

Risk Management 101



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Risk Management

How to think about Risk Management?

- Risk Management as a rigorous analytical process
- Macro level as an insurance pool
 - Program level issues and loss experience
- Micro level as a risk manager within a city/town/school department

Risk Management Consulting Role – How we stay connected...

- Best Practices by line of coverage based on program level claims experience
- Safety Committees – Optimal point of engagement

Core Support Services

- Hazard Control Analysis & Response
- Training/ Grants/ Rewards
- Constant Contact Advisories
- Inspections
- DLS/OSHA Safety Compliance

Claim Analysis

- Loss Trending
- Program & Individual Member Level
- After Action Reporting on Key Losses

Risk Management Topical Updates

- Workers Compensation & Recent Changes at DLS
- Employment Practices
- Property & Facilities Management



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Risk Management

Analytical process to identify risk, quantify implications, and develop mitigation strategies...

Basic Process Elements

Step One – Hazard/Exposure Identification

- Define the individual problem/challenge at hand carefully
 - Size
 - Frequency
 - Impact – Safety/Financial

Step Two – Exposure/Hazard Assessment

- Analyze & Prioritize the issues you face by Impact
- Determine who or what might be harmed?
- What are the mechanisms that create or influence the risk (x and y variables)?

Step Three – Control the Exposure/Hazard

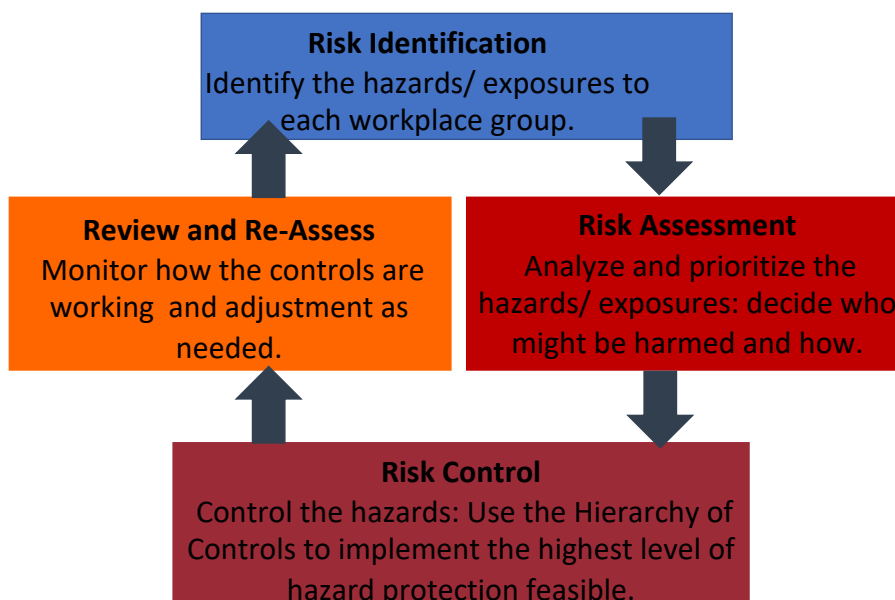
- What can you do to mitigate/eliminate/transfer the risk of exposure?
 - Hierarchy of Controls

Step Four – Implement & Monitor Response



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Risk Management Cycle



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Step 1: Identify the Exposure or Hazard

- Collect and review information to determine hazards/ exposures present.
 - Building and other inspection reports.
 - Hazard alerts/ advisories issued by insurance companies or government/ NGO sources.
 - Equipment and machinery operating manuals.
 - Safety Data Sheets (SDS)
 - Records of previous injuries and illnesses, such as OSHA 300 logs.
 - Incident Investigations.
 - Workers' compensation records and reports.
 - Job Hazard Analyses, also known as job safety analyses.



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Hazard/ Exposure Identification

- Ensure you include input from employees on tasks and exposures.
 - “Near miss” reports – encourage reporting of near misses and of hazards identified in the course of their work.
 - **Safety Committee** minutes – encourage participation of workers in safety committees either municipality wide or at department level.
- Consider exposures/ hazards associated with routine and nonroutine situations.



