



General Liability and Workers' Compensation

Board of Supervisors' Meeting
November 15, 2016

Overview

- ▶ Risk Management is responsible for the oversight and management of all County insurance and self-insurance programs, claims management, safety, ergonomics, contract review and other risk transfer and loss control activities that protect the County and mitigate losses.
- ▶ The County purchases a number of insurance policies but is self-insured for General Liability and Workers' Compensation.

Insurance Policies

County of Monterey
Insurance Coverage
FY 2016-17

Coverage	Insurance Carrier/Broker	Limit	Aggregate Limit	Deductible	Self Insured Retention	FY15/16 Premium	FY16/17 Premium	FY17/18 Estimate Premium
Self Insured:								
Excess Workers Compensation	CSAC	\$1Mil each accident/each disease (statutory)	\$45Mil	N/A	\$400K	\$1,625,508	\$1,830,236	\$2,196,283
Excess General Liability	Marsh	\$150Mil	\$150Mil	N/A	\$1.5Mil	\$1,636,215	\$1,657,321	\$1,988,785
Insured:								
Property (All Risk)	CSAC	\$25Mil	\$600Mil	\$25K	N/A	\$696,356	\$846,227	\$1,015,472
Directors' & Officers/Employment Practices Liability	Beta	\$10Mil per occurrence	\$10Mil	\$25K	N/A	\$139,408	\$153,774	\$176,840
Healthcare Liability	Beta	\$20Mil per occurrence	\$30Mil	\$5K	N/A			
Medical Malpractice	Beta	\$1Mil claims made & reported	\$3Mil	\$5K	N/A	\$411,885	\$701,368	\$806,573
Auto	Beta	\$1Mil per accident (NMC only)	Combined single limit	Comprehensive=\$250 Collision=\$500	N/A	\$8,866	\$10,210	\$11,742
Blanket Crime Policy	CSAC	\$15Mil	\$15Mil	(per schedule*)	N/A	\$19,325	\$19,325	\$21,258
Watercraft	CSAC	\$1Mil	\$1Mil	\$1K	N/A	\$2,734	\$6,268	\$7,522
457 Fiduciary Liability	Marsh	\$3Mil	\$3Mil	\$0	N/A	\$9,260	\$9,723	\$10,695
Group, Accidental Death & Dismemberment	Chubb	(per schedule*)	\$250K	\$100	N/A	\$2,641	\$2,454	\$2,699
Cyber Liability	CSAC	\$1Mil	\$2Mil	\$50K	N/A	\$12,648	\$14,822	\$17,786
WRA-Tertiary Plant - PLL + Umbrella Liability	Marsh	GL \$1/2Mil per occurrence	\$10Mil excess/ \$23Mil umbrella	\$10K	N/A	\$39,100	\$45,685	\$50,253
		PLL \$40Mil	\$40Mil	\$25K	N/A	\$172,150	\$165,529	\$182,082
WRA - Errors & Omissions	Marsh	\$3Mil	\$3Mil	E&O=\$100K EPL=\$100K	N/A	\$38,346	\$41,304	\$45,434
Sherriff Aircraft - Liability	Alliant	\$40Mil	\$40Mil	\$Nil	N/A	\$6,907	\$6,981	\$7,679
Hull	Alliant	\$150K	\$150K	\$Nil	N/A			
Medical	Alliant	\$25K per person	\$100K per occurrence	\$Nil	N/A			
						\$4,821,349	\$5,511,226	\$6,541,104

* Different levels of deductible based on type of claim subject to applicable terms, limits, and cover.



Self-Insured General Liability Claims

Fiscal Year Ending 06/30/2016

General Liability

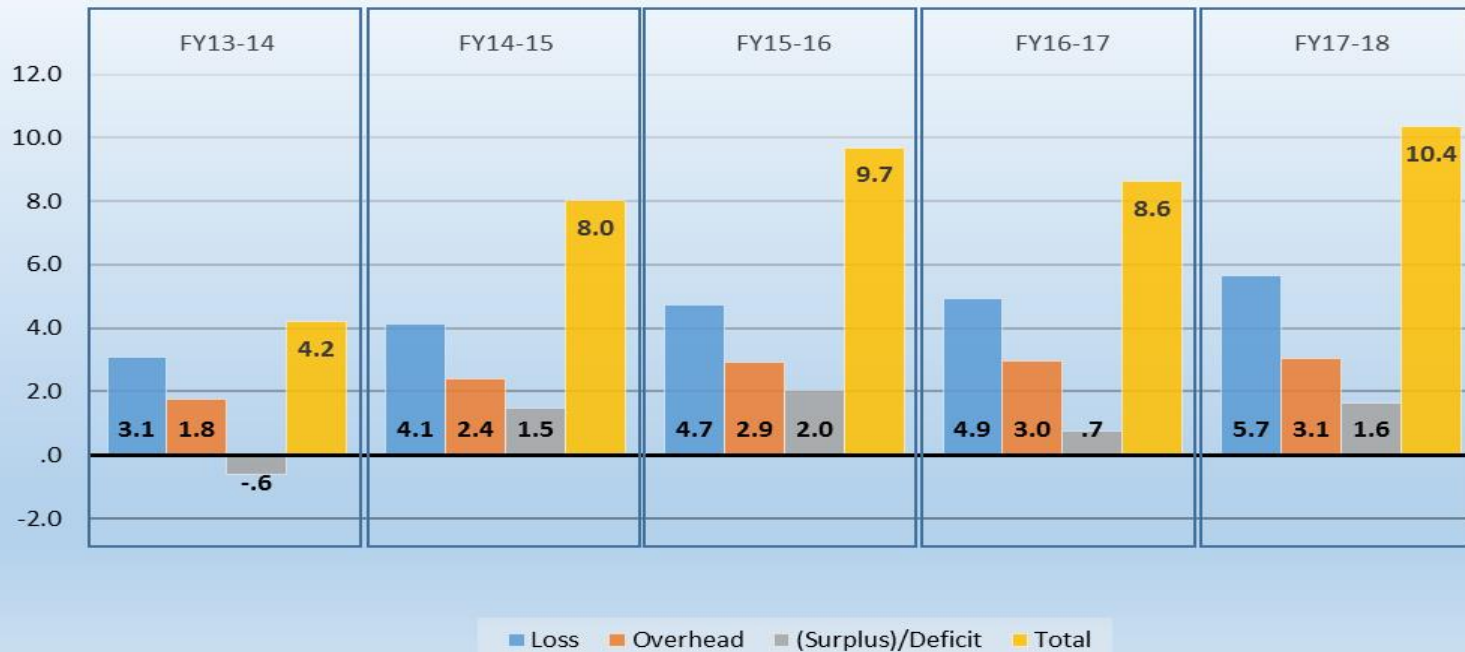
Comprehensive Annual Financial Report (CAFR)

