



# General Liability and Workers' Compensation

Budget Committee  
June 28, 2017

# Overview

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- ▶ 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.
- ▶ As of July 1, 2016, the Third Party Administrator (TPA) for the General Liability program was changed over from Carl Warren to Intercare Holdings.

# Insurance Policies

County of Monterey  
Insurance Coverage  
FY 2017-18 Estimate

Coverage	Insurance Carrier/Broker	Limit	Aggregate Limit	Deductible	Self Insured Retention	FY15/16 Premium	FY16/17 Premium	FY17/18 Estimate Premium
<b>Self Insured:</b>								
Excess Workers Compensation	CSAC/Alliant	\$1Mil each accident/each disease (statutory)	\$45Mil	N/A	\$400K	\$1,625,508	\$1,830,236	\$1,933,000
Excess General Liability	Marsh	\$150Mil	\$150Mil	N/A	\$1.5Mil	\$1,636,215	\$1,657,321	\$1,988,785
<b>Insured:</b>								
Property (All Risk)	CSAC/Alliant	\$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/Alliant	\$15Mil	\$15Mil	(per schedule*)	N/A	\$19,325	\$19,325	\$21,300
Watercraft	CSAC/Alliant	\$1Mil	\$1Mil	\$1K	N/A	\$2,734	\$6,268	\$6,268
457 Fiduciary Liability	Marsh	\$3Mil	\$3Mil	\$0	N/A	\$9,260	\$9,723	\$10,695
Group, Accidental Death & Dismemberment	Marsh/Chubb	(per schedule*)	\$250K	\$100	N/A	\$2,641	\$2,454	\$2,699
Cyber Liability	CSAC/Alliant	\$1Mil	\$2Mil	\$50K	N/A	\$12,648	\$14,822	\$15,301
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	CSAC/Alliant	\$40Mil	\$40Mil	\$Nil	N/A	\$6,907	\$6,981	\$7,225
Hull	CSAC/Alliant	\$150K	\$150K	\$Nil	N/A			
Medical	CSAC/Alliant	\$25K per person	\$100K per occurrence	\$Nil	N/A			
						\$4,821,349	\$5,511,226	\$6,273,670

FY17/18 - Insurance Placement is currently underway.

