



# Monterey County

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## Board Report

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**Current Status:** Scheduled AM

**Matter Type:** General Agenda Item

Receive an oral report and presentation on the General Liability and Workers' Compensation programs for Fiscal Year-End 2013-14.

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors receive an oral report and presentation on the General Liability and Workers' Compensation programs for Fiscal Year-End (FYE) 2013-14.

### **SUMMARY:**

Risk Management will present an overview of the General Liability and Workers' Compensation programs including trends of claim frequency and severity and annual funding level for FY 2014-15.

### **DISCUSSION:**

Monterey County is a certified State of California Self-Insured Public Entity. Pursuant to the State Controller's guidelines for self-insured California Counties, Risk Management contracts with an independent actuarial firm, Bickmore Risk Services, to conduct annual studies and provide reports for both the General Liability and Workers' Compensation programs.

These independent actuarial reports determine and reflect:

- The County's liabilities for current and future claims;
- The Internal Service Fund's assets available to pay these liabilities; and
- The cost allocations to be charged to each department, in order to fund liabilities at the 70% confidence level, as approved by the State Controller's Office.

Based upon the above, Risk Management's oral report and presentation regarding the General Liability and Workers' Compensation programs for FYE 2013-14 will reflect, as follows:

#### **General Liability:**

The CAFR and Advantage Data reflect the General Liability program ended FY 2013-14 with a (\$5.5M) deficit. The program had previously been in a surplus position each of the prior four years. However, in FY2013-14 serious exposure defense and indemnity costs exceeded actuarial determined (70% confidence level) funding.

FY 2014-15 departmental cost allocations have increased by \$3.8M to \$8.0M. \$1M of the increase is attributable to increased claims severity, \$0.6M from an increase in overhead (County-wide cost plan allocations), and \$2.1M required to fund a portion of the deficit position.

Workers' Compensation:

The CAFR and Advantage Data reflect the Workers' Compensation program has recovered from the (\$14.5M) deficit position that adversely impacted the program at FYE 2010-11, ending FY 2013-14 with a surplus of \$3.8M.

As a result of targeting aged claims and life-time medical claims for closure, the transition to a new third party administrator and restructuring medical review fees, and collecting excess insurer reimbursements, the departmental cost allocations for Workers' Compensation decreased \$0.5M from prior year, to \$16.M in FY2014-15.

**OTHER AGENCY INVOLVEMENT:**

No other agency is involved.

**FINANCING:**

Accepting this oral report and presentation has no funding impact.

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