\$M	Fiscal Year-End						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Assets	\$7.8	\$8.6	\$8.3	\$5.1	\$2.4	\$3.8	\$7.8
Liabilities	\$5.9	\$4.7	\$4.3	\$4.5	\$7.9	\$8.3	\$7.9
Net Assets/(Deficit)	\$1.9	\$3.9	\$4.0	\$0.6	(\$5.5)	(\$4.5)	(\$0.2)

- ▶ Data excludes the Lakes settlement and Pajaro judgement bond
- ▶ Hernandez claim was removed from the FY14-15 Actuarial Study, however the actual costs spent to date still resides with the General Liability ISF totaling \$1.38 million through June 30, 2016
 - ▶ Initial Settlement of \$2.4 million has been paid out of the General Fund during FY15-16

General Liability

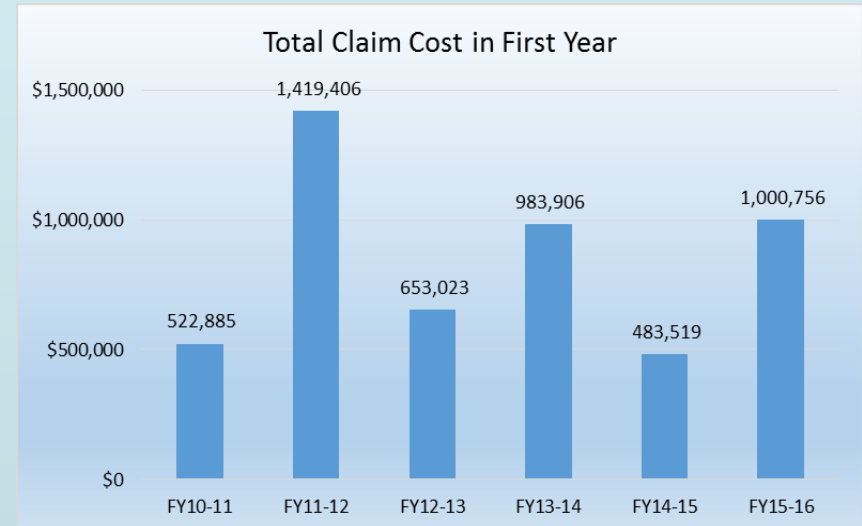
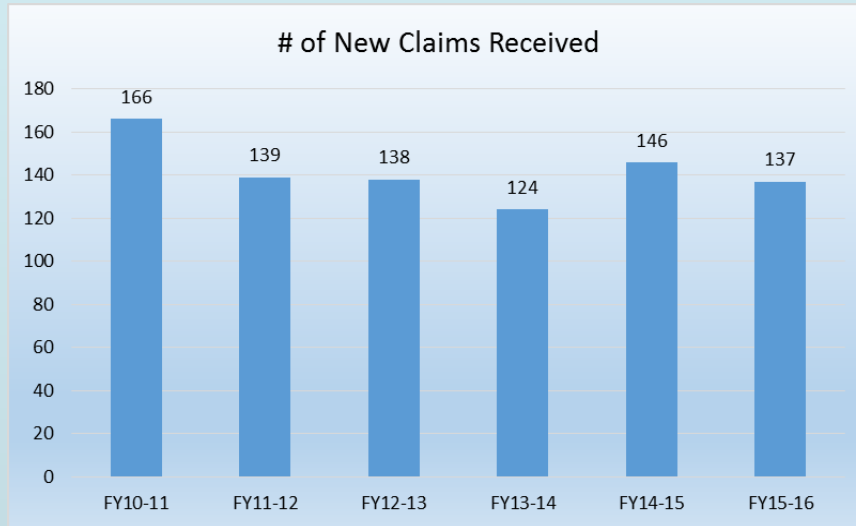
Actuary Report - Components of the Allocation



