COMPREHENSIVE LOSS CONTROL PROGRAM

OVERVIEW

Risk Management Services
Department of Administrative Services

COMPREHENSIVE LOSS CONTROL PROGRAM

Georgia's goal is to become the best managed state in the country. To accomplish this we are changing the way we do business. One step towards achieving "best managed" status is to build a risk management culture. The Department of Administrative Services and its Risk Management Services Division are poised to help state entities achieve these changes through the implementation of comprehensive loss control programs.

Historically, DOAS has been charged with the administration of the state's trust funds for Georgia's self-insurance programs. Risk Management Services annually processes over 10,000 claims for injured state workers, damaged vehicles and property, and claims from individuals and groups seeking monetary damages from the state and its agencies. State funds in excess of $100 million dollars a year are paid for these claims. Indirect costs including lost workplace productivity and additional administrative time in dealing with these events costs millions more. Although trends show a decrease in the number and severity of claims, deeper change is needed to remove the root causes of these events from our systems – the policies, procedures and practices that govern our operations.

Incentives and deterrents are needed to ensure that these changes take effect in entities covered by state insurance programs. A few years ago, the Commission for a New Georgia Risk Management Task Force recommended that an equitable system be implemented so that entities bear the burden for the claims they experience, with each claim causing a financial impact on the agency. Building on these recommendations, Senate Bill 425 passed in 2008 gave DOAS the authority to implement these changes.

The vehicle to drive these changes is loss control. Its aim is to recognize, evaluate, control and anticipate risks and hazards that lead to losses. Developing a risk management culture will allow operational changes that eliminate hazards or minimize their impact. If we can stop an incident before it happens, the only cost is the time we spent in preventing it. If we anticipate and prepare for losses, we can mitigate the severity of those losses, as well as demonstrate our due diligence in dealing with hazards. Loss control will change our workplaces and build a risk management culture.

The benefits of change are sometimes not completely obvious. When a worker is injured on the job, the primary financial impact includes the medical expenses to treat the injury and the wages paid to the worker while off the job. Other costs that can be avoided when a loss is prevented include:

- the time of the other workers that first assisted the injured worker and provided witness statements or otherwise discussed the accident,
- the administrative cost of completing the paperwork and making the calls to file the claim,
- the cost of training a replacement or shifting work while the injured worker is off, and
- the cost of decreased employee satisfaction, lower morale, lower productivity and the post-loss investigation and analysis.

Senate Bill 425 authorizes DOAS to establish incentive programs that include setting insurance coverage premium rates and adjusting claim deductibles based upon participation in loss control programs. The Comprehensive Loss Control Program (CLCP) was implemented in October 2008. Since that time, DOAS has worked with entities covered by the various state insurance programs to define what loss control programs are necessary for their identified operational risks.

Other covered state agencies who have not chosen to participate in the CLCP will be required to pay a 10% surcharge on all premiums. All participating agencies are expected to have functioning programs in place. Risk Management Services will evaluate the prior fiscal year's losses to establish loss prevention goals in order to maintain a risk management culture. Annual insurance premiums are calculated with an emphasis on prior loss experience, so successful programs will lower the premium charged and continued participation in the program will avoid a premium surcharge. Participating agencies who fail to meet their loss prevention goals will pay additional deductibles for those losses that exceed the goals established at the beginning of the fiscal year.

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DOAS Risk Management Services

This division will serve as an educational resource to state entities covered by the state's self-insurance programs, will create scorecards to effectively communicate important metrics regarding risk exposures and loss experiences, create benchmarks for covered entities to compare their loss control programs results with similar programs, create awareness by communicating best practices, and provide loss control services to participating entities.