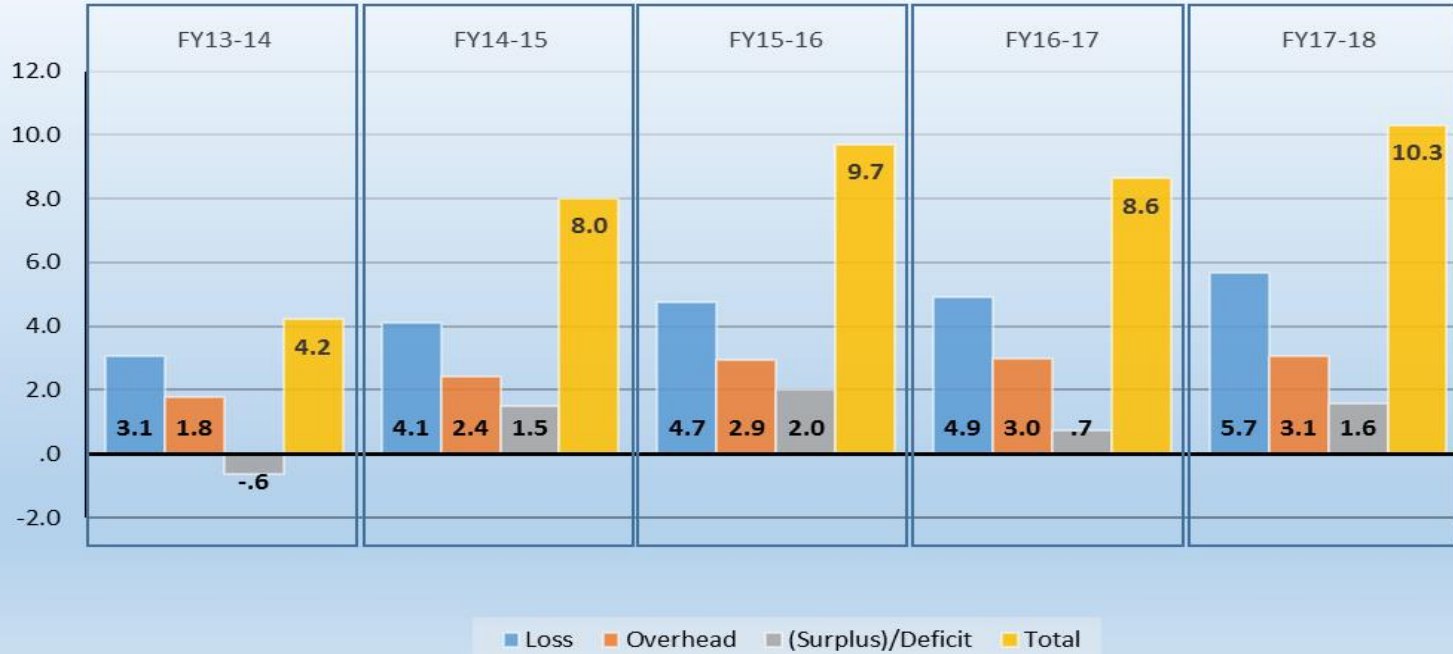


## Self-Insured General Liability Claims

FY2016-17 Mid-Fiscal Year as of March 31, 2017

# General Liability

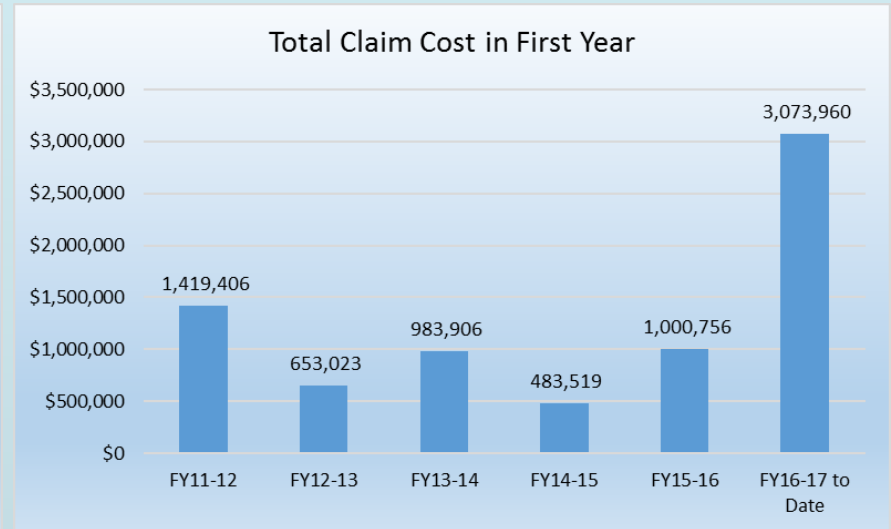
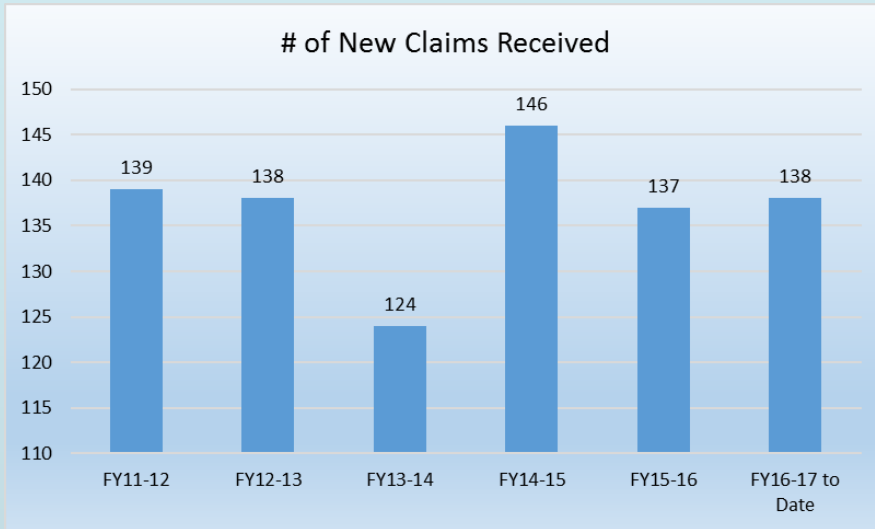
## *Actuary Report - Components of the Allocation*



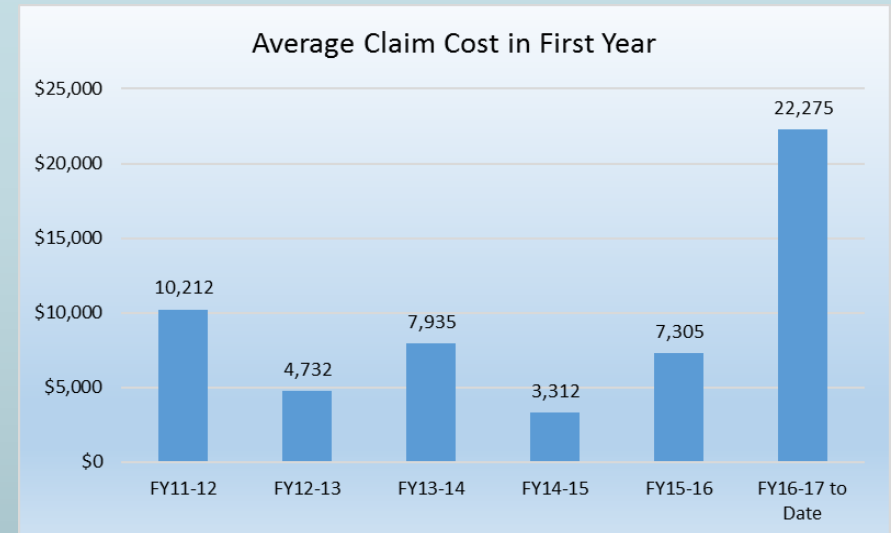
- ▶ The FY17-18 allocation to continue at 70% confidence level at \$10,299,000, which is a 20% increase of \$1.67 Million over FY16-17 funding:
  - \$750K increase in Severity of Losses
  - \$ 80K increase in Overhead
  - \$838K increase in Deficit