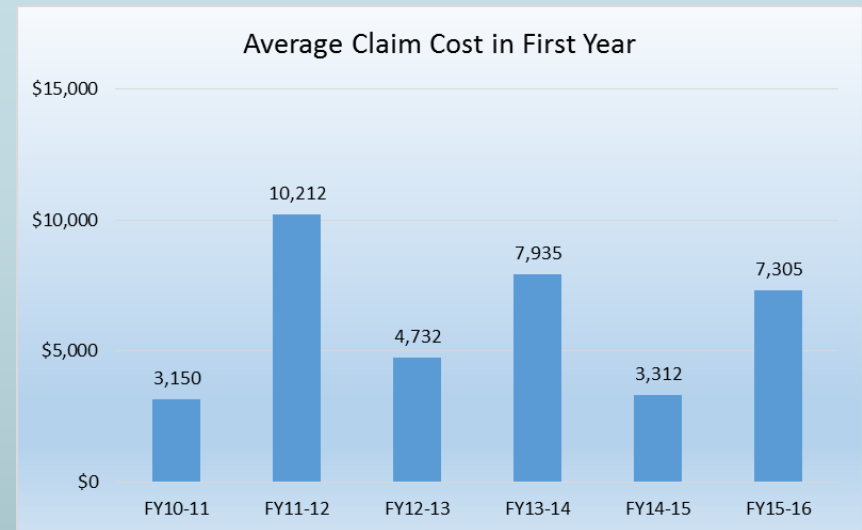
- ▶ The FY17-18 allocation to continue at 70% confidence level at \$10,360,000, which a 20% increase of \$1.7 M over FY16-17 funding:
 - \$750K increase in Severity of Losses
 - \$ 80K increase in Overhead
 - \$900K increase in Deficit

General Liability

New Claims Received



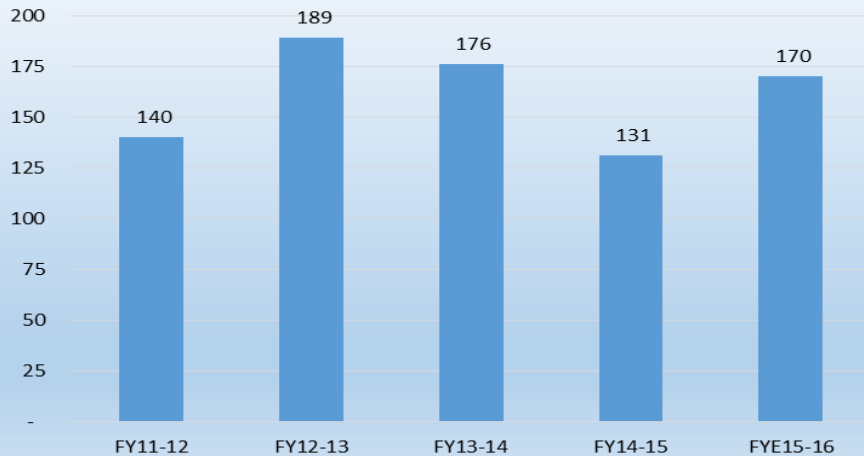
- ▶ Total New Claims received during FY15-16 decreased by 6.2%
- ▶ The Total New Claim Cost increased 107% due in part to three (3) high exposure claims were filed during FY15-16



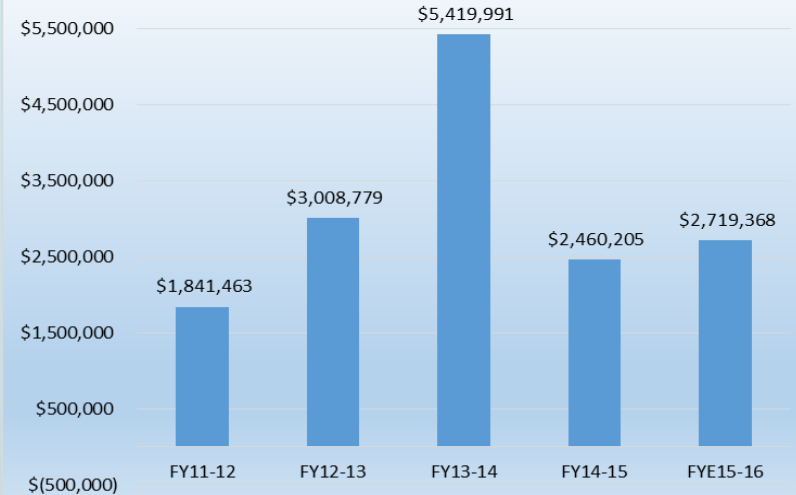
General Liability

Claims Closed

of Claims Closed during the Fiscal Year

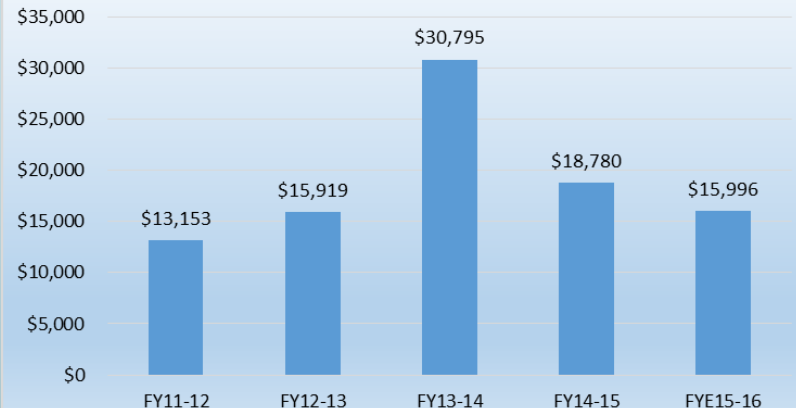


Total Cost of Claims Closed during the Fiscal Year



- ▶ Total number of Claims Closed during FY15/16 increased by 29.7%
- ▶ At the same time the Average Cost per Claim Closed decreased by 14.8%

