

**LUCAS COUNTY, OHIO
BOARD OF COMMISSIONERS**

NUMBER: 10g

PAGE: 1

**TITLE: APPROVING THE UPDATED
RISK RETENTION FUND
PROCEDURAL POLICY**

**PERSONNEL
ADMINISTRATIVE X**

**RESOLUTION
NO: 06-1818**

**EFFECTIVE
DATE: December 19, 2006**

**TYPE:
POLICY X
PROCEDURE X**

**SUPERSEDES:
POLICY 10f
PROCEDURE**

The County Commissioners established a Risk Retention Insurance Fund by Resolution No. 89-56 dated January 19, 1989, pursuant to Revised Code 2744.08 and 2744.081.

The Board of County Commissioners is permitted to use public funds to secure insurance with respect to the Board, other participants, and their employees' potential liability in damages in civil actions for injury, death, or loss to persons or property allegedly caused by an act or omission in connection with a governmental or proprietary functions, and for the cost of administering a Loss Retention Fund. The insurance may be at the limits, for the circumstances, and subject to the terms and conditions, as determined by the Board. The Board of Lucas County Commissioners is also permitted to establish and maintain a joint self-insurance program to provide for the payment of judgments, settlement of claims, expense, loss, and damage that arises, or is claimed to have arisen, from an act or omission of the Board or other participants and any employee of a participant in connection with a governmental or proprietary function and to indemnify or hold harmless employees against such loss or damages. The Board has established and will reserve a partially self-insured and risk program with such funds deemed appropriate, whether or not it always procures policies of insurance.

Therefore, participants must share in the costs as well as the benefits. The following rules and requirements are hereby established to permit participation:

1. The Board will obtain insurance coverage with high self-insured retention resulting in a reduction of premiums. The amount saved because of the high self-insured retention will be retained in the Risk Retention Fund. This fund will pay any large liability which might be suffered by a participant as a result of an injury, death, or loss to persons or property allegedly caused by an act or omission of a participant or any of its employees in connection with a governmental or proprietary function. The Fund will also defend and indemnify the employees of participants to the extent required by law. By paying large losses from the Retention Fund, there will be a spread of risk equal to the overall risk/reward relationship.

2. The Board will allocate the costs of insurance and joint self-insurance program among the participants on the basis of relative exposure and loss experience. As the amount in the Risk Retention Fund increases, a further adjustment in the allocation of each participant's costs will be made based upon experience. When the fund reaches a pre-determined amount, as set by the Board, each participants' allocation of costs will be reduced for those participants with a good loss experience.

3. If the amount in the fund is insufficient to cover reserves and losses, the Board will appropriate funds against the next year's allocation of costs, which will then be based on past loss experience as a whole.

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4. Automobile coverage is as follows: Each participant is responsible for the first \$500 of physical damage collision(private passenger vehicles and light trucks); and \$1,000 for medium and heavy trucks. Physical Damage Comprehensive coverage has a \$500 deductible for private passenger automobiles, and light trucks; and a \$1,000 deductible for medium and heavy trucks. There is no coverage for uninsured/underinsured motorists effective January 1, 2001

5. Separate loss experience records will be maintained for each participant which will effect future allocation of costs.

6. Basic coverages for general liability, errors and omissions, and law enforcement Liability will be provided. The County's Excess Liability Program has a total limit of \$10,000,000 per occurrence. An aggregate limit of \$10,000,000 applies to public officials errors and omissions. The policy offers broad coverage for general liability, automobile liability, and public officials errors and omissions. A self-insured retention of \$500,000 per occurrence applies to general liability and public officials liability errors and omissions. Charge backs to departments may result if incidents which may give rise to liability are not reported timely, or if complete reports are not obtained and provided when management is first aware of an incident, or if incidents are not investigated. Potential loss notices (Incident Report) must be given whenever known by any county employee. At that point, an investigation file will be initiated and no costs will be incurred by the department involved. Defense costs will be considered as appropriate charges to the loss fund.

6a. The listed entities (see Exhibit 1) are participants in the Board's insurance and joint self-insurance program to the extent permitted by law. As of January 1, 1997, Lucas County's Board of Mental Retardation is only covered under the property policy. The Board of Mental Retardation has added the Commissioners as an additional insured under all of their policies. Coverage is not limited to these entities, but extends to commissions, boards, districts, and authorities which operate under the supervision and control of the county to the extent permitted and/or required by law. (See attached Risk Retention Policy Addendum page.) Also covered are past or present employees, elected or appointed officials, and authorized volunteers, while acting within the scope of their duties.

