

Topic: LIABILITY/PROPERTY
SELF-INSURANCE COST ALLOCATION

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Section: LIABILITY/PROPERTY INSURANCE PROGRAM

Number: XXIII.8.

PURPOSE:

The purpose of this Section is to describe the method of determining the annual Liability/Property Insurance cost allocation charges to departments.

POLICY:

The annual Liability/Property cost allocation charges are based upon each department's actual legal and settlement experience, an exposure factor and apportioned property insurance costs.

PROCEDURE:

Risk Management calculates the claim settlement and legal expense experience for each department for the previous ten years. Each department's percentage of the total County experience is determined. That percentage is applied to 70% of the total projected liability charge for the upcoming fiscal year.

Next, each department is assigned an exposure factor based upon loss potential, frequency and severity. Each department's percentage of the total County-wide exposure rate is determined. That percentage is applied to 30% of the total projected liability charge for the upcoming fiscal year.

Finally, property insurance costs are apportioned based upon departmental occupancy or control of County owned or leased locations. The three figures (experience, exposure and property insurance costs) are combined to provide each department with their Liability/Property Insurance annual department charges.