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Hazard/ Exposure Identification Safety Committee Meetings

- Review recent claims / loss trends at member level and pool level
- Discuss
 - Incident investigations, safety concerns, near misses or hazards identified and corrective actions taken *(member level)*
 - Emerging risks/ topics and best practices *(pool level)*
- Review
 - Grant and Rewards programs *(member level)*
 - Best practices *(pool level)*
 - Training needs/ upcoming MIIA training and requesting needed training *(member level)*
 - DLS/ OSHA updates *(pool level)*
- New Business



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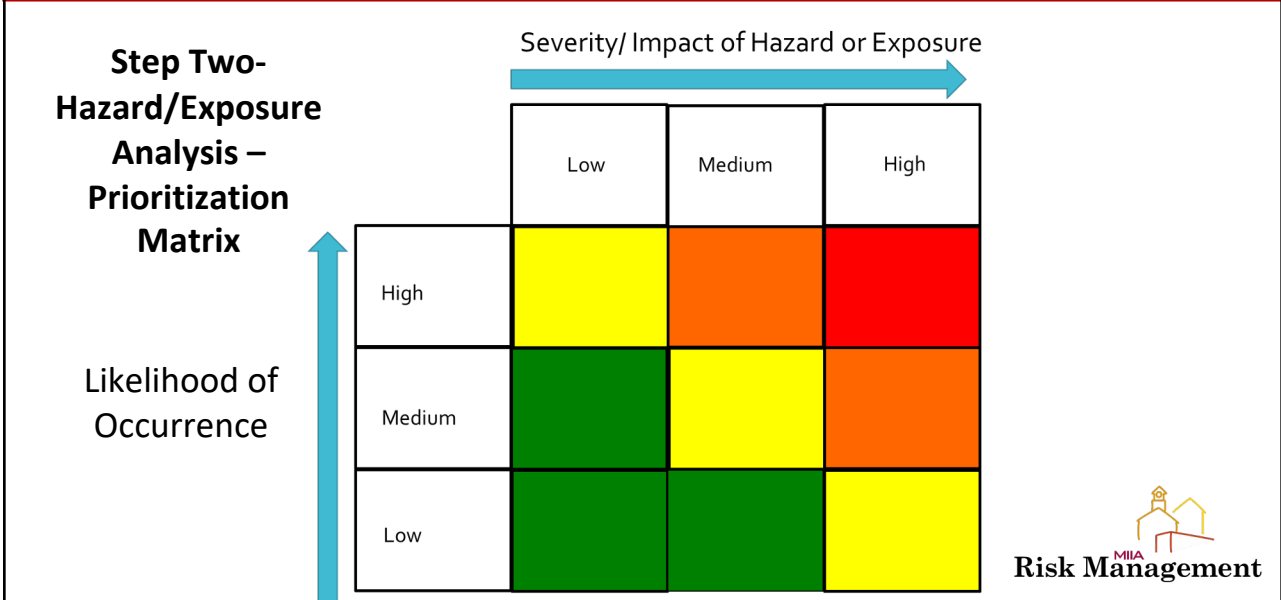
Step 2: Assess the Exposure/ Hazard

- Evaluate each hazard/ exposure by considering the severity of potential outcomes, the likelihood that an event or exposure will occur, and the number of people who might be exposed.
- Prioritize the hazards so that those presenting the greatest risk are addressed first.
 - *Note: employers have an ongoing obligation to control all serious recognized hazards to protect workers and schools have an obligation to protect the student body.
- Use interim control measures to protect people and property until more permanent solutions can be implemented.
- Avoid selecting controls that may introduce new hazards.
 - Examples include exhausting contaminated air into occupied work-spaces or using hearing protection that makes it difficult to hear backup alarms.