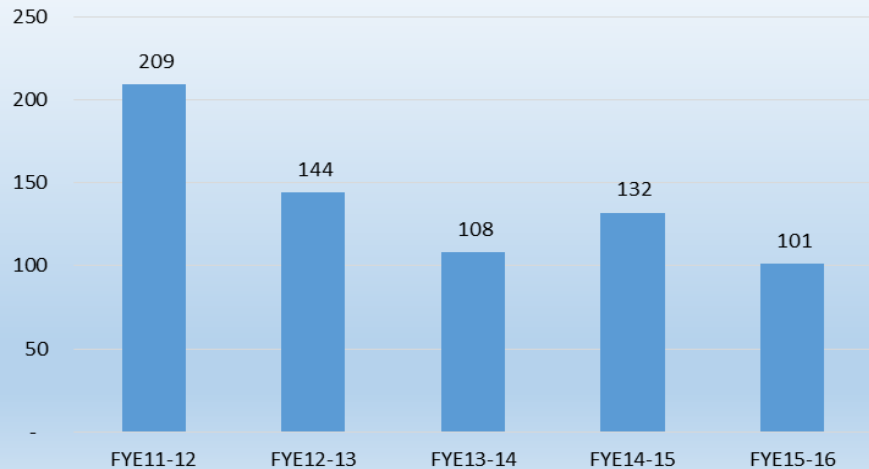
Average Cost of Claims Closed during the Fiscal Year



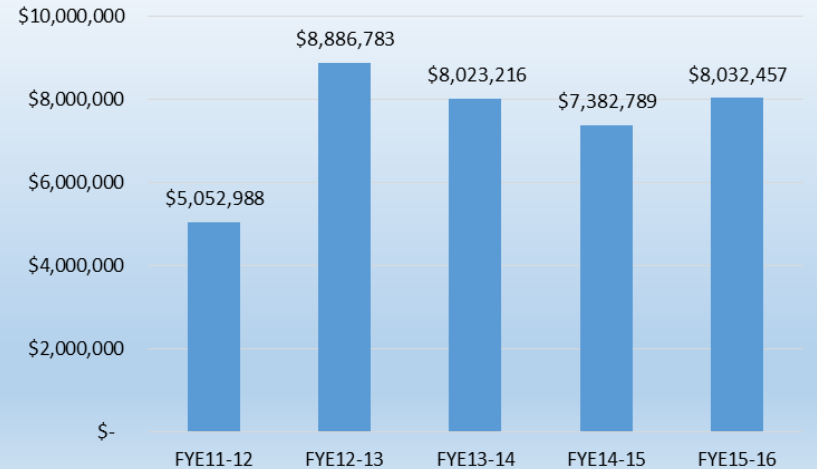
General Liability

Open Claims

of Open Claims at Fiscal Year-End

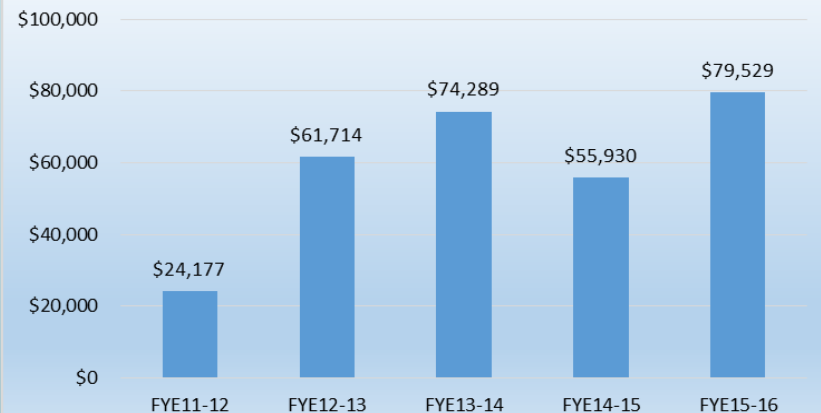


Total Cost of Open Claims at Fiscal Year-End



- ▶ Open Claims for the year ending FY15/16 decreased by 23.8% under FY14/15
- ▶ The Total Cost of Open Claims increased by 8.7% for year ending FY15/16 over FY14/15
- ▶ Note: FY14-15 The Hernandez Claim which is still open was removed from the Actuarial Study

Average Cost of Open Claims at Fiscal Year-End



General Liability

Stratification of Claims

		CLOSED DURING FISCAL YEAR					OPEN AT FISCAL YEAR-END				
		FY 11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY 11-12	FY12-13	FY13-14	FY14-15	FY15-16
\$0	# of Claims	79	136	92	79	121	3	24	39	62	31
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	53	42	67	43	39	188	92	48	52	54
	Cost	\$ 285,316	\$ 160,760	\$ 489,376	\$ 261,770	\$ 154,034	\$ 524,924	\$ 743,823	\$ 451,276	\$ 355,208	\$ 331,560
	Avg Cost	\$ 5,383	\$ 3,828	\$ 7,304	\$ 6,088	\$ 3,950	\$ 2,792	\$ 8,085	\$ 9,402	\$ 6,831	\$ 6,140
\$50K - \$100K	# of Claims	2	4	4	5	2	7	3	6	4	4
	Cost	\$ 130,971	\$ 219,907	\$ 303,907	\$ 394,330	\$ 128,623	\$ 532,419	\$ 193,267	\$ 454,721	\$ 305,275	\$ 311,476
	Avg Cost	\$ 65,486	\$ 54,977	\$ 75,977	\$ 78,866	\$ 64,312	\$ 76,060	\$ 64,422	\$ 75,787	\$ 76,319	\$ 77,869
\$100K+	# of Claims	6	7	13	4	8	11	25	15	14	12
	Cost	\$ 1,425,176	\$ 2,628,112	\$ 4,626,707	\$ 1,804,105	\$ 2,436,712	\$ 3,995,645	\$ 7,949,693	\$ 7,117,219	\$ 6,722,306	\$ 7,389,420
	Avg Cost	\$ 237,529	\$ 375,445	\$ 355,901	\$ 451,026	\$ 304,589	\$ 363,240	\$ 317,988	\$ 474,481	\$ 480,165	\$ 615,785
TOTAL	# of Claims	140	189	176	131	170	209	144	108	132	101
	Cost	\$ 1,841,463	\$ 3,008,779	\$ 5,419,990	\$ 2,460,205	\$ 2,719,369	\$ 5,052,988	\$ 8,886,783	\$ 8,023,216	\$ 7,382,789	\$ 8,032,456
	Avg Cost	\$ 13,153	\$ 15,919	\$ 30,795	\$ 18,780	\$ 15,996	\$ 24,177	\$ 61,714	\$ 74,289	\$ 55,930	\$ 79,529

