



General Liability and Workers' Compensation

Budget Committee
March 8, 2018



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 2018/19 Estimate

Coverage	Insurance Carrier/Broker	Limit	Aggregate Limit	Deductible	Self Insured Retention	FY16/17 Premium	FY17/18 Premium	FY18/19 Estimate Premium
Self Insured:								
Excess Workers Compensation	CSAC/Alliant	\$1Mil each accident/each disease (statutory)	\$45Mil	N/A	\$400K	\$1,899,291	\$1,935,541	\$2,415,000
Excess General Liability	Marsh	\$150Mil	\$150Mil	N/A	\$1.5Mil	\$1,657,321	\$1,668,289	\$1,918,532
Insured:								
Property (All Risk)	CSAC/Alliant	\$25Mil	\$600Mil	\$25K	N/A	\$846,227	\$863,015	\$1,052,415
Directors' & Officers/Employment Practices Liability	Beta	\$10Mil per occurrence	\$10Mil	\$50K - increases to \$75K 07/01/18	N/A	\$153,774	\$176,842	\$212,210
Healthcare Liability (Health & NMC)	Beta	\$20Mil per occurrence	\$30Mil	\$5K	N/A			
Medical Malpractice (Health, NMC & Raceway)	Beta	\$1Mil claims made & reported	\$3Mil	\$5K	N/A	\$701,368	\$1,046,802	\$1,308,503
Auto	Beta	\$1Mil per accident (NMC only)	Combined single limit	Comprehensive=\$250 Collision=\$500	N/A	\$10,210	\$8,866	\$10,196
Blanket Crime Policy	CSAC/Alliant	\$15Mil	\$15Mil	(per schedule*)	N/A	\$19,325	\$21,300	\$26,700
Watercraft	CSAC/Alliant	\$1Mil	\$1Mil	\$1K	N/A	\$6,268	\$6,268	\$6,600
457 Fiduciary Liability	Marsh	\$3Mil	\$3Mil	\$0	N/A	\$9,723	\$9,723	\$10,695
Group, Accidental Death & Dismemberment	Marsh/Chubb	(per schedule*)	\$250K	\$100	N/A	\$2,454	\$2,661	\$2,927
Cyber Liability	CSAC/Alliant	\$1Mil	\$2Mil	\$50K	N/A	\$14,822	\$14,654	\$20,100
WRA-Tertiary Plant - PLL + Umbrella Liability	Marsh	GL \$1/2Mil per occurrence	\$10Mil excess/ \$23Mil umbrella	\$10K	N/A	\$45,685	\$55,834	\$67,001
		PLL \$40Mil	\$40Mil	\$25K	N/A	\$165,529	\$183,531	\$220,237
WRA - Errors & Omissions	Marsh	\$3Mil	\$3Mil	E&O=\$100K EPL=\$100K	N/A	\$41,304	\$41,052	\$45,157
Sheriff Aircraft - Liability	CSAC/Alliant	\$40Mil	\$40Mil	\$Nil	N/A	\$6,981	\$6,620	\$7,200
Hull	CSAC/Alliant	\$150K	\$150K	\$Nil	N/A			
Medical	CSAC/Alliant	\$25K per person	\$100K per occurrence	\$Nil	N/A			
						\$5,580,281	\$6,040,998	\$7,323,473

