



# Bridging HR & Risk: What You Didn't Know You Needed to Know

Welcome to this strategic presentation on the crucial intersection of human resources and risk management in Texas municipalities.

We'll explore how HR decisions impact financial and operational risks, and provide practical strategies for creating safer workplaces.

# A little about Charlesworth Consulting

Specialized advisors helping Texas municipalities navigate the critical intersection between HR and risk management for over 45 years.

Our team of certified professionals combines municipal experience with strategic risk solutions tailored for public sector challenges.



# Understanding the HR -Risk Connection

HR decisions directly impact organizational risks across Texas municipalities. Every hiring choice, training program, and policy creates potential liabilities.



## Hiring Decisions

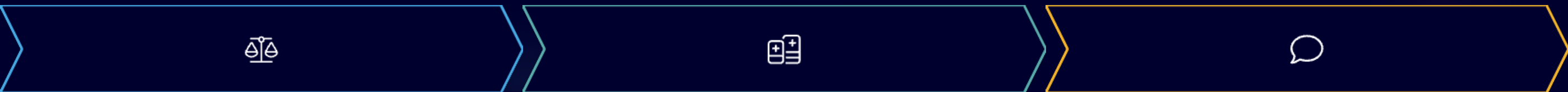
Poor screening can introduce workplace safety risks and potential liability.

## Training Protocols

Inadequate training multiplies operational risks and compliance gaps.

## Policy Development

Effective policies establish guardrails that protect both employees and municipalities.



## Legal Compliance

Staying current with Texas employment laws prevents costly litigation.

## Insurance Programs

Transferring risk through insurance mitigates financial exposure from HR-related liabilities.

## Communication and Understanding

Collaborative interaction between HR and Risk teams enhances risk identification and mitigation.

Charlesworth Consulting specializes in navigating these intersections, helping Texas municipalities create safer, more effective workplaces through both HR and Risk Management Consultation.

# Understanding the HR-Risk Connection

## HR Functions

- Recruitment and hiring
- Employee relations
- Policy development
- Training coordination

## Risk Implications

- Liability exposure
- Financial consequences
- Safety outcomes
- Operational continuity

## Integration Benefits

- Reduced claim frequency
- Lower premium costs
- Enhanced compliance
- Improved workplace culture



# Insurance 101: Essential Coverages

## Workers' Compensation

Covers employee injuries and illnesses.  
Requires proper claim documentation and return-to-work programs.

## Auto Liability

Covers accidents involving municipal vehicles. Protects against property damage claims from vehicle operations.

## Property Insurance

Protects municipal buildings and contents against damage from fire, weather events, and other covered perils.



## General Liability

Protects against thirdparty claims. Covers bodily injury and property damage from municipal operations.

## Employment Practices Liability

Addresses wrongful termination, discrimination, and harassment claims. Requires sound HR practices.

## Cyber Liability

Safeguards employee data and municipal systems. Demands robust security protocols and training.

Do I know what the policy says, or do I only know the price?

# Insurance Claims: Which Policy Applies?

Test your knowledge with these common municipal scenarios. Each situation activates different coverage types.

Scenario	Applicable Policy
City vehicle involved in traffic accident	Auto Liability
Contractor falls at city facility	General Liability
HR director accused of wrongful termination	Employment Practices Liability
City council makes contested zoning decision	Public Officials Liability/Errors & Omissions
Employee steals from municipal funds	Crime/Fidelity
City building damaged in storm	Property
Police officer accused of excessive force	Law Enforcement Liability

Understanding which policy applies helps HR coordinate effectively with Risk Management when incidents occur.

# Property Insurance B9 Exclusions

Understanding policy exclusions is critical for proper risk management in municipal operations.