- ▶ The average cost or severity of claims closed increased by 10.5 % as several claims in the \$100K+ bracket were closed during FY15/16
- ▶ The average cost of open claims has increased by 42.9%.
- ▶ The 100+ bracket accounts for 10% of total number of open claims while being responsible for 89% of open claims cost.



Self-Insured Workers' Compensation Claims

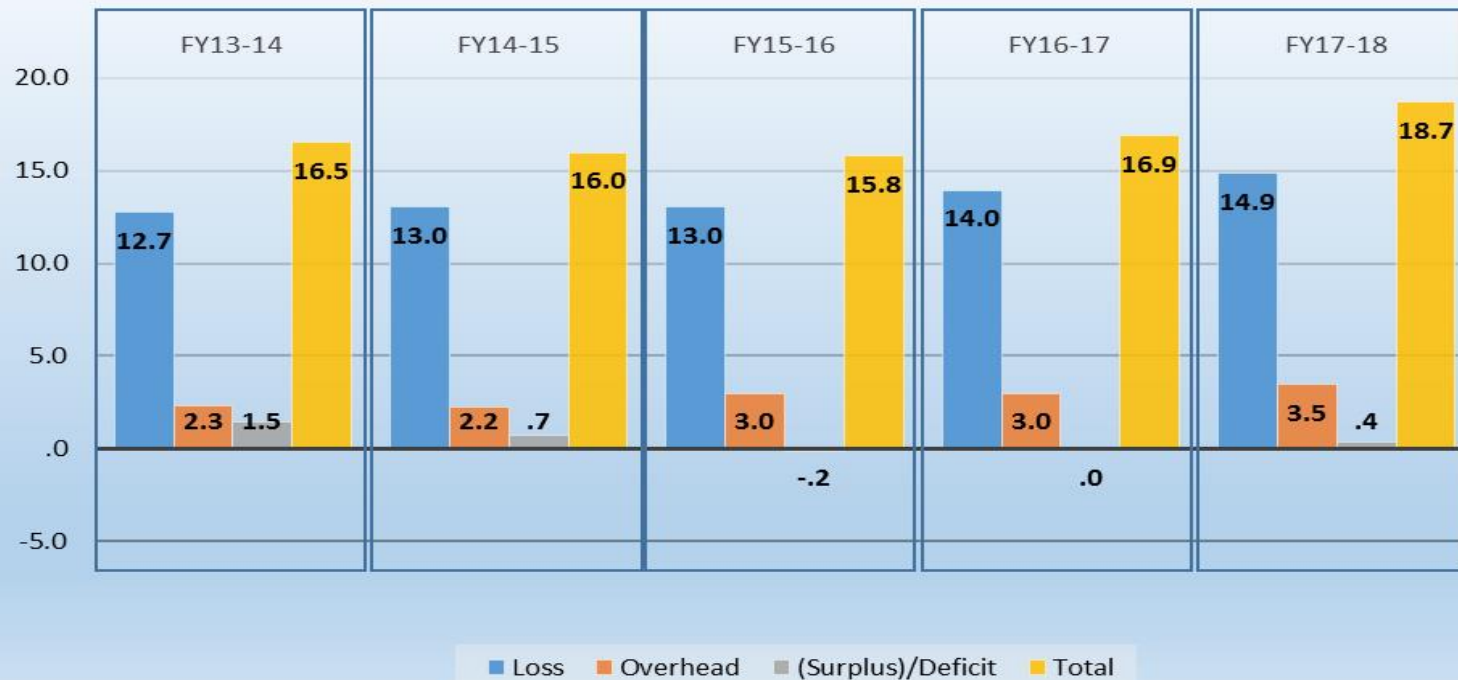
Fiscal Year Ending 06/30/2016

Workers' Compensation

Comprehensive Annual Financial Report (CAFR)

\$M	Fiscal Year-End						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Assets	\$37.7	\$38.5	\$45.8	\$53.4	\$61.3	\$66.9	\$70.8
Liabilities	\$46.3	\$53.0	\$52.0	\$55.0	\$56.1	\$59.6	\$63.3
Net Assets/(Deficit)	(\$8.6)	(\$14.5)	(\$6.2)	(\$1.6)	\$5.2	\$7.3	\$7.4

