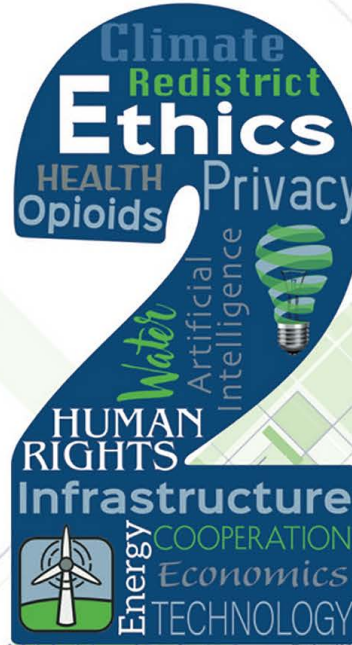




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**Focus:**



**Local Government Staffing**

**INSIDE:** Special Program Guide

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# The Power of Collaboration

A new risk management manual provides guidance for local officials

THOMAS MERCHEL, *Manager and CFO, Moorestown; Chair, Municipal Excess Liability JIF*



Insurance and related employee, liability, and property claims cost New Jersey government over \$1 billion each year. Had it not been for the widespread adoption of risk management beginning in the mid-1980s, that figure would easily have been double.

The MEL just published a risk management manual for local officials. “The Power of Collaboration” is being distributed at no cost to every municipality and authority in the State, including non-MEL members. Until now, no single resource has been available to serve as a quick reference to help better understand risk management issues.

## The new manual

The book was written specifically for municipal elected officials and local authority commissioners. It begins with extensive discussions on workers’ compensation and liability issues along with insurance coverage. The manual also includes sections of particular interest to local officials such as:

- Pedestrian safety

- Playgrounds
- Senior citizens
- The opioid epidemic
- Protecting children from child abuse.

Chapters also address Land Use Liability, the Local Officials Ethics Act, the Open Public Meetings Act, and the Open Public Records Act. Cyber Risk Management is explored at length. Each section highlights actual court cases and decisions (more than 100 total) to illustrate how specific issues are interpreted. The resources section also contains sample ordinances and forms ranging from firefighter health evaluations to a model meeting decorum ordinance.

## Organizing a risk management program

The concept of risk management dates to the mid-1950s when large corporations combined insurance, claims management and safety into a single department. The risk management revolution for New Jersey local governments was led by Joint Insurance Funds (JIFs) that were established in the mid-1980s. Since then, JIFs have reduced property/casualty costs for their members by at least half,

local governments are too small to have an in-house risk management department, so they depend on an appointed risk management consultant (often a local insurance agent). Responsibilities can include: review of exposures, completion of underwriting surveys, assistance in claims processing, safety programs, and review of contracts. In most JIFs, the fees are about half of the commissions paid by commercial insurance companies.



and employee accident rates have been reduced by over 65%. At the same time, non-claim costs have been cut to the lowest in the country.

To achieve long-term results, a risk management program must be structured so that it is consistent over time.

### Senior Management Involvement:

The governing body must play an active role in the program and needs to communicate priorities, monitor status, and discuss progress monthly.

**Safety Committee:** The program should be collaborative including representatives from management, collective bargaining units, non-union employees, and the risk management consultant.

**Litigation Risk Committee:** Every local government should also have a litigation risk committee comprised of the Mayor or Authority Chair, Manager or Executive Director, the local unit's attorney, senior managers, and the risk management consultant. The committee should monitor the status of lawsuits and put plans into place to reduce potential liabilities.

### Risk Management Consultant:

Unlike other states, most New Jersey

## Impact of effective risk management

Risk management creates a framework for best practices in nearly all aspects of local government.

**Environmental Issues:** In 1993, a number of JIFs joined forces to develop the Environmental Liability Risk Management Fund (E-JIF). The E-JIF provides the most comprehensive package of engineering services and pollution insurance in the country. The E-JIF is available exclusively to New Jersey towns and authorities.

**Community Safety:** In the late 1990s, many JIFs participated in the Community Safety Leadership program to provide local officials with information about a range of new issues including Pedestrian Safety, Senior Citizens, Employment Practices, and Emergency Management. In 2003, the MEL established an annual elected official's risk management seminar that trains an average of 1,500 local officials each year.

**Employee Safety:** When New Jersey substantially increased safety training requirements, the MEL established a safety institute that trains over 50,000 member employees annually.

## THE POWER OF COLLABORATION

RISK MANAGEMENT FOR LOCAL OFFICIALS



**MEL**

David N. Grubb

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