

SPOTLIGHT

A publication focusing on loss prevention information from the Risk Management Division of Washington State's Office of Financial Management

RISK MANAGEMENT DIVISION
OFFICE OF FINANCIAL MANAGEMENT

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Standing Up for Safety at WSDOT "Safety Stand-Down"

Employee safety is a major risk category when assessing "enterprise risk" for any state agency. If that agency's operation consists of highway construction and maintenance and a large ferry system, the safety and risk factor definitely goes up a notch.

In recognition of that, on July 25, 2007, Washington State Department of Transportation (WSDOT) Secretary Doug MacDonald, flanked by his executive team, re-avowed management's commitment to reduce workplace injuries and illnesses in 2007-08.

Kicking off the second annual "safety stand-down", Secretary MacDonald spoke live to the approximately 7,000 WSDOT employees, either packed into in the OB2-auditorium in Olympia, or through the simultaneous web cast transmissions to WSDOT regional offices and locations throughout the state. "We are in a different place than last year," said Mr. MacDonald, referring to last year's first safety stand down where the 30 percent workplace injury and illness reduction challenge began.



WSDOT Secretary Douglas MacDonald leads remarks in the safety stand-down with his executive team from left Linea Laird, Michael Anderson, Chris Christopher, Paula Hammond (now Interim Secretary), and John Conrad.

While one of the differences is that Mr. MacDonald will not be leading this year's safety challenge with his July 31, 2007, departure from WSDOT, he was quick to point out that the safety challenge torch already has been passed to Interim Secretary, Paula Hammond. Ms. Hammond enthusiastically vowed to carry on the same spirit and executive level commitment initiated by Secretary MacDonald.

Following those remarks, a short video featured a WSDOT employee who spoke about becoming unconscious due to heat exhaustion while performing his job duties, which put a name and face on WSDOT injuries and illnesses. Wayne Frudd, South Central Region (Union Gap) safety manager also spoke, lending the regional safety managers' support to regional operation efforts to reduce workplace injuries and illnesses. The visual presentation continued with a review of the 2006-07 results for headquarters, regions, and ferry system injury and illness numbers. While three WSDOT regions met their 30 percent reduction of injuries and illnesses goal—North Central, Eastern, and Southwestern—Secretary MacDonald predicted more regions would hit the mark in this year's challenge.

Focusing on the most prevalent injuries and illnesses targeted for reduction, Chris Christopher, Headquarters Maintenance and Operations Co-Director, punctuated his remarks with "show and tell" of a sound level meter used to measure sound levels. "We have purchased 425 of these sound level meters and distributed them in all the regions," said Mr. Christopher, adding that additional ones are available if needed. "Hearing loss is preventable," he said. Commenting on reducing WSDOT's other targeted injury—sprains and strains—Mr. Christopher said, "There is no magic bullet".

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Commercial Insurance Update

RCW ESTABLISHES RISK FINANCING

What may be considered the state's first approach to "enterprise risk management", RCW 43.41.280 established requirements for an "enterprise" or a government-wide approach to managing risk through risk financing strategies. This statute, outlined below, provides the foundation for the risk financing operations managed by the Office of Financial Management's Risk Management Division.

RCW 43.41.280 - It is the policy of the state for the management of risks to which it is exposed to apply the following principles consistently in a state program of risk management:

- (1) To identify those liability and property risks which may have a significant economic impact on the state;
- (2) To evaluate risk in terms of the state's ability to fund potential loss rather than the ability of an individual agency to fund potential loss;
- (3) To eliminate or improve conditions and practices which contribute to loss whenever practical;
- (4) To assume risks to the maximum extent practical;
- (5) To provide flexibility within the state program to meet the unique requirements of any state agency for insurance coverage or service;
- (6) To purchase commercial insurance:
 - (a) When the size and nature of the potential loss make it in the best interest of the state to purchase commercial insurance; or
 - (b) When the fiduciary of encumbered property insists on commercial insurance; or
 - (c) When the interest protected is not a state interest and an insurance company is desirable as an intermediary; or
 - (d) When services provided by an insurance company are considered necessary; or
 - (e) When services or coverages provided by an insurance company are cost-effective; or
 - (f) When otherwise required by statute; and
- (7) To develop plans for the management and protection of the revenues and assets of the state.



