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2015-2016 Regular Sessions

I N S E N A T E

January 22, 2015

Introduced by Sens. KLEIN, ADDABBO, CARLUCCI, SAVINO, VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to direct the office of general services to conduct a study to examine, evaluate and make recommendations relating to the feasibility and advisability of establishing an office of risk assessment and management, and/or chief risk officers

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 Section 1. The office of general services, in consultation with the
2 department of law, the department of audit and control, the state insur-
3 ance fund, the office of employee relations and the division of the
4 budget, shall conduct a study to examine, evaluate and make recommenda-
5 tions concerning the feasibility and advisability of establishing, with-
6 in the office of general services, an office of risk assessment and
7 management, and/or chief risk officers. The office of general services,
8 in conducting such study, should direct its attention to at least the
9 following:
- 10 (a) the suggested proposed powers of such office of risk assessment
11 and management, and/or chief risk officers, which may include, but not
12 be limited to, the power to:
- 13 (1) analyze the potential exposure of the state to liability and
14 financial loss arising from its acts and omissions, from the ownership,
15 control or use of its real and personal property, or the conduct or
16 actions of its employees or agents;
- 17 (2) establish and coordinate business continuity programs for essen-
18 tial state functions and services;
- 19 (3) implement risk management programs to manage the state's exposure
20 to risk in the most cost effective manner including, but not limited to,
21 programs to reduce the likelihood and potential cost of loss events, and

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 the purchase of insurance or other risk sharing arrangements where
2 appropriate; and
3 (4) coordinate and support the risk management programs of all state
4 agencies; and
5 (b) the appointment of a chief risk officer, who shall be appointed
6 and empowered to administer the proposed office of risk assessment and
7 management. With regard to such chief risk officer, the office of gener-
8 al services should consider:
9 (1) the process for the appointment of the chief risk officer;
10 (2) the compensation to be paid to the chief risk officer;
11 (3) the qualifications of the chief risk officer, which may include,
12 but not be limited to:
13 (A) an understanding of and the ability to apply the generally
14 accepted principles, standards and techniques utilized for the identifi-
15 cation, assessment and management of enterprise risk;
16 (B) possessing sufficient experience in identifying, assessing and
17 managing enterprise risk exposures that present the breadth and level of
18 complexity of issues that can reasonably be expected to be raised during
19 the course of state operations; and
20 (C) having acquired his or her qualifications, through appropriate
21 education and relevant risk management experience on behalf of a commer-
22 cial or governmental organization; and
23 (c) the fulfillment of the functions of the proposed office of risk
24 assessment and management, and/or chief risk officer by conducting a
25 preliminary examination and evaluation, in consultation with the comp-
26 troller, the attorney general, the temporary president of the senate and
27 the speaker of the assembly, of the kinds and scope of risk exposures
28 faced by the state. Such examination and evaluation may include, but not
29 be limited to:
30 (1) the practices and procedures of all state agencies, as they
31 pertain to, impact upon, cause or deter damage or loss to: physical
32 property owned or controlled by the state, or physical injuries
33 sustained by state employees, persons receiving services from the state
34 or members of the general public;
35 (2) the actions, claim settlements, and claim settlement processes
36 related to actions in the court of claims, and in federal and state
37 courts of competent jurisdiction as they relate to the disposition of
38 matters against the state;
39 (3) the essential operations and service functions of the state, and
40 the kinds of procedures that may be necessary to maintain or restore
41 such operations and functions to the required level following a catas-
42 trophe or emergency event;
43 (4) the potential future liabilities arising from existing or proposed
44 state operations or functions;
45 (5) a description on how to prepare an inventory of all real property
46 owned or leased, for a period of time of more than ten years, by all
47 state agencies, and to begin to ascertain how to assess past, present
48 and potential future liability exposures and the nature of those expo-
49 sures; and
50 (6) a description of the kinds of appropriate cost effective tech-
51 niques and programs needed to reduce the cost of the state's exposure to
52 liability and financial loss arising from its operations or the owner-
53 ship, control or use of real and personal property; and
54 (d) allowing any public benefit corporation, public authority or local
55 government to contract for the services of the proposed chief risk offi-
56 cer and the office of risk assessment and management in the event that

1 such public benefit corporation, public authority or local government is
2 without internal risk assessment and enterprise risk management
3 services, or wishes to supplement such internal services with the
4 services provided by the chief risk officer and the office.

5 S 2. In addition to the requirements of section one of this act, the
6 office of general services shall, with particular care, begin to exam-
7 ine, analyze and determine:

8 (a) an estimate of the financial benefits that could be realized by
9 establishing an office of risk assessment and management and/or a chief
10 risk officer, and the potential reduction in the state's liability expo-
11 sure;

12 (b) the financial costs and an estimate of the size of the workforce
13 necessary to establish the office of risk assessment and management
14 and/or a chief risk officer;

15 (c) the method or process by which the proposed office of risk assess-
16 ment and management could be established and the manner in which such
17 office's operations could be phased in over 5 years; and

18 (d) the method of financing the establishment and operations of the
19 office of risk assessment and management and/or a chief risk officer, in
20 as much as the initial costs of such office, or officer may not be
21 offset by cost savings and reduction in liability exposure until such
22 office or officer has been in existence for an extended period of time.

23 S 3. Within eighteen months of the effective date of this act, the
24 office of general services shall submit to the governor, the attorney
25 general, the state comptroller, the temporary president of the senate,
26 the speaker of the assembly, the minority leader of the senate and the
27 minority leader of the assembly, a report of its findings, conclusions
28 and recommendations, and shall submit with its report such legislative
29 proposals as it deems necessary to implement its recommendations.

30 S 4. This act shall take effect immediately.