



# Risk Management Annual Report



City of Columbia, Missouri

## Risk Management Annual Report- 2023

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## TABLE OF CONTENTS

04	Letter from the Risk Manager
05	Highlights and Planned Activities
05	Insurance Coverage
07	Risk Management Services
08	Workers' Compensation Claims
09	Property Claims
09	Liability Claims
10	Safety Programs
13	Key Terms

## LETTER FROM THE RISK MANAGER

Hello All.

In the current environment, our organization is continually exposed to a myriad of risks that have the potential to impact our organization. The ability to proactively identify, assess, and mitigate these risks is essential for ensuring the long-term sustainability and success of any public entity. A robust risk management framework supports the City of Columbia's resilience, protects its interest, and maintains the trust of the public with whom the City serves.

Risk Management is fortunate to have a high-quality staff which includes Dana Harper-Naylor, Risk Management Assistant and Regina Morgan, Safety Specialist. Regina has been working diligently with the City's supervisors and safety committees to improve the City's safety and health programs with the goal of increasing the number and quality of our City-wide safety training. We plan on adding an additional Safety Specialist to the Risk Management Division at the beginning of 2024 and we look forward to expanding our safety and mitigation efforts.

In fiscal year 2024, we look forward to working with the City's Executive Safety Committee and our City supervisors to continually protect the employees, visitors, and property of the City of Columbia.

*George Hampton*

**Risk Manager**

## HIGHLIGHTS AND PLANNED ACTIVITIES

Highlights/Significant Changes	Planned Activities
<ul style="list-style-type: none"> <li>➤ The City experienced a decrease in the overall cost of workers' compensation and liability claims</li> <li>➤ The City experienced a slight decrease in the number of workers' compensation and liability claims.</li> <li>➤ City employee participation in safety training sessions offered throughout the year have increased. These sessions include: <ul style="list-style-type: none"> <li>➤ Ergonomics and Back Safety</li> <li>➤ Confined Space</li> <li>➤ Food Safety</li> <li>➤ Bloodborne Pathogen</li> <li>➤ Equipment Operations Safety</li> <li>➤ Evacuation Training</li> <li>➤ Distracted Driving</li> <li>➤ De-escalation Training</li> <li>➤ Electrical Safety</li> </ul> </li> <li>➤ Risk completed an update of all the evacuation plans for City of Columbia buildings.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Update the Risk Management Safety Manual.</li> <li>➤ Formalize Driver Simulator Safety Training Program and Lesson Plans.</li> <li>➤ Develop and implement a new employee orientation program for newly hired personnel.</li> <li>➤ Update the City's Safety and Health policies and training.</li> <li>➤ Expand our facility safety inspection program.</li> <li>➤ Rebid the City's broker services with the assistance of the Purchasing Division</li> </ul>

## INSURANCE COVERAGE

Annually, the City receives an actuarial report which provides a claim forecast of information used to prepare a long-range financing estimate for the fund. It calculates the amount that needs to be recovered from the departments for the next year, to ensure the fund is properly financed.

The cost of this program is recovered through fees allotted to departments 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 the department's work comp exposure, as determined by industry rates—based on payroll expenses
- 20% of the cost is based on the department's vehicle exposure, 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 sizeable claims over time. The workers' compensation exposure recognizes that certain jobs have more exposure to potential



claims (such as firefighters, law enforcement, electric line workers, etc.) than others (such as employees who work in an office). The vehicle exposure recognizes that certain vehicles have more exposure to potential claims (such as fire trucks) than other vehicles.

In addition to the self-insurance retention, the City purchases excess insurance and coverage for special risks and exposures. Below is a list of the City's insurance coverages, carriers, and retention/deductibles for fiscal year 2023.