# General Liability

## *New Claims Received*

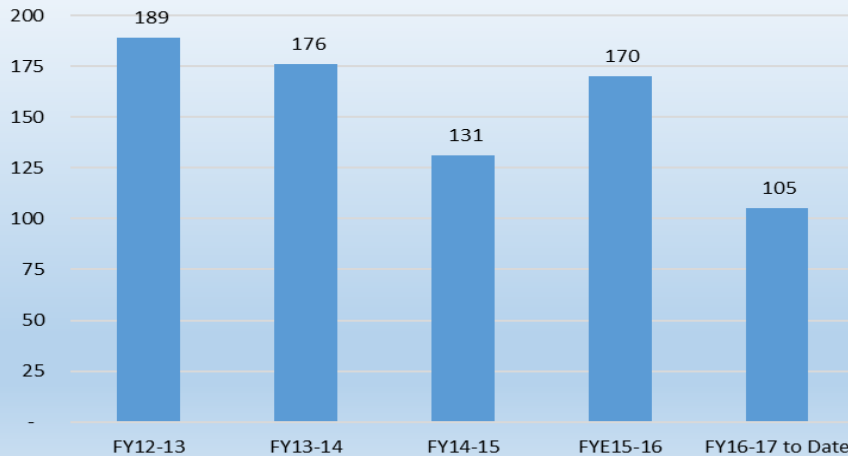


- ▶ Total New Claims received during the 1<sup>st</sup> three quarters of FY16-17 are at 101% of FY15-16
- ▶ The Total New Claim Cost increased 307%:
  - ▶ Four (4) Recoverable Claims Reserved \$2.1 Million
  - ▶ Five (5) Non-Recoverable (Measure Z) Reserved \$750 Thousand

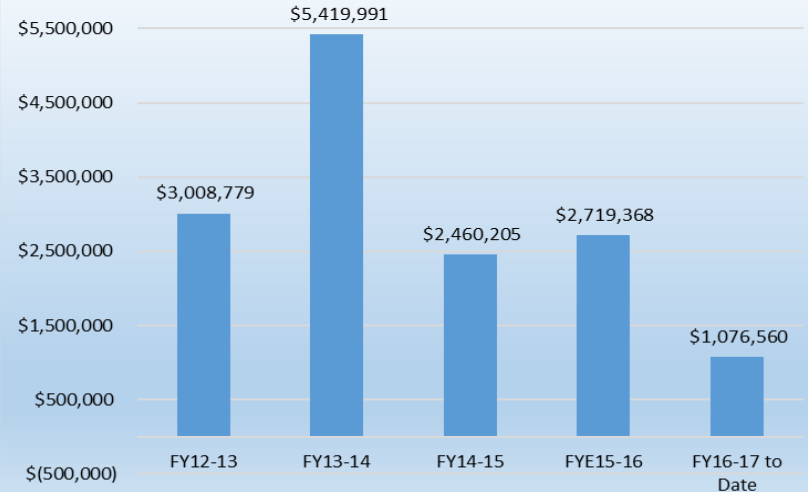


# General Liability Claims Closed

# of Claims Closed during the Fiscal Year

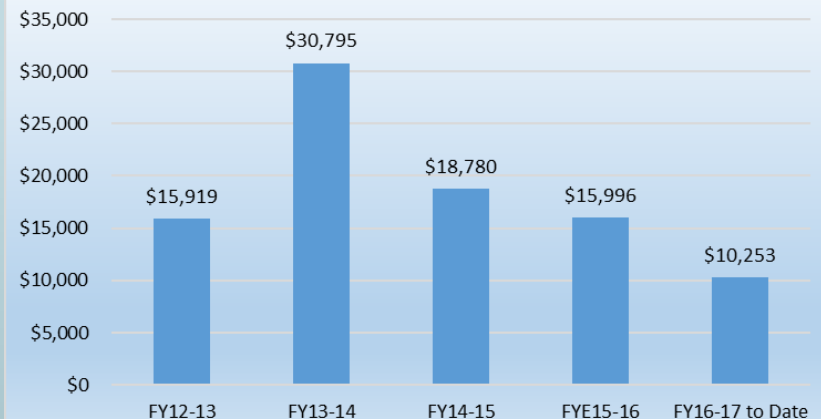


Total Cost of Claims Closed during the Fiscal Year



- ▶ Total number of Claims Closed is down by 38% for FY16-17 from FY15-16
- ▶ At the same time the Average Cost per Claim Closed decreased by 36%

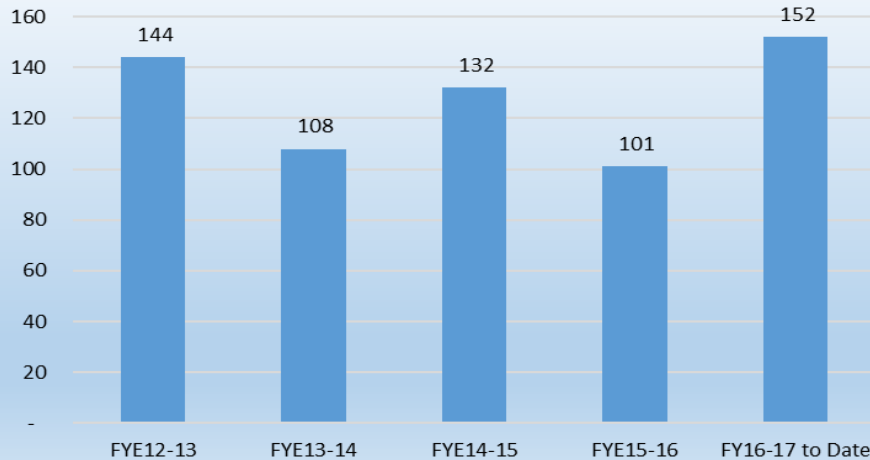
Average Cost of Claims Closed during the Fiscal Year



