

1.0 Risk Management

Risk management is a specialized discipline intended to provide management with information pertinent to the identification, analysis, evaluation, and financing of exposures to loss.

- 1.1 The following techniques of risk management will be employed by the Los Rios Community College District.
 - 1.1.1 Recognition - Identify, analyze, and evaluate all exposures to loss.
 - 1.1.2 Avoidance - A risk may be avoided by not accepting it or by not entering into a risk situation, if possible.
 - 1.1.3 Loss Prevention/Reduction - The District will use loss prevention/reduction techniques wherever possible, consistent with costs involved. Loss prevention will have priority over other techniques for handling loss exposures.
 - 1.1.4 Retention - The District will retain loss exposures or parts of the exposures when it is economically and statistically appropriate and the financial resources of the District are sufficient.
 - 1.1.5 Non-insurance Transfer - In all contractual relationships, the District will transfer to others all exposures to loss from chance events appropriate to the transaction and relationship of the parties.
 - 1.1.6 Insurance Transfer - The Los Rios Community College District will purchase insurance under the following circumstances:
 - 1.1.6.1 When required by law or contract.
 - 1.1.6.2 When the amount of potential loss is too large to be financially retained by the District.
 - 1.1.6.3 When the probable annual cost variation is unacceptable and insurance is available on acceptable terms.
 - 1.1.6.4 When insurance can better or more economically provide accessory services required, such as inspection, claims handling, legal qualifications, and loss prevention.
 - 1.1.7 Combined Insurance Transfer and Retention - The District will combine insurance transfer and retention through use of deductibles, pools, and excess insurance where loss levels can be safely retained.

2.0 Self Insurance Provision

- 2.1 Risks that are retained by the District shall be funded from the District's annual operating budget and shall be maintained and administered in the Self Insurance

Fund of the District. The establishment of adequate reserves for self-insured losses is a primary objective of the self insurance program.

- 2.2 Funds should be available to cover both normal, expected losses and unexpected losses to the extent of the agreed-level of coverage per loss or in the aggregate.
- 2.3 A self insurance premium charge formula shall be established to insure the adequacy of reserves and provide for the administrative operating expenses of the program. The formula should provide for adequate funding levels to prevent significant unusual charges against the District's annual operating budget.
 - 2.3.1 When insurance is obtained to cover losses above the self-insured retentions (SIR), the following guidelines shall be used:
 - 2.3.2 Fire insurance shall include extended coverage and vandalism and malicious mischief, for all buildings owned by the District and on the contents of all buildings owned or occupied by the District. Coverage shall be on a replacement basis.
 - 2.3.3 Comprehensive liability insurance, including liability for operation of vehicles, covering members of the Los Rios Community College District Board of Trustees, the District, officers, and employees, as required by Education Code, section 72506, and as permitted by Government Code, section 990.
 - 2.3.4 Workers' compensation insurance covering all employees of the District in accordance with the provisions of the laws of the State of California.
 - 2.3.5 Fidelity bonds to protect the District against loss resulting from fraud or dishonesty of officers or employees.
 - 2.3.6 Special coverage of District personal property including loss of money and securities.
 - 2.3.7 Boiler and pressure vessel insurance including inspections as required.
 - 2.3.8 Student accident/athletic insurance. (Ed. Code, § 32221)
 - 2.3.9 Coverage of student body organizations and property including liability, workers' compensation, fire, all physical loss, similar to District coverage.
 - 2.3.10 Such other insurance as may be authorized by the Board of Trustees.

3.0 Placing of Insurance

- 3.1 The Chancellor shall report to the Board of Trustees the need for insurance, together with relevant information including coverage experience and costs for placing such insurance.
- 3.2 Upon authorization by the Board of Trustees, insurance coverage shall be placed in accordance with such authorization.

- 3.3 In an emergency, insurance shall be placed by the Chancellor and shall immediately be reported for ratification to the Board of Trustees.

4.0 Purchasing of Insurance

- 4.1 Insurance shall be obtained through negotiation or competitive bids and shall be awarded to those who contract to furnish the coverage required at the lowest and best price consistent with good service and financial security.

5.0 Property Valuation

- 5.1 Valuation of District property for insurance purposes shall be based upon reasonable appraisal methods. The appraisal shall update values regularly to reflect changes in replacement costs. In determining the necessary amount of coverage, allowance shall be made for non-insurable items.
- 5.2 Records shall be maintained listing all pertinent data necessary to establish value of District properties for insurance or loss adjustment purposes.

