



# General Liability and Workers' Compensation

Board of Supervisor's Meeting  
June 28, 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

FY 2016-17 Est.

Coverage	Insurance Carrier/Broker	Limit	Aggregate Limit	Deductible	Self Insured Retention	FY15/16 Premium	FY16/17 Est. Premium
<b>Self Insured:</b>							
Excess Workers Compensation	CSAC	\$1Mil each accident/each disease (statutory)	\$45Mil	N/A	\$400K	\$1,625,508	\$2,052,000
Excess General Liability	Marsh	\$150Mil	\$150Mil	N/A	\$1.5Mil	\$1,636,215	\$1,767,483
<b>Insured:</b>							
Property (All Risk)	CSAC	\$25Mil	\$600Mil	\$25K	N/A	\$696,356	\$855,564
Directors' & Officers/Employment Practices Liability	Beta	\$10Mil per occurrence	\$10Mil	\$25K	N/A	\$139,408	\$160,319
Healthcare Liability	Beta	\$20Mil per occurrence	\$30Mil	\$5K	N/A		
Medical Malpractice	Beta	\$1Mil claims made & reported	\$3Mil	\$5K	N/A	\$411,885	\$473,668
Auto	Beta	\$1Mil per accident (NMC only)	Combined single limit	Comprehensive=\$250 Collision=\$500	N/A	\$8,866	\$10,196
Blanket Crime Policy	CSAC	\$15Mil	\$15Mil	(per schedule*)	N/A	\$19,325	\$19,326
Watercraft	CSAC	\$1Mil	\$1Mil	\$1K	N/A	\$2,734	\$3,600
457 Fiduciary Liability	Marsh	\$3Mil	\$3Mil	\$0	N/A	\$9,260	\$10,186
Group, Accidental Death & Dismemberment	Chubb	(per schedule*)	\$250K	\$100	N/A	\$2,641	\$3,169
Cyber Liability	CSAC	\$1Mil	\$2Mil	\$50K	N/A	\$12,648	\$15,900
WRA-Tertiary Plant - PLL + Umbrella Liability	Marsh	GL \$1/2Mil per occurrence	\$10Mil excess/ \$23Mil umbrella	\$10K	N/A	\$39,100	\$44,965
		PLL \$40Mil	\$40Mil	\$25K	N/A	\$172,150	\$197,972
WRA - Errors & Omissions	Marsh	\$3Mil	\$3Mil	E&O=\$100K EPL=\$100K	N/A	\$38,346	\$44,098
Sherriff Aircraft - Liability	Alliant	\$40Mil	\$40Mil	\$Nil	N/A	\$6,907	\$7,700
Hull	Alliant	\$150K	\$150K	\$Nil	N/A		
Medical	Alliant	\$25K per person	\$100K per occurrence	\$Nil	N/A		
						\$4,821,349	\$5,666,146