## Property B9 Exclusions

- Roadways, pavement, sidewalks, curbs, storm sewers
- Underground water/gas mains and piping systems
- Underground wiring and optic cables

## Infrastructure Exclusions

- Electrical transmission/distribution lines and transformers
- Water tanks, towers, and wells
- Street lights, traffic signals, and signage

## Recreational Exclusions

- Playground equipment
- Tennis courts
- Swimming pools
- Outdoor scoreboards (unless attached to covered structure)
- Freestanding lights not attached or intended for security of a covered building
- Freestanding fences at parks and other locations unless reported prior to a loss (not applicable to fencing that are servicing or providing security to covered buildings)

\*TMLIRP Please take note these must be added individually to be covered in real time

# Texas Tort Claims Act: What HR Needs to Know



## Limited Immunity

Municipalities have governmental immunity with specific exceptions under TTCA. Damage caps: \$250,000 per person/\$500,000 per occurrence for bodily injury; \$100,000 for property damage.



## Motor-Driven Liability

Cities can be liable when municipal vehicles or equipment cause damage/injury. HR must ensure proper driver training, screening, and documentation of all operator qualifications.



## Property Conditions

Liability exists for injuries caused by dangerous property conditions. HR should coordinate with facilities on prompt hazard reporting systems and maintenance documentation procedures.



## Common Exclusions

No liability for discretionary acts, emergency responses, road conditions like potholes, or natural utility failures. 6-month notice requirement for claims must be tracked by HR.

Understanding TTCA limitations helps HR develop appropriate job descriptions, implement targeted safety training programs, establish documentation protocols that properly manage municipal liability exposure while protecting employees.



# Real-World Case Study: The Hiring Decision

1

## Incident

Hiring without proper background checks led to employee misconduct.

2

## Consequences

Multiple liability claims totaling \$250,000 in settlements.

3

## Lessons Learned

Implement thorough vetting procedures and consistent documentation.

This case highlights how one HR decision can cascade into significant financial and reputational damage for a municipality.

# Termination Documentation Failure

A termination case without proper documentation led to a \$335,000 financial impact, increased insurance costs, and significant reputational damage.



## Background

A Texas city employed a 15-year veteran parks and recreation manager with consistently average to above-average reviews. A new PD Director implemented stricter performance standards and restructured departmental leadership.



## The HR Decision

HR and the new department head terminated the manager for "performance-related concerns" without adequate documentation, formal investigation, or a performance improvement plan. The employee received no opportunity to address concerns.



## Resulting Risk

The employee filed a wrongful termination and discrimination claim, alleging age discrimination and retaliation, triggering the city's Employment Practices Liability insurance.



## Outcomes

- **Legal Defense Costs** \$85,000 in legal fees.
- **Settlement:** \$250,000 paid to the terminated employee.
- **Insurance Impact** EPL deductible increased from \$10,000 to \$50,000; premiums rose 15%.
- **Reputational Damage** Staff distrust led to increased turnover and lower morale.

# Workers Compensation & Return To Work Programs

Effective Return to Work (RTW) programs dramatically reduce municipality costs while improving employee outcomes.

60%

Cost Reduction

Average savings on workers' compensation claims with RTW programs

50%

Faster Recovery

Employees return to full duty more quickly with structured programs

\$30K

Claim Savings

Average savings per claim with early intervention strategies

3X

ROI Factor

Return on investment for municipalities implementing formal RTW programs

Implementing structured RTW programs helps retain valuable staff while significantly reducing long-term disability claims and associated costs.

# Case Study: Training Oversight



## Incident

Failure to provide required safety training for public works employees and lack of proper metric tracking



## Outcome

Workplace injury resulting in workers' compensation claims and spiraling costs



## Corrective Action

Implemented training system with automatic reminders and monthly metric reporting to all Department Directors



## Results

90% reduction in similar incidents within 12 months and improved claims data measurement along with substantial premium savings



# How a Single Claim Can Derail a Department's Operations

A single workplace incident creates both immediate financial impact and long-term operational disruptions that extend far beyond the initial injury.

