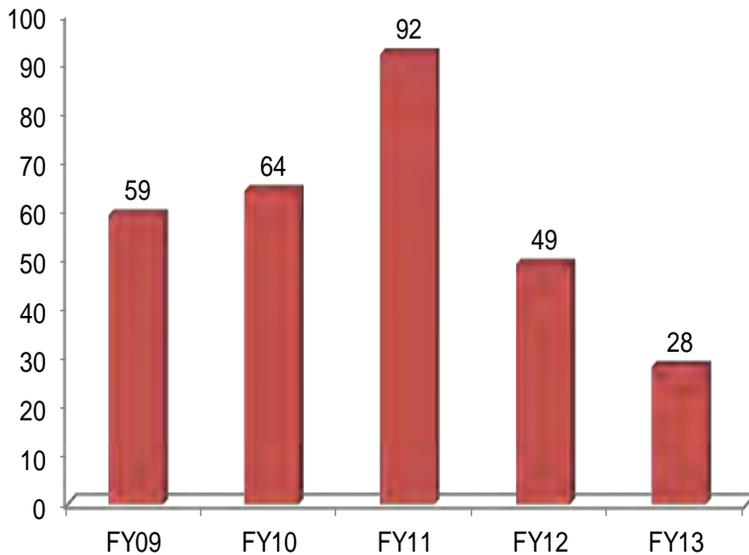
## WORKERS' COMPENSATION CLAIMS BY CAUSE



Average Claim Cost by:	
Sprain/Strain	\$9,316
Slip/Fall	\$7,596
Cut/Puncture	\$800
Struck By	\$3,503
Foreign Body in Eye	\$378
Other	\$4,130

# PROPERTY CLAIMS

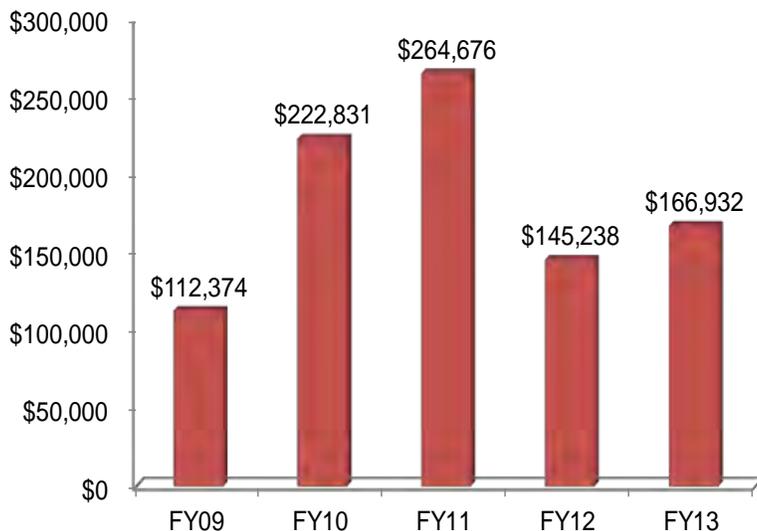
## NUMBER OF PROPERTY CLAIMS



The City of Columbia is self-insured against the loss of property for the first \$100,000 per occurrence. An excess blanket property policy is purchased annually by Risk Management, and insures City-owned buildings up to \$500 million. The City's property policy also covers licensed vehicles and mobile equipment up to \$10 million.

The data to the left represent claims for loss or damage to City-owned buildings or vehicles. The number of property claims was lower in fiscal year 2013 than in fiscal year 2012 by 21 claims. However, the cost of those claims was greater than in fiscal year 2012 by \$21,694.

