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TWO RISK MANAGEMENT STUDIES SUPPORT ACCREDITATION

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It has been said by some law enforcement agencies that they are not interested in achieving (or maintaining) CALEA accreditation because they "can't afford it". These agencies might not be factoring into the cost equation the cost-benefit ratio of CALEA accreditation and their liability risk exposure. Two recent risk management studies by state league-sponsored self-insured pooling organizations indicate that accreditation significantly reduces the risk factors associated with police operations.

In a December 2002 Project Summary, the Tennessee Municipal League (TML), Risk Management Pool of Brentwood, TN reported the results of a risk management study comparing the loss experiences of CALEA accredited law enforcement agencies with non-accredited agencies, who were insured members of TML. They compared the loss histories of 5 accredited agencies against 23 non-accredited agencies. The agencies were examined for the same eight-year period - July 1, 1994 through June 30, 2002.

The following exposure areas were examined: (1) Workers' Compensation; (2) Law Enforcement Liability; (3) Police Auto Liability; and (4) Police Auto Physical Damage. The police agencies examined were from municipalities within a population range of 10,500 and 55,500 (according to the 2000 Census), employing between 18 and 193 certified police officers. The 23 non-accredited

agencies employed an average of 45 police officers serving an average population of 19,493 citizens, or one (1) police officer for every 433 people. The 5 accredited agencies employed an average of 114 officers serving an average population of 35,762 citizens, or one (1) police officer for every 313 people. The analysis showed the following results:

In Workers' Compensation coverage, the 23 non-accredited agencies experienced a rate of 27.21 claims per 100 insured officers, while the 5 accredited agencies experienced a rate of 22.56 claims per 100 officers, or 17.1% less than the non-accredited agencies. The annual loss rate incurred by the non-accredited agencies was \$89,389 per 100 officers, while the accredited agencies experienced losses of \$72,565 per 100 officers, or 18.8% less than the non-accredited agencies.

In Law Enforcement Liability coverage, the non-accredited agencies experienced a rate of 2.231 claims per 100 insured officers, while the accredited agencies experienced a rate of 1.093 claims per 100 officers, or 51.0% less than the non-accredited agencies. The annual law enforcement liability loss rate incurred by the non-accredited agencies was \$34,205 per 100 insured officers, while the accredited agencies experienced losses of \$30,434 per 100 officers, or 11.0% less than the non-accredited agencies.

In Police Auto Liability coverage, the non-accredited agencies experienced a rate of 4.486 claims per 100 insured officers, while the accredited agencies experienced a rate of 3.081 claims per 100 officers, or 31.3% less than the non-accredited agencies. The annual police auto liability loss rate incurred by the non-accredited agencies was \$13,799 per 100 officers, while the accredited agencies experienced losses of \$9,462 per 100 officers, or 31.4% less than the non-accredited agencies.

In Police Auto Physical Damage coverage, the non-accredited agencies experienced a rate of 3.189 claims per 100 insured officers, while the accredited agencies experienced a rate of 1.267 claims per 100 officers, or 60.3% less than the non-accredited agencies.

The annual police auto physical damage loss rate incurred by the non-accredited agencies was \$5,193 per 100 officers, while the accredited agencies experienced losses of \$2,164 per 100 officers, or 58.3% less than the non-accredited agencies.

As a result of this analysis, the TML Risk Management Pool concluded that encouraging police agencies to seek standardized practices and policies through accreditation was a cost-effective investment of time and resources. All eight rate comparisons over the eight-year study period clearly showed that the accredited agencies performed 11.0% to 60.3% better than the non-accredited agencies.

The TML summary also points out the 11% savings in Law Enforcement Liability severity “compares favorably with the *annual incentive* provided by the TML Pool to its accredited police agencies of \$100 per insured officer, or a 13.5% reduction off of the annual Law Enforcement Liability base rate charged per certified police officer.” The summary further states that “accreditation provides the Pool membership with a sound financial benefit, and provides the individual departments themselves with fewer injuries, fewer damaged vehicles being repaired, and less financial resources being spent in legal defense costs.” In addition to the annual incentive provided by the TML Pool, a *one-time incentive* is provided when the agency becomes accredited in an amount equal to 25% of the agency’s initial accreditation fee. “For professional, defensible police work, the cost of accreditation is money well spent.”

The Colorado Interlocal Risk Sharing Agency (CIRSA) conducted the second study. It compares both Property/Casualty and Workers’ Compensation claims of 22 *state and CALEA accredited* member Police Departments to the claims of 22 non-accredited member Police Departments for calendar years 1999 through 2001. Non-accredited members were matched as closely as possible to accredited members based on geographic region, number of full time officers, and municipal population. (Broken windshield and weather related Property/Casualty claims were not included due to their non-preventable nature). All the claims were valued as of September 2002.

Based on the data used, the following results were reported:

- The accredited police departments had 8.3% fewer Property/Casualty claims per fulltime police officer than the non-accredited police departments during the time period chosen.
- The accredited police departments had 7.5% fewer Workers' Compensation claims per fulltime, police officer than the non-accredited police departments during the time period chosen.
- The accredited police departments per officer incurred costs for Property/Casualty claims were 52.2% lower than the non-accredited police departments.

These two comparative statistical reviews report a positive correlation between CALEA accreditation and loss reduction, and further provides quantitative evidence that CALEA accreditation significantly impacts a law enforcement agency's ability to prevent and reduce loss in the area of professional liability. When viewed in combination with the additional, beneficial aspects of:

- enables law enforcement agencies to more effectively defend themselves against lawsuits and citizen complaints;
- gives the chief executive officer a proven management system of written directives, sound training, and clearly-defined lines of authority that support decision-making and resource allocation;
- provides an agency with an organizational change device and the framework for self-audit; and
- gives an agency a preparedness plan and verification of excellence,

CALEA Accreditation appears to be a credentialing program they can't afford "NOT" to achieve!



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