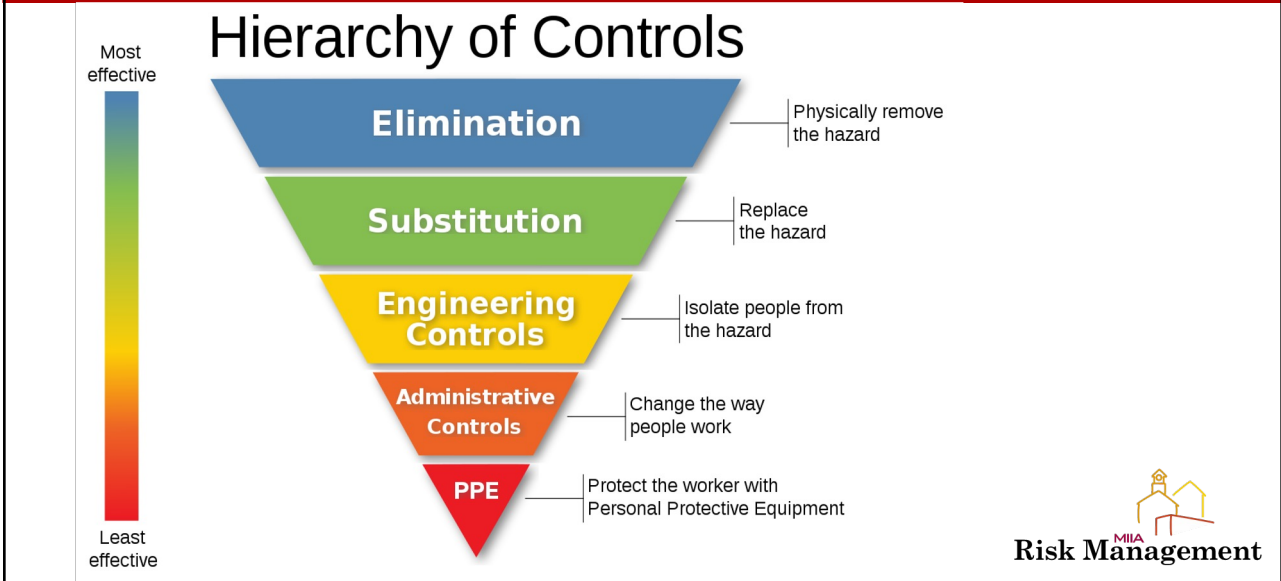
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How to think about Risk Management?



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Step 3: Hazard/ Exposure Control



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Step 4: Monitor Controls and Begin Cycle Again

- Are the controls effective in both design and operation?
 - Evaluate any incidents or near misses that may occur.
 - Encourage feedback from employees and/or citizens.
- Identify changes in the external or internal environments
 - Has the hazard/ exposure changed?
 - Are there new state or other mandates that affect your process?



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After Action Report and Hierarchy of Controls Analysis Sprinkler head struck by object


Exposure Description:	During gym class, a student hit a baseball toward the upper ceiling of the gym, and struck the sprinkler head, which discharged water into the gym. Due to mandated procedures member had to wait for the Fire Department to arrive and shut off the water. Damages: +/- \$200k. As a result of the loss, there was water damage to the entire gym floor. There is severe cupping of the wood floor, and plywood subfloor. It will be necessary to replace gym floor and underlayment.
After Action Review/ Discussion:	School has policy in place for nets to be used for indoor sports activities, which were not being utilized at the time of the incident. Member will install protective cages around all sprinkler heads in the gym. Advised that MIA grant could be used for this. Also advised elimination of these activities until cages are installed.



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After Action Report and Hierarchy of Controls Analysis Sprinkler head struck by object

Exposure:	Sprinkler heads could be struck by object, causing a release of water into the gym.		
Controls currently in place:	Administrative: Member has nets that are supposed to be deployed during baseball/ softball activities to block balls from escaping areas.		
Elimination/ Substitution		Not feasible/ reasonable to eliminate activity from occurring or substituting with a softer ball.	
Engineering		Protective cages can be installed around sprinkler heads which will protect them from flying objects.	
Administrative		Employees/ coaches are supposed to employ nets to block balls. This requires active participation by employees and is subject to human error.	
PPE		Not Applicable	