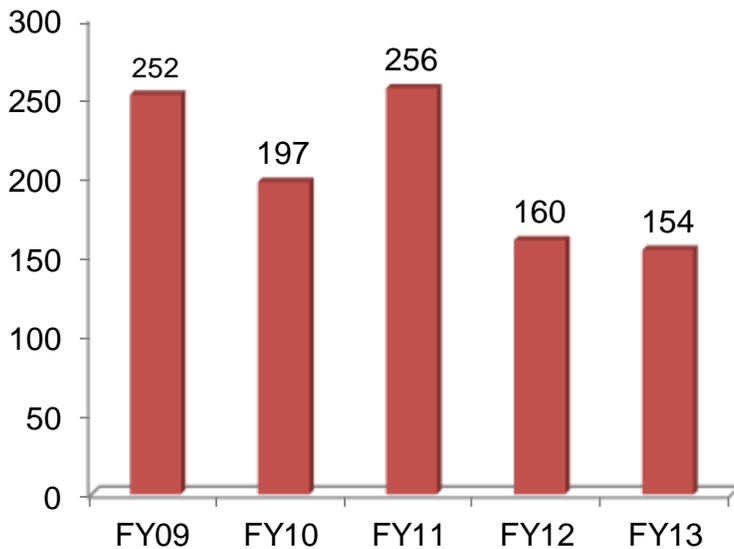
## COST OF PROPERTY CLAIMS



\$121,871, or 73% of the property claims cost in fiscal year 2013 can be attributed to weather-related damage. Two buildings were damaged during the heavy snowfall in February and March, 2013, and the Bear Creek Trail boardwalk was significantly damaged during the heavy rains and flooding in June, 2013.

# LIABILITY CLAIMS

## NUMBER OF LIABILITY CLAIMS

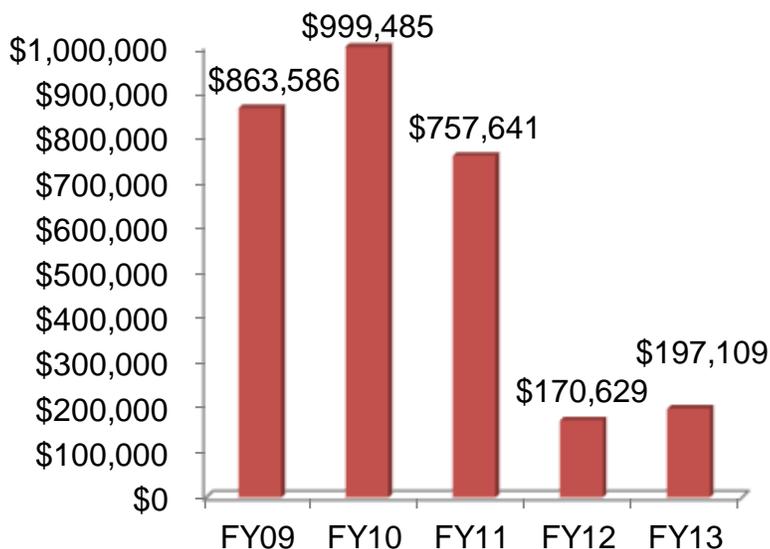


The City of Columbia is self-insured against liability claims up to the first \$500,000 per occurrence. Excess insurance provides up to \$3 million per occurrence with an annual policy limit of \$10 million.

A variety of circumstances can be covered under liability claims. A liability claim could be anything from negligent infrastructure repair to claims of civil rights violations. The data to the right include auto liability and general liability claims.

The 154 liability claims in fiscal year 2013 were fewer than the 160 in fiscal year 2012. However, the cost of fiscal year 2013 liability claims was 15.5%, or \$26,480, higher than in fiscal year 2012.

