



Risk Management 101

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TRA Risk Management Team



Learning Objectives

- What is risk management
- The role of risk management in the public sector
- Lessons learned as a risk management professional

Question:

What is Risk Management?



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What is Risk Management?

- Coordinated activities to direct and control an organization with regard to risk = the effect of uncertainty on objectives. **ISO 31000-2018**
- The deliberate process of understanding “risk” – the likelihood that a threat will harm an asset with some severity of consequences – and deciding on and implementing actions to reduce it. Risk = Threat x Vulnerability x Consequence. **FEMA**
- The process of managing uncertainty of exposures that affect an organization’s assets and financial statements uses five steps: identification, analysis, control, financing, and administration. **Risk & Insurance Education Alliance**
- Risk is defined as the uncertainty of loss, the chance of loss, or the variance of actual from expected results. **GASB**
- The chance of certain occurrences adversely affecting project objectives. It is the degree of exposure to negative events and their probable consequences. **PMI**
- A systematic process to identify, assess, and control workplace hazards to minimize the potential for injuries and illnesses. **OSHA**
- The process of managing risks to organizational operations (including mission, functions, image, or reputation), organizational assets, or individuals resulting from the operation of an information system, and includes: (i) the conduct of a risk assessment; (ii) the implementation of a risk mitigation strategy; and (iii) employment of techniques and procedures for the continuous monitoring of the security state of the information system. **NIST**

What is Risk Management?

- Risk = uncertainty
- Positive and negative risk
- Important function of decision-making
- Reduce/eliminate negative risks
- Promote Positive risks = innovation/efficiency



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Risk Management Framework In The Public Sector

Risk Management Framework



Source: The Orange Book

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The role of risk management in the public sector

- Risk management impacts all public sector organizations
- Protecting Public Resources
- Maintaining Public Trust and Accountability
- Ensuring Service Continuity
- Compliance with Legal and Ethical Standards
- Achieving Organizational Objectives
- Each organization assigns the responsibility of managing risk management programs often to different or multiple groups or individuals



Common Risk Management Responsibilities

- Insurance procurement (broker, risk pool, RFP, self-insurance, interlocal agreements, etc.)
- Claims/Litigation (third-party administration, internal)
- Safety Programs
- Policy administration/loss control
- Contracts – indemnity and insurance
- Risk management budget

Other Risk Management Responsibilities

- Employee/retiree benefits, retirement, wellness
- Pre/Post-employment screening
- Security
- Facilities
- Fleet
- Emergency Management/Disaster Recovery
- Human Resources
- ADA

Insurance – Common

- General Liability
- Workers' Compensation
- Property
- Public Officials Liability
- Cyber
- Auto
- Commercial Crime
- Surety bonds (Treasurer, notary, dishonesty)

Insurance – Other

- Pollution
- Law Enforcement Liability
- Sexual Abuse and Molestation (SAM)
- Inland Marine/Mobile Equipment
- Aviation/Drone
- Volunteer Accident
- Special Event/TULIP

Insurance Considerations

- Statutory requirements – varies by state (procurement, tort/immunity, workers' compensation, cyber, crime/dishonesty, etc.)
- Exposures – **Know Your Organization**
- Non-governmental functions (amusements, alcohol sales, catering, etc.)
- Common or emerging risks

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Contracts and COIs

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TRINITY RIVER AUTHORITY INSURANCE REQUIREMENTS

STANDARD CONTRACT REQUIREMENTS

	LIMITS	REQUIRED ENDORSEMENTS		
		ADDITIONAL INSURED	WAIVER OF SUBROGATION	30-DAY NOTICE OF CANCELLATION
General Liability	\$1,000,000 per occurrence / \$2,000,000 aggregate	X	X	X
Automobile Liability	\$1,000,000 each accident	X	X	X
Umbrella Liability	\$2,000,000 per occurrence and aggregate	X	X	X
Workers' Compensation/Employers Liability	\$1,000,000 EI each accident / \$1,000,000 EI Disease policy limit / \$1,000,000 EI Disease each employee		X	X