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Best Practices Property

Best Practice	Grant Support	Rewards Credit	Formal Guidelines	Training	Notes
Building Specific Loss Control and Response Plan	No	Yes	Yes	No	Plan is designed to outline a building specific strategy covering pre-loss actions and post-loss response. Plan documents who will respond, key tasks, and historic issues related to the building.
Facilities Maintenance Software Utilization	Yes	No	No	No	Highly recommended in order to schedule work orders, monitor and track associated costs of maintenance obligations. Grant support will be considered for the initial purchase of this software.
Roof Inspection Program – (Including Gutters)	Yes*	Yes	Yes	Yes	MIIA recommends bi-annual visual roof inspections (fall/spring) in order to address obvious ponding/ tears/clogged drains/etc. by trained maintenance staff. In some cases, a professional inspection may be required depending on the age/type/condition of the roof. Grant support and Rewards Credit are considered for roof inspections as well as support for the purchase of thermography cameras. (*Discuss with your Risk Manager)
Roof Damage Protection – Snow Load	No	No	Yes	No	Highly recommended – excessive snow loads have historically driven high cost property claims and pose safety hazards. Determine the snow load for all buildings and prioritize a snow monitoring and removal plan. Timely and proper snow removal techniques are critical as to not further damage the roof.
Ice Dam Inspection	Yes*	No	No	No	Many ice dams can be prevented with roof snow removal that allows the snow to melt and drain away properly. However, in shaded areas, areas prone to ice dams or areas where snow removal is difficult, heated gutter covers may be necessary. Key part of Winterization Action Plan. Heated gutter covers may be considered under the MIIA grant. (*Discuss with your Risk Manager)
Water Damage by Mechanical Failure Prevention Program	Yes*	Yes	Yes	Speak with your Risk Manager	MIIA recommends and offers rewards for bi-annual inspections of water related mechanical systems including pipes, supply lines, sump pumps, drains, and appliances. Water sensing technology such as water sensing and flow alarms will be considered under the grant program. Grant support has been considered to be used for inspection and replacement of old and deteriorating connections. (*Discuss with your Risk Manager)



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Best Practices Property

Fire Sprinkler Maintenance, Inspection, and Testing	No	No	Advisory	No	On-going compliance with NFPA 25 standards
School Facilities Protection Before and During a Winter Closure	Yes*	Yes	Advisory	Yes	When temperatures or wind chill drops to freezing or below, it is critical to physically check your buildings to ensure no windows were left open, the heat is maintained and working effectively and that univent dampers are closed. In addition, pay extra attention to areas known to have insufficient insulation or that have a history of pipe freeze ups. In some situations, space heaters may be necessary to supplement the heat in high risk areas. Grant support for thermography cameras will be considered to assist with this inspection process. (*Discuss with your Risk Manager)
Building Self-Inspections	No	Yes	Checklists	No	See website for building specific checklists. The benefit of frequent building self-inspections and tracking of issues on safety and elimination of claims cannot be underestimated.
Unit Ventilator Maintenance Program	Yes*	Yes	Bulletin	No	Critical seasonal inspection and maintenance protocol during Fall and Winter. Each year univent failure is a leading failure mode leading to costly water damage claims. Grant support for thermography cameras will be considered to assist with this inspection process. (*Discuss with your Risk Manager)
Fish Tanks and Aquariums	No	No	Advisory	No	An often-overlooked exposure especially during summer months when schools are closed and often very warm which causes evaporation of water creating a risk of fire. MIIA has experienced several large-scale fire losses claims as a result of fish tanks that were not disassembled at the end of the school year.
Thermography Self-Inspection Program	Yes*	Yes	Yes	Yes	Recommended – allows facility managers to inspect for heat loss areas that might impact vulnerable plumbing, electrical panel hot spots and roof degradation. Grant support for thermography cameras will be considered to assist with this inspection process. (*Discuss with your Risk Manager)
Oil & Solvent Soaked Rag Disposal	No	No	Advisory	No	Oil and solvent soaked rags create a spontaneous combustion risk. It is critical that these rags are properly disposed of in a closed metal waste container designed for that purpose. Failure to properly follow proper disposal protocols is an OSHA violation.