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

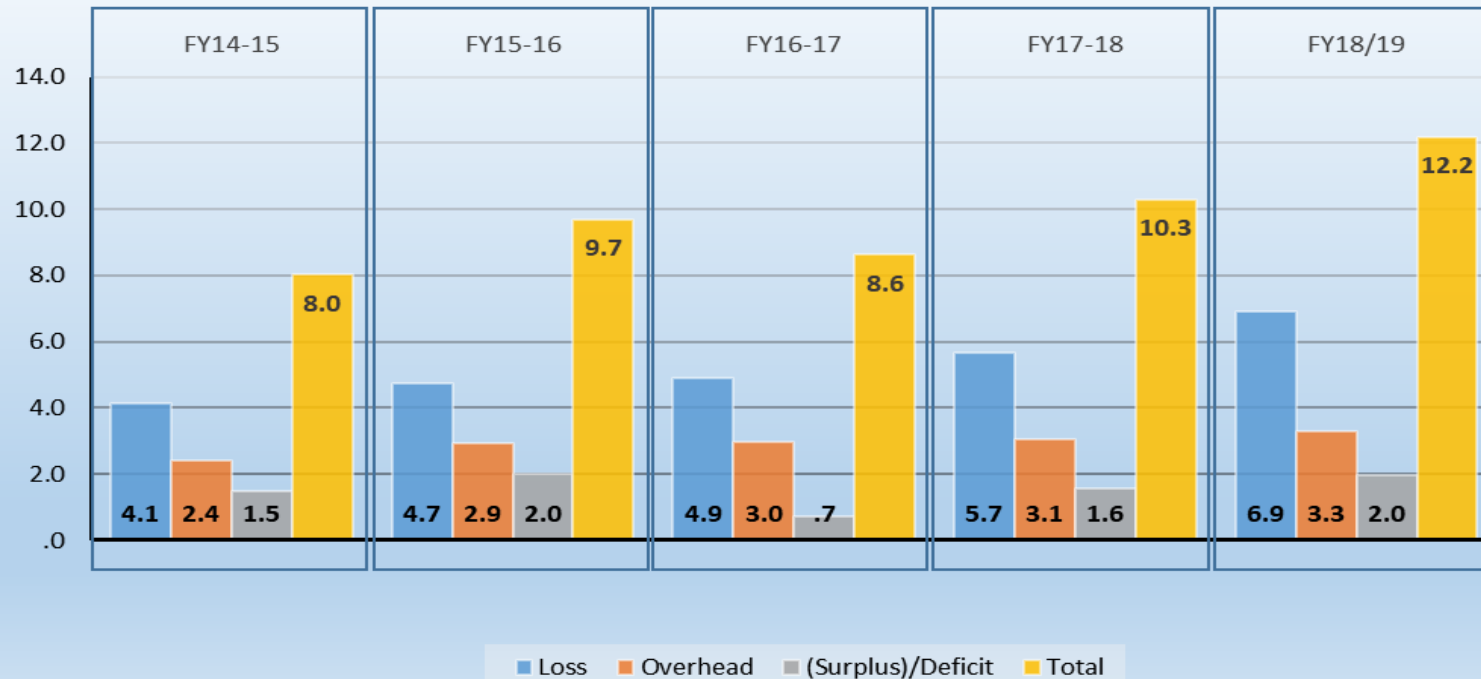


Self-Insured General Liability Claims

Fiscal Year Ending June 30, 2017
& Year-to-Date December 31, 2018

General Liability

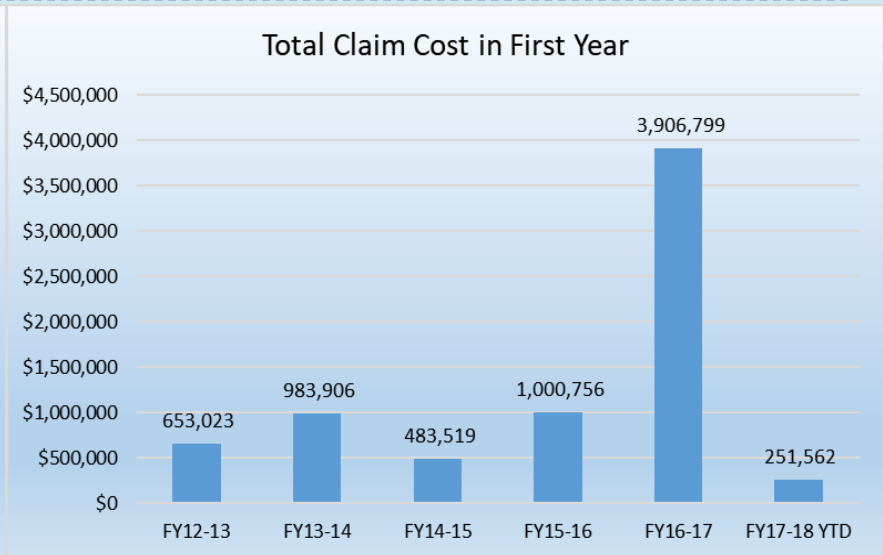
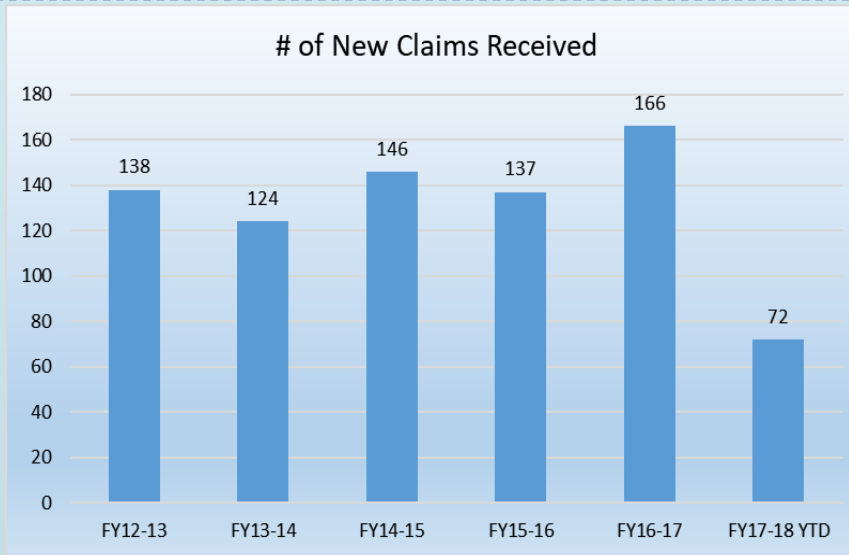
Actuary Report - Components of the Allocation



