POLICY TITLE: RISK MANAGEMENT POLICY

POLICY STATEMENT:

I. Risk management includes logical, systematic, and continuous identification of risks and exposures to loss, evaluation of the significance of these risks to Santa Cruz (frequency and severity probability, prudent loss control action to eliminate losses or minimize their effect on Santa Cruz, manage loss situations once they occur so that claimants are treated fairly and Santa Cruz assets are preserved, and employ prudent methods to fund the cost of risk).

Cost of risk is defined as:

INSURANCE PREMIUMS

SELF-ASSUMED LOSSES

LOSS OF CONTROL EXPENSES

RISK MANAGEMENT ADMINISTRATION

CLAIMS RELATED LEGAL EXPENSES

All forms of insurance and self-insurance excluding employee benefits shall be included. It is recognized that the City of Santa Cruz has ability to absorb loss without benefit of insurance, and must do so when insurance is unavailable, and should do so when losses are highly predictable and limited risk is involved.

The Risk Manager's efforts shall compliment long range planning, settle and administer claims, effectuate insurance coverage and maintain sound relationships with the public. All functional ties (such as with legal and financial managers) necessary to carry out effective risk management are to be maintained.

Recommendation on the selection of brokers, insurance companies, and other risk management services such as safety, fire protection engineering and claims administration shall be the responsibility of the Risk Manager and shall be based on ability to contribute to the City of Santa Cruz's long range minimization of cost of risk.

II. ADJUSTMENT OF SELF-INSURED LIABILITY CLAIMS

The City Risk Manager is authorized to settle liability claims against the city in an amount not to exceed $2,000 per claim.

III. INDEMNIFICATION AGREEMENTS AND INSURANCE COVERAGE FOR INDEPENDENT CONTRACTORS

To avoid responsibility for injuries or deaths caused by the acts of independent contractors and other parties over whom we have little control, an indemnification agreement should be required of each contractor. In addition, the contractor will certify to the city that it has adequate General, Products, and Contractual Liability Insurance and satisfactory Workers' Compensation and/or Employer's Liability Insurance. The most common instances involving the need of these insurance coverages and agreements will occur in vendor and service contracts, and in contracts with contractors for the construction, alteration, or demolition of property. If any questions exist concerning the adequacy of limits of liability or coverages furnished by other parties, such questions should be referred to the office of the Risk Manager and City Attorney.

IV. INSURANCE REPORTS

It is important that operating management be aware of the necessity and importance of reports of values, locations, etc. required by the insurance carriers. Specific reporting instructions are included in the description of policies contained in this manual, and these should be reviewed so that instances are avoided where a delay or omitted report might jeopardize insurance coverage.

AUTHORIZATION: Council Policy Manual Update of November 17, 1998

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