
Sponsor: Finance

Meeting Date: 11/21/2023

Title: Transfer from General Fund Balance to Tort Liability
Self-Insurance Fund

File Number: 2023-485

Background and Rationale:

Ramsey County has a long history of managing the county's financial liability claims as a self-insured entity. By self-insuring liability exposures, the county must have financial reserves set aside to satisfy the cost of any liability claims against Ramsey County as there are no insurance policies purchased by the county to transfer the obligation to. Given the size of the county, self-insuring liability exposures is much more cost affordable than the cost of purchasing private insurance.

Being a public entity in the state of Minnesota, Ramsey County provides crucial community services such as public health, law enforcement and social care. Like any business or organization constantly engaged with the public, these activities put the county at potential liability risk for unintentional harm to people and property.

In order to ensure adequate funding is set aside for pending and potential future liability claims, Risk Management assesses fluctuating exposures to loss, loss bearing capacity and available financial resources on an ongoing basis. In recent years, risk financing has become increasingly challenging given increases in the frequency and types of claims as well as increases in the number of large settlements/judgements. The time delay between claims occurring and claims settling amounts to a challenge in accounting for the settlements with budgets set months or years in advance of settlement.

In the past year, Ramsey County settled two large liability claims. Settlements in the Sullivan v. Ramsey County class action lawsuit and the Mozuch-Stafford v. Ramsey County lawsuit totaled \$4.5 million. These settlements combined with pending claim reserves require a fund balance transfer to ensure the Self-Insured Liability Fund is adequately funded.

Recommendation:

The Ramsey County Board of Commissioners resolved to:

Authorize the County Manager to transfer \$3,000,000 of General Fund Balance to the Tort Liability Self Insurance Fund to provide adequate funding and reserve balance for potential future claim settlements and Court awards related to county liabilities.

A motion to approve was made by Commissioner McGuire, seconded by Commissioner Reinhardt. Motion passed.

Aye: - 6: Frethem, Martinson, McGuire, Ortega, Reinhardt, and Xiong

Absent: - 1: Moran

By: 
Mee Cheng, Chief Clerk - County Board