- ▶ The FY18-19 allocation to continue at 70% confidence level at \$12,176,000 combined for both Recoverable and Non-Recoverable, which is a combined 18.2% increase of \$1.88 Million over FY17-18 funding:
 - \$1,256K increase in Severity of Losses
 - \$ 217K increase in Overhead
 - \$ 404K increase in Deficit

General Liability

New Claims Received

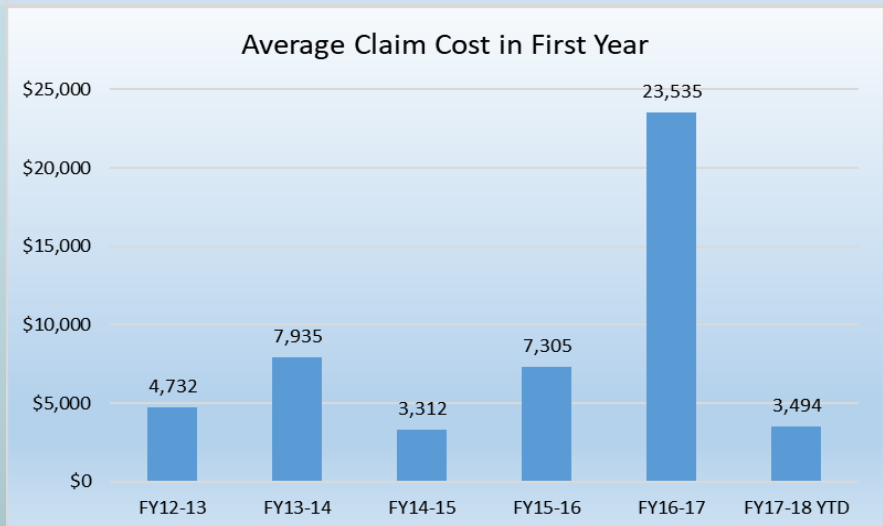


▶ Total number of New Claims

- ▶ FY16-17 increased 122% over FY15-16
- ▶ FY17-18 1st half the year is showing a 10% reduction compared to the same period for FY16-17

▶ The Total New Claim Cost

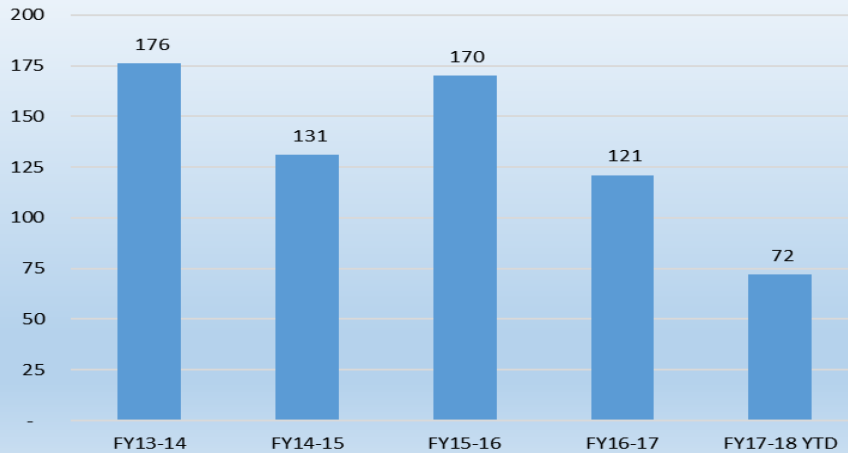
- ▶ FY16-17 increased 291% over FY15-16:
 - ▶ Four (4) Recoverable Claims Reserved \$2.1 Million
 - ▶ Five (5) Non-Recoverable (Measure Z) Reserved \$750 Thousand
- ▶ FY17-18 Year-to-Date is showing an 84% reduction compared to the same period for FY16-17