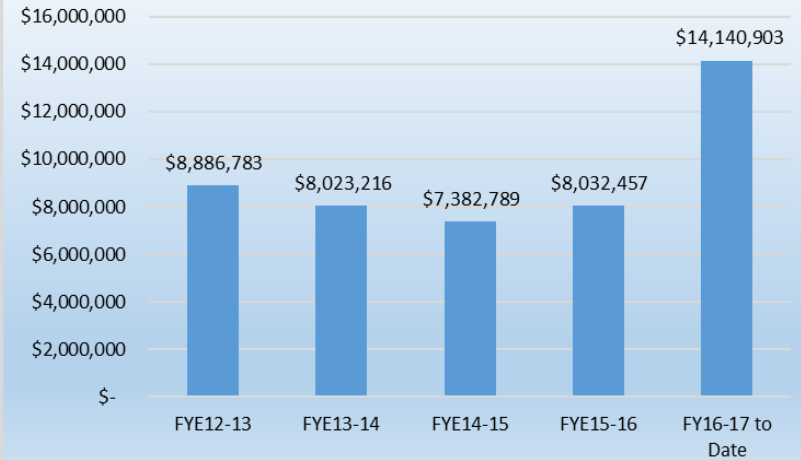
# General Liability

## Open Claims

# of Open Claims at Fiscal Year-End

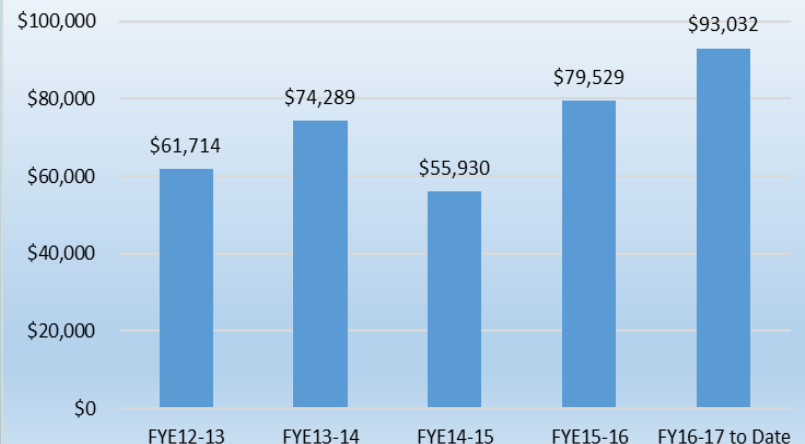


Total Cost of Open Claims at Fiscal Year-End



- ▶ Open Claims have increased by 50% for Year-to-Date FY16-17
- ▶ The Total Cost of Open Claims increased by 76% due to an increase in new claims severity and TPA review and true up of pending claims reserves.

Average Cost of Open Claims at Fiscal Year-End





# General Liability

## Stratification of Claims

		CLOSED DURING FISCAL YEAR					OPEN AT FISCAL YEAR-END				
		FY12-13	FY13-14	FY14-15	FY15-16	FY16-17 YTD	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17 YTD
\$0	# of Claims	136	92	79	121	72	24	39	62	31	65
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	42	67	43	39	30	92	48	52	54	57
	Cost	\$ 160,760	\$ 489,376	\$ 261,770	\$ 154,034	\$ 146,435	\$ 743,823	\$ 451,276	\$ 355,208	\$ 331,560	\$ 562,102
	Avg Cost	\$ 3,828	\$ 7,304	\$ 6,088	\$ 3,950	\$ 4,881	\$ 8,085	\$ 9,402	\$ 6,831	\$ 6,140	\$ 9,861
\$50K - \$100K	# of Claims	4	4	5	2	1	3	6	4	4	3
	Cost	\$ 219,907	\$ 303,907	\$ 394,330	\$ 128,623	\$ 51,874	\$ 193,267	\$ 454,721	\$ 305,275	\$ 311,476	\$ 211,616
	Avg Cost	\$ 54,977	\$ 75,977	\$ 78,866	\$ 64,312	\$ 51,874	\$ 64,422	\$ 75,787	\$ 76,319	\$ 77,869	\$ 70,539
\$100K+	# of Claims	7	13	4	8	2	25	15	14	12	27
	Cost	\$ 2,628,112	\$ 4,626,707	\$ 1,804,105	\$ 2,436,712	\$ 878,251	\$ 7,949,693	\$ 7,117,219	\$ 6,722,306	\$ 7,389,420	\$13,367,184
	Avg Cost	\$ 375,445	\$ 355,901	\$ 451,026	\$ 304,589	\$ 439,126	\$ 317,988	\$ 474,481	\$ 480,165	\$ 615,785	\$ 495,081
TOTAL	# of Claims	176	131	170	170	105	108	132	101	101	152
	Cost	\$ 5,419,990	\$ 2,460,205	\$ 2,719,369	\$ 2,719,369	\$ 1,076,560	\$ 8,023,216	\$ 7,382,789	\$ 8,032,456	\$ 8,032,456	\$14,140,902
	Avg Cost	\$ 30,795	\$ 18,780	\$ 15,996	\$ 15,996	\$ 10,253	\$ 74,289	\$ 55,930	\$ 79,529	\$ 79,529	\$ 93,032