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



# Self-Insured General Liability Claims

As of December 31, 2015

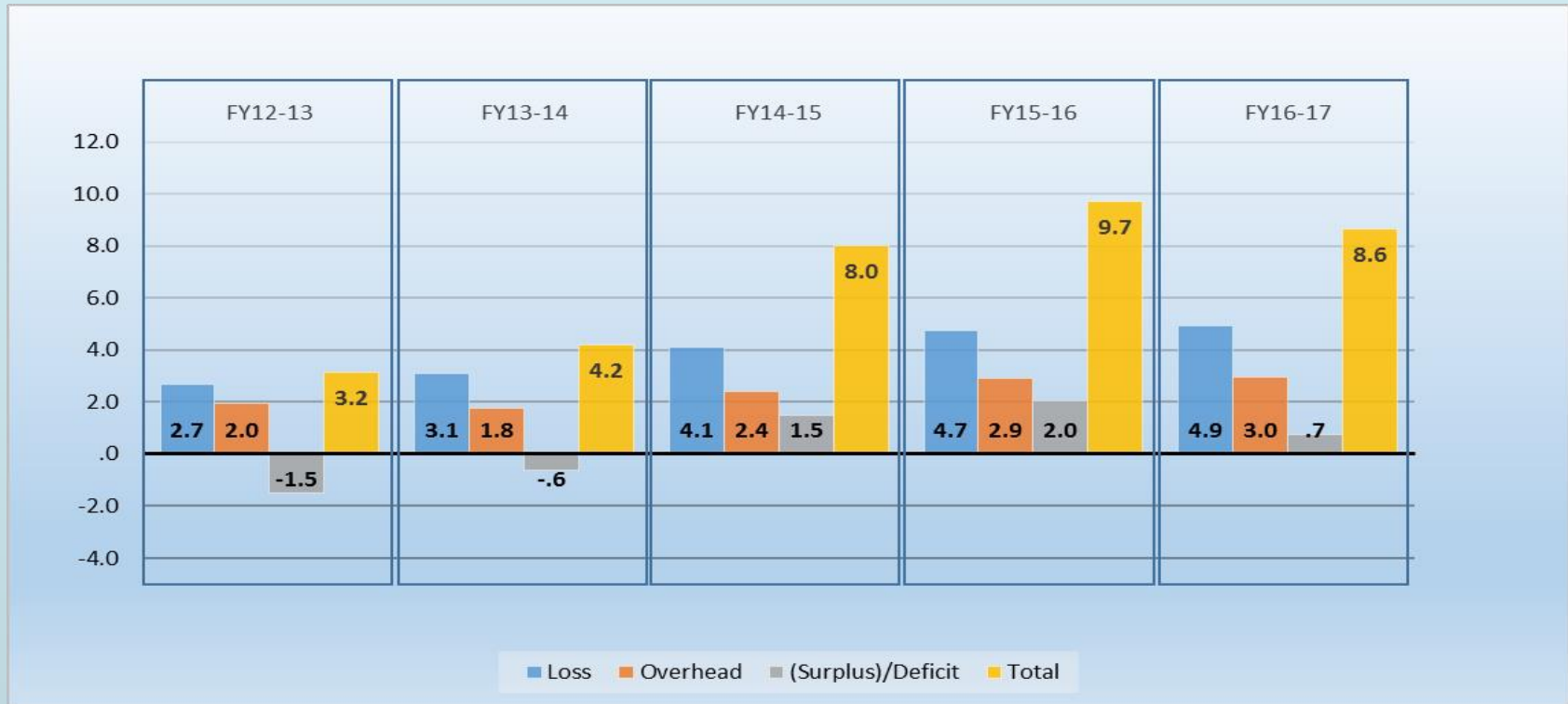
# General Liability

\$M	Fiscal Year-End						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Est
Assets	\$7.8	\$8.6	\$8.3	\$5.1	\$2.4	\$3.8	\$3.7
Liabilities	\$5.9	\$4.7	\$4.3	\$4.5	\$7.9	\$8.3	\$7.5
Net Assets/(Deficit)	\$1.9	\$3.9	\$4.0	\$0.6	(\$5.5)	(\$4.5)	(\$3.7)

- ▶ 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 \$1.3 million
  - ▶ Initial Settlement of \$2.4 million has been paid out of the General Fund during FY15-16

# General Liability

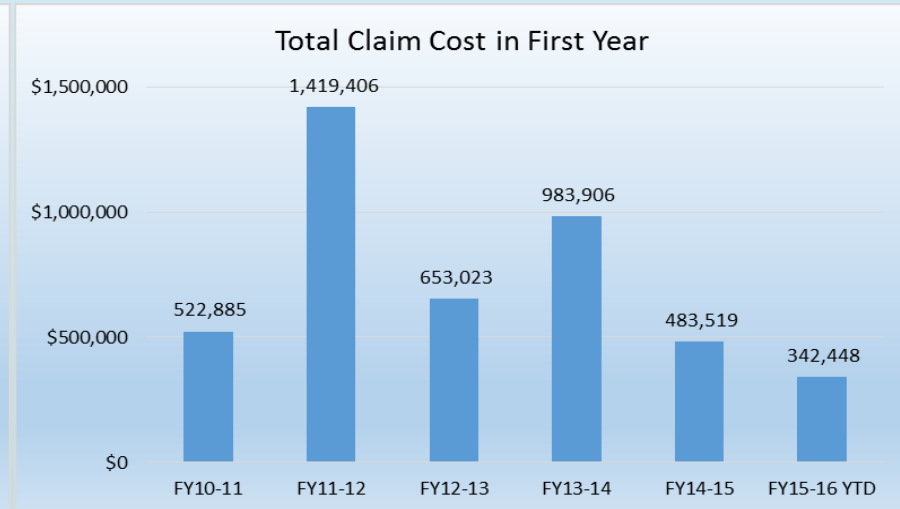
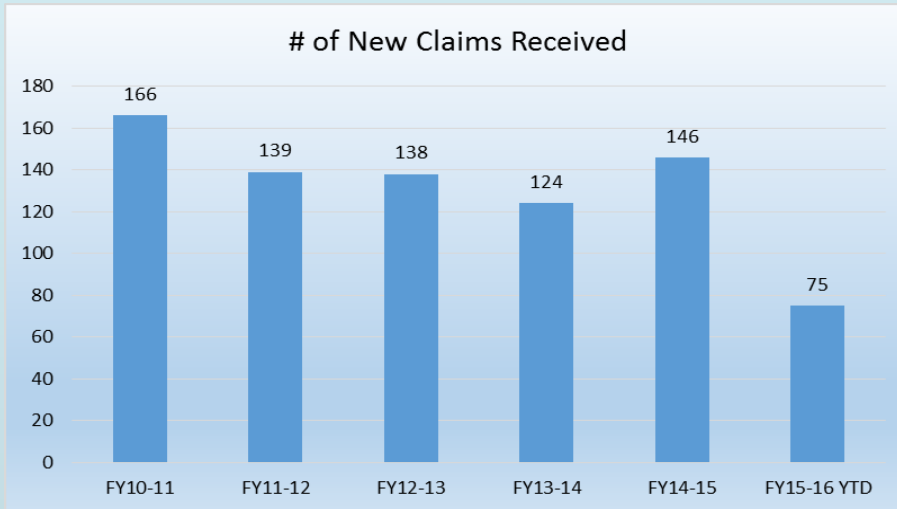
## Actuary Report - Components of the Allocation