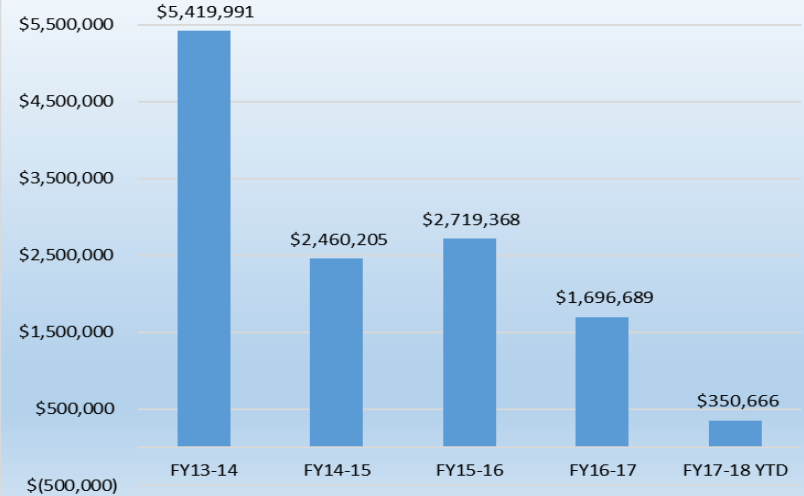
General Liability

Claims Closed

of Claims Closed during the Fiscal Year



Total Cost of Claims Closed during the Fiscal Year



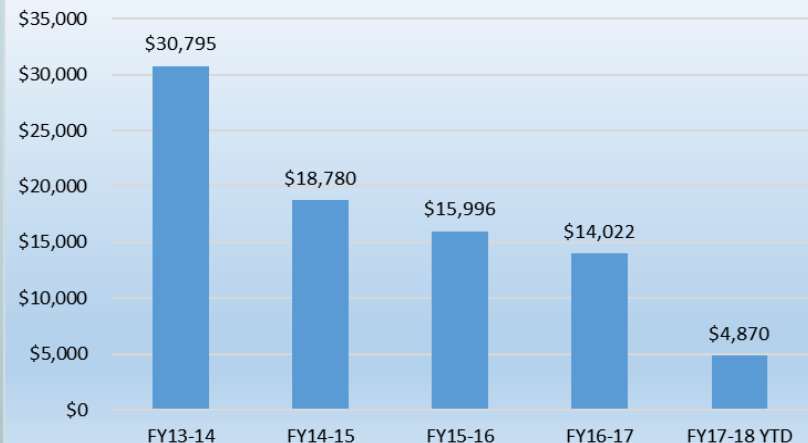
▶ Total number of Claims Closed:

- ▶ FY16-17 resulted in 29% fewer claims closed than FY15-16
- ▶ FY17-18 closing rate is improving by 36% over the same period for FY16-17

▶ Average Cost per Claim Closed:

- ▶ FY16-17 decreased by 12.3% from FY15-16
- ▶ FY17-18 has decreased 69.4% over the same period for FY16-17