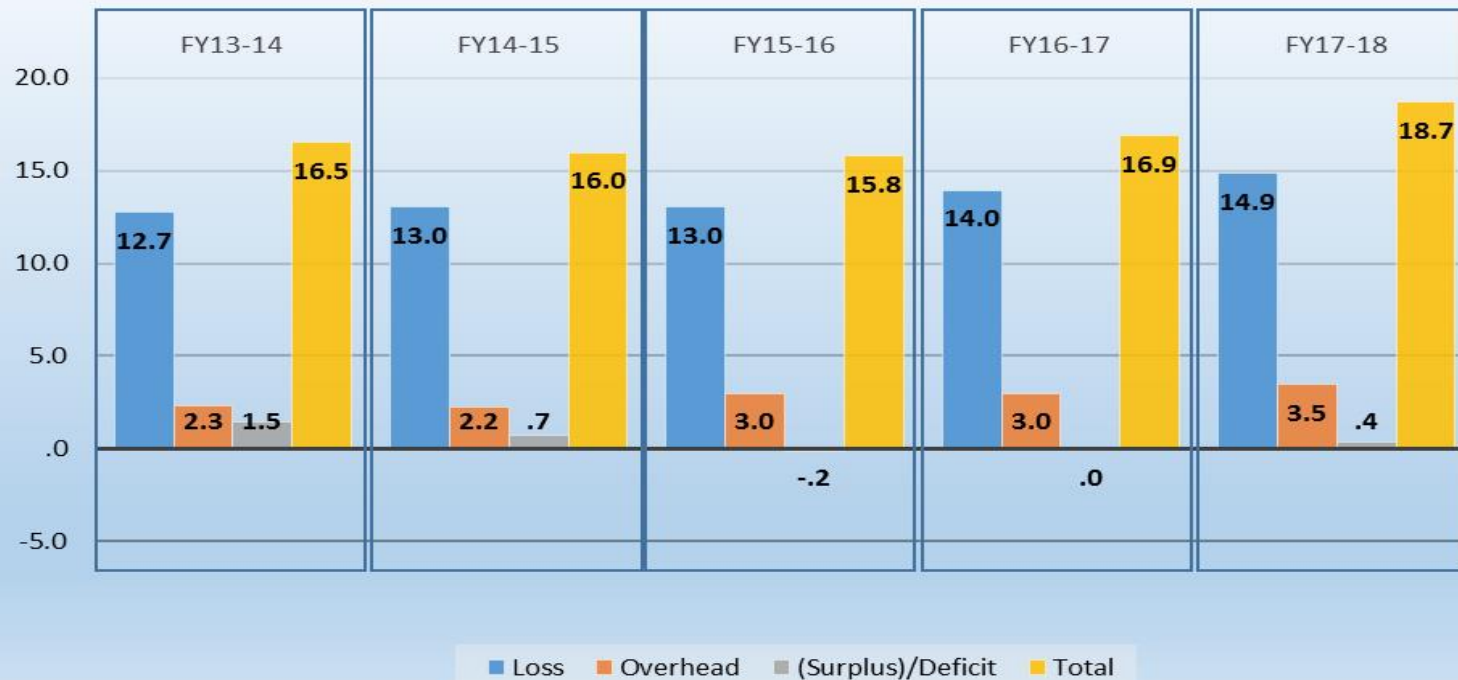
- ▶ The average cost of open claims has increased by 50%.
- ▶ The 100+ bracket accounts grew by 225% or Fifteen (15) claims
  - ▶ Five (5) of these claims had previously been valued under \$100 Thousand – ranging from FY94-95 to FY14-15
  - ▶ Six (6) of these claims are new for FY16-17 previously mentioned under New Claims
  - ▶ Two (2) of these claims are for cases that have been Re-Opened
  - ▶ Eight (8) of these claims are considered possible Non-Recoverable Claims.



# Self-Insured Workers' Compensation Claims

FY2016-17 Mid-Fiscal Year as of March 31, 2017

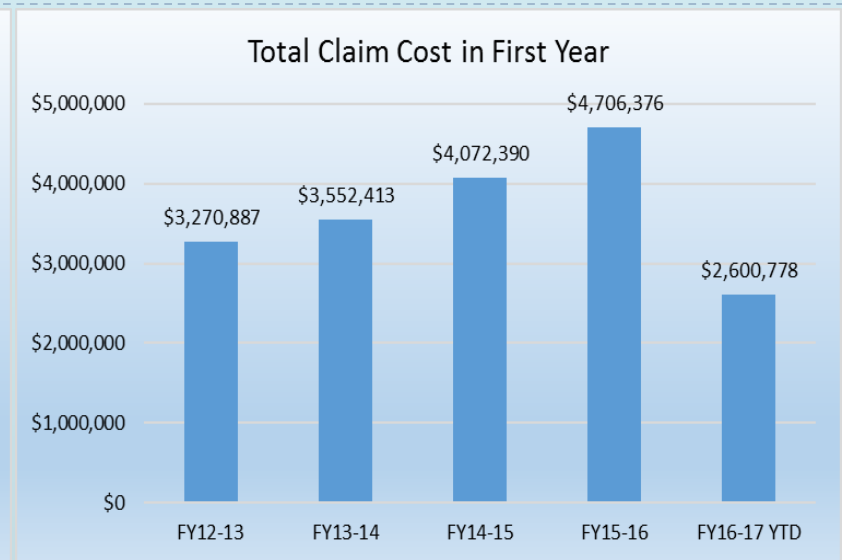
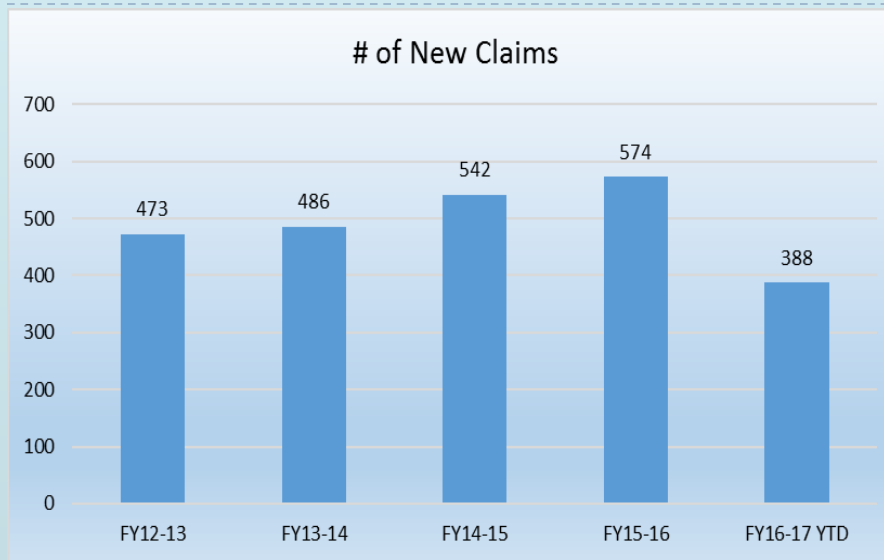
# Workers' Compensation *Components of the Allocation*