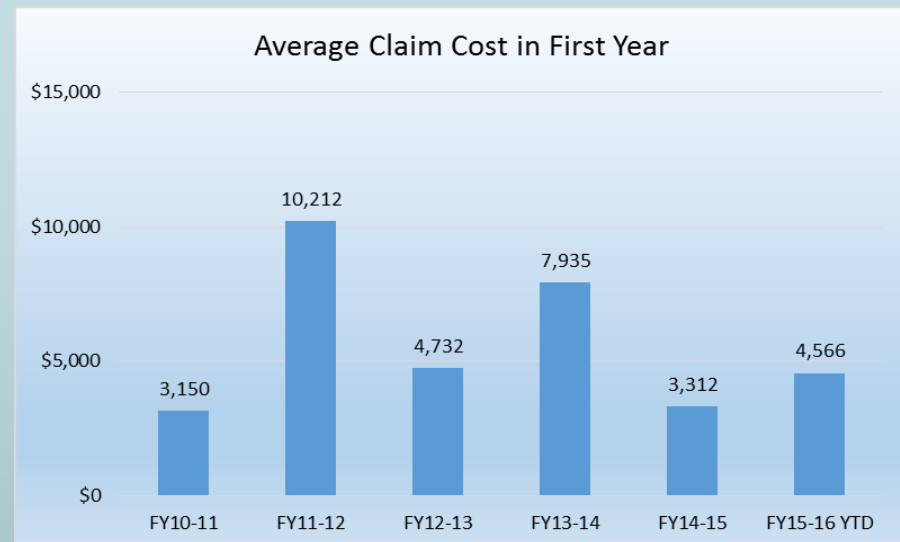
- ▶ The FY16-17 allocation to decrease by \$1.1M over FY15-16 – funded at 70% confidence level
  - \$176K increase in severity of losses
  - \$ 54K increase in overhead
  - \$1.3Mil decrease in Deficit – Removal of Hernandez Claim from Study

# General Liability

## *New Claims Received*



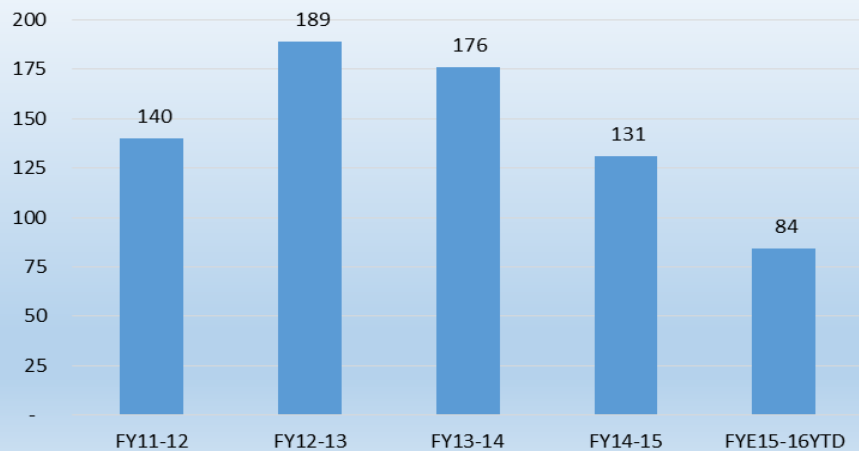
- ▶ Should the current trend of New Claims continue, the total New Claims by the of FY15-16 could reach 150 claims



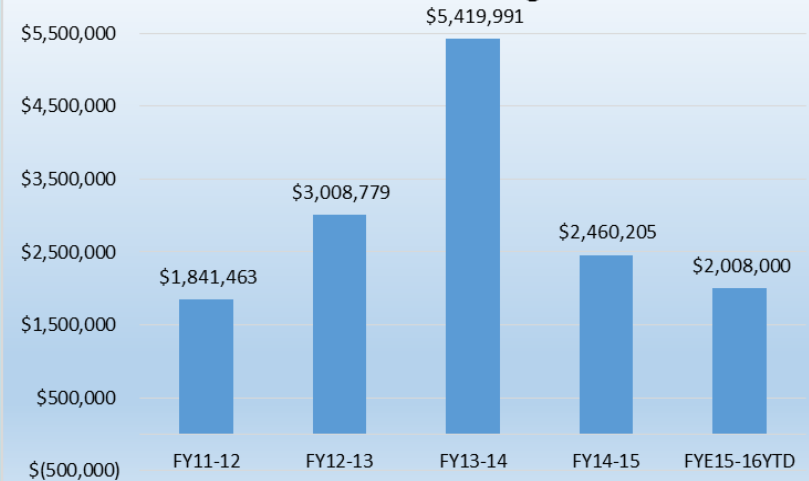
# General Liability

## Claims Closed

# of Claims Closed during the Fiscal Year

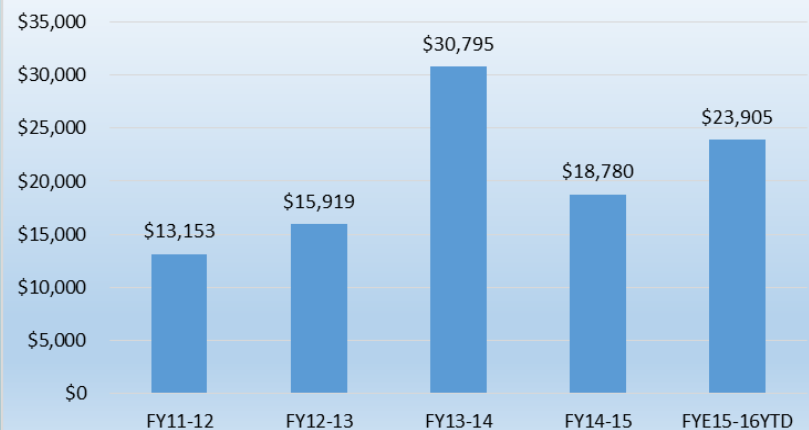


Total Cost of Claims Closed during the Fiscal Year



- ▶ Claims closed are showing a recent positive trend in the total claim cost.

