

Less Time, More Impact

Liability Risk Management

American society has increasingly turned to the legal system to settle disagreements. This has resulted in a significant increase in the number of liability lawsuits.

A Primer on Liability Risks Relevant to Community Organizations

Many civic/community organizations face possible legal actions under what the legal system calls **liability tort**.

There are six basic kinds of liability tort.

- 1) Negligence
- 2) Assault and battery
- 3) False arrest and imprisonment
- 4) Defamation-libel or slander
- 5) Invasion of privacy
- 6) Violation of constitutional rights

Less Time, More Impact

*An Oconto County University
Extension Leadership
Development Fact Sheet*

Written by Marilyn Magnin,
4-H Youth Development Agent
Oconto Co, UW-Extension

Risk Management Strategies

There are four basic ways to manage liability risks.

- 1) Reducing Risk- This is accomplished by thoroughly examining a program for all risks and implementing certain policies or procedures that reduce the likelihood of the risk occurring.
- 2) Transfer Risk- This strategy transfers any resulting financial and/ or non-financial costs to another party or organization.
- 3) Avoid Risk- Sometimes, after an analysis of a program for potential risk, the best decision may be to take an action that avoids the risk altogether.
- 4) Assume Risk- After an analysis, the likelihood of risk occurring or the resulting costs of such a risk may be so low or the program so important that you decide to assume the risk and resultant liability. This is an acceptable management strategy, but one that should be implemented by design, not by default.

Ways to Reduce, Transfer, Or Avoid Liability Risks

Reduce Risk of Liability through:

- Clearly defined rules/regulations that allow for “due process”;
- Rules/regulations clearly understood and documented;
- Documenting professional job responsibilities and stay within them;
- Use “common sense” and “good judgment” when supervising activities with the potential for physical injury;
- Thorough training, orientation, and supervision of volunteers who are acting on your behalf, as you could be liable for their actions.

Transfer Risk of Liability

- Obtain insurance.
- Subcontract for risk-prone services so subcontractor assumes risk.
- Use bus companies and their professional drivers to provide transportation to activities.
- Pay extra facility (if possible) charges to have facility provide trained supervision.

Avoid Risk of Liability

- If a risk is likely to happen and will have substantial financial or non-financial costs involved, consult with legal counsel before deciding to proceed.

Risk Management Model for Planning Activities

Analyze activity for all potential risks:

- Negligence;
- Assault and battery;
- False arrest and imprisonment;
- Defamation;
- Invasion of privacy;
- Violation of constitutional rights.

Determine the probability of risk occurring and extent of loss. Consider financial and non-financial costs.

Select a risk management strategy:

- Reduce risk;
- Transfer risk;
- Avoid risk;
- Assume risk.



Implement the plan.

Monitor implementation and keep records.

Evaluate your risk management program:

- Extent to which liability risks occurred;
- Effectiveness of strategies (for reducing, transferring, or avoiding liability risks).

Interpret and apply findings to repeat the program or other possible programs.

Activities in today's complicated world inevitably pose risks of some degree. Recognizing and planning for risks is thus a key skill for leaders of community organizations. With open eyes and prudent risk management you can carry on your important work in ways that afford needed protection to all those involved.

Adapted from: Reducing Individual and Institutional Liability in Higher Education: A Decision Making Model, National Association of School Personnel Administrators Journal, Winter, 1995, pp.2-9. Steven M. Janosik, Associate Director of Housing and Residence Life, Virginia Polytechnic Institute and State University, and Lloyd D. Andrew, College of Education, Virginia Polytechnic Institute and State University.

The author expresses thanks to Boyd Rossing, UW Extension Community Leadership Development and Evaluation Specialist for reviewing this fact sheet.