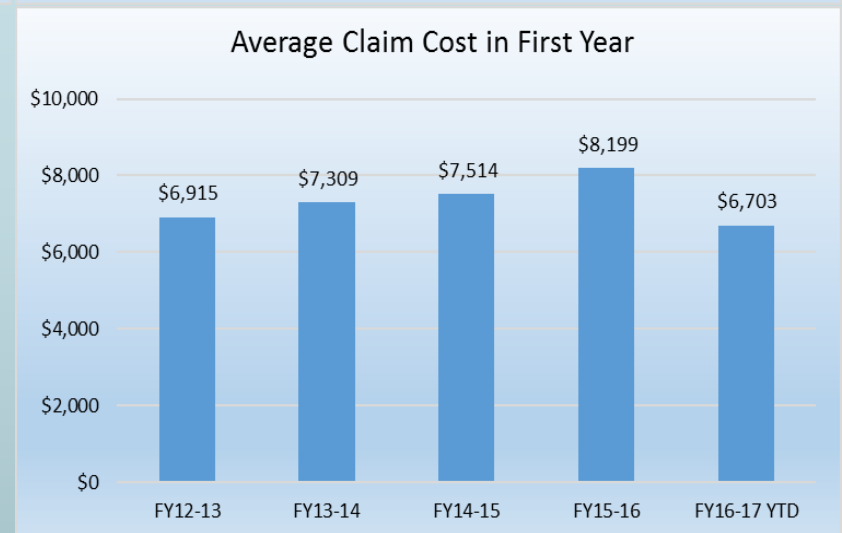
- ▶ The FY17-18 allocation to continue at 70% confidence level at \$18,734,000, which is an 11% increase of \$1.9 M over FY16-17 funding:
  - \$.9 Mil increase in Severity of Losses
  - \$.5 Mil increase in Overhead
  - \$.4 Mil increase in Deficit

# Workers' Compensation

## *New Claims Received*

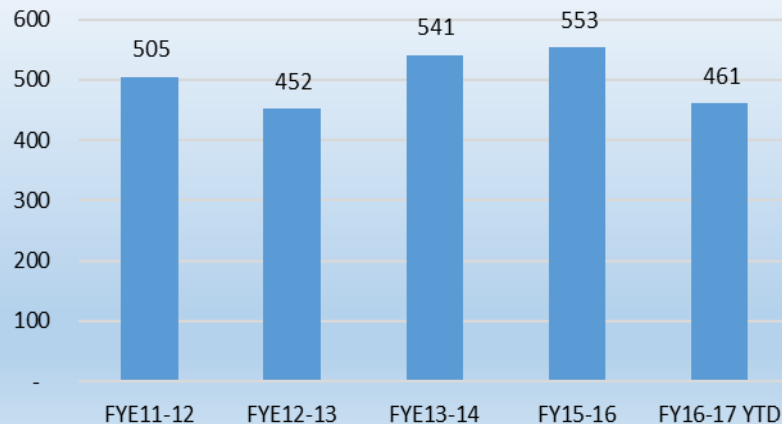


- ▶ Over the past five years New Claim cost have steadily increased, if costs continue for the remainder of FY16-17, we could see a New Claim cost reduction of 26%
- ▶ FY16/17 Current YTD trend of New Claims is lower than FY15-16 by approximately 10%