Average Cost of Claims Closed during the Fiscal Year

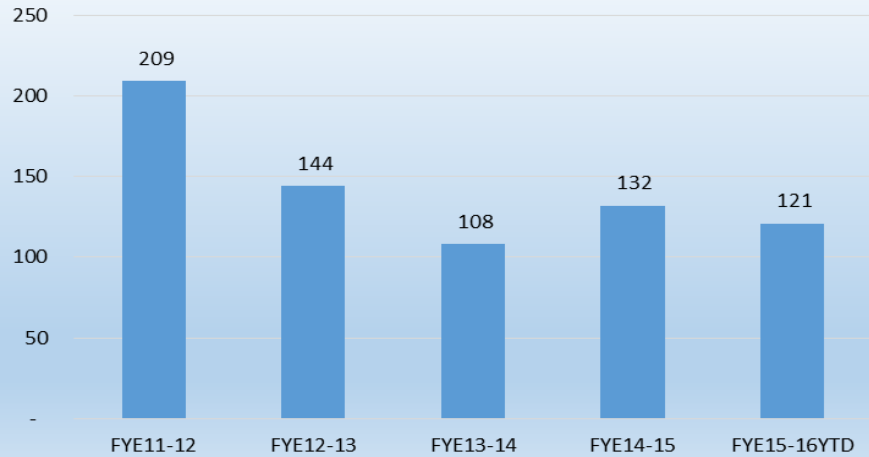




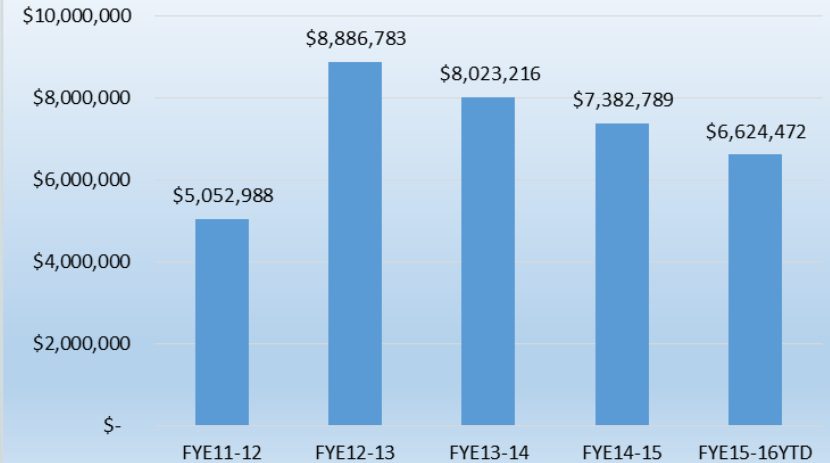
# General Liability

## Open Claims

# of Open Claims at Fiscal Year-End

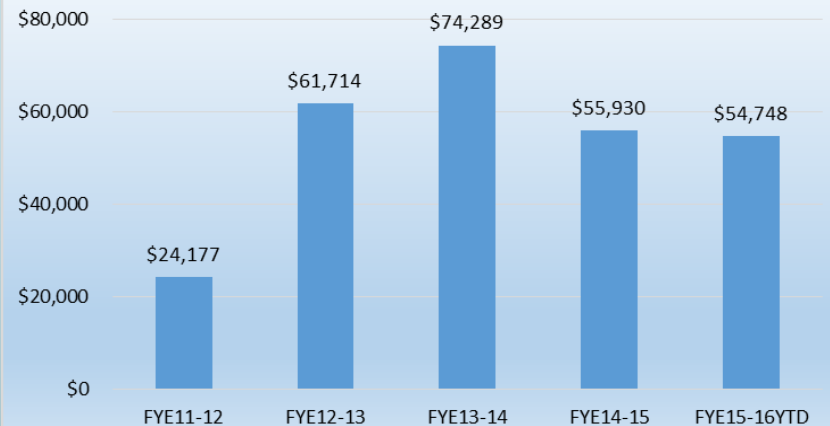


Total Cost of Open Claims at Fiscal Year-End



- ▶ Current Year-to-Date Open Claims are trending down from FY14-15
- ▶ 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 YTD	FY 11-12	FY12-13	FY13-14	FY14-15	FY15-16 YTD
\$0	# of Claims	79	136	92	79	59	3	24	39	62	56
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	53	42	67	43	20	188	92	48	52	47
	Cost	\$ 285,316	\$ 160,760	\$ 489,376	\$ 261,770	\$ 68,912	\$ 524,924	\$ 743,823	\$ 451,276	\$ 355,208	\$ 282,817
	Avg Cost	\$ 5,383	\$ 3,828	\$ 7,304	\$ 6,088	\$ 3,446	\$ 2,792	\$ 8,085	\$ 9,402	\$ 6,831	\$ 6,017
\$50K - \$100K	# of Claims	2	4	4	5	-	7	3	6	4	6
	Cost	\$ 130,971	\$ 219,907	\$ 303,907	\$ 394,330	\$ -	\$ 532,419	\$ 193,267	\$ 454,721	\$ 305,275	\$ 442,252
	Avg Cost	\$ 65,486	\$ 54,977	\$ 75,977	\$ 78,866	\$ -	\$ 76,060	\$ 64,422	\$ 75,787	\$ 76,319	\$ 73,709
\$100K+	# of Claims	6	7	13	4	5	11	25	15	14	12
	Cost	\$ 1,425,176	\$ 2,628,112	\$ 4,626,707	\$ 1,804,105	\$ 1,939,088	\$ 3,995,645	\$ 7,949,693	\$ 7,117,219	\$ 6,722,306	\$ 5,899,404
