

# Risk Management and Self-Insurance

Presented by:

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# Agenda

- History
- Definitions
- OAR's for Risk Management Services
- Self-insured and Group Self-Insured Requirements
- Penalty's
- Best Practices
- Benefits
- Questions

# History of Self-Insured Pools

- SDIS, CIS and PACE are Oregon's public entity self-insured pools.
- Public entities were primarily insured by private insurance companies until the middle 1980's
- Laws allowing for the creation of self-insured public entity pools were passed in nearly all 50 states in the 1980's when private insurance companies pulled out of the market
- Currently 85% (74,000) public entities receive their coverage from self-insured public entity insurance pools
- Over 500 Pools Nationwide
- \$7 to \$10 billion in annual contributions

# Oregon Timelines

- 1975: Senate Bill 440
  - Requiring insurers to furnish safety and health consultative services for insured's
- 1979 SDAO was formed
- 1981 CIS was formed
- 1985 SDIS was formed
- 1991: W/C reform strengthens the law
  - Required insurers to conduct workplace surveys, review injury and illness records, and develop plans to improve workplace health and safety related to loss history

# Oregon Definition

- “Self-Insured Employer” means an employer who has been certified under ORS 656.430 as having met the qualifications of a self-insured employer set out by ORS 656.407.
- “Self-Insured Employer Group” means five (5) or more employers certified under ORS 656.430 as having met the qualifications of a self-insured employer set out by ORS 656.407 and OAR 436-050-0260 through 436-050-0340.

# Self-Insured

In Oregon;

- Seek approval from DCBS
  - Must meet certain criteria
  - Process claims promptly
  - Show financial ability to make prompt payments
- Employers can be individually self-insured or join a group in Oregon
- What does your State allow?

# What does self-insured mean to you

- How do you define self-insured???



# Definition

- Self-Insured

A plan an organization has to keep records of losses and maintains a formal system to pay them

- Group Self-Insured

A plan where organizations band together to self-insure insurance exposures as a group.