IF APPLICABLE

	LIMITS	REQUIRED ENDORSEMENTS		
		ADDITIONAL INSURED	WAIVER OF SUBROGATION	30-DAY NOTICE OF CANCELLATION
Professional Liability (Errors & Omissions) if professional services contract is used, or if the risk to the Authority is financial in nature rather than bodily injury/property damage.	\$1,000,000 per claim / \$2,000,000* aggregate. If claims made policy, coverage must be maintained for two years after completion of work.			X
Technology Liability if services provided involve Authority networks, data, electronic equipment, Authority web connection, etc.	\$1,000,000 per claim and aggregate. If claims made policy, coverage must be maintained for two years after completion of work.			X
Pollution Liability if services provided have any environmental exposure.	\$1,000,000			X
Builders Risk For construction of buildings on authority-owned land, or where the Authority will be the owner when construction is complete.	Full Value of construction, naming the Authority as Loss Payee		X	X

*Dependent on total project cost
 \$0-20,000,000 - \$1,000,000 per claim/\$2,000,000 aggregate
 \$20,000,000-\$40,000,000 - \$2,000,000 per claim/\$4,000,000 aggregate
 \$40,000,000-\$60,000,000 - \$3,000,000 per claim/\$6,000,000 aggregate
 \$60,000,000-\$80,000,000 - \$4,000,000 per claim/\$8,000,000 aggregate
 \$80,000,000-\$100,000,000 - \$5,000,000 per claim/\$10,000,000 aggregate
 \$100,000,000 or higher - \$5,000,000 per claim/\$10,000,000 aggregate

CERTIFICATE OF INSURANCE REVIEW

ANY 'NO' ANSWER MUST BE REVIEWED BY RISK MANAGEMENT FOR APPROVAL.

	COMMENTS	YES		NO		RISK MGMT APPROVAL
Is the Issue Date within the last 30 days?						
Are there any insurance carriers with an AM Best rating of less than A VII?						
Is the Certificate Holder shown as the Trinity River Authority? The Department may be shown as ATTN, but not Certificate Holder.						
Are all required insurance policies shown on the certificate?						
Do the effective dates of the policies cover the period when services will be performed?						
Are the policy limits compliant with contract requirements?						
If applicable, is the Authority shown as Additional Insured? Umbrella policy may be "follow form".						
If applicable, is the Authority granted Waiver of Subrogation? Umbrella policy may be "follow form".						
Is the Authority provided with 30-day Notice of Cancellation on all required policies?						

SAMPLE

ACORDTM CERTIFICATE OF LIABILITY INSURANCE

Date (REVISED 1/1)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER		Contact Name:	
ABC Insurance Agency		1234 Insurance Street	
1234 Insurance Street		Tampa, FL 33602	
INSURED		INSURER(S) AFFORDING COVERAGE	
ABC Contractor		COMPANY A	
9873 Contractor Street		COMPANY B	
Tampa, FL 33606		COMPANY C	
		COMPANY D	
		COMPANY E	
		COMPANY F	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOT WITHSTANDING ANY REQUIREMENTS, TERMS OR CONDITIONS OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COI LINE	TYPE OF INSURANCE	AM Best	REV	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS
A	GENERAL LIABILITY			123456789	01/01/11	01/01/12	GENERAL AGGREGATE \$ 2,000,000
	COMMERCIAL GENERAL LIABILITY						PRODUCTS-COMP/OP AGG \$ 1,000,000
	CLAIMS MADE	X	OCUR				PERSONAL & ADV INJURY \$ 1,000,000
	Per Project Agg						EACH OCCURRENCE \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						FIRE DAMAGE (Any one fire) \$ 100,000
	INCLD	PRO-TECT	LOC				MED EXP (Any one person) \$ 5,000
B	AUTOMOBILE LIABILITY			123456789	01/01/11	01/01/12	COMBINED SINGLE LIMIT \$ 1,000,000
	ANY AUTO						BODILY INJURY (Per Person)
	ALL OWNED AUTOS		SCHEDULED AUTOS				BODILY INJURY (Per Accident)
	HERD AUTOS	X	NON-OWNED AUTOS				PROPERTY DAMAGE
C	UMBRELLA LIAB			123456789	01/01/11	10/01/12	EACH OCCURRENCE \$ 2,000,000
	EXCESS LIAB		CLAIMS-MADE				AGGREGATE \$ 2,000,000
D	WORKERS COMPENSATION AND EMPLOYERS LIABILITY			123456789	01/01/11	01/01/12	EACH ACCIDENT \$ 1,000,000
	ANY PROPRIETOR/PARTNERSHIP/EXECUTIVE OFFICERS/MEMBER EXCLUDED? (Marked in SET)						ELIMINATED POLICY LIMIT \$ 1,000,000
	If you describe under DESCRIPTION OF OPERATIONS below						ELIMINATED AMOUNT \$ 1,000,000
E	OTHER			Professional Liability or Builders Risk	01/01/11	01/01/12	Limits Required by Contract