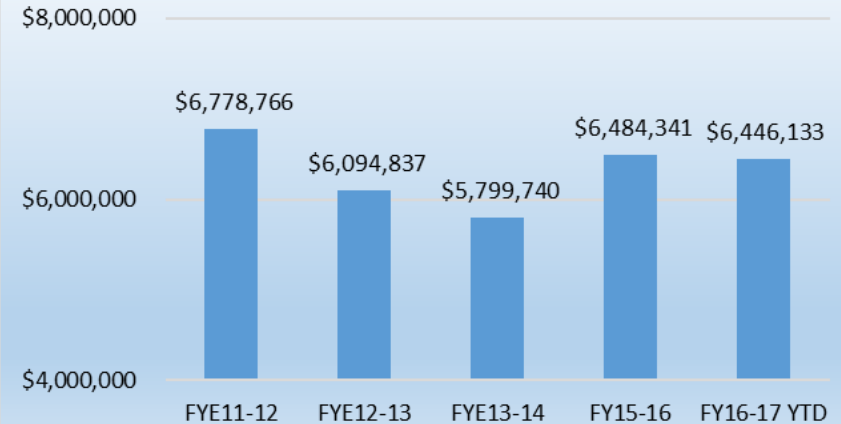


# Workers' Compensation *Claims Closed*

# of Claims Closed during the Fiscal Year

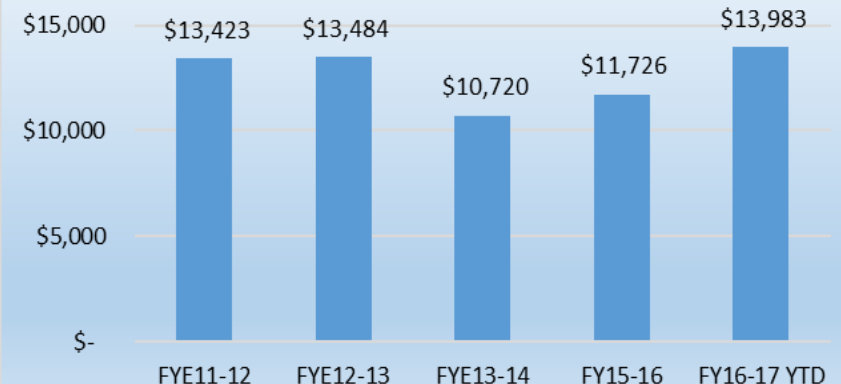


Total Cost of claims Closed during the Fiscal Year



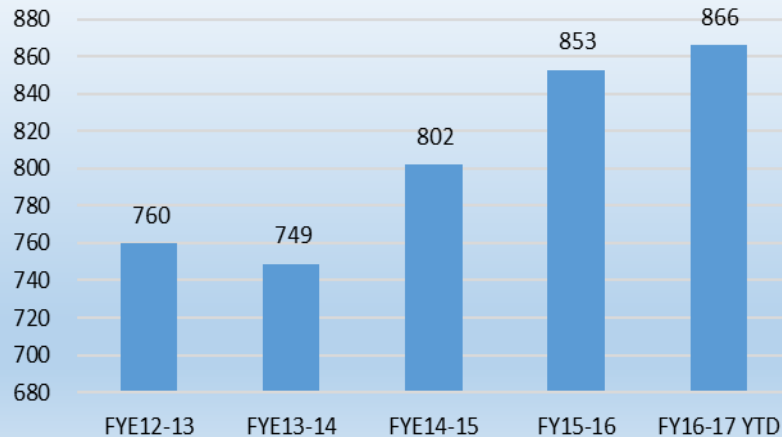
- ▶ FY16-17 to date has closed 44 litigated claims which is a positive trend of 50%
- ▶ FY16-17 to date Average Closed Claim cost has risen 20% over FY15-16 due to the age and overall cost of the litigated claims

