



Learn. Implement. Protect.

Risk Management 101:

Everything They Didn't Tell You When They Put You in Charge of Your Entity's "Insurance"

Presented by:
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Dave George, ARM

Our Agenda

- ▶ Introductions
- ▶ A Brief History of Public Risk
- ▶ The Rise of Risk and Insurance Pooling JPAs
- ▶ Sources of Risk – A First Year of Law School
- ▶ So Is this Insurance?
- ▶ Does Insurance Even *Exist*?
- ▶ An Example of Layering Insurance Coverage
- ▶ What Should We Be Doing? (Best Practices)
- ▶ The Good News / Bad News of Risk
- ▶ More Training Available
- ▶ Questions, comments, or concerns?

Introductions



▶ Jerry Johnson

- Public / private risk
- BUSD/OUSD/CCWD/CCCCD

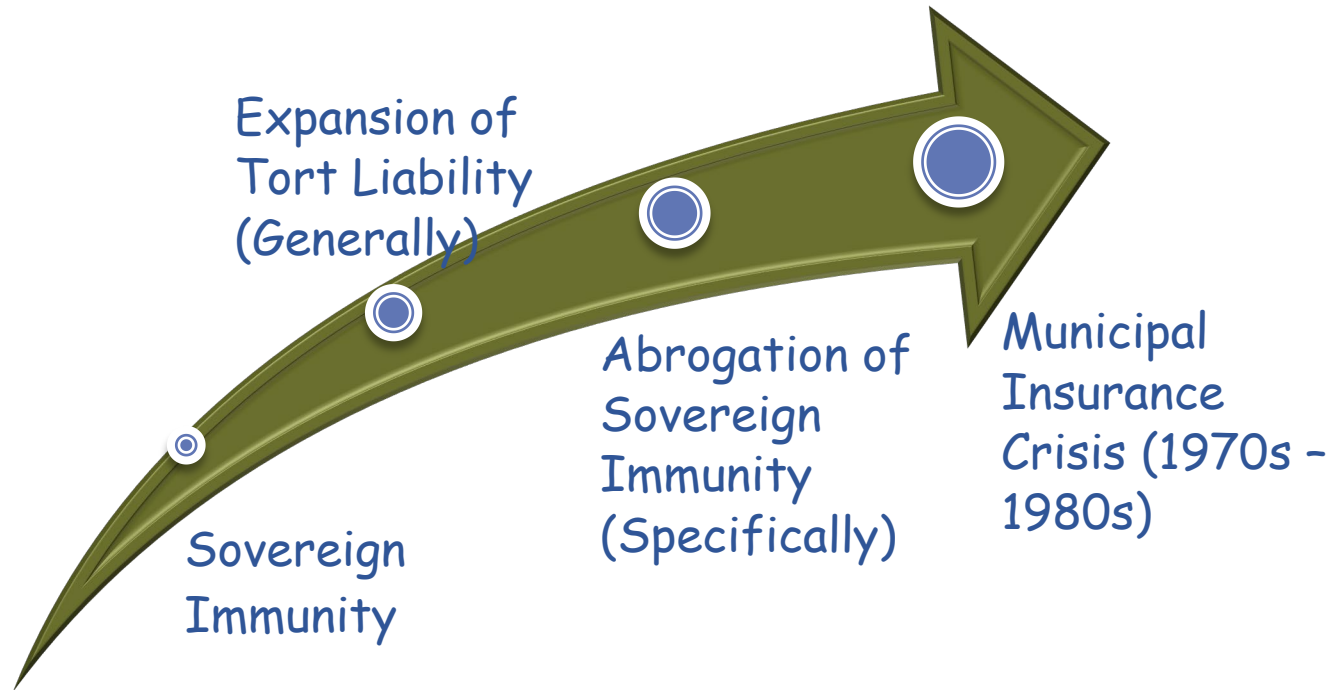
▶ Dave George

- Commercial insurance
- Executive Director of Risk, San Francisco Unified
- Chief Executive Officer, SELF

▶ Schools Excess Liability Fund (SELF) JPA

▶ CPS HR – Human Resources and Training JPA

A Brief History of Public Sector Risk in California



The Rise of Risk and Insurance Pooling JPAs

- ▶ Commercial insurance markets “go hard” and go away...
- ▶ Unique exposures in public agencies
- ▶ Necessity as the mother of invention
- ▶ What is a Joint Powers Authority?
(SELF, CPS HR, etc.)