Impact Category	Direct Costs	Indirect Costs	Operational Effect
Medical	\$50,000	HR time managing claims	Staffing shortages
Wage Replacement	\$20,000	Training replacement workers	Productivity decline
Legal Expenses	\$10,000	Management time in litigation	Service delays
Insurance Impact	\$30,000/year	Budget adjustments	Program funding cuts

This public works slip-and-fall scenario demonstrates how workplace safety directly impacts departmental operations and municipal finances beyond the obvious injury costs.



# The Ripple Effect of a Workplace Knee Injury

What begins as a workplace accident rapidly escalates into a cascade of financial and operational consequences.

Indemnity Costs	Medical Expenses	Temp Labor	Productivity Loss
Wage replacement during recovery period	Surgery, rehabilitation, and ongoing care	Temporary workers and overtime expenses	Project delays and reduced team efficiency
\$50K	\$20K	\$35K	\$25K

When a Public Works employee lowered a skid steer bucket onto a coworker, causing knee strain and tears, the total impact far exceeded the initial claim costs.



# The Ripple Effect of a Workplace Shoulder Injury

When a Public Works employee tore their rotator cuff while lifting heavy equipment without proper assistance, the impact ~~extended~~ far beyond medical bills:

- Parks Department forced to reassign 3 staff members to cover essential maintenance during employee's ~~one~~ week absence
- Modified duty program required supervisor to create specialized workflow and monitor restrictions, taking ~~7~~ 5 hours weekly from regular duties
- Uncertain recovery timeline caused cancellation of two scheduled park renovation projects and created documented tension among team members

\$42,500

Salary During Recovery

Half-year compensation while employee is unable to perform full duties, including mandatory benefits continuation.

\$30,000

Medical Costs

Arthroscopic surgery (\$18,500), twice weekly physical therapy (\$8,200), and follow up specialist appointments (\$3,300).

\$16,000

Productivity Loss

Temporary staffing (\$9,600) and overtime (\$6,400) to maintain essential park maintenance services.

\$25,000

Insurance Impact

Workers' compensation premium increases averaging \$8,333 annually over the following three fiscal years.



# Operational Disruptions Due to Unmanaged Risks

## Disruption of Core Activities

Unmanaged risks directly impact your municipality's ability to serve its community.

- Project delays when key workers are injured
- Infrastructure maintenance backlog
- Service interruptions affecting public safety
- Increased overtime costs covering absences

## Employee Morale and Retention Impact

The human cost extends beyond the injured worker to the entire organization.

- Reduced morale in unsafe environments
- Higher turnover rates following incidents
- Loss of institutional knowledge
- Increased recruitment and training costs



# Risk Mitigation Strategies for HR

## Policy Development

- Create clear, legally reviewed handbooks
- Establish consistent disciplinary procedures
- Document all policy acknowledgements

## Training Programs

- Conduct regular safety training
- Provide harassment prevention education
- Document all attendance and completion

## Collaborative Approaches

- Form HR Risk Management committees
- Share incident data between departments
- Jointly develop improvement strategies