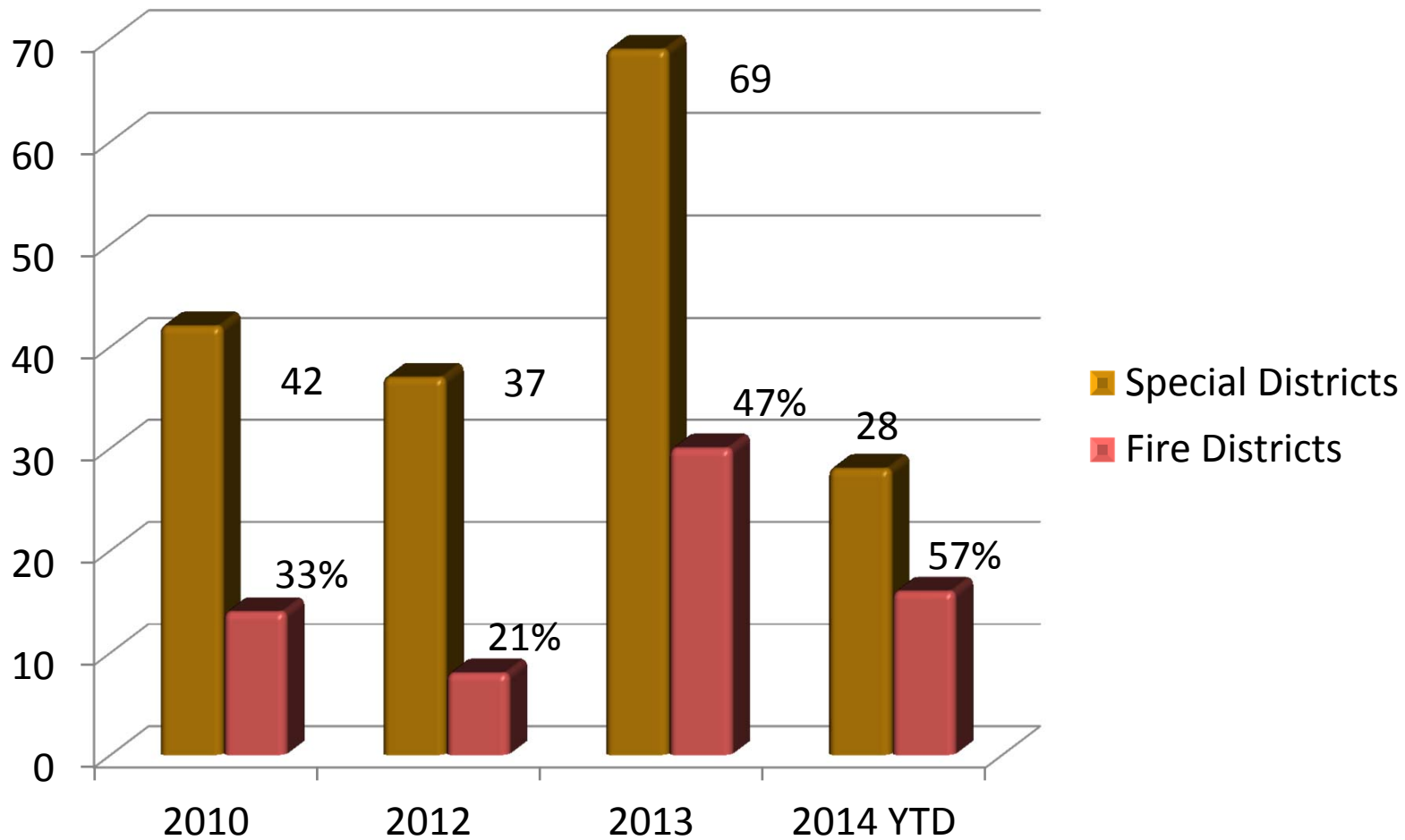
# OAR's for Risk Management Services

- Oregon OSHA Requirements
- 437-001-1050 Self-Insured and Group Self-Insured Employer Loss Prevention Assistance
- 437-001-1055 Self-Insured and Group Self-Insured Employer Loss Prevention Programs
- 437-001-1060 Self-Insured and Group Self-Insured Employer Loss Prevention Programs
- What does your State require?

# Oregon OSHA Numbers

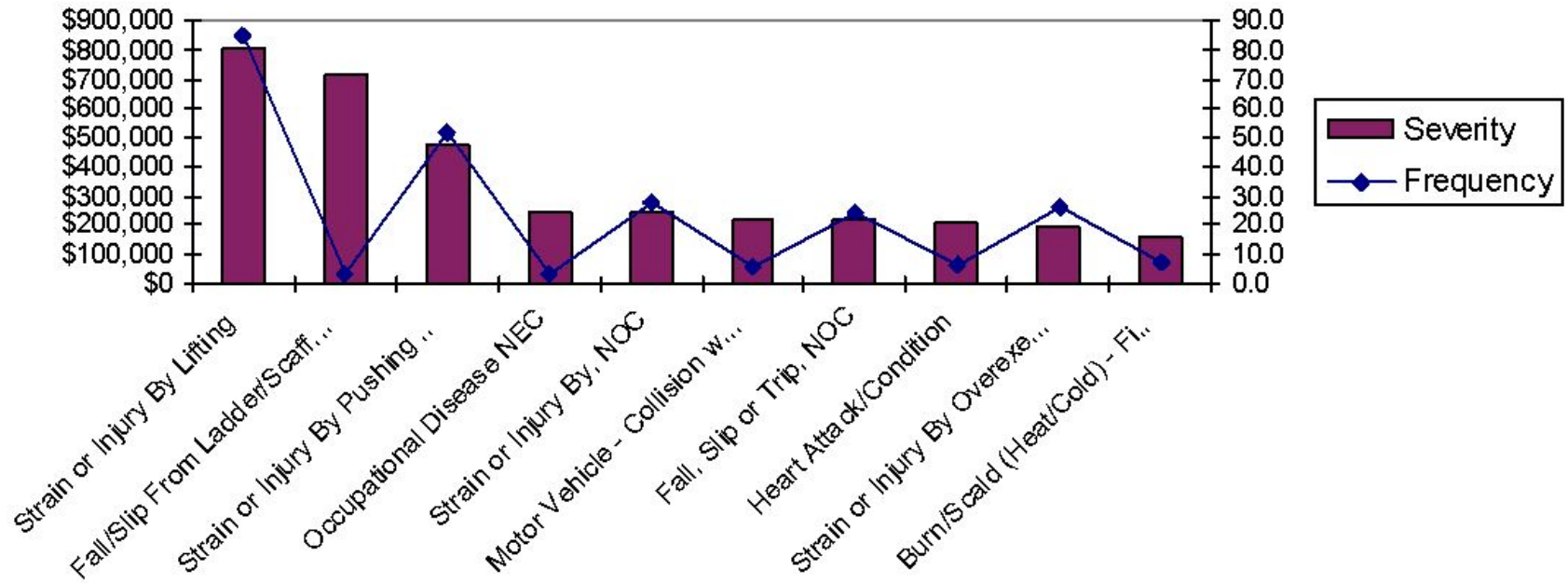
<b>Year</b>	<b>Total Inspections</b>	<b>Citations Issued</b>
2009	5,542	4,214
2010	5,261	3,825
2011	4,592	3,238
2012	4,101	2,928
2013	4,189	2,780