Sources of Risk:

A Quick Walk Through First Year Law...

- ▶ **Torts (“Third-party liability”)**
 - Negligence (“reasonable persons”)
 - Strict liability
 - Intentional acts (not insurable)
- ▶ **Property**
 - First-party coverage (vs. Third-party “property”)
- ▶ **Workers’ Compensation**
 - Not fault based
 - “Exclusive remedy”
- ▶ **“Joint and Several” Liability**
- ▶ **Contractual liability**

So Dave, is the Schools Excess Liability Fund an *Insurance Company?*

NO!

- ▶ Risk Transfer vs. Self-Insurance
- ▶ Primary vs. Excess Coverage
- ▶ “Premiums” vs. “Estimated Member Contributions”
- ▶ “Deductibles” vs. “S.I.R.s”

Does Insurance Even *Exist*?

YES!

- ▶ We Like Diversification through Stratification –or–
▶ Welcome to the “Stack”
- ▶ LAYER 1: Retained by the Member (“SIR”) –or–
Excluded from coverage
(specific exclusions and/or excess coverage fails to “follow form”)
- ▶ LAYER 2: Retained within the pool
- ▶ LAYER 3: Excess insurance / reinsurance
(usually in multiple layers)
- ▶ LAYER 4: Back to the member
Excess of limits
(per occurrence, per member, per pool)

An Example of Layering Insurance Coverages

Defining the Alphabet Soup...

- ❑ **SELF = Schools Excess Liability Fund**
 - ❑ Established 1986
 - ❑ Provides excess liability coverage and training resources for 549 members and 2.7 million students
- ❑ **SAFER = Schools Association For Excess Risk**
 - ❑ Established 2002
 - ❑ Provides excess liability and property coverage
- ❑ **NCR = Northern California ReLiEF**
 - ❑ Established 1986
 - ❑ Provides primary coverage and training resources to northern California school district members
- ❑ **NCSIG = Northern California Schools Insurance Group**
 - ❑ Established 1982
 - ❑ Provides primary coverage to 128 members, coordinates claim reporting and handling

SELF Coverage
(\$50M excess \$5M)
3 X Aggregate

SAFER Coverage
(\$4M excess \$1M)

NCR Coverage
(\$100K to \$1M)

NCSIG Coverage
(\$\$1k or \$10K to \$100K)

Member District Retained
\$0 - \$1K or \$0 - \$10K)

So What Should We Be Doing?

- ▶ Committees, committees, and committees (it is *your* pool, run it!)
- ▶ Take full advantage of included loss control (perfect alignment of interests)
- ▶ Active participation in annual renewals
- ▶ Engaging and informing agency stakeholders



So What Should We Be Doing? (continued...)

- ▶ Hire, borrow or train a Risk Manager
- ▶ Use local risk education (like this) as
 - Loss prevention
 - Talent development
 - Succession planning
 - Stakeholder and community building
- ▶ Control your costs
- ▶ Treat your JPA(s) like you *own* them, because you do! (In every sense)

Always remember (and never forget) the good news / bad news of risk...

Risk *will* manage itself...



You just won't like the cost!

More training from the RMP Program

- ▶ Course 1: Overview of Public Sector Exposures & Risk Management
- ▶ Course 2: Insurance Administration, Review and Risk Transfer
- ▶ Course 3: Property & Liability Claims, Safety & Loss Control
- ▶ Course 4: Workers' Compensation
- ▶ Course 5: Disability Management & Early Return to Work

<https://www.cpshr.us/training-center/risk-management/>

Any questions, comments, or concerns?

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