



Policy 2200 Liability Loss Reserve

Version: 3.00.00

Effective Date: MM/DD/YYYY

Board or Administrative: Administrative Board

Policy Statement

It is the policy of Dakota County to establish and implement guidance for the administration of the Dakota County Liability/Loss Reserve Fund (DCLLR).

The DCLLR is used to provide funding for deductible expenses on certain lines of insurance coverages, self-insuring certain areas of liability where losses are predictable or non-insurable and paying certain claims, for cause, financial savings or other acceptable reasons.

Definitions

- "The County" refers to the officers, employees, agencies, and facilities of Dakota County government.
- "The County Board" refers to the Dakota County Board of Commissioners.
- **Dakota County General Liability Claim Report:** the countywide form used to report claims for bodily injury, personal injury or property damage against Dakota County by persons other than the County employees.
- **Dakota County Liability/Loss Reserve Fund (DCLLR):** the fund designated by County Board Resolution 87-1084 (December 29, 1987) from which to pay claim expenses and reimbursements associated with self-insured losses.

Source

Authority for this policy is Minn.Stat. §375.18 authorizing the delegation of payment of certain claims to the County Manager as delegated by the County Board Resolution number 25-052.

Authority for the County to self-insure is provided by Minn. Stat. §471.981 and §466.06. General liability of counties, and Worker's Compensation administration are subject to Minn. Stat. Chapter 466 and 176 respectively.

General

The Dakota County Liability/Loss Reserve (DCLLR) Fund maintains reserves for incurred but unpaid liability claims and related expenses for injuries or property damage which fall within the guidelines of this policy. All unexpended and unencumbered monies, including earned interest in the DCLLR at the end of the fiscal year shall be maintained within the DCLLR Fund to aid in future growth and stabilization of the fund. The monies allocated to the DCLLR Fund as set forth in this policy shall not be transferred or utilized for any other purpose unless otherwise directed by the County Board.

It is the responsibility of the Financial Services Department to ensure that financial administration of the DCLLR is in compliance with GASB Statement No. 10 standards.

The setting aside of reserves for self-insurance purposes in the DCLLR Fund is not intended to be and shall not be construed to be the creation of an insurance company, nor is the DCLLR Fund subject to the laws of the State of Minnesota regarding insurance or insurance companies.

The following expenditures are eligible for coverage consideration:

1. General and professional liability claims and expenses brought against County, employees or officials subject to Minnesota Statute Chapter 466 or arising under Federal Law, which the County is legally obligated to pay or which are compromised or settled subject to the guidelines set forth in this policy.
2. Worker's Compensation claims including indemnity payments, medical expenses and rehabilitative costs to employees and certain classes of volunteers who are injured or suffer occupational illness during their employment.
3. Claim payments falling within identified deductibles on purchased insurance policies or payments which exceed the limits of coverage.
4. Premium Payments on insurance coverages deemed necessary due to the nature of the individual loss exposure and the cost effectiveness of procuring insurance.

The following expenditures are not eligible for coverage consideration:

1. Claims against County officers, agents, employees or volunteers involving any act or omission constituting criminal conduct or deliberate and intentional wrongful act or unauthorized conduct or malfeasance in office, or willful neglect of duty or bad faith within the meaning of Minn. Stat. § 466.07;
2. Claims against the County due to property acquisition through Eminent Domain condemnation actions;
3. Claims for liabilities or losses which are covered under commercial insurance policies purchased by the County;
4. Catastrophic claims which are unusual, unpredictable and uninsurable;
5. Any claim not identified in this policy, other than those which arise under Federal law.

Fund Administration Responsibilities:

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| Financial Services | 1. Establish the proper funding account(s) in which the monies set aside for utilization through this policy are placed. |
| Risk Management and Financial Services | 2. Maintain the necessary records to ensure that utilization of the fund is properly recorded to reflect the current balance on hand, including those reserves established on open claims. |
| Risk Management and Financial Services | 3. Recommend the amount of money that is required to maintain adequate reserves. On a periodic basis, an actuarial analysis will be conducted of the liabilities funded with the DCCLR to evaluate the adequacy of the fund balance. If at any time during the fiscal year a deficit balance is imminent, recommend that the County Board add a specified dollar amount to this fund to ensure solvency for the remainder of the fiscal year. |
| Treasurer | 4. Manages the investment of DCLR funds. |

Claims Administration Responsibilities:

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| Responsible Department | 1. Notifies Risk Management of claim within 24 hours of occurrence, on the appropriate Report Form. |
| | 2. Cooperates with Risk Management and County Attorney with respect to establishment of facts, determination of liability, and utilization of professional expertise in defense of the County. |
| Risk Management and County Attorney | 3. Investigate and recommend denial, compromise or settlement of all claims filed against the County or its employees. |
| County Attorney | 4. Represents the County in connection with all litigation arising under claims brought pursuant to this policy. |
| Risk Management | 5. Issues payment of claims subject to the following guidelines: <ul style="list-style-type: none"> a. Claims not exceeding ten <u>one</u> thousand dollars (\$10,000) are jointly authorized by both the Risk Manager and the County Attorney's Office Civil Director. b. Claims greater than ten thousand dollars (\$10,000) one thousand (\$1000) and not exceeding <u>One hundred</u> thousand dollars (\$100,000) five thousand dollars (\$5000) are authorized by both the County Manager and the County Attorney. c. Claims exceeding <u>one hundred thousand dollars (\$100,000)</u> five thousand dollars (\$5,000) require authorization by County Board of Commissioners. |

No claims are settled pursuant to this policy unless the claimant has executed and presented a full-release or discharge of liability to the County, its officers and employees unless authorized by the Risk Manager and the County Attorney.

Risk Management and County
Attorney

6. Provides semiannual claim status reports to County
Manager.

Procedures

Procedures will be maintained by Risk Management.

History

Version	Revision Date
1.0	4/1/1991
2.0	6/2/2009
<u>3.0</u>	<u>4/22/2025</u>

Contact

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Approval

Resolution No. and Date (Board Policies)

OR

~~/s/ Heidi Welsch, County Manager 03/20/25~~