6b. It is the intention that this fund cover "All Risk" property coverage or "Risk of Loss" of \$5,000 or more, with exceptions outlined in insurance policies. This section does not modify each participant's duty to defend and indemnify its employees, pursuant to Section 2744.07 of the Ohio Revised Code

6c. It may be difficult sometimes to determine whether a loss would normally be covered by insurance. We intend to use past insurance policy provisions as a guide for charges to the self-insured fund. The loss fund cannot absorb all unforeseen losses. Only those losses

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that would normally be covered or defended under insurance policies if we did not have a deductible or self-insured retention will be covered. Decisions concerning covered losses will be made only after discussion with the Commissioners and those affected, with the Commissioners making the final decision. This section does not modify each participant's duty to defend and indemnify its employees, pursuant to Section 2744. 07 of the Ohio Revised Code.

7. The first \$5,000 of fire loss, and the first \$1,000 of loss due to windstorm and extended coverage shall be absorbed by each participant.

8. All present County Employees (except those specifically mandated by statute either elected or appointed) are bonded for public employee dishonesty and faithful performance of duty. Effective 12/31/2002 limits have been increased to \$3,000,000 in the aggregate with a \$5,000 deductible. Effective December 31, 1999, we added coverage to this bond for Theft of Money & Securities. The limit for Theft of Money and Securities was increased to \$1,000,000 on 12/31/02, with a \$500 deductible. Lucas County funds covered under our Faithful Performance Employee's Bond, including mysterious disappearance, will be covered through this Retention Fund and fully reimbursed in the amount up to the deductible (presently \$5,000), if it is determined that only employees had the ability to cause the disappearance. Premiums will be paid through the Risk Retention Fund.

9. Lucas County Commissioners have completed an administrative letter in support of the use of this fund mechanism to demonstrate financial responsibility for taking corrective action and compensating third parties for bodily injury and property damage caused by accidental releases in the amount of at least \$55,000 per occurrence and \$275,000 annual aggregate arising from operating an underground storage tank(s).

10. All administrative, legal, claims handling, safety engineering, loss prevention, and risk management costs will be charged to this fund as they pertain to 1989 and future claims. Expenses applying to claims earlier than 1989 will be charged to the correct department and not paid through this Risk Retention Fund. Cost of insurance and losses from self-insured loss assumption will be charged against this fund for 1989 and thereafter.

11. Estimated billings for each participant's allocation of costs will be made each year to all participants. Final allocation of costs with corrections or additions will be made before year end.

12. This policy is established as a guideline. Rules and regulations may change. Notification of any change will be issued at least yearly. Under no circumstances will funds be transferred out of the fund to be used for purposes other than as established herein.

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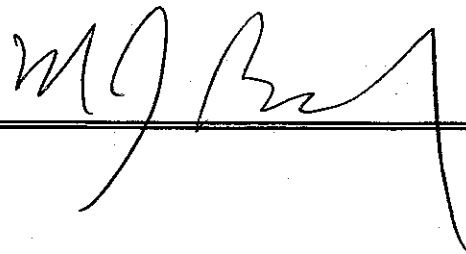
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13. If it becomes necessary to dissolve the fund, the remaining funds will be shared pro-rata according to each participant's contribution and each participant's share of losses sustained by the fund, i.e., billings less claims experience.

14. In a financial emergency declared by the Commissioners, funds will be distributed as they direct.

15. Risk Retention Policy Guidelines for Affiliated Agencies (see attached Exhibit 2).

APPROVED BY:



DATE:

12/29/06

(Exhibit 1)
LUCAS COUNTY ENTITIES

- * Lucas County, Board of Commissioners and their Departments
- * Lucas County Solid Waste Management District
- * Economic Development Authority
- * Lucas County Children Services Board
- * Lucas County Court of Common Pleas, General Division
- * Lucas County Prosecutor
- * Lucas County Prosecutor (Suburban Courts)
- * Lucas County Board of Mental Retardation (See paragraph 6a of Risk Retention Policy)
- * Lucas County Recreation Center (Lucas County Recreation, Inc)
- * Lucas County Treasurer
- * Lucas County Auditor
- * Lucas County Court of Common Pleas, Domestic Relations Divisions
- * Lucas County Child Support Enforcement Agency
- * Lucas County Court of Common Pleas, Juvenile Division
- * Lucas County Clerk of Courts
- * Lucas County Court of Common Pleas, Probate Division
- * Lucas County Veteran Services
- * Lucas County Sheriff
- * Lucas County Recorder
- * Lucas County Emergency Management
- * Lucas County Regional Health Dept
- * Lucas County Community Development
- * Lucas County Engineer
- * Lucas County Sanitary Engineer
- * Lucas County Wastewater Treatment Plant
- * Lucas County 9-1-1
- * Lucas County Coroner
- * Lucas County Board of Elections
- * Lucas County Emergency Medical Services (E M S)
- * Lucas County Facilities
- * Lucas County Court of Appeals
- * Lucas County Job and Family Services (formerly Dept Of Human Services)
- * Lucas County Correctional Treatment Facility
- * Lucas County Data Processing (Information Services)
- * Lucas County Zoological Society
- * Lucas County Dog Warden
- * Lucas County Family Council/Cluster (As of 8/31/2001)
- * Mental Health & Recovery Services Board of Lucas County (As of 7/11/2006)

(Exhibit 2)

RISK RETENTION POLICY GUIDELINES FOR AFFILIATED AGENCIES

Lucas County Government has Affiliated County Agencies whereas a voted levy provides some or all of the funding, the agency is an Administrative Jurisdiction, or the county provides some or all of the funding. The following agencies fall under these categories:

Affiliated County Agencies

Toledo Zoological Society
Lucas County Fair Board
Toledo Mud Hens Baseball Club, Inc
Agricultural Society
Metropolitan Park District of the Toledo Area

SUMMARY OF AFFILIATED COUNTY AGENCIES INSURANCE RESPONSIBILITIES:

Toledo Mud Hens

Lucas County owns Fifth Third field, which is the home of the Toledo Mud Hens Baseball Club. We have entered into an agreement with the Toledo Mud Hens for the Leasing and Maintenance of the property. Lucas County handles the property insurance in which we currently have a \$100,000 Self-Insured Retention on Steam Boiler, Property, Earthquake, and Flood which has high deductibles. The cost of this insurance is absorbed by the Mud Hens. The Mud Hens are also required by contract to provide \$10,000,000 in General Liability coverage and name the Lucas County Board of Commissioners as an additional insured.

Lucas County Fair Board/Agricultural Society

The Fair Board has obtained their own General Liability insurance coverage that names Lucas County Board of Commissioners as additional insured. The property in which the Agricultural Society resides is owned and insured by Lucas County, but the Agricultural Society is charged back for the insurance cost. There is also a portion sub-leased by Lucas County from the Agricultural Society.

Toledo Zoological Society

The Toledo Zoological Society is not covered under any of Lucas County's policies. Lucas County and the Toledo Zoological Society have a Capital Improvements

Agreement that requires the Zoological Society to name the county Board of Commissioners as an additional insured on their General Liability policy

Metropolitan Park District of the Toledo Area

The Metropolitan Park District of the Toledo Area is not covered under any of Lucas County's property or general liability policies. However, they are covered under our Workers' Compensation program. By agreement the Park District does maintain law and order of the University Bike Trail.

LUCAS COUNTY BOARDS

The following County Boards have a voted levy which provides some or all of the funding. They are listed as covered entities under our General Liability/Excess policy with the exception of the Lucas County Board of Mental Retardation, which is only covered under the property policy. As stated in the Risk Retention Policy, the Board of Mental Retardation has added the Commissioners as an additional insured under all of their policies.

County Boards

Lucas County Mental Health and Recovery Services Board (**Formerly Mental Health Board and Alcohol & Drug Addiction Services Board**)
Lucas County Board of Mental Retardation and Developmental Disabilities
Children Services Board

WORKERS' COMPENSATION

All departments listed in Exhibit 1, plus Metro Parks are covered by the Lucas County Commissioners Retrospective Rated Workers' Compensation policy. A separate fund is established and maintained to administer, comply with ORC Section 4123.41 (B)(2), with assessments and reserves established by Actuarial studies. Separate rules apply.