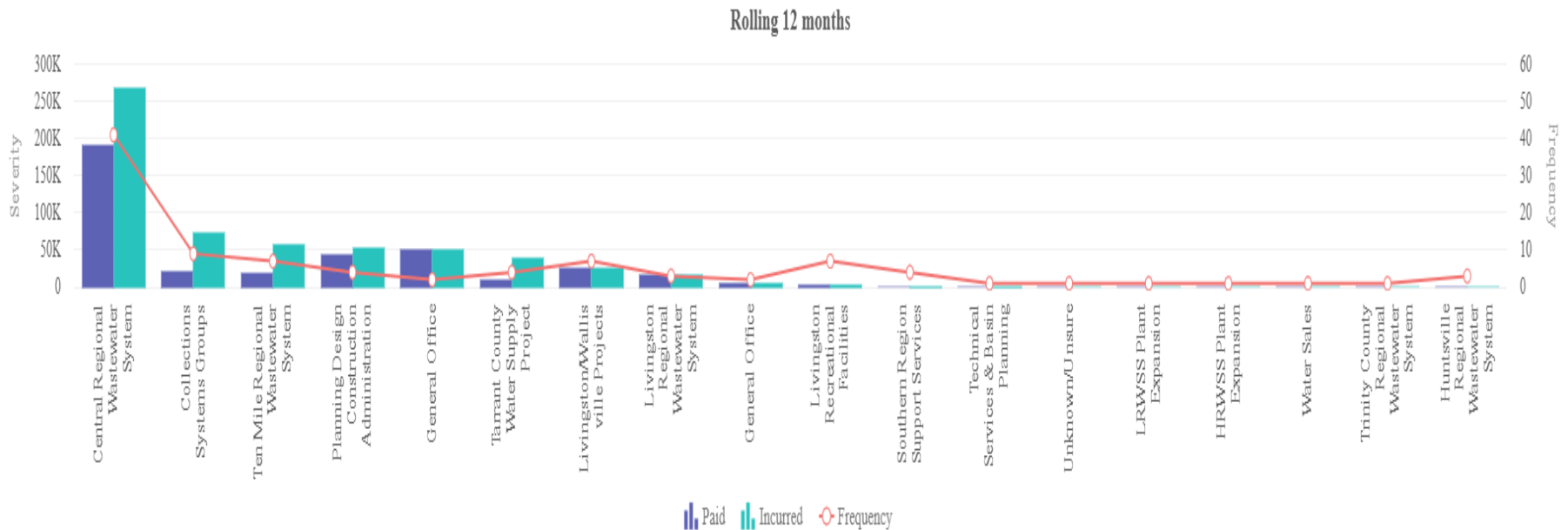
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLE (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 30-day Notice of Cancellation to the Trinity River Authority on all required policies.

CERTIFICATE HOLDER	CANCELLATION
Trinity River Authority Address - may be sent to Department	SHOULD ANY OF THE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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Understanding Loss Data Frequency/Severity