	Avg Cost	\$ 237,529	\$ 375,445	\$ 355,901	\$ 451,026	\$ 387,818	\$ 363,240	\$ 317,988	\$ 474,481	\$ 480,165	\$ 491,617
TOTAL	# of Claims	140	189	176	131	84	209	144	108	132	121
	Cost	\$ 1,841,463	\$ 3,008,779	\$ 5,419,990	\$ 2,460,205	\$ 2,008,000	\$ 5,052,988	\$ 8,886,783	\$ 8,023,216	\$ 7,382,789	\$ 6,624,473
	Avg Cost	\$ 13,153	\$ 15,919	\$ 30,795	\$ 18,780	\$ 23,905	\$ 24,177	\$ 61,714	\$ 74,289	\$ 55,930	\$ 54,748

- ▶ The average cost or severity of claims closed is on the rise as several claims in the \$100K+ bracket have been closed.
- ▶ The average cost of open claims has reduced slightly, as the number of open claims have reduced. We still have 89% of open claims cost in the 100+ bracket, associated with only 10% of the open claims.



# Self-Insured Workers' Compensation Claims

As of December 31, 2015

# Workers' Compensation

\$M	Fiscal Year-End						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Est
Assets	\$37.7	\$38.5	\$45.8	\$53.4	\$61.3	\$66.9	\$66.9
Liabilities	\$46.3	\$53.0	\$52.0	\$55.0	\$56.1	\$59.6	\$60.7
Net Assets/(Deficit)	(\$8.6)	(\$14.5)	(\$6.2)	(\$1.6)	\$5.2	\$7.3	\$6.2



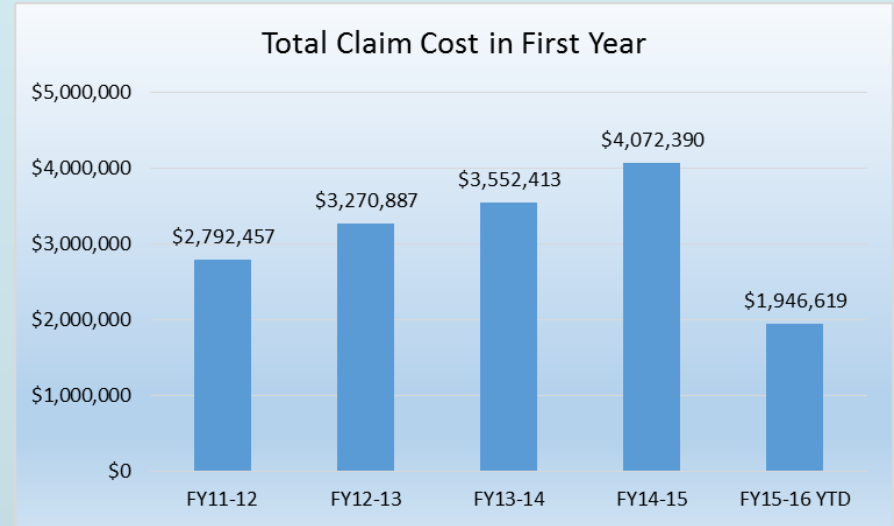
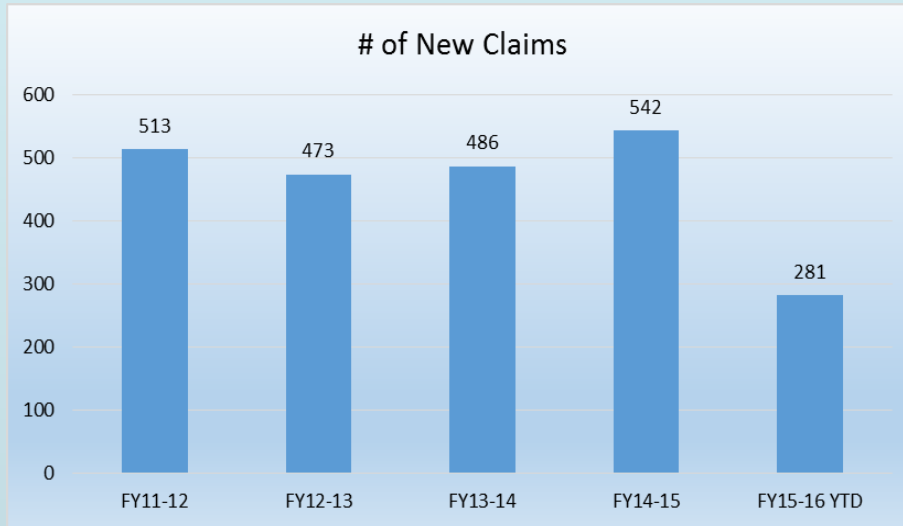
# Workers' Compensation *Components of the Allocation*