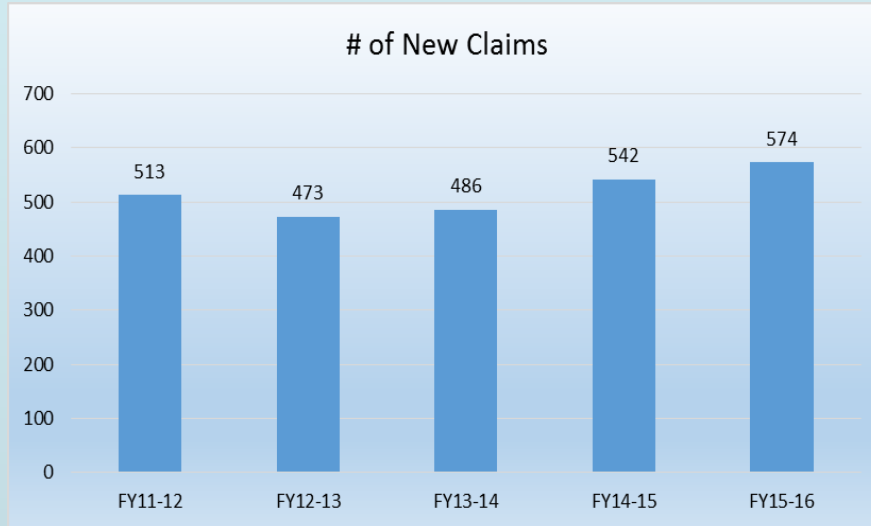
Workers' Compensation *Components of the Allocation*



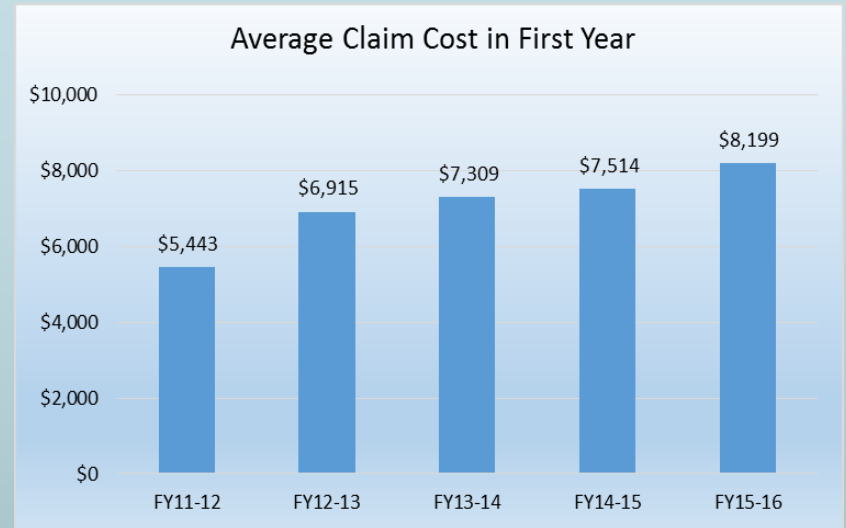
- ▶ The FY17-18 allocation to continue at 70% confidence level at \$18,734,000, which is an 11% increase of \$1.9 M over FY16-17 funding:
 - \$.9 Mil increase in Severity of Losses
 - \$.5 Mil increase in Overhead
 - \$.4 Mil increase in Deficit

Workers' Compensation

New Claims Received

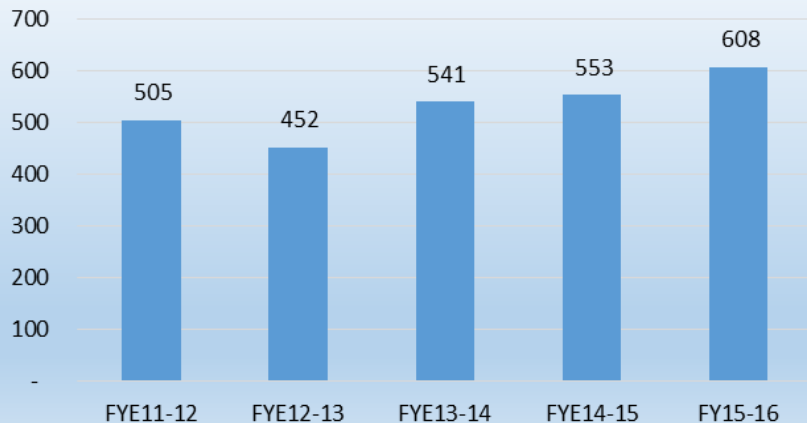


- ▶ Over the past five years New Claim cost have steadily increased, with FY15-16 increasing at total of 15.6% over FY14-15
- ▶ FY15/16 total number of New Claims increased 6.0% over FY14-15, however, 13 departments experienced an actual reduction in total New Claims for a combined reduction of 16%