### **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 and \$250,000 for the City power generation facilities

### **Excess Workers' Compensation Coverage**

Insurance for employees with work-related injuries or illnesses:

- Insurance Provider: Midwest Employers Casualty Company
- Retention/Deductible (per claim):
  - Police/Fire/Electrical Line Workers: \$750,000
  - All other employees \$500,000

### **Health Department Professional Liability**

- Insurance Provider: Allied World Surplus Lines Insurance
- Retention/Deductible (per claim):

### **Package Liability Program**

Insurance against 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 Provider - States Risk Retention Group
- Retention/Deductible (per claim) - \$750,000

### **Crime Coverages**

- Insurance Provider: Nat'l Union Fire Insurance of Pittsburgh (AIG)
- Retention/Deductible (per claim): \$50,000

### **Airport Liability**

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

### **Railroad Liability**

- Insurance Provider - Liberty Surplus Insurance Corporation
- Retention: \$25,000

### **Railroad Rolling Stock**

- Insurance Provider: Hanover Insurance Company
- Retention/Deductible (per claim): \$1,000

### **Network Security & Privacy (Cyber Liability)**

- Insurance Provider - Nat'l Union Fire Insurance of Pittsburgh (AIG)
- Retention/Deductible (per claim): \$150,000

## **How Does the City purchase Insurance?**

The City of Columbia uses the services of an insurance broker to identify the best insurance coverages at the most affordable cost. The broker is selected using a bid process, conducted through the City Purchasing division, at least every five years. The City strives to select a broker that is familiar with the needs of a public entity with its exposures.

The broker will then research the insurance market annually and obtain bids from carriers for the City's insurance coverage. All the bids and information are provided to the City for analysis and a selection is made by Risk Management.

# RISK MANAGEMENT SERVICES

## **Insurance Procurement**

While the City of Columbia does self-insure most of its losses, excess coverage is purchased to cover potential losses that exceed the City's self-insurance retention levels. Coverages include workers' compensation, property, and liability (auto, general, law enforcement, public officials), as well as special coverage including crime, airport, railroad, cyber liability and health professional insurance.

Coverage placement with the insurance providers is coordinated by Risk Management, with assistance from a contracted insurance broker. The City's broker for fiscal year 2023 was the Marsh McLennan Agency. Marsh also assists Risk Management with vendor insurance coverage and contract concerns and questions.

## **Claims Management**

All claims are initially managed by Risk Management. However, because of legal requirements associated with claims as well as the processing time involved, the City contracts with a claims administrator to administer property, workers' compensation, and liability claims. Brentwood Services Administrators, Inc. is the City's claims administrator. Depending on the value, complexity, or processing time involved, a claim may be handled internally, by Risk Management staff, or externally, by Brentwood. In addition to claims handling, Brentwood also assists the City with loss reporting and legislative updates.

## **Safety & Loss Prevention**

This is a broad category which covers training, development of safety policies and procedures, department-specific safety issues, attendance at safety committee meetings, and accident reviews, among other things. The safety section of this report contains descriptions of recently implemented safety policies and available safety resources.

## **Contract Review**

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

## **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 minimizing injuries and accidents involving City of Columbia employees, property, citizens, and visitors.

## **Certificates of Insurance**

Risk Management coordinates issuing proof of the City's insurance coverage to outside companies and entities and review of certificates from vendors.

## **Emergency Evacuation & Planning**

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

## **Restitution Assistance**

Risk Management assists with recovering monies owed to them for the repair or replacement of damaged City infrastructure for the departments of City Utilities, Public Works, and Police.

## **Risk Management MyColumbiaMo Webmasters**

Risk Management's Safety Specialists post safety policies, procedures, articles, and safety training announcements on the MyColumbiaMo intranet employee website.

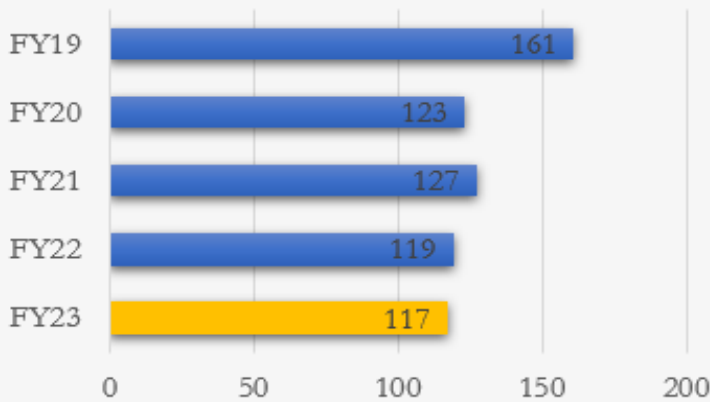
## WORKERS' COMPENSATION CLAIMS

The City of Columbia is self-insured for the first \$500,000 of loss for most employees and the first \$750,000 for employees in high-risk occupations. Excess insurance is purchased to cover those claims that exceed these retention levels.