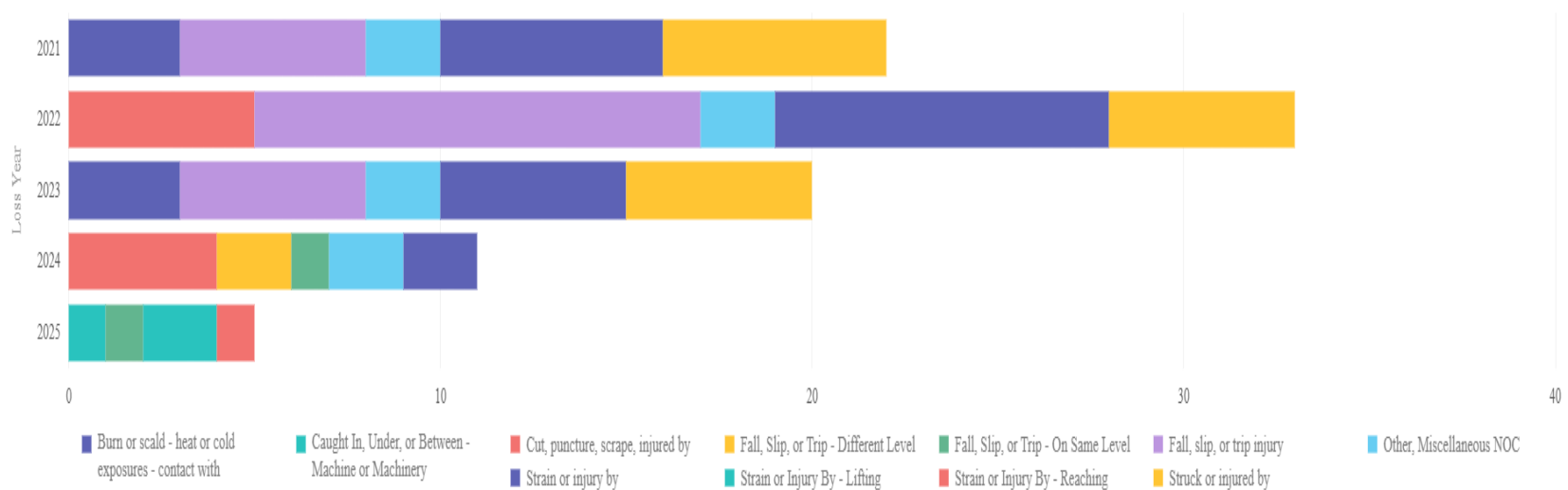


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Losses by Cause

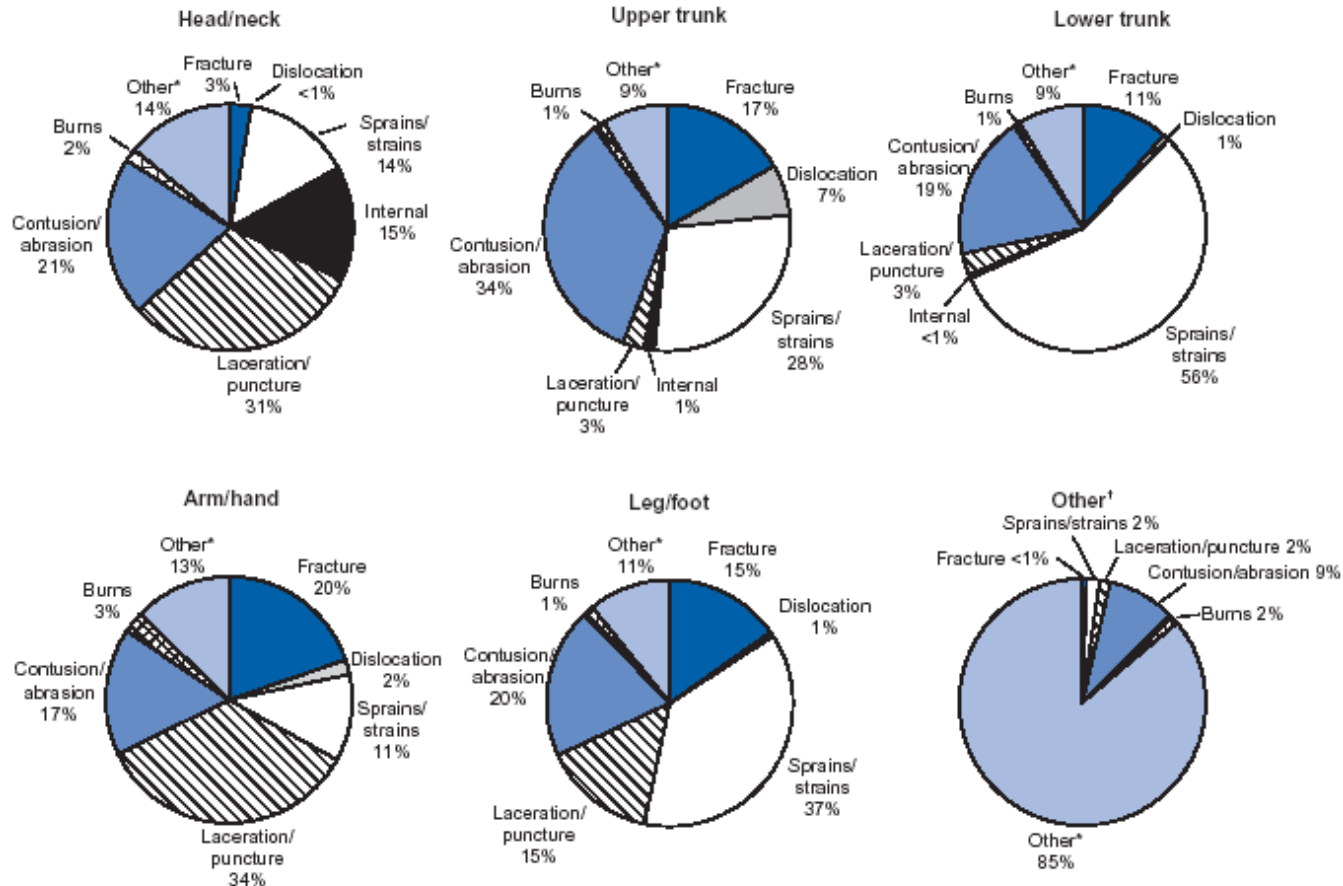
- Who's getting hurt doing what?
- Try to capture cause codes by department
- Focus Safety Efforts to address