CLCP Program Goals

DOAS will work with agencies on an ongoing basis to reduce State exposures and risks in the following areas:

- **Workers' Compensation**
    - Decrease frequency in workers' compensation claims
    - Decrease loss payments
- **Property**
    - Reduce water damage losses
    - Reduce burglary losses
    - Reduce employee theft claims
- **Auto Liability and Physical Damage**
    - Reduce at fault accidents
    - Reduce rear-end at fault accidents
- **General Liability**
    - Reduce wrongful discharge, harassment and discrimination claims
    - Reduce third party damages from premises and operations exposures

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Program Components

The CLCP is eight basic programs to be customized for each entity's operational risks. The first four are common to all covered state entities, while the last four are dependent upon the operation performed. Each covered entity must develop a written, specific and comprehensive Loss Control Plan that establishes systems (policies, procedures, practices) to effectively control identified risk exposures. Each entity will identify the individuals designated to verify compliance with the applicable programs. DOAS will partner with the entity to assist with implementation, benchmarking, and measurement.

1. **Employee Education and Training –** Given the variety of risk exposures to employees of covered entities, training and education will improve loss control programs. Each entity must establish a written policy for the broadcast of training material to all covered individuals and the verification of compliance thereof. This material will include information on the types and extents of insurance coverage available and other loss control topics. DOAS will make training materials available and will direct entities to other sources. As part of this program, task instructions for high risk tasks and supporting materials (forms, tags and manuals) must be made available to employees.

2. **Employee Accident Prevention Plan –** Most injuries to employees are preventable. Each participating entity will create systems for the identification and control of hazards and exposures within their operations. The plan shall include a Safety Policy signed by the head of the agency that shall serve as a guiding document for the program. At a minimum, the plans must include policies such as Incident/Accident Investigation, Return-to-Work, and training policies based on exposures.

3. **Theft –** Theft and misuse of state funds, property and services by employees causes financial loss and impacts their organizational image. Each entity will create systems to maintain property inventories and discipline employees accused of or found to have stolen or misused state funds or property. This must include general guidelines on recovery of State Assets.

4. **General Liability –** Entities will create systems to eliminate or reduce the effect of Employment Practice claims, such as harassment. This should include an Employee Handbook containing policies and procedures. Systems will also be created to prevent premises and operations claims, such as third part injuries or vehicle damage from powered equipment.

5. **Workers' Compensation – Return-to-Work –** Transitional duty provides meaningful light duty work for an injured worker until they are fully recovered. State agencies must ensure transitional duty jobs are available for injured workers that are medically capable of work. The agency will develop "Georgia Activity Analyses" for all positions (by class) and utilize those documents to assist in identifying what activities the worker can perform.

6. **Property –** Maintaining state-owned buildings in proper condition is critical to preventing losses and reducing liability issues. Entities that maintain state–owned buildings should establish and maintain systems and resources to ensure routine maintenance is performed to correct facility deficiencies, provide for inspections, a system to manage changes to existing systems or new systems, and a system to track corrective actions and inspection recommendations until completion. This includes maintaining an up to date inventory of properties with contents and property values at the proper/current levels.

7. **Auto Liability and Physical Damage –** Employees driving on state business regardless of vehicle ownership (state, personal, rented, leased) are covered for damages caused while operating the vehicle. This program also covers nonprofit agencies and their employees that have contracted with the Department of Juvenile Justice, Department of Transportation, or Department of Human Resources to furnish certain services. Agencies will create a Motor Vehicle Use Policy and a Driver Qualification Program. Agencies will also participate in the Report My Driving program and set up an auto accident review panel.

8. **Fleet Management –** Entities with state owned vehicles are expected to be good stewards of state property. DOAS Fleet monitors vehicles for preventive maintenance, provide resources for vehicle repairs

including routine replacement of tires and batteries as well as repairs from accident damage. Agencies are expected to use the DOAS system or provide a similar program for the maintenance of their fleet. Failure to report state vehicle mileage at requested intervals, repair & maintenance costs and vehicle accidents will result in surcharges and higher deductibles being assessed for agency vehicle coverage and possible loss of vehicles if they are not properly maintained within State policies.