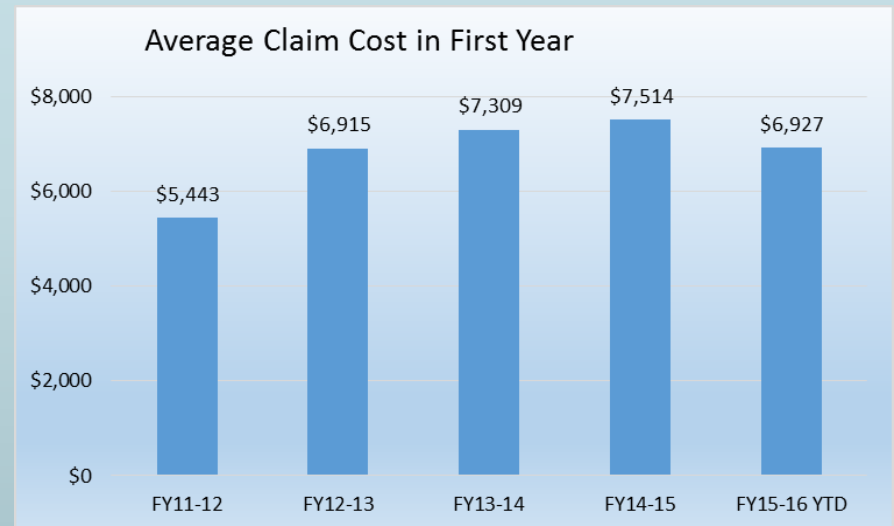
- ▶ The FY16-17 allocation which is currently being funded at 70% confidence level is \$16,872,000 an increase of \$1.04M from FY15-16
  - \$930K increase in Severity of Losses
  - \$ 9K decrease in Overhead
  - \$118K decrease in Surplus

# Workers' Compensation

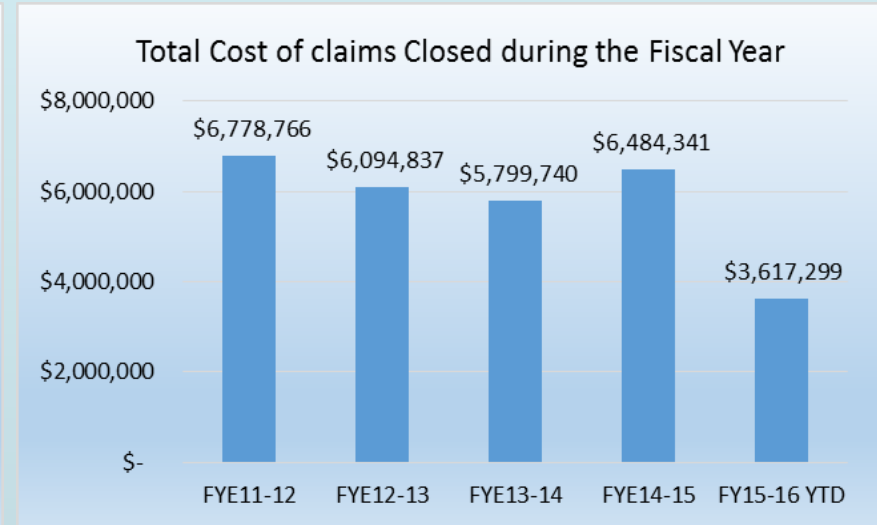
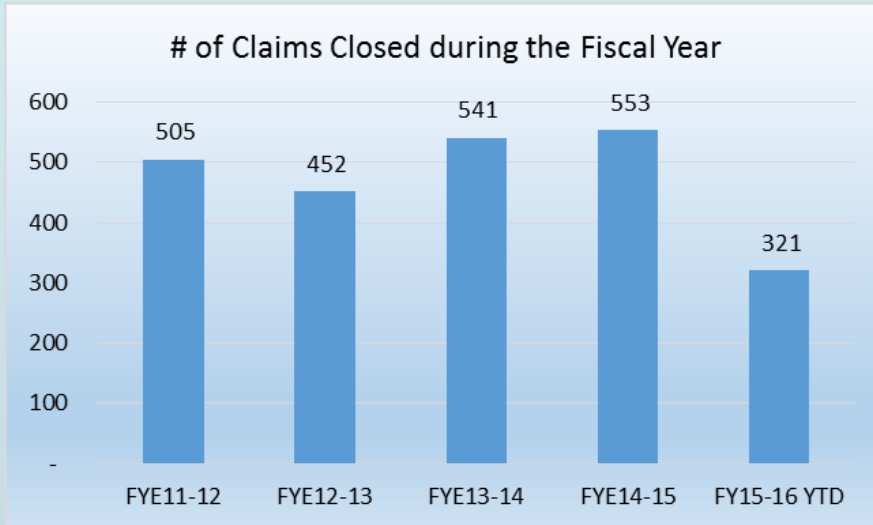
## *New Claims Received*