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FIGURE 25. Percentage distribution of nonfatal injuries, by primary body part affected and principal diagnosis — United States, 2001



* Includes amputation, anoxia, aspiration, avulsion, crushing, dental injury, dermatitis/conjunctivitis, electric shock, foreign body, hematoma, hemorrhage, ingestion, nerve damage, poisoning, submersion, and unknown.

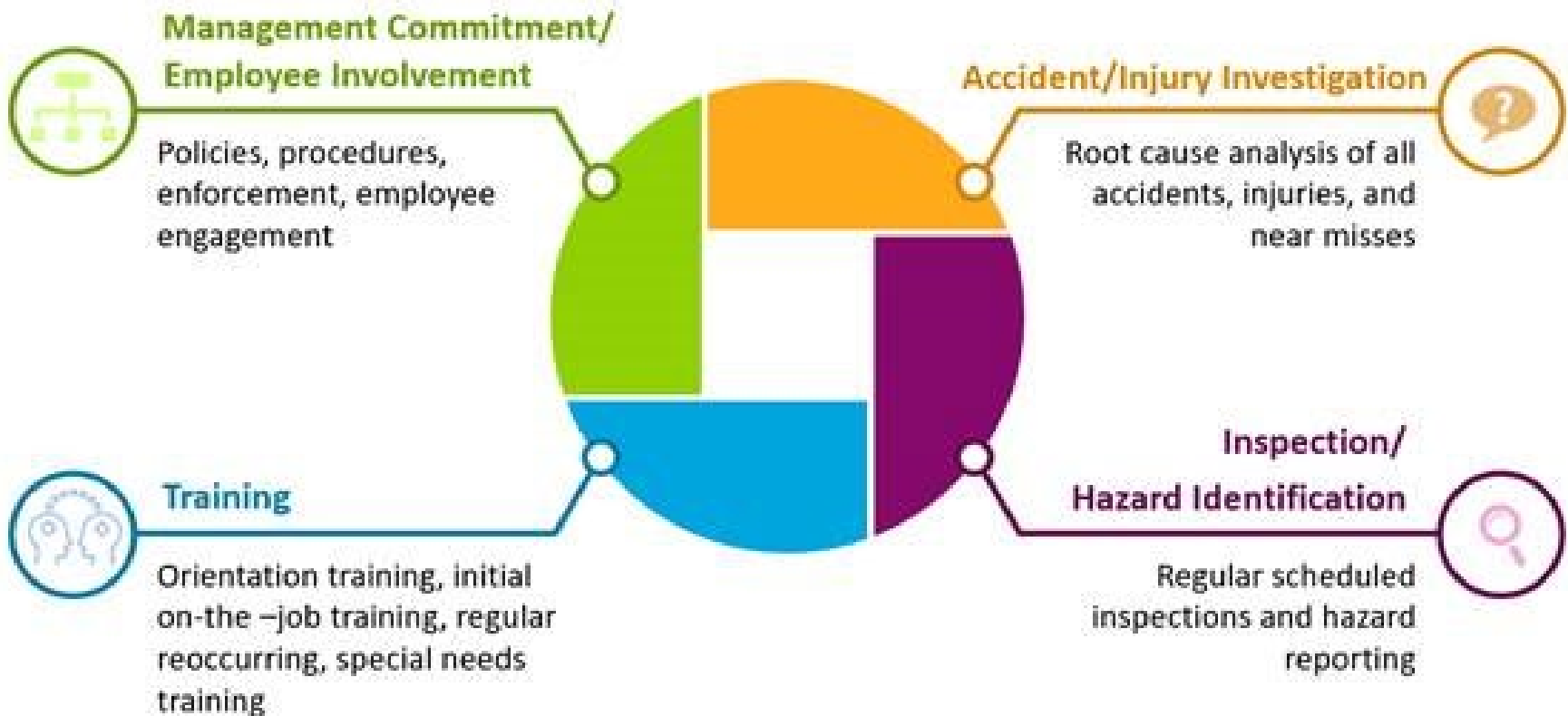
† Includes other internal injury, 25%–50% of body, and all parts of body affected.

