

## REPORTING

### **Note X – Risk Management**

#### INSTRUCTIONS TO PREPARER

- 1) If the authority retains risk (either fully or partially), the following information should be disclosed:
  - description of risk to which authority is exposed (e.g., torts, thefts, damages, injuries to employees, natural disasters, etc.)
  - how those risks are handled (e.g., purchase of commercial insurance, full or partial retention, etc.)
- 2) For the self-insurance portion the authority should disclose:
  - fund(s) used to account for risk management,
  - level of risk assumed,
  - expected annual level of claims (based on actuarial or historical cost information),
  - amount of reserves set aside for potential losses.
- 3) For the third party (e.g., commercial insurance) the authority should disclose:
  - name of insurer(s),
  - type of coverage,
  - deductible amounts.
- 4) The authority should disclose if claims have exceeded insurance in any of the past three years.
- 5) If the authority is a member of a public entity risk pool, insert a note provided to the authority by the risk pool (See Housing Authority Risk Retention Pool (HARRP) below). Add additional information as required for sections 1-4 above.

Example of a risk note provided by HARRP:

*The \_\_\_\_\_ is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety two members are Washington public housing entities.*

*New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.*

*General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10percent of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.*

*Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (Some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are \$1,000,000/\$1,000,000.*

*HARRP self insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.*

*HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.*

*HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.*