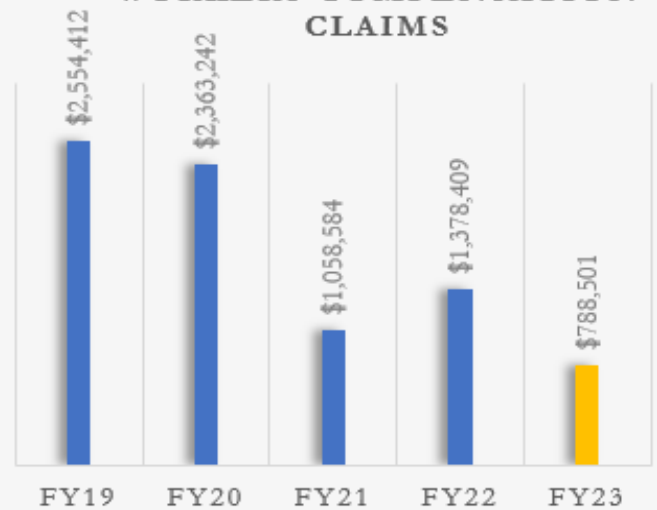
**Average Cost per Workers' Compensation Claim**

FY19	FY20	FY21	FY22	FY23
\$15,865.91	\$20,045.02	\$8,335.30	\$11,583.27	\$6,739.33

**Number of Workers' Compensation Claims**



**TOTAL COST OF WORKERS' COMPENSATION CLAIMS**



**FY 2023 Average Claim Cost by Body Part**

Head	Ankle	Knee	Hand	Back
\$1,687.77	\$17,018.34	\$3,729.23	\$2,287.89	\$10,847.35

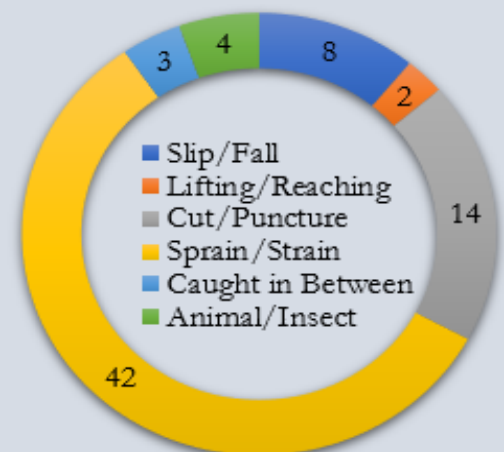
**Number of Claims by Body Part**



**FY 2023 Average Claim Cost by Cause**

Slip/Fall	Lifting/Reaching	Cut/Puncture	Sprain/Strain	Caught in Between	Animal/Insect
\$16,235	\$1,323	\$1,536	\$5,536	\$1,494	\$424