# Building a Risk-Aware Culture





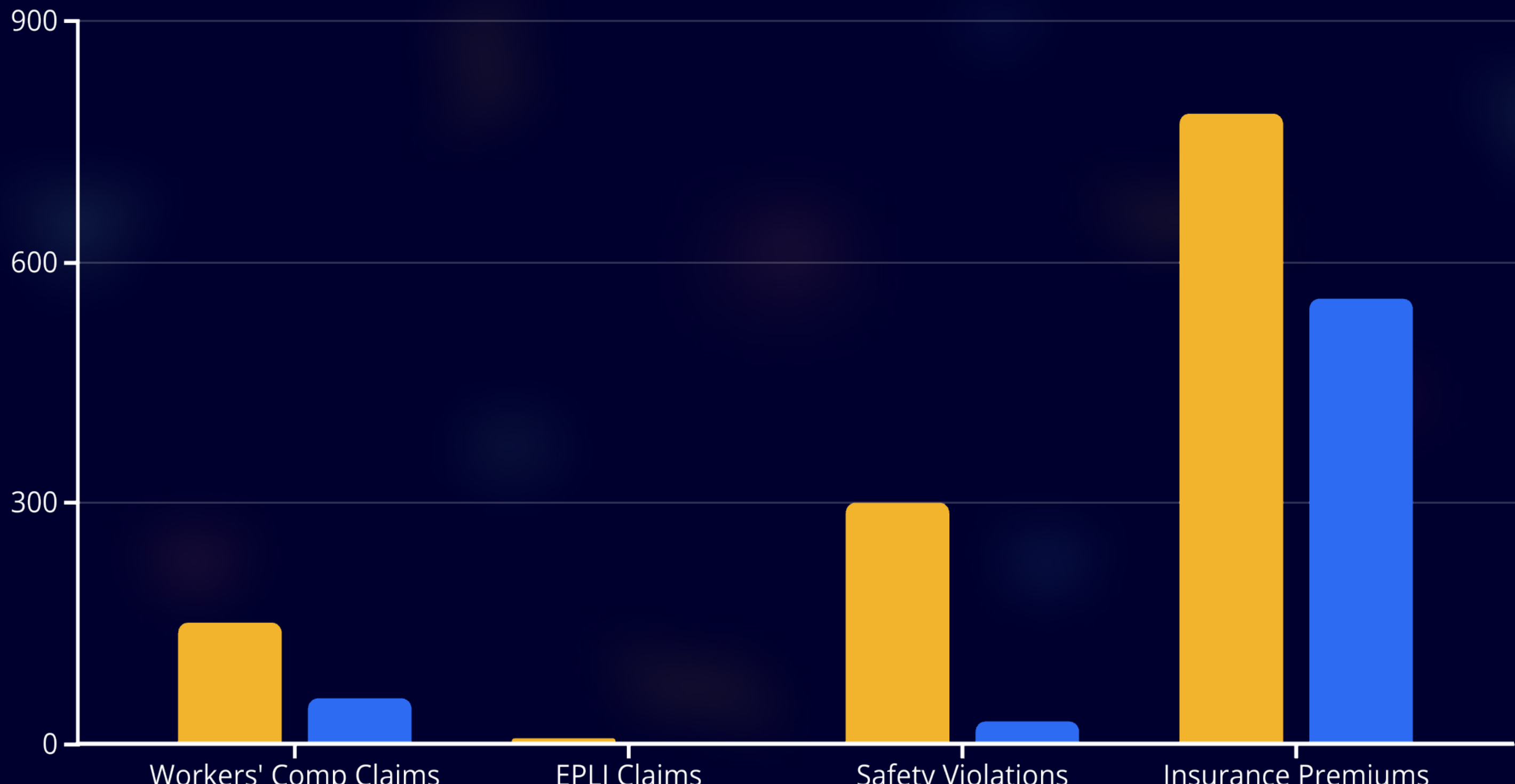
# Roadmap for Building a World -Class Risk and Safety Culture

Creating a robust safety culture requires systematic implementation across your organization. Follow these essential steps to transform your municipality's approach to risk management.



Start with quarterly safety town halls led by executives. Implement a suggestion program with dedicated review teams. Create role-specific training with real-life scenarios. Establish cross functional committees to analyze incident trends.

# Measuring Success: Key Performance Indicators



# Case Study: City Safety Program

The City has implemented a comprehensive safety program that effectively protects employees while reducing risks across departments.

- 1. Leadership Commitment** Mayor and Council actively champion safety initiatives through dedicated awards and executive-level safety meetings
- 2. Comprehensive Training** Specialized programs for high-risk roles include both classroom and hands-on practice
- 3. Employee Engagement** Safety committees and anonymous reporting channels empower staff participation
- 4. Data-Driven Approach** Analytics identify trends while quarterly audits develop targeted interventions
- 5. Recognition Programs** "Safety Star" rewards hazard identification with public recognition

This systematic approach has significantly reduced workplace incidents while creating a culture where safety is everyone's responsibility.