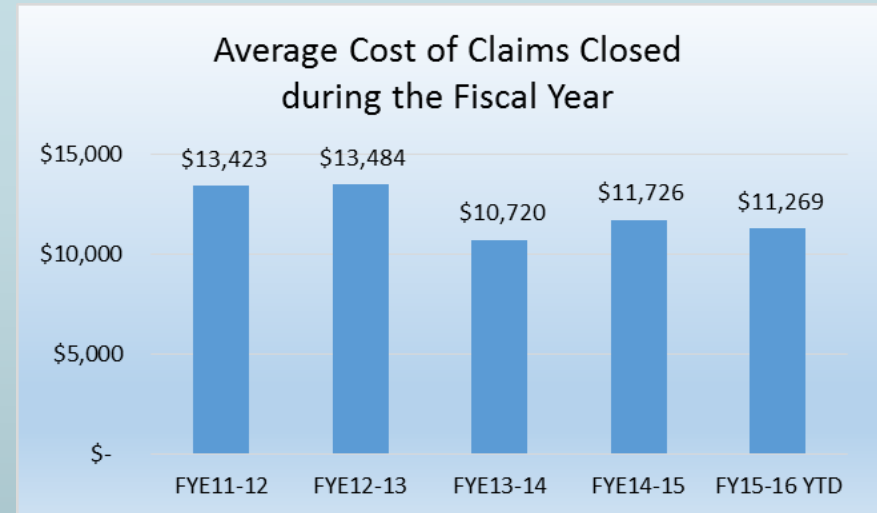
- ▶ Over the past four years New Claim cost have steadily increased even though the number of claims have not drastically changed from year to year
- ▶ Should the current trend of New Claims continue, the total New Claims by the of FY15-16 could reach 562 claims



# Workers' Compensation Claims Closed

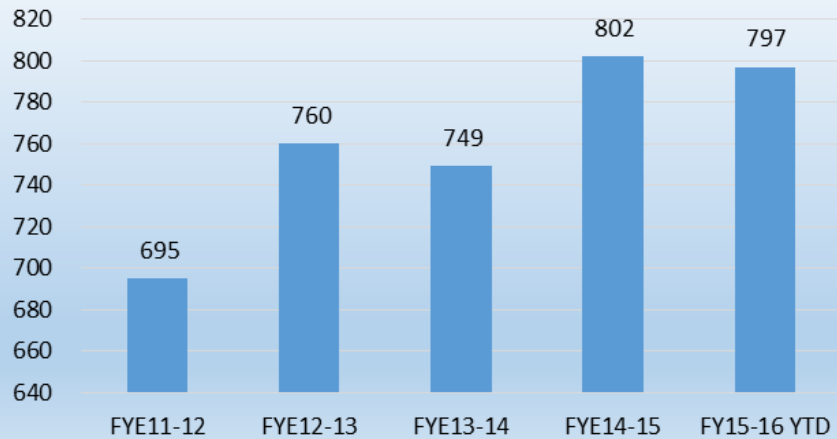


- ▶ The number of claims closed has steadily increased over the past three years, and we expect this trend to continue for FY15-16.

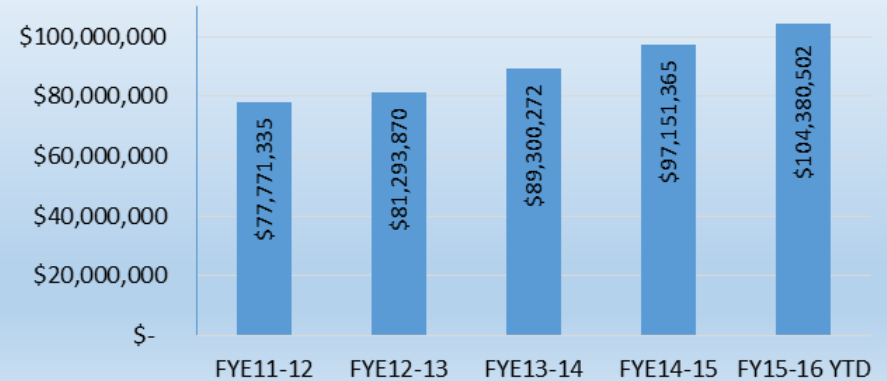


# Workers' Compensation Open Claims

# of Open Claims at Fiscal Year-End



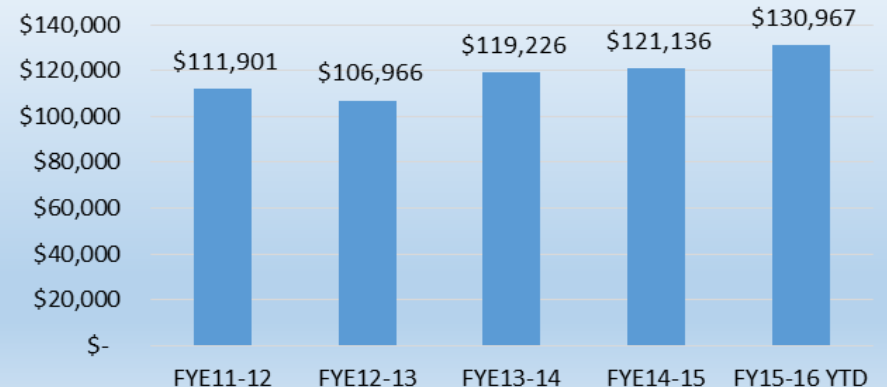
Total Cost of Open Claims  
at Fiscal Year-End