Source: CDC

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4 - Key Elements of a Safety Program





High Hazard Programs

- Heavy Equipment
- Electrical Safety/Lockout-Tagout/Arc Flash
- Hazcom/Chemical Safety
- Fall Protection
- Confined Space
- Traffic Control
- Respiratory Protection

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Safety Inspection and Training Campaign Examples

Month	Topics
January	Hazardous Chemicals/Hazcom, Eye safety – personal protective equipment, eye wash. Hazcom Training. Forklift and Aerial Training.
February	Burn prevention – welding/Hot work, Lab Safety Week. Lab Safety Training (PPE). Hazwoper & Trench Safety Training
March	Ladder Safety Month H2S Training. Respiratory Protection Program. RPP Training – Fit testing
April	Machine Guarding. Crane/Hoist Training
May	Electrical Safety Month, Hot Weather Precautions. Lockout/Tagout Training. Arc Flash Training.
June	National Safety Month. Heat Stress Training
July	Outdoor safety, hot weather precautions. Hearing Conservation
August	Fall Prevention, hot weather precautions. Confined Space and Fall Protection Training
September	National Preparedness Month. CPR/First Aid/AED Training
October	Fire Safety Month. Security Month. Fire Protection Training.
November	Driving Safety. Holiday Travel
December	Equipment Safety. Winter Safety Awareness Month

Lessons Learned

- **Know your Organization!** Get Involved.
- Collaboration over Compliance. Buy-in Matters
- Initiative, Innovation, and Influence
- Data sells
- Find the wins!
- You don't know everything!
- Continuously Learn and Grow
- Build a Network
- Have balance
- Love What You Do!