## COST OF LIABILITY CLAIMS

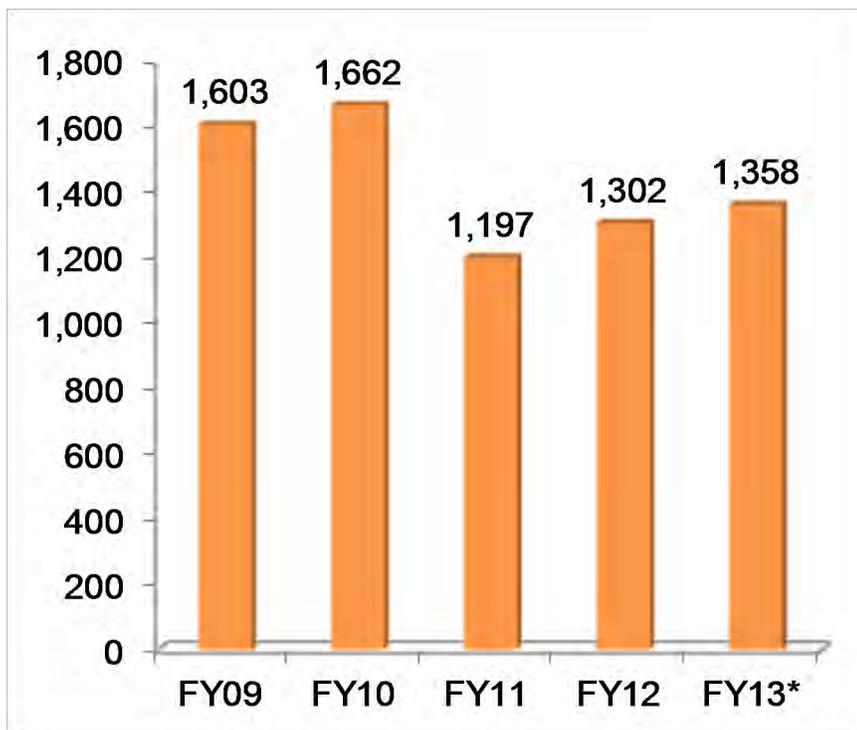


# Safety

## SAFETY OVERVIEW

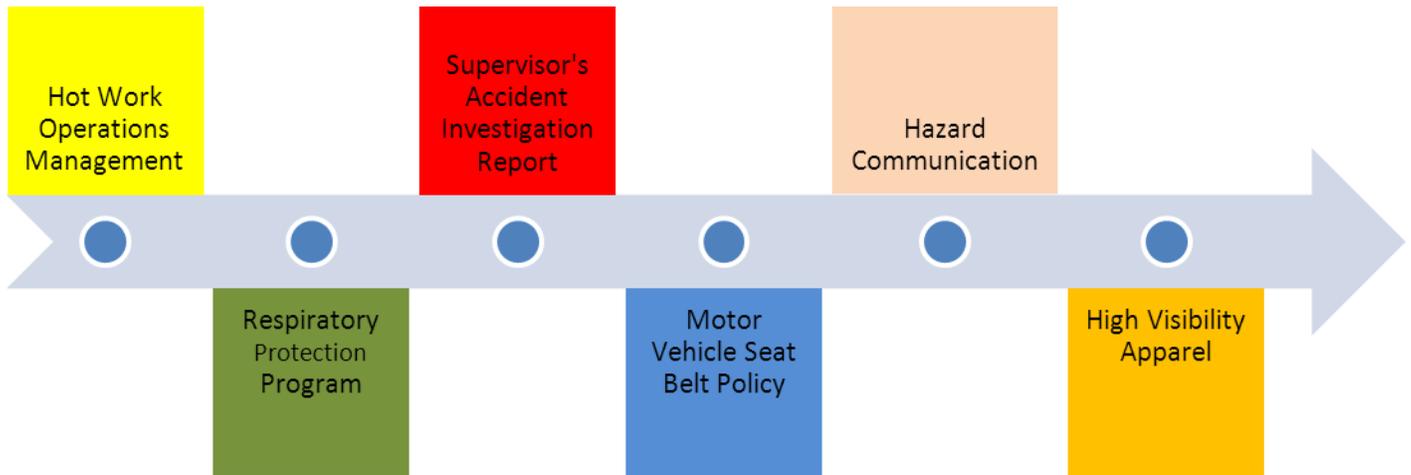
- Coordinate and conduct quarterly safety programs.
- Develop City-wide safety policies and programs based on regulatory standards or industry best practices.
- Lead and coordinate City-wide safety and loss prevention efforts.
- Write and publish safety articles, lesson plans, and manuals.
- Perform industrial hygiene monitoring, analysis, and training.
- Investigate injuries and accidents for the purpose of safety procedure and program improvement.
- Administer and track the implementation of City-wide facility and asset loss control property insurance company recommendations.

## SAFETY TRAINING IN 2013



\*FY13 does not include fourth quarter numbers.

# Safety



## SAFETY POLICIES

### Hot Work Policy

Policy prevents fires from starting as a result of any hot work which gives off sparks performed in areas not designated hot work areas. The policy follows [OSHA's 1910.252](#) regulations outlining general procedures for conducting hot work safely.

### Respiratory Protection Program

Program guides the proper use, care and training required to ensure the correct use of respiratory protection equipment. The policy adheres to the [OSHA 1910.134](#) regulation standard.

### Supervisor's Investigation Report Policy

Whenever an employee injury requires professional medical treatment, an investigation must be completed to determine how the same type of injury can be prevented in the future. Currently, OSHA does not provide a specific standard requiring accident investigation in the workplace; however, OSHA highly recommends organizations to conduct accident investigations for the purpose of preventing the same type of accidents from reoccurring.