6.0 Payment of Premiums

- 6.1 Demands on payment of insurance premiums based on orders duly authorized and issued shall be paid in the same manner as other demands against the funds of the District.

7.0 Cancellation of Insurance Policies

- 7.1 Insurance policies shall be canceled when deemed advisable and unearned premiums returned for deposit except that coverage required by the Board of Trustees shall be maintained.

8.0 Insurance Records

- 8.1 Information maintained in the Business Services Office shall include insurance companies carrying insurance, agents or brokers through whom policies are written, premiums and rates, experience, and property values.

9.0 Annual Report

- 9.1 The Chancellor shall prepare an annual information report to the Board of Trustees, which includes:
- 9.1.1 The status of both conventional and self-insured coverages and any significant changes; and
- 9.1.2 Claims experience and expense for the preceding fiscal year of the District insurance program.

- 9.2 The report shall be prepared and distributed to members of the Board of Trustees no later than October 31 following the reported fiscal year.

10.0 Construction Project Fire Insurance

10.1 New buildings

- 10.1.1 Fire insurance shall be carried on new buildings or other structures constructed under contract upon acceptance of the completed contract by the Board of Trustees.

10.2 Existing buildings

- 10.2.1 During the performance of contracts for alterations, additions, repairs, reconstruction, rehabilitation, or other work in or on existing buildings, fire insurance, including extended coverage and vandalism and malicious mischief, shall be carried by the District or contractor.

- 10.3 Specifications for alterations or new construction shall contain provisions in accordance with this section.

11.0 Accident Reports

- 11.1 A written report of any accident occurring on District premises or involved with District activities resulting in injury to person or property shall be submitted to the Business Services Office of the District.

12.0 Claim Filing Procedures

- 12.1 Any claim or written demand concerning an accident involving the District shall be forwarded immediately to the Office of General Counsel.
- 12.2 Recommendation with respect to rejection or settlement of claims shall be made in accordance with provisions of law. After Board action, appropriate notices will be sent to District claims administrator and claimant.
- 12.3 In addition to claims otherwise required by Government Code, section 905 et seq., the filing of a claim shall be required prior to the commencement of any litigation involving:
- a) a claim by a public employee for which workers' compensation is the exclusive remedy;
 - b) a claim by a public employee for fees, salaries, wages, mileage, or other expenses and allowances;
 - c) an application or claim for money or benefits under any public retirement or pension system; or,

- d) a claim by the State of California or by a State department or agency or by another local public entity. (Gov. Code, § 935)

12.4 Any claim required by Section 13.3 shall be filed no later than twelve (12) months following accrual of the cause of action.

13.0 Settlement of Losses

13.1 In claims of \$40,000 or less, the Chancellor shall act as adjuster for the District in the settlement of losses and shall sign proof of loss as authorized. On losses over \$40,000 the Chancellor shall recommend to the Board of Trustees the basis for settlement and request authorization for the appropriate amount.

14.0 Safety Incentive Program

14.1 Safety awareness in the work environment is promulgated by the District in order to reduce on-the-job injuries to employees, as well as the reduction of associated costs. The District is interested in promoting safety awareness through workshops and scheduled safety meetings, implementation of safety devices, award programs and other preventative activities.

14.2 Employees of the District may be presented with awards or other special recognition for special safety activities or superior safety record, and other special acts or services. The annual amount appropriated from the Self Insurance Fund for district Safety Incentive Programs shall not exceed ten thousand dollars (\$10,000).

14.2.1 Employee Safety Incentive Programs shall be approved by the Chancellor. The cost related to the Safety Incentive Programs shall be charged to the annual amount committed for this purpose.

14.3 Appropriate expenditures for these Safety Incentive Program activities, workshops, and District safety meetings include the following:

14.3.1 Framed certificates, plaques, trophies, gift certificates, and flowers;

14.3.2 T-shirts, ball caps, and other promotional mementos;

14.3.3 Food and non-alcoholic beverages for special recognition programs and activities; and

14.3.4 Other incidental expenses relating to the activity.

The cost of the award per individual employee shall not exceed \$200.

(Formerly R-8441)

LRCCD

Adm. Regulation Adopted: 9/1/65

Adm. Regulation Revised: 2/1/67; 2/4/81; 6/16/82; 11/7/90; 1/12/94; 3/15/95; 10/13/97;
1/15/03; 4/27/15

EXPENDITURES

Risk Management R-8331

Business Services

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Adm. Regulation Reviewed: 4/27/15
Board Policy: [P-8331](#)