# Inspections at Special Districts



Oregon OSHA Calendar Year October 1 – September 30

# SDAO W/C Statistics



# Group Self-Insured Requirements

- Loss Prevention Assistance
  - Make available loss prevention assistance
  - Acknowledge request for services within 30 days
  - Imminent danger of an alleged hazard response needed ASAP
  - All other alleged hazards response within 30 days

# Group Self-Insured Requirements

- Loss Prevention Effort
  - Management commitment to health and safety
  - Accountability system for employer and employees
  - Training practices and follow-up
  - System for hazard assessment and control
  - System for investigating injuries and illnesses including corrective action and written findings
  - System for evaluating, obtaining and maintaining PPE
  - On-site routine IH and safety evaluations to detect physical and chemical hazards
  - Evaluations of the workplace utilizing an ergonomic approach
  - Employee involvement in the health and safety effort
  - Annual Evaluation
  - Group to maintain records

# Penalty's: Yay!!

- In Oregon if you don't follow the loss prevention requirements the following can be handed out by OR-OSHA:
  - First Instance: \$100 to \$250
  - Second Instance: \$500 to \$1,000
  - Third Instance: \$1,000 to \$2,000
- Remember though that the CO may recommend a different penalty amount!!
- Does your State have OSHA compliance for Self-Insureds?

# SDAO Loss Prevention Services

- Onsite/Regional Training
- Onsite Hazard Identification
- Online Training
- Risk Management Publications
- Assistance with OR-OSHA Compliance
- OR-OSHA Defense Funding
- Written Policy Development/Review
- Risk Management Resource for the members





# Best Practices

- Follow State requirements if statutorily mandated
  - Loss Prevention Services
  - Mandated funding requirements, each State is different
  - Claims management
- If not mandated, what do you do?
  - Risk Management program
    - In-house vs TPA
  - Safety, Liability, Property coverage programs
  - Claims management
    - In-house vs TPA

# Benefits of being self-insured

- Encourages Risk Control: you are ultimately responsible
- Control of claims management
- Long term cost savings
- Members pool their financial resources to self-insure for liability, property and workers compensation coverage
- High level of services offered to keep claims costs at a minimum
- **Long-term price stability and risk management services are the primary objective**

# Questions?

Risk Management Department  
800-285-5461

The mission of the Special Districts Association of Oregon is to assist special service districts in providing cost-effective and efficient public services to the people of Oregon.