

## **THE ORIGIN OF RISK MANAGEMENT IN SOUTH DAKOTA**

State government is faced with the task of providing services and ensuring public safety within an environment of limited resources, increasing liability, and a more litigious society. The Office of Risk Management was formed in 1987 to centralize the state's risk management program and reduce the state's exposure to loss.

The Office of Risk Management oversees the state's risk management activities. Each agency and institution has a risk management contact person to implement risk management techniques and act as a liaison to the Office of Risk Management.

# **RISK MANAGEMENT POLICY**

## **Mission Statement**

The mission of the Office of Risk Management is to efficiently and effectively protect the assets of the state of South Dakota in the conduct of governmental activity. This mission can be accomplished through the prudent use of risk management and insurance programs, safety and loss control techniques.

## **Policy Statement**

The risk management policy and philosophy of the state of South Dakota is to:

- ◆ Protect the state's assets;
- ◆ Ensure a safe environment for state employees and for the public who come into contact with state employees or property as services are provided;
- ◆ Minimize the possible interruption of vital public services;
- ◆ Safeguard that all exposures to financial loss are discovered and handled appropriately and;
- ◆ Reduce the costs and consequences of accidents, including insurance premiums, through effective risk management.

In striving to fulfill the risk management mission and policy, the following five steps of risk management are followed:

1. Identify risks of loss throughout state operations.
2. Evaluate risks of loss to determine loss frequency and severity.
3. Control risks of loss through:
  - \* Elimination or avoidance of the risk;
  - \* Reducing the loss potential through loss prevention;
  - \* Assumption of the risk;
  - \* Risk transfer through contracts or insurance.
4. Implement risk management controls.
5. Monitor the effectiveness of risk management controls and implement changes where appropriate.

## **THE RESPONSIBILITIES OF THE OFFICE OF RISK MANAGEMENT**

The Office of Risk Management has the primary responsibility of implementing the risk management objectives of the state to ensure its operations are not impaired by a loss. To accomplish that goal, the Office of Risk Management is responsible for:

- ◆ Conducting loss control audits (see the “safety and loss control” section of this manual for a description of a loss control audit);
- ◆ Reviewing claims to identify trends or situations requiring loss prevention efforts;
- ◆ Advising agencies on applicable laws, regulations and standards which contribute to a safe environment;
- ◆ Providing loss control training;
- ◆ Reviewing contracts for appropriate risk management language and;
- ◆ Selecting brokers and insurance companies and negotiating to obtain the best product for the best price.

## **RISK MANAGEMENT RESPONSIBILITIES OF SOUTH DAKOTA STATE AGENCIES AND INSTITUTIONS**

Agencies and institutions are responsible for coordinating and implementing risk management programs within their departments and at their facilities with the assistance of the Office of Risk Management. Agencies and institutions should assist the Office of Risk Management in identifying, measuring and minimizing exposures to loss by:

- ◆ Conducting facility inspections to identify and address safety hazards;
- ◆ Conducting services and operations in accordance with applicable laws, regulations, and safety standards;
- ◆ Properly reporting accidents, incidents and unsafe conditions;
- ◆ Reviewing losses to identify trends or situations requiring loss prevention efforts;
- ◆ Ensuring policies and procedures remain current, are communicated to all employees and enforced;
- ◆ Drafting all contracts with the appropriate risk management language;
- ◆ Communicating to the Office of Risk Management changes in exposures; and
- ◆ Implementing the Office of Risk Management's recommendations.