ORDINANCE NO. 4000

AN ORDINANCE of the City Council of the City of Kent, Washington, amending section 2.97.020 of the Kent City Code entitled, "Administration of Claims," to revise procedures for settling claims and lawsuits covered by the city's insurers under the city's new insurance program.

RECITALS

A. In 1980, the city joined the Washington Cities Insurance Agency (WCIA) as a founding member. The WCIA is an insurance pool, formed by a consortium of member Washington State cities. The city continued its membership for 30 years, leaving the WCIA at the end of 2010. On January 1, 2011, the city essentially became a stand-alone self-insured municipal entity when it changed its insurance program to a combined self-insurance/reinsurance program.

B. When part of the WCIA, the city had a $100,000 deductible, but settlement authority remained with the WCIA's decision makers, in consultation with the city. Because of the WCIA's settlement authority and control, provisions in the existing city code allocating council authority for settlement decisions over $15,000 never came into play. Under the city's new program, the city has unqualified settlement authority for settlement

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amounts up to $100,000, and above that amount, cooperates with its reinsurer to determine whether a claim should or should not be settled.

C. Because of the nature of settlement mediation and negotiation, it is extremely important for the parties to the dispute to know, with certainty, that they can rely on the terms of the settlement. As a result, it is not practical to agree to a settlement subject to subsequent council approval because the uncertainty and delay would have a distinct chilling effect, potentially making the city’s settlement posture ineffective. Accordingly, with this new insurance structure and consistent with past practice through WCIA, it is necessary to amend city code to reflect changes to claims and administration and settlement.

D. Based on the changes to the city’s new insurance program, it is appropriate to change Chapter 2.97 of the Kent City Code. With a structure similar to the WCIA claims administration process, the city’s risk manager would have authority to settle claims or lawsuits in amounts up to $100,000. Above that amount, settlement authority would reside with the mayor, in conjunction with the risk manager and the city attorney, after consultations with the city’s reinsurers. All settlements must remain within established budgets, and staff must report details of all settlement over $100,000 to the city council.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

**ORDINANCE**

*SECTION 1. – Amendment.* Section 2.97.020 of the Kent City Code is amended as follows:

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Sec. 2.97.020. Administration of claims. The city attorney shall be responsible for representing the city on all claims made against the city except to the extent claims are administered and/or defended by the city’s insurance companies, Washington Cities Insurance Authority and other contracted claims administration service providers insurers, unless the claim is administered or defended through an indemnity agreement by another insurer, in which case those claims shall be administered and defended pursuant to the terms of those contracts. The mayor or city’s risk manager shall have the authority to settle any claim against the city for an amount not to exceed fifteen thousand dollars ($15,000) per occurrence subject to the availability of funds budgeted for settlement purposes. The mayor, in conjunction with the risk manager and city attorney, shall have the authority to enter into all settlements over $100,000. All settlements over $100,000 shall be reported to the city council, as directed by the council. All settlements over fifteen thousand dollars ($15,000) per occurrence shall be subject to council approval.

SECTION 2. – Severability. If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

SECTION 3. – Corrections by City Clerk or Code Reviser. Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.
SECTION 4. - Effective Date. This ordinance shall take effect and be in force thirty (30) days from and after its passage as provided by law.

Suzette Cooke
SUZETTE COOKE, MAYOR

ATTEST:

Brenda Jacober
BRENDA JACOBER, CITY CLERK

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY

PASSED: 2nd day of August, 2011.
APPROVED: 2nd day of August, 2011.
PUBLISHED: 5th day of August, 2011.

I hereby certify that this is a true copy of Ordinance No. 4000 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

Brenda Jacober
BRENDA JACOBER, CITY CLERK

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