*Continued*

# Safety

## **Motor Vehicle Seat Belt Policy**

The policy requires all City employees to wear seat belts while on City business. The policy surpasses the state requirements by including equipment such as forklifts and backhoes in addition to motor vehicles. The Missouri Revised Statutes, [Chapter 307, Section 307.178](#) requires seat belt use in motor vehicles.

## **Hazard Communication Policy**

The policy outlines the requirements for the safe use and management of hazardous chemicals in the workplace and complies with the Occupational Safety and Health Administration (OSHA) [1910.1200 standard](#).

## **High Visibility Apparel Policy**

The policy requires employees who are working around traffic or heavy equipment to wear Class 2 or Class 3 reflective apparel. The Federal Highway Administration (FHWA) has revised the Code of Federal Regulations to incorporate the provisions of the [2009 Manual on Uniform Traffic Control Devices \(MUTCD\)](#), which is applicable to all public roads.

## Fiscal Year 2013 Safety Training Topics

### **1st Qtr. Hazard Communication**

Introduced OSHA's Hazard Communication Standard, teaching employees how to interpret chemical labels, Safety Data Sheets, and how to safely manage chemicals in the workplace.

### **2nd Qtr. Fire Safety**

Discussed the common causes of fires at work and home, how to protect yourself from being injured in a fire, and how to extinguish different types of fires.

### **3rd Qtr. De-escalating Violent Behavior**

Participants were taught verbal and body language techniques regarding how to "de-escalate" a potentially hostile person, so they are better able to manage a difficult workplace encounter.

### **4th Qtr. Active Shooter Response**

Participants were taught how the best response in the event of an active shooter enters their location.

# Safety

## SAFETY RESOURCES

### Ergonomic Risk Reductions

Ergonomics examines a worker's relationship to work, work tools, and the work environment. Ergonomic risk reduction and training services are offered to all City Departments. Workstation ergonomic intervention follows the guidance provided by the [Department of Health and Human Services, National Institute for Occupational Safety and Health](#)

### Respiratory Protection Fit Testing and Training

Respiratory protection is fit tested to ensure respirators will keep out airborne contaminants combined with training for proper use and care.

### Noise Level Monitoring

City areas with excessive noise are surveyed using a noise dosimeter following the guidance from [OSHA's 1910.95 standard](#), and from the data gathered, it is determined if a hearing conservation program is necessary.

### Indoor Air Quality

Indoor air pollution is caused from a variety of causes which can discomfort and illness in workers. An investigation is performed and recommendations for improvement are offered.

### Air Sampling

City facilities are monitored for specific air pollutants to ensure contaminants do not pose a health hazard for employees. When determining hazardous levels of airborne contaminants, Risk Management refers to [OSHA's 1910.1000 Table Z1](#) limits for air contaminants.

### City Insider Newsletter

Articles on a variety of topics are written monthly to provide pertinent safety information for City employees published in the [City Insider Newsletter](#).



*Continued*

# Safety

## **Safety Matters Intranet Website**

Intranet website administered by Risk Management providing information on City safety policies, training, and general safety information.



## **Driving Simulator**

Columbia Police Department purchased a Doron Driver Training Simulator. Risk Management is developing City-wide driving training based on this system with the assistance of City University.

## **City-wide Safety Manual**

Risk Management periodically updates and publishes the City-wide safety manual.

## **Safety Programs Under Development**

### **Standardized Equipment Training**

Risk Management is partnering with the new City University to develop and administer a basic employee training program, which will explain the hazards involved with operating common pieces of equipment used among City departments. The goal of the Standardized Equipment Training program is to ensure all employees who are expected to use certain pieces of equipment receive a consistent, base level of training specific to that equipment. Risk Management hopes departments and divisions will offer additional, position-specific training for that equipment as well.

### **Facility Inspection and Training**

Creating a City facility inspection program which will involve regularly scheduled safety inspections. The program will also develop training in order to teach employees proper safety inspection techniques, how identify problems in facilities, and the proper procedures to follow in order to correct any deficiencies.

# FISCAL YEAR 2014 GOALS

- Produce fiscal year 2014 annual report.
- Create and implement a Risk Management Google site.
- Update the City-wide Emergency Evacuation Plan.
- Work with City departments to set and meet claims reduction goals.
- Implement the Standardized Equipment Training Program.
- Complete training for and implement the Facility Inspection Program.
- Develop and implement a formalized safety training for supervisors.