Risk Management

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Best Practices Property

Heat Monitoring Protocols	Yes	No	No	No	Many newer buildings or upgraded heating systems have temperature monitoring software that will alert you if there is a mechanical failure or allow you to adjust your temperature if needed. If installed in your high-risk areas and properly monitored, this can be an effective tool to remotely monitor your HVAC system.
Capital Improvement Plan	No	Yes	No	No	MIIA recommends and provides Rewards credit for the development, funding, and implementation of a comprehensive Capital Improvement Plan that pro-actively address overall facility maintenance needs.
Space Heater Guidelines	No	No	Advisory	No	Although space heaters are necessary to bring additional heat to areas during periods of extreme cold, they must be used with caution and monitored carefully.
MFAA Membership	No	Yes*	No	No	MIIA works extensively with the MFAA to educate, train, and remain current with facility management best practices and emerging issues. (*Discuss initial membership with your Risk Manager)



Risk Management

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MIIA Claim Trends



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MIIA Claim Trends

Property & Facilities Management

Multiple Challenges:

- Aging Infrastructure
- High Volume of “Attritional Losses” – losses that could be prevented
- Shifting Weather Patterns
 - Locally - Tropical – high wind & rains, humidity, lightning
- High Demand for professional Facilities Management staff
 - Technical complexity of new building technologies
- Increased Reinsurance pricing & decreased market capacity driving price increases
- Rising construction costs – up 17% in 2022
- Competition with Federal Recovery Act programs for limited building supplies

Property Losses represent >50% of overall MIIA PC Losses



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MIIA Claim Trends

Property & Facilities Management

High Cost Loss Profiles:

- Sprinkler Pipe Freeze-Up
 - Common root causes – improperly sloped dry pipe systems & failure to maintain low point drains
- Pipe Freeze-Ups during vacations – set backs too aggressive
- Failed Water Connections – need to be inspected and pro-actively replaced
- Univent Failures
 - Most common freeze-up scenario
 - Critical Fall maintenance task – clean and test dampers, ensure proper closure settings prior to Winter



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MIIA Claim Trends

General Liability & Cyber Liability

General Liability – Water & Sewer Losses

- Historically an on-going focus area due to evolving weather patterns and aging infrastructure
- Frequency is up in FY22
- Sensitive, media-sensitive losses with potential public relations implications
- Encourage members to follow MIIA Best Practices – resources on web

Cyber Liability

- Data Breaches and Ransomware attacks are most frequent loss types incurred by MIIA members
- Availability of continued insurance coverage is at risk – increasing costs to reinsure with reductions in capacity



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MIIA Claim Trends

Law Enforcement Liability

- Nationally, area of major concern and focus
 - Political Climate
 - Anti-Police Sentiment
 - Uncertainty as to the extent of reform measures
- In Massachusetts:
 - So far, we have not seen an uptick in claims and litigation although we are carefully monitoring
 - Qualified Immunity has debated but not yet altered
 - POST commission looking into de-certification measures related to police misconduct



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MIIA Claim Trends

Employment Practices...

- COVID -19 has created a new population of employment related claims
 - Failure to Accommodate
- Sexual Harassment – continue to see claims related to inappropriate behavior in the workplace
- Dangerous Litigation Environment
 - Unfavorable MIIA verdicts
 - Nationally, many pools have simply decided to not try employment cases
- Staffing turnover and legal environment mandates need for continued emphasis and training



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MMMA MIIA Risk Management



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Employment Liability

- Available Trainings
- Sample Policies
- Best Practices
- Recent Trends



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Available Trainings

Additional trainings are available as needed and based on demands. MIIA will identify trends and offer specialized training.

Presently offering:

- Sexual Harassment for Public Safety
- Duty to Investigate for Schools



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Sample Policies

- Anti-harassment and anti-discrimination policy
- Code of Conduct for Employees
- Code of Conduct for Elected/Appointed/Volunteers
- Computer Use Policy
- Domestic Violence Policy
- Drug and Alcohol-Free Policy
- Motor Vehicle Use Policy
- Pregnancy and Pregnancy Related Conditions Policy
- Remote Work Policy
- Small Necessities Leave Policy
- Workplace Violence Policy



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Best Practices

- Distribute the pregnancy policy to each new hire and within 10 days of when an employee announces pregnancy;
- Sexual harassment policy- distribute annually (consider sending with annual benefit information)
- Employee do not have a legal right to work from home. EEOC requires employers to consider it, but they may refuse it if they have good reason.



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Recent Trends

- Dirty old man is not a defense
- Title IX
- Bad behavior
- Microaggressions
- Behavior outside the workplace



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Recent Trends

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Questions?