Average Cost of Claims Closed  
during the Fiscal Year

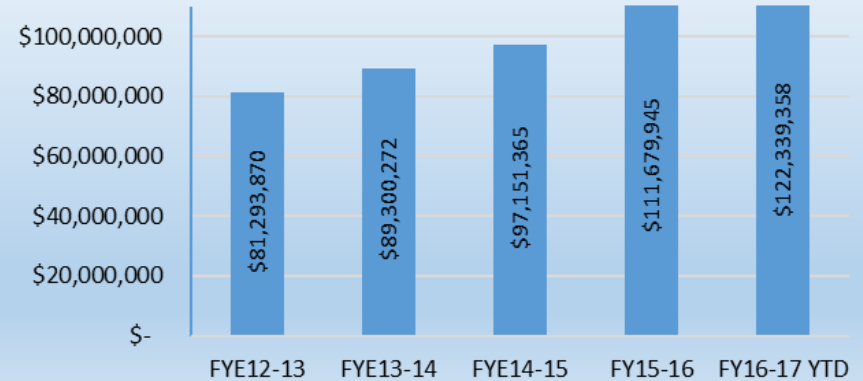


# Workers' Compensation Open Claims

# of Open Claims at Fiscal Year-End

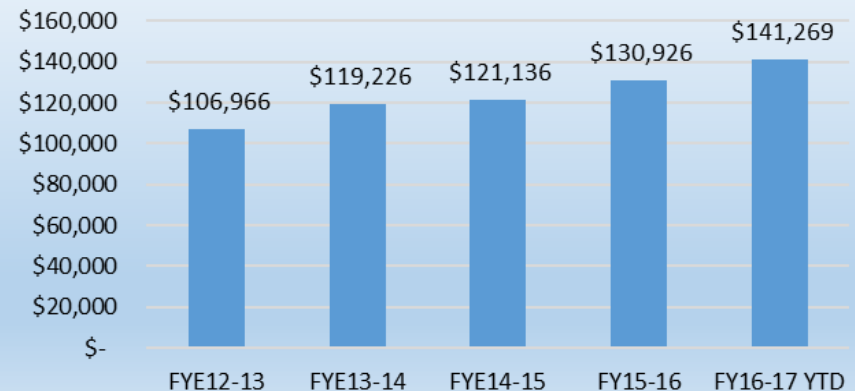


Total Cost of Open Claims  
at Fiscal Year-End



- ▶ Indemnity claims currently comprised 85% of the total Open Claims for Year-to-Date FY16-17:
  - ▶ FY16-17 Indemnity Claim count is down by 2% over FY15-16 Year End.
  - ▶ FY16-17 Indemnity Claim Total Claim Cost has increased by 16% over FY15-16 Year End
- ▶ 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				
		FY12-13	FY13-14	FY14-15	FY15-16	FY16-17 YTD	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17 YTD
\$0	# of Claims	71	92	86	112	92	5	1	-	2	2
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	349	421	427	456	345	392	349	384	398	383
	Cost	\$ 1,675,185	\$ 2,071,199	\$ 2,017,976	\$ 2,144,760	\$ 2,009,853	\$ 6,405,493	\$ 6,687,004	\$ 7,010,419	\$ 7,533,858	\$ 6,961,336
	Avg Cost	\$ 4,800	\$ 4,920	\$ 4,726	\$ 4,703	\$ 5,826	\$ 16,341	\$ 19,160	\$ 18,256	\$ 18,929	\$ 18,176
\$50K - \$100K	# of Claims	15	12	23	20	9	125	136	145	161	151
	Cost	\$ 957,068	\$ 759,944	\$ 1,638,311	\$ 1,458,622	\$ 594,629	\$ 9,478,994	\$10,094,308	\$11,001,766	\$ 12,006,466	\$ 11,013,515
	Avg Cost	\$ 63,805	\$ 63,329	\$ 71,231	\$ 72,931	\$ 66,070	\$ 75,832	\$ 74,223	\$ 75,874	\$ 74,574	\$ 72,937
\$100K+	# of Claims	17	16	17	20	15	238	263	273	292	330
	Cost	\$ 3,462,584	\$ 2,968,597	\$ 2,828,054	\$ 3,419,670	\$ 3,841,652	\$65,409,382	\$72,518,960	\$79,139,180	\$ 92,139,619	\$ 104,364,506
	Avg Cost	\$ 203,681	\$ 185,537	\$ 166,356	\$ 170,984	\$ 256,110	\$ 274,829	\$ 275,737	\$ 289,887	\$ 315,547	\$ 316,256
TOTAL	# of Claims	452	541	553	608	461	760	749	802	853	866
	Cost	\$ 6,094,837	\$ 5,799,740	\$ 6,484,341	\$ 7,023,052	\$ 6,446,134	\$81,293,869	\$89,300,272	\$97,151,365	\$ 111,679,943	\$ 122,339,357
	Avg Cost	\$ 13,484	\$ 10,720	\$ 11,726	\$ 11,551	\$ 13,983	\$ 106,966	\$ 119,226	\$ 121,136	\$ 130,926	\$ 141,269

- ▶ The total number of open claims increased by 1.5% from 853 FY15-16 Year End to Year-To-Date FY16-17
- ▶ There is a total of 62 claims that are individually valued over \$400K, comprising 7.2% of Total Open/Pending Claims, however, those 62 claims account for 41% of the Total Cost for all Open/Pending Claims.
- ▶ Total Incurred (Both Paid and Outstanding) currently is standing at \$122.3 million of which the County's portion is \$92.5 million.
- ▶ The total County's exposure (Outstanding) is \$39.5 million and the Excess Carriers exposure is \$22.3million for a combined exposure of \$61.8 million

# Workers' Compensation

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

OPEN PENDING CLAIMS FYE 2016-17 YTD

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	469	9%	275	32%	7.8	124	34%	45%	35,718,222	39%	129,884
Social & Employment Services	829	16%	151	17%	6.4	49	13%	32%	12,945,777	14%	85,734
Natividad Medical Center	1,399	26%	140	16%	6.9	57	16%	41%	11,653,707	13%	83,241
Health	936	18%	72	8%	5.4	33	9%	46%	5,897,826	6%	81,914
Probation	288	5%	47	5%	7.8	17	5%	36%	6,297,627	7%	133,992
Resource Management Agency	254	5%	41	5%	7.4	25	7%	61%	4,840,032	5%	118,050
<b>Top 6</b>	<b>4,175</b>	<b>79%</b>	<b>726</b>	<b>84%</b>	<b>7.1</b>	<b>305</b>	<b>84%</b>	<b>42%</b>	<b>77,353,191</b>	<b>84%</b>	<b>106,547</b>
District Attorney	147	3%	35	4%	7.8	23	6%	66%	4,161,831	4%	118,909
Economic Development	53	1%	17	2%	5.8	6	2%	35%	1,801,765	2%	105,986
Agriculture Commissioner	70	1%	11	1%	7.7	5	1%	45%	1,354,085	1%	123,099
County Administrative Office	56	1%	10	1%	13.4	4	1%	40%	1,620,936	2%	162,094
Parks	38	1%	10	1%	9.8	5	1%	50%	935,862	1%	93,586
Child Support Services	93	2%	9	1%	8.4	4	1%	44%	1,373,580	1%	152,620
Information Technology	101	2%	9	1%	10.9	3	1%	33%	870,840	1%	96,760
Public Defender	54	1%	7	1%	3.9	1	0%	14%	457,659	0%	65,380
Department w/6 or Less Claims	525	10%	32	4%	3.5	7	2%	22%	2,612,549	3%	81,642
<b>Total Other Departments</b>	<b>1,137</b>	<b>21%</b>	<b>140</b>	<b>16%</b>	<b>6.1</b>	<b>58</b>	<b>16%</b>	<b>41%</b>	<b>15,189,107</b>	<b>16%</b>	<b>108,494</b>
<b>Grand Total</b>	<b>5,312</b>	<b>100%</b>	<b>866</b>	<b>100%</b>	<b>5.4</b>	<b>363</b>	<b>100%</b>	<b>46%</b>	<b>92,542,298</b>	<b>100%</b>	<b>106,862</b>