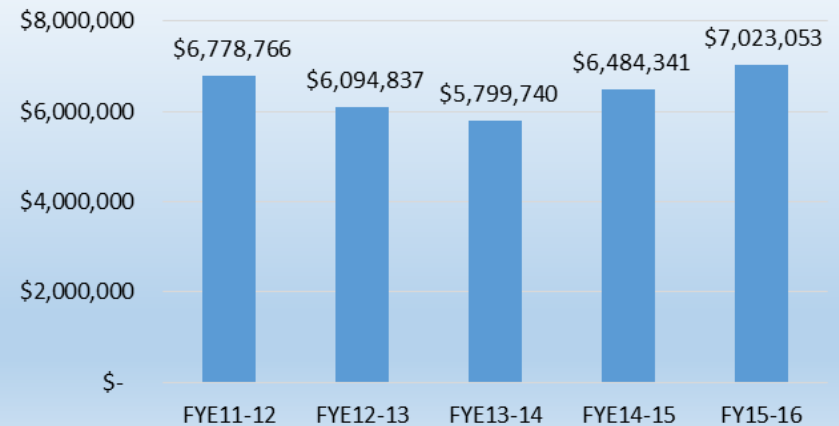


Workers' Compensation *Claims Closed*

of Claims Closed during the Fiscal Year

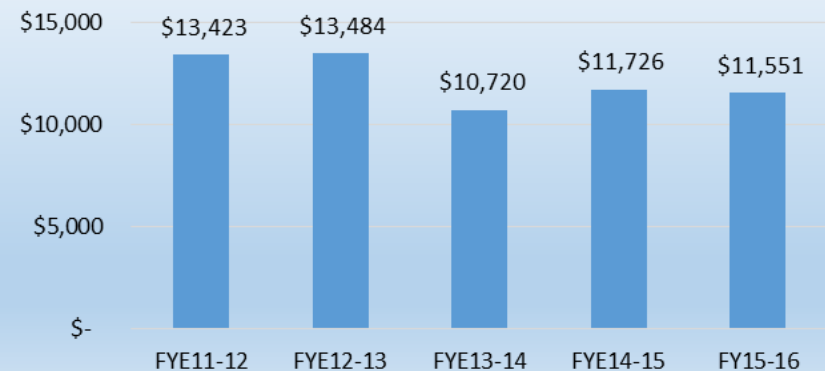


Total Cost of claims Closed during the Fiscal Year



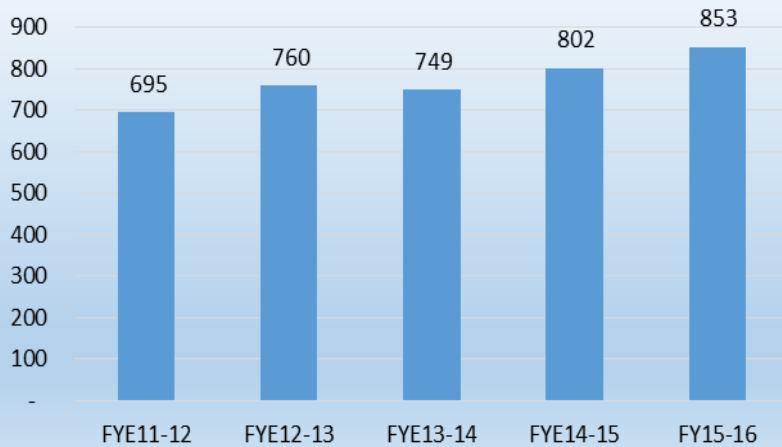
- ▶ FY15-16 had a 9.9% increase in the total number of Claims Closed, while the overall cost of the claims closed increased by 8.3%, however the actual Average Cost of Claim closed reduced by 1.5%

Average Cost of Claims Closed
during the Fiscal Year

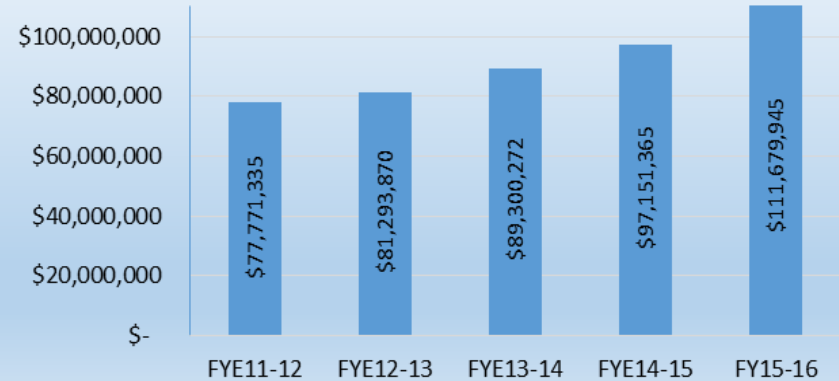


Workers' Compensation Open Claims

of Open Claims at Fiscal Year-End

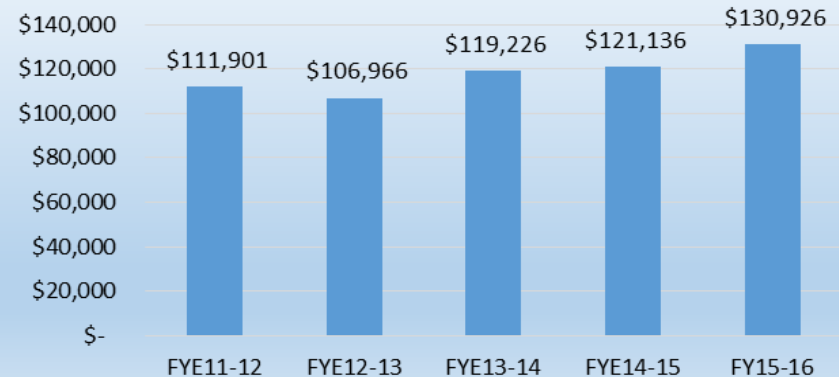


Total Cost of Open Claims
at Fiscal Year-End



- ▶ Indemnity claims comprised 93% of the total Open Claims for year ending FY15-16:
 - ▶ FY15-16 Indemnity Claim count increased by 8% over FY14-15
 - ▶ FY15-16 Indemnity Claim Total Claim Cost increase by 15% over FY14-15
- ▶ Note: Indemnity Claims are those claims that have Temporary/Permanent Disability or simply stated: The worker received payment for their loss.
- ▶ Note: Non-Indemnity Claims are Medical Only