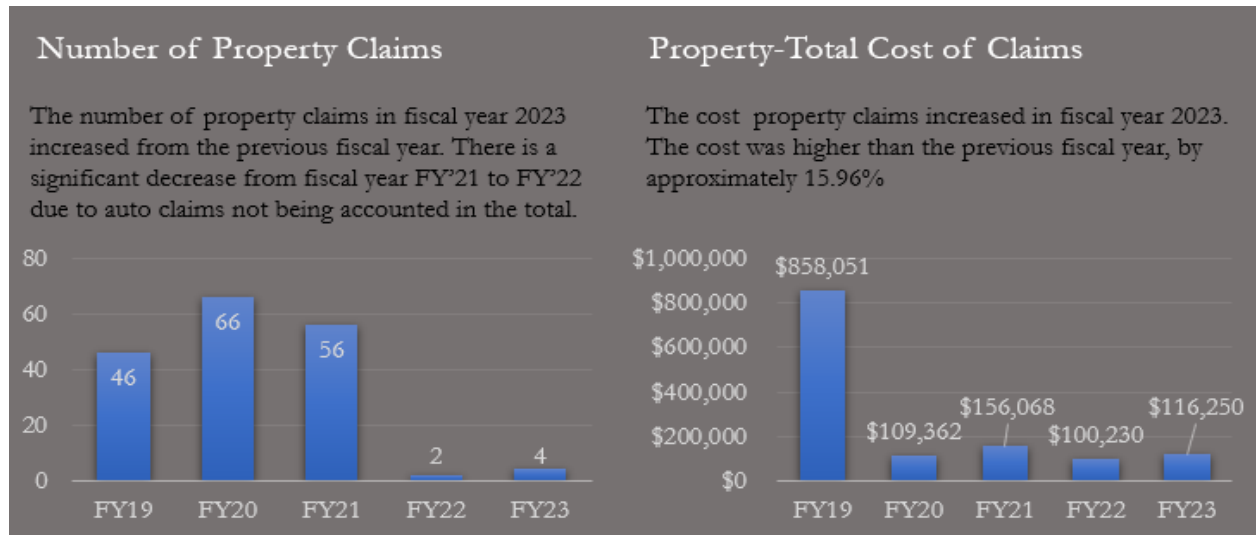
**Number of Claims by Cause**





## PROPERTY CLAIMS

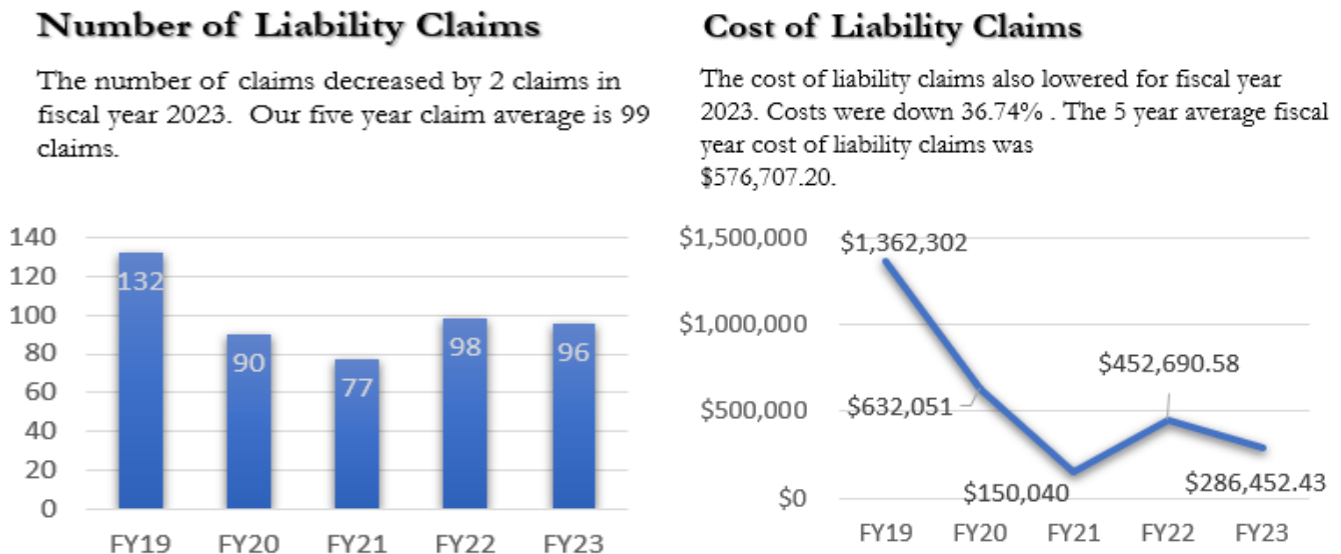
The City of Columbia is self-insured against the loss of property for the first \$100,000 (with a few exceptions) per occurrence. An excess blanket property policy is purchased annually, and insures City-owned property up to \$550 million. The City's property policy also covers licensed vehicles and mobile equipment property up to \$10 million.



## LIABILITY CLAIMS

The City of Columbia is self-insured against liability claims up to the first \$750,000 per occurrence. Excess insurance provides coverage up to \$3 million per occurrence with an annual policy limit of \$10 million.