# KEY TERMS



**Actual Cash Value** - Cost of replacing damaged or destroyed property with comparable new property, minus depreciation and obsolescence. For example, a 10-year-old sofa will not be replaced at current full value because of a decade of depreciation.

**Additional Insured** - A person or organization not automatically included as an insured under an insurance policy of another but for whom the named insured desires or is required to provide a certain degree of protection under its insurance policy.

**Aggregate Limit** - Usually refers to liability insurance and indicates the amount of coverage that the insured has under the contract for a specific period of time, usually the contract period, no matter how many separate accidents might occur.

**Automobile Liability Insurance** - Coverage if an insured is legally liable for bodily injury or property damage caused by an automobile.

**Broker** - Insurance salesperson that searches the marketplace in the interest of clients, not insurance companies.

**Case Management** - A system of coordinating medical services to treat a patient, improve care and reduce cost. A case manager coordinates health care delivery for patients.

**Casualty Insurance** - That type of insurance that is primarily concerned with losses caused by injuries to persons and legal liability imposed upon the insured for injury or damage to property of others.

**Confidence Level** - The statistical certainty that an actuary's funding forecasts will be sufficient.

**Deductible** - Amount of loss that the insured pays before the insurance kicks in.

**Employers Liability Insurance** - Coverage against common law liability of an employer for accidents to employees, as distinguished from liability imposed by a workers' compensation law.

# KEY TERMS



**Errors & Employment Practices Liability** - Insurance coverage for claims other than bodily injury and direct property damage arising out of actual or alleged “wrongful acts” such as errors, omissions, misstatements, malpractice, civil rights violations, discrimination, sexual harassment, and wrongful employment practices involving employee hiring, promotion, or termination.

**Exclusions** - Items or conditions that are not covered by the general insurance contract.

**Excess Insurance** - A policy covering an insured against claims greater than a deductible or self-insured retention amount.

**General Liability Insurance** - Insurance designed to protect business owners and operators from a wide variety of liability exposures. Exposures could include liability arising from accidents resulting from the insured's premises or operations, products sold by the insured, operations completed by the insured, and contractual liability.

**Incurred But Not Reported (IBNR)** - Insured losses that have occurred but have not been reported to a primary insurance company.

**Indemnity Payments** (as used in this report) - Workers' compensation claim payments made to employees for loss of wages or loss of use of a body part resulting from a job related injury. The term Indemnity Payments is used to include temporary disability, permanent disability, industrial disability, commutations, and special case claims payments made to employees under Missouri law and to distinguish them from payment of medical bills.

**Liability Insurance** - Insurance coverage that offers protection against claims alleging that negligence or inappropriate action resulted in bodily injury or property damage to another party.

**NCCI** - A U.S. insurance rating and data collection bureau specializing in workers' compensation. NCCI also produces a number of manuals that govern the details of how Workers' Compensation insurance premiums are calculated.



# KEY TERMS



**Negligence** - Failure to act within the legally required degree of care for others, resulting in harm to them.



**Premium** - The price of insurance protection an insurer or governmental internal service fund charges to insure a particular risk.



**Replacement Cost** - The cost of replacing property without a reduction for depreciation. By this method of determining value, damages for a claim would be the amount needed to replace the property using new materials.



**Reserves** - Monetary amounts recorded as expenses which are estimates of future claims payments arising from events occurring during the current and prior fiscal years.



**Risk Management** - The process of identifying, analyzing, selecting and implementing the most cost effective techniques to eliminate, reduce, transfer, or finance exposures to loss.



**Self-Insurance** - Risk management approach in which an entity sets aside a sum as a protection against probable losses, instead of transferring the risk by purchasing an insurance policy.



**Self-Insured Retention** - The amount of claim payments specified in an insurance policy that the insured agrees to pay directly, in addition to claim investigation and defense costs, before the insurer (excess insurance) will begin to be responsible for claims handling and claim payment expenses.



**Subrogation** - The right of an insurer (including self-insured entity) to pursue a third party that caused a loss to the insured. This is done as a means of recovering the amount of damage or paid for the loss.

**Tort** - A wrongful act, injury, or damage arising from violation of civil law.

**Workers' Compensation** - The statutory system prescribed by state law for employers to provide medical care and loss of income benefits to employees sustaining a job related injury or death due to an accident or occupational disease.