# Cost Savings from Implementing a Safety Program

## Direct Savings

- 20% fewer workers' comp claims saving \$200,000 annually
- 10% reduction in insurance premiums worth \$100,000
- Prevention of major incidents saves potential \$1M

## Indirect Benefits

- 20% less administrative time on claims management
- \$50,000 saved on temporary staffing costs
- 5% productivity increase across departments
- 10% lower employee turnover rate

## Total Impact

Houston's safety program generates over \$1.5M in combined annual savings.

These savings enable reinvestment in employee development and further safety improvements.

*Note: All figures represent estimated potential cost savings based on program implementation. Actual results may vary.*



# Your Action Plan

## Assess Current State

Conduct a gap analysis of your HR Risk integration. Identify key vulnerabilities and opportunities for improvement.

## Develop Integration Strategy

Create crossfunctional teams and communication channels.  
Establish shared goals between HR and Risk Management.

## Implement and Measure

Roll out new processes with clear metrics. Track outcomes and adjust strategies based on results.

Contact our team for customized support in implementing these strategies in your municipality.



# COI Review 101 – What HR Should Look for in Certificates of Insurance

Understanding certificate review basics empowers HR to make quicker, safer decisions without depending on external partners.

## Streamlined Workflows

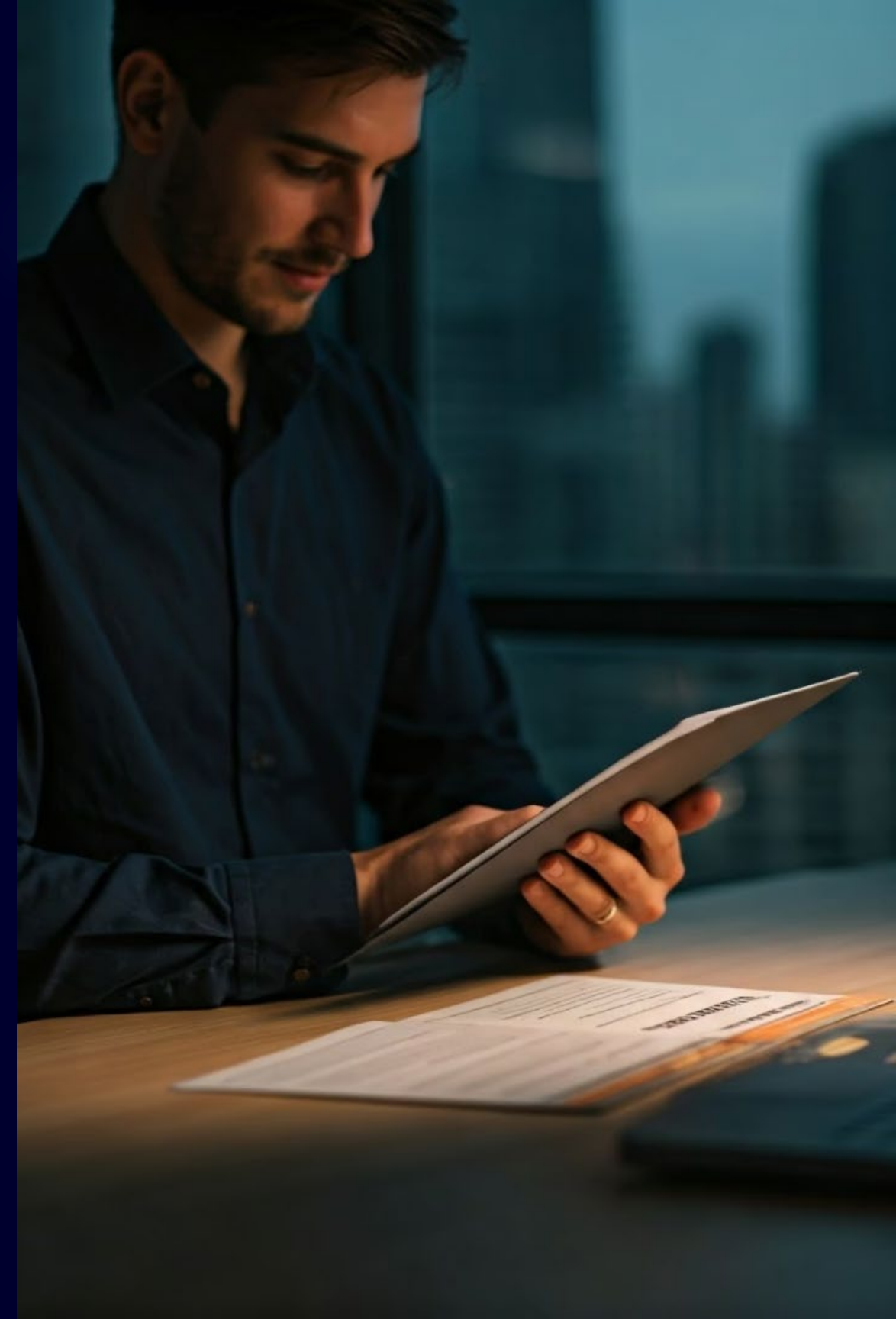
In-house reviews eliminate delays caused by waiting for broker or carrier responses.