A variety of losses are covered under liability claims — damage to private property or an allegation of civil rights violations would each fall into this category. In fiscal year 2021, both the number and cost of liability claims decreased.



# SAFETY PROGRAMS

## Safety Program Overview

- Coordinate and conduct quarterly safety training programs
- Develop Citywide safety policies and programs based on regulatory standards or industry best practices
- Lead and coordinate Citywide 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 City facility and asset loss control and property insurance recommendations

## Citywide Safety Policies

- The Hot Work Policy is intended to prevent fires from starting as a result of any hot work that gives off sparks and is performed in areas not designated as hot work areas. This policy follows OSHA regulation 1910.252, which outlines general procedures for conducting hot work safely.
- The Respiratory Protection Program guides the proper use, care, and training required to endure the correct use of respiratory protection equipment. This program adheres to standards outlined in OSHA regulation 1910.134.
- The Supervisor's Investigation Report Policy mandates an investigation following any employee injury that requires professional medical treatment. The goal of the investigation is to prevent the same type of injury happening again in the future. OSHA does not provide a specific standard requiring accident investigation in the workplace, however, OSHA does highly recommend such a program.
- The Motor Vehicle Seat Belt Policy requires all City employees to wear seat belts when in City vehicles. This policy exceeds the state requirement by including equipment such as forklifts and backhoes in addition to motor vehicles. The *Missouri Revised Statutes*, Chapter 307 Section 3017.178 requires seat belt use in motor vehicles.
- The Hazard Communication Policy outlines requirements for the safe use and management of hazardous chemicals in the workplace, and complies with OSHA 1910.1200 standard.
- The High Visibility Apparel 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 roadways.

## Safety Resources

- **Ergonomic Risk Reduction** — 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.
- **Safety Articles** — Articles on a variety of topics are written regularly with the purpose of providing timely and pertinent safety information to City employees. Articles are published on the [mycolumbiamo.com](http://mycolumbiamo.com) employee website.
- **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 stems from a variety of sources and can lead to 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.
- **Citywide Safety Manual** — Risk Management periodically updates and publishes the Citywide safety manual.
- **Standardized Equipment Training** — Risk Management, in partnership with City University, has developed and administers a basic employee training program which covers basic hazards involved with operating common pieces of equipment. This program ensures all employees who use certain pieces of equipment receive a consistent, base level of training specific to that equipment.
- **Facility Inspection and Training** — This program involves regularly scheduled safety inspections at City facilities and provides training for employees for proper safety inspection techniques, how to identify problems in facilities, and the proper procedure to follow to correct any deficiencies.

## Safety Training Programs

Risk Management and the Executive Safety Committee work together each year to develop quarterly safety training programs for City employees. During fiscal year 2023, 957 employees attended safety training.



## Fiscal Year 2023 Safety Highlights

### Forklift Safety Training

Risk Management began a forklift training program that issues certification cards after successfully completing the course, which involves a classroom and a hands-on portion. Sixty-five employees completed the course in FY23 and were issued forklift certification cards. be required to re-certify.

### Severe Weather and Evacuation Training

Risk Management provided safety presentations City-wide that addressed the procedures for fire, tornado, severe weather, and earthquake. This training reminded the employees about the importance of knowing the designated building and floor monitors, shelter locations, and assembly areas.

### Facility Inspections

Inspections were completed on over 30 City facilities this year. Inspections focused on safety concerns such as tool guards, proper use and maintenance of equipment, hazardous chemical spill prevention and containment, etc.

### Distracted Driving Training

Risk Management provided this training to educate employees on the possible consequences of driving distracted. It included a video provided by CPD, concerning a real distracted driving accident that occurred locally. It also reminded employees of the City policies, state laws (including the new Siddens Bening Hands Free Law), and the federal laws on distracted driving and seatbelt use.

## KEY TERMS

***Additional Insured*** - A person or organization that enjoys the benefits of being insured under an insurance policy, in addition to whoever originally purchased the 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.

***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 coordinated 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 accident to employees, as distinguished from liability imposed by a workers' compensation law.

***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 and 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 the loss of the 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.

***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 event 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's 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 paid for the loss.

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