CLAIMS CORNER



Washington

VEHICLE INSURANCE COVERAGE AND REPORTING REVIEW

State Driver Coverage

State Owned Vehicles

Covered by the state Self-Insurance Liability Program (SILP) for collisions (damages/injuries to other driver).

Note: State vehicle damage repair or replacement cost is **NOT** covered by the SILP—it is the agency responsibility of the state vehicle driver.



Personally Owned Vehicles (POVs)

Covered by the driver's own insurance policy (primary) while driving on official state business.

The state mileage reimbursement rate is intended to include the cost of maintaining legally required vehicle insurance*, including payment of any insurance deductibles for collisions or vehicle damage occurring to a POV. The Washington SILP will act as an "excess policy" in the event limits of the private insurance policy are exhausted. Under certain circumstances, the state may assist in the defense and settlement of claims, including possible lawsuit defense, if warranted (see State Administrative and Accounting Manual policy 12.40.20.a (2) at <http://ofm.wa.gov/policy/12.40.htm>.

*State mandatory insurance requirements are outlined at <http://www.dol.wa.gov/driverslicense/insurance.html>.

State Driver Accident (Collision) Reporting

State Owned Vehicles

Complete SF137 for ALL incidents involving a **state vehicle** (e.g., stolen, vandalized, single vehicle damage from any origin, and collisions with other vehicles).

Personally Owned Vehicles (POVs)

Complete SF137 if involved in collision with other vehicles while on official state business with a **POV AND** file any claims with **your private insurance company**. In the rare case where POV policy limit

exception coverage may apply, claim adjudication and documentation will be coordinated between RMD claims staff and the POV driver's private insurance company. **Do NOT report POV vehicle damage on Standard Tort Claim Form SF 210, as the SILP does not cover state driver involved damage/vehicle replacement cost for either state vehicles or POVs.**

◆ See State Administrative and Accounting Manual policy-Procedures for Reporting Accidents at <http://ofm.wa.gov/policy/12.30.htm>.

◆ The SF137 "State of Washington Vehicle Accident Report" is available at <http://www.ofm.wa.gov/rmd/vehicles/default.asp>.

Standing Up for Safety at WSDOT Safety Stand-Down (continued from page 1)

Slips and falls are the big challenge for Washington State Ferries system employees according to WSDOT Ferry Director, Mike Anderson. Working in a continuously damp environment, with surfaces constantly covered with sea spray, challenges Ferries to devise ways to reduce slip and fall hazards. But they are bucking up to the challenge by looking at shoe types, improved matting, and stairway surface safety improvements just to name a few prevention strategies.

Linea Laird, WSDOT State Construction Engineer, congratulated the Construction Engineering group for reducing their OSHA-recordable injuries from 85 in FY 2006 to 65 in FY 2007. She echoed the commitment towards workplace safety that her fellow executives spoke about as well as emphasized that safety is a personal choice.



A WSDOT worker flags traffic in a maintenance zone in Eastern Washington.

Traffic is a very difficult hazard," said Mr. MacDonald in his closing remarks, and also mentioning the recent tragic fatalities of two contractor employees who were struck by a motorist on a state highway construction project. While these were not WSDOT employees, Mr. MacDonald was quick to acknowledge that WSDOT employees were forever impacted by a tragedy that occurred on their project. "Employees have to think about their safety every day—literally every minute," said Mr. MacDonald, referring to the hazards of working in and around traffic.

Wrapping up his closing remarks in a heartfelt mood, Mr. MacDonald noted that these were his final remarks to WSDOT employees, and that he was happy that his final message focused on the importance of their safety.

Photos courtesy of Jim Culp, WSDOT

LEGAL LINKS



Question:

After a claim or lawsuit is filed, what does the State or my agency need of me?