Average Cost of Open Claims
at Fiscal Year-End



Workers' Compensation

Stratification of Claims – County & Excess Carrier Exposure

		CLOSED DURING FISCAL YEAR					OPEN AT FISCAL YEAR-END				
		FY 11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY 11-12	FY12-13	FY13-14	FY14-15	FY15-16
\$0	# of Claims	77	71	92	86	112	8	5	1	-	2
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	390	349	421	427	456	340	392	349	384	398
	Cost	\$ 2,633,033	\$ 1,675,185	\$ 2,071,199	\$ 2,017,976	\$ 2,144,760	\$ 5,427,043	\$ 6,405,493	\$ 6,687,004	\$ 7,010,419	\$ 7,533,858
	Avg Cost	\$ 6,751	\$ 4,800	\$ 4,920	\$ 4,726	\$ 4,703	\$ 15,962	\$ 16,341	\$ 19,160	\$ 18,256	\$ 18,929
\$50K - \$100K	# of Claims	22	15	12	23	20	130	125	136	145	161
	Cost	\$ 1,585,123	\$ 957,068	\$ 759,944	\$ 1,638,311	\$ 1,458,622	\$ 9,667,794	\$ 9,478,994	\$10,094,308	\$11,001,766	\$ 12,006,466
	Avg Cost	\$ 72,051	\$ 63,805	\$ 63,329	\$ 71,231	\$ 72,931	\$ 74,368	\$ 75,832	\$ 74,223	\$ 75,874	\$ 74,574
\$100K+	# of Claims	16	17	16	17	20	217	238	263	273	292
	Cost	\$ 2,560,610	\$ 3,462,584	\$ 2,968,597	\$ 2,828,054	\$ 3,419,670	\$62,676,498	\$65,409,382	\$72,518,960	\$79,139,180	\$ 92,139,619
	Avg Cost	\$ 160,038	\$ 203,681	\$ 185,537	\$ 166,356	\$ 170,984	\$ 288,832	\$ 274,829	\$ 275,737	\$ 289,887	\$ 315,547
TOTAL	# of Claims	505	452	541	553	608	695	760	749	802	853
	Cost	\$ 6,778,766	\$ 6,094,837	\$ 5,799,740	\$ 6,484,341	\$ 7,023,052	\$77,771,335	\$81,293,869	\$89,300,272	\$97,151,365	\$ 111,679,943
	Avg Cost	\$ 13,423	\$ 13,484	\$ 10,720	\$ 11,726	\$ 11,551	\$ 111,901	\$ 106,966	\$ 119,226	\$ 121,136	\$ 130,926

- ▶ The total number of open claims increased by 1.1% from 802 in FY14-15 to 853 at year end in FY15-16
- ▶ There is a total of 53 claims that are individually valued over \$400K, comprising 6.2% of Total Open/Pending Claims, however, those 53 claims account for 39.4% of the Total Cost for all Open/Pending Claims.
- ▶ Total Incurred (Both Paid and Outstanding) is \$111.6 million of which the County's portion is \$84.3 million.
- ▶ The total County's exposure (Outstanding) is \$34.4 million and the Excess Carriers exposure is \$19.7 million for a combined exposure of \$54.1 million

Workers' Compensation

Open Claims by Department – Limited to County Exposure

OPEN PENDING CLAIMS FYE 2015/16

Department			# of		Average of # of Yrs Open	% of					Avg Incurred
	#FTE	%	Claims	%		Sum of Litigated	% of Co Lit	Dept's Claims	Total Incurred	%	
Sheriff-Coroner	442	9%	267	31%	6.0	128	36%	48%	33,486,247	40%	125,417
Social & Employment Services	799	16%	149	17%	4.3	40	11%	27%	10,536,954	12%	70,718
Natividad Medical Center	1,283	25%	140	16%	4.3	60	17%	43%	11,421,420	13%	81,582
Health	911	18%	77	9%	3.6	31	9%	40%	5,674,806	7%	73,699
Probation	286	6%	46	5%	4.1	18	5%	39%	4,995,030	6%	108,588
Resource Management Agency	247	5%	36	4%	6.2	20	6%	56%	3,813,996	5%	105,944
Top 6	3,968	78%	715	84%	4.9	297	83%	42%	69,928,453	83%	97,802
District Attorney	138	3%	33	4%	5.9	22	6%	67%	3,478,089	4%	105,397
Economic Development	51	1%	15	2%	5.6	5	1%	33%	1,882,111	2%	125,474
Parks	58	1%	15	2%	5.6	7	2%	47%	1,304,783	2%	86,986
County Administrative Office	57	1%	11	1%	7.7	4	1%	36%	1,682,146	2%	152,922
Agriculture Commissioner	69	1%	10	1%	6.7	5	1%	50%	1,462,126	2%	146,213
Child Support Services	98	2%	10	1%	7.5	5	1%	50%	1,502,552	2%	150,255
Information Technology	98	2%	10	1%	12.1	4	1%	40%	930,343	1%	93,034
Public Defender	50	1%	7	1%	2.3	1	0%	14%	451,982	1%	64,569
Department w/5 or Less Claims	505	10%	27	3%	4.0	8	2%	30%	1,988,319	2%	73,641
Total Other Departments	1,124	22%	138	16%	6.1	61	17%	44%	14,682,451	17%	106,395
Grand Total	5,092	100%	853	100%	5.1	358	100%	46%	84,610,904	100%	99,192