- ▶ Indemnity claims increased by 2% over FY14-15 Year to a total of 94%

- ▶ 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 YTD	FY 11-12	FY12-13	FY13-14	FY14-15	FY15-16 YTD
\$0	# of Claims	77	71	92	86	61	8	5	1	-	3
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	390	349	421	427	237	340	392	349	384	358
	Cost	\$ 2,633,033	\$ 1,675,185	\$ 2,071,199	\$ 2,017,976	\$ 1,060,314	\$ 5,427,043	\$ 6,405,493	\$ 6,687,004	\$ 7,010,419	\$ 7,138,392
	Avg Cost	\$ 6,751	\$ 4,800	\$ 4,920	\$ 4,726	\$ 4,474	\$ 15,962	\$ 16,341	\$ 19,160	\$ 18,256	\$ 19,940
\$50K - \$100K	# of Claims	22	15	12	23	13	130	125	136	145	160
	Cost	\$ 1,585,123	\$ 957,068	\$ 759,944	\$ 1,638,311	\$ 1,008,113	\$ 9,667,794	\$ 9,478,994	\$10,094,308	\$11,001,766	\$ 11,913,741
	Avg Cost	\$ 72,051	\$ 63,805	\$ 63,329	\$ 71,231	\$ 77,547	\$ 74,368	\$ 75,832	\$ 74,223	\$ 75,874	\$ 74,461
\$100K+	# of Claims	16	17	16	17	10	217	238	263	273	276
	Cost	\$ 2,560,610	\$ 3,462,584	\$ 2,968,597	\$ 2,828,054	\$ 1,548,872	\$62,676,498	\$65,409,382	\$72,518,960	\$79,139,180	\$ 85,328,370
	Avg Cost	\$ 160,038	\$ 203,681	\$ 185,537	\$ 166,356	\$ 154,887	\$ 288,832	\$ 274,829	\$ 275,737	\$ 289,887	\$ 309,161
TOTAL	# of Claims	505	452	541	553	321	695	760	749	802	797
	Cost	\$ 6,778,766	\$ 6,094,837	\$ 5,799,740	\$ 6,484,341	\$ 3,617,299	\$77,771,335	\$81,293,869	\$89,300,272	\$97,151,365	\$ 104,380,503
	Avg Cost	\$ 13,423	\$ 13,484	\$ 10,720	\$ 11,726	\$ 11,269	\$ 111,901	\$ 106,966	\$ 119,226	\$ 121,136	\$ 130,967

- ▶ The total number of open claims decreased by 0.6% from 802 in FY14-15 to 797 for Mid-Year FY15-16
- ▶ There is a total of 49 claims that are individually valued over \$400K, comprising 6.1% of Total Open/Pending Claims, but those 49 claims account for 38.3% of the Total Cost for all Open/Pending Claims.

# Workers' Compensation

## *Open Claims by Department – Limited to County Exposure*

OPEN PENDING CLAIMS 2015/16 as if December 31, 2015

Department	#FTE		# of Claims		Average of # of Yrs Open	% of Dept's			Total Incurred		Avg Incurred
	#FTE	%	Claims	%		Sum of Litigated	% of Co Lit	Dept's Claims	Total Incurred	%	
Sheriff-Coroner	431	9%	255	32%	6.0	129	37%	51%	31,801,043	40%	124,710
Social & Employment Services	762	16%	130	16%	4.6	42	12%	32%	10,295,958	13%	79,200
Natividad Medical Center	1,066	22%	121	15%	4.4	54	15%	45%	10,757,037	13%	88,901
Health	852	18%	76	10%	3.4	30	8%	39%	4,913,004	6%	64,645
Resource Management Agency	248	5%	41	5%	5.6	21	6%	51%	3,925,756	5%	95,750
Probation	289	6%	39	5%	4.3	16	5%	41%	4,366,840	5%	111,970
<b>Top 6</b>	<b>3,648</b>	<b>77%</b>	<b>662</b>	<b>83%</b>	<b>5.0</b>	<b>292</b>	<b>83%</b>	<b>44%</b>	<b>66,059,638</b>	<b>82%</b>	<b>99,788</b>
District Attorney	133	3%	32	4%	5.8	22	6%	69%	3,556,841	4%	111,151
Parks	69	1%	16	2%	5.1	8	2%	50%	1,268,348	2%	79,272
Economic Development	43	1%	13	2%	5.9	5	1%	38%	1,855,958	2%	142,766
Information Technology	100	2%	13	2%	9.6	4	1%	31%	1,206,145	2%	92,780
County Administrative Office	43	1%	11	1%	7.2	4	1%	36%	1,624,560	2%	147,687
Child Support Services	103	2%	9	1%	6.6	4	1%	44%	1,375,096	2%	152,788
Agriculture Commissioner	71	1%	9	1%	6.9	5	1%	56%	1,227,417	2%	136,380
Emergency Communication	68	1%	8	1%	3.7	4	1%	50%	542,706	1%	67,838
Public Defender	47	1%	8	1%	1.8	1	0%	13%	360,364	0%	45,045
Library	101	2%	4	1%	2.9	1	0%	25%	184,237	0%	46,059
Human Resources	28	1%	3	0%	2.3	1	0%	33%	278,225	0%	92,742
Department w/5 or Less Claims	294	6%	9	1%	7.3	2	1%	22%	783,887	1%	87,099
<b>Total Other Departments</b>	<b>1,100</b>	<b>23%</b>	<b>135</b>	<b>17%</b>	<b>5.8</b>	<b>61</b>	<b>17%</b>	<b>45%</b>	<b>14,263,783</b>	<b>18%</b>	<b>105,658</b>
<b>Grand Total</b>	<b>4,748</b>	<b>100%</b>	<b>797</b>	<b>100%</b>	<b>5.0</b>	<b>353</b>	<b>100%</b>	<b>46%</b>	<b>80,323,421</b>	<b>100%</b>	<b>96,137</b>