## Risk Reduction

Proper verification ensures contractors and partners maintain adequate coverage for municipal protection.

## Process Efficiency

Developing COI review skills allows HR to accelerate contract approvals and event scheduling.



# What to Look for on a COI (Quick Guide)

- **Named Insured:** Must match vendor name exactly. If names don't match, coverage may not apply.
- **Policy Effective/Expiration Dates:** Confirm the policy is current and covers the required period.
- **Coverage Types:** Make sure all required coverages are shown.
- **Limits of Liability:** Are minimum limits met or exceeded?
- **Additional Insured:** Is your entity listed? This will protect you from third party claims.
- **Waiver of Subrogation:** This will prevent the insurer from recovering costs against you.
- **Certificate Holder:** City's Full legal name and address which ensures notice of cancellation goes to right party.

# Certificate of Insurance Review Template

Use this comprehensive template to standardize your COI review process and protect your municipality from ~~third party~~ **third party liability** exposures.

Section	Key Elements	Verification Steps
General Information	Vendor Name, Insured Party, Broker Details	Verify exact name match with contract documents; confirm no DBAs without proper endorsements; check broker is licensed in your state
Policy Details	Effective/Expiration Dates, Policy Numbers, Insurance Carriers	Ensure coverage spans entire project timeline plus 60 days; confirm A.M. Best rating of A- or better for all carriers; verify policy numbers are complete
Coverage Limits	General Liability (\$1M/\$2M), Auto (\$1M CSL), Workers' Comp (Statutory), Professional Liability (\$1M)	Confirm limits meet municipal ordinance requirements
Endorsements	Additional Insured Status, Primary/Non-Contributory, Waiver of Subrogation	Verify municipality is listed by exact legal name; confirm endorsement forms CG 20 10 and CG 20 37 (or equivalents); check waiver applies to all required coverages
Cancellation Notice	Notice Period, Delivery Method, Recipient Details	Require minimum 30 days written notice (60 days for non-renewal); confirm notice goes to Risk Management AND department contact; document receipt confirmation process
Follow-Up	Discrepancies, Expirations, Compliance Tracking	Set calendar reminders 45 days before expiration; document all communication with vendor/broker; maintain compliance log for annual vendor evaluations; report gaps to department head

To mitigate risk effectively, establish a COI review schedule with quarterly audits and training for all HR staff who interact with vendors. Download our complete interactive template with automated validation rules from our secure portal.

# Transform Your Municipality Through Risk-Aware HR

Implementing these strategies will create safer workplaces, reduce costs, and enhance organizational resilience.

Contact Charlesworth Consulting today to develop a customized implementation plan for your unique municipal needs.