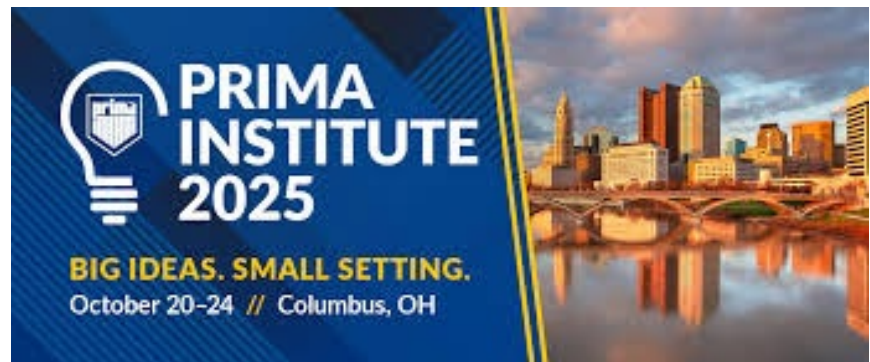
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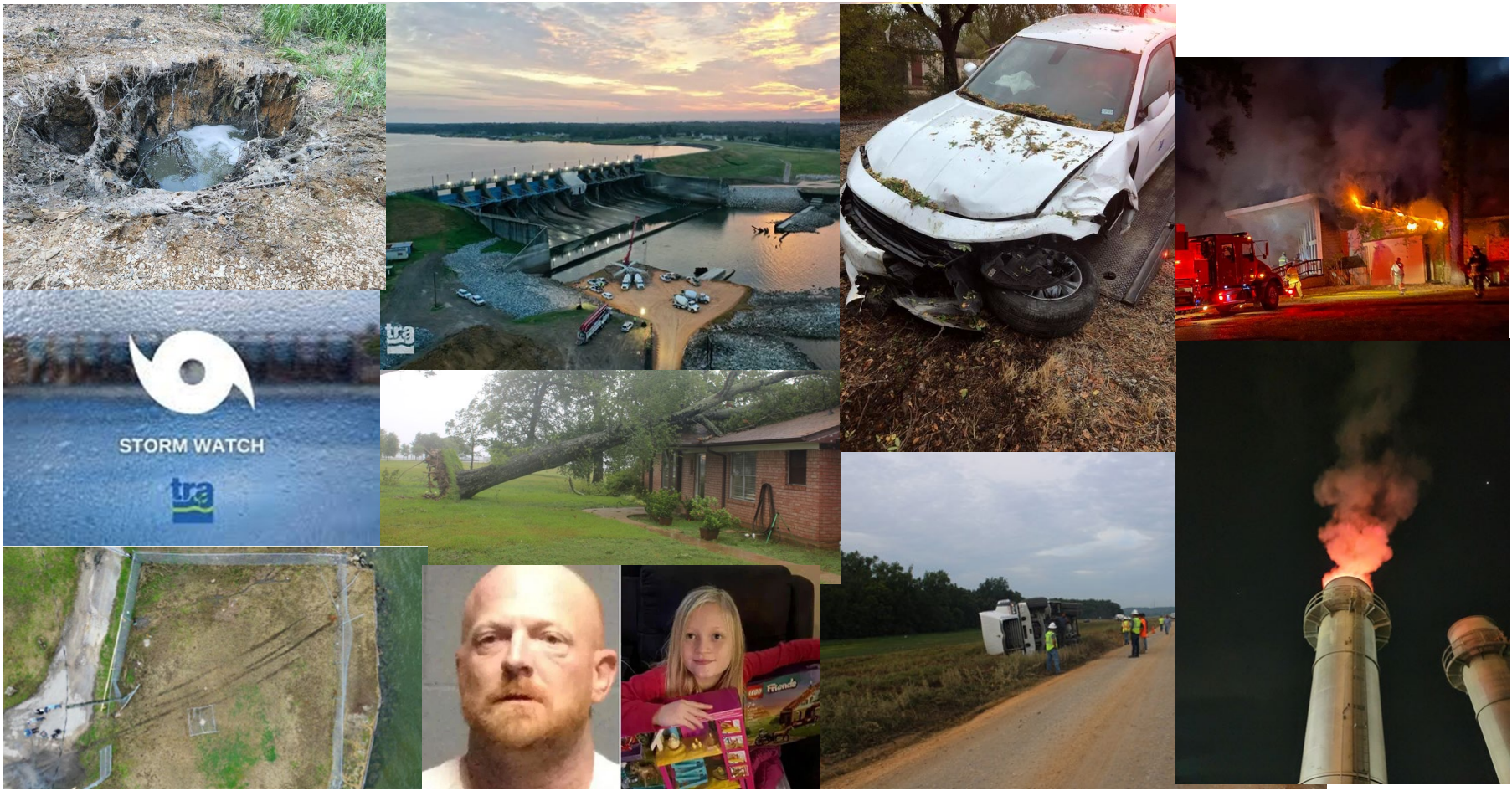
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Sometimes bad things happen..



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But you can still love what you do!



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Questions?



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