Answer:

- ▶ Your cooperation and assistance
- ▶ Names of persons/records which may assist in the defense
- ▶ Copies of all relevant files, notes, computer information, etc.
- ▶ Your testimony
- ▶ Your time to prepare and defend

Disclaimer: This is not legal advice and should not be used as legal advice. It is merely a general educational item that may be of use to risk management efforts within state agencies.



LOSS PREVENTION SPOTLIGHT

The Shift: Traditional to "Enterprise Risk Management"

Spotlight featured "enterprise risk management" (ERM) in several previous issues, and will do so in the future as the shift from traditional risk management (TRM) to "enterprise" risk management continues in state government.

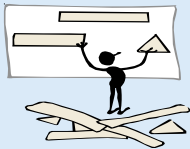
That shift was explored in a recent article, "Enterprise Risk Management in the Public Sector", that appeared in *Public Risk**. In the opening statement of the article, author Dorothy Gjerdrum, ARM-P said, "Many people struggle trying to understand exactly what enterprise risk management is and exactly how it can apply to public sector operations." This statement likely represents the feelings that many agency risk managers and their executive teams experience as they strive to not only make the shift to ERM, but to move it forward to a more "mature" level in the organization.

Why the need to shift to ERM? Ms. Gjerdrum suggests that we need to "think beyond the four walls of worker safety, claims history, exposures (the measure of potential claims), and insurance coverage". Instead, she invites us to think more globally citing examples of recent weather events and the threat of pandemic to illustrate her point of the increasing global nature of risk. The ever expanding global connectedness that all entities continue to experience reinforces the need for the more comprehensive approach to managing risk that embodies ERM.

Ms. Gjerdrum emphasizes that some elements of approach apply to both TRM and ERM, but there are differences too. Those differences are outlined below.

Traditional Risk Management (TRM)

- Framed by the management process and focused on problem solving to reduce risk.
- Risk equals something bad; an event or occurrence that will have an adverse effect on an entity.
- Has a primary focus on managing risk through prevention and finance techniques.
- Identification of risk relies heavily upon past incidents as a predictor of future claims.



Enterprise Risk Management (ERM)

- Framed by measurement and control process and focused on strategic objectives.
- Risk is defined by each organization and might include "upside risks" or opportunities.
- Has a primary focus on controlling and mitigating risk in order to achieve an entity's strategic objectives.
- Identification of risks emerges from the personal experience of key personnel.

Enterprise Risk Management Risk Groups

After performing "risk mapping" to analyze and determine risk priorities, and prior to moving to risk treatment, the ERM process involves grouping risk together into categories that makes sense for each organization. Commonly used categories of risk groups include:

- ▶ **Strategic Risk** – Strategic objectives and political, economics, and global market conditions
- ▶ **Financial Risk** – Currencies, interest rates, credit and liquidity risks
- ▶ **Operational Risk** – Risks related to systems, processes, technology and people
- ▶ **Compliance Risk** – Regulatory and legal risks
- ▶ **Reputation Risk** – Damage to "brand" or reputation
- ▶ **Hazard Risk** – Property, liability, workers' compensation

*This article was originally printed in the April 2007 issue of *Public Risk* magazine, the member magazine of the Public Risk Management Association (PRIMA). PRIMA is the largest risk management association dedicated solely to the practice of risk management in the public sector. Visit www.primacentral.org for more information.



Fast Fact

➔ A July 9, 2007 *Business Insurance* article by Judy Greenwald reported on the recent Society for Human Resource Management conference topic of workplace retaliation claims. At one of the presentations, it was reported that according to the U.S. Equal Employment Opportunity Commission, **retaliation claims against employers have increased 30%**, while other types of employment claims have decreased 30%. The presentation also included a discussion of common practices to *avoid* for reversing this trend.

- ◆ Inconsistent application of policies
- ◆ Non-supporting or contradicting documentation
- ◆ Close proximity or "timing" of adverse action to complaint
- ◆ Supervisor/manager not trained to seek human resource advice and assistance
- ◆ Not performing a thorough, unrushed investigations