Average Cost of Claims Closed during the Fiscal Year

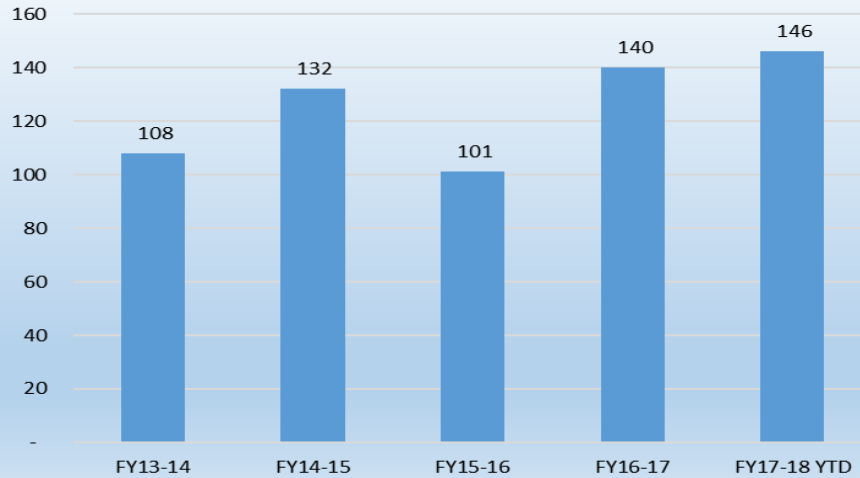




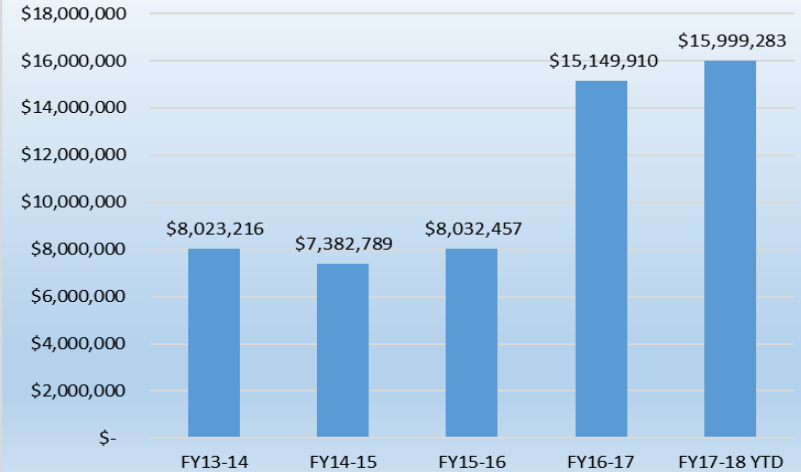
General Liability

Open Claims

of Open Claims at Fiscal Year-End



Total Cost of Open Claims at Fiscal Year-End



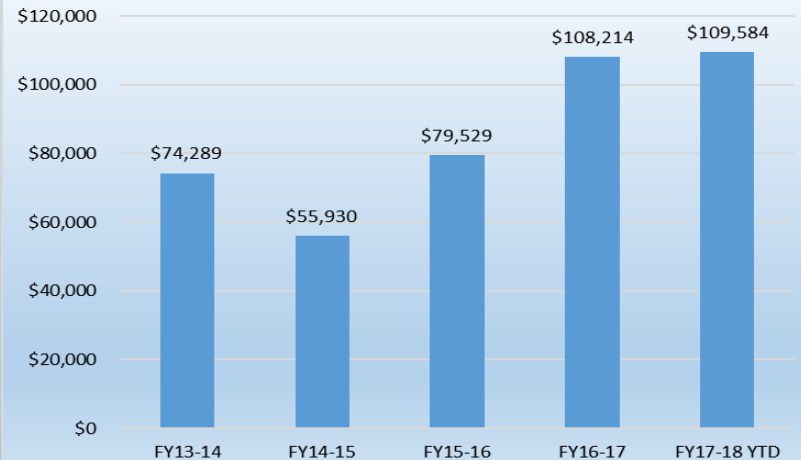
Open Claims Count:

- ▶ FY16-17 ended with an increase of 38.6% from FY15-16
- ▶ FY17-18 currently has 4.3% increase in open claims over FY16-17

The Total Cost of Open Claims is steadily increasing due to the length of time and severity:

- ▶ FY16-17 increased by 88.6%
- ▶ FY17-18 has increased another 5.6% of FY16-17

Average Cost of Open Claims at Fiscal Year-End



General Liability

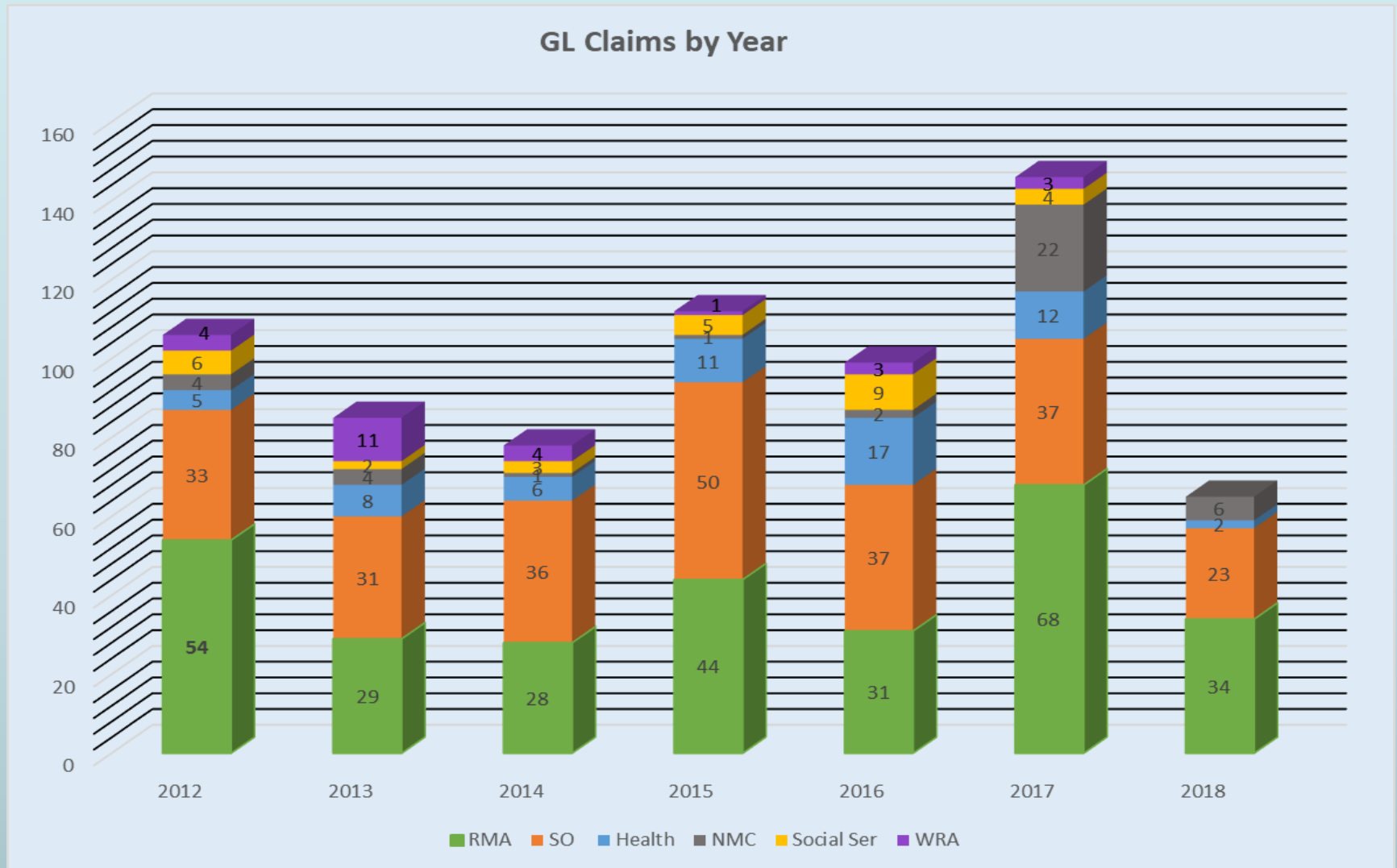
Stratification of Claims

		CLOSED DURING FISCAL YEAR					OPEN AT FISCAL YEAR-END				
		FY13-14	FY14-15	FY15-16	FY16-17	FY17-18YTD	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18YTD
\$0	# of Claims	92	79	121	83	56	39	62	31	29	55
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	67	43	39	34	14	48	52	54	78	60
	Cost	\$ 489,376	\$ 261,770	\$ 154,034	\$ 196,681	\$ 69,187	\$ 451,276	\$ 355,208	\$ 331,560	\$ 624,109	\$ 723,484
	Avg Cost	\$ 7,304	\$ 6,088	\$ 3,950	\$ 5,785	\$ 4,942	\$ 9,402	\$ 6,831	\$ 6,140	\$ 8,001	\$ 12,058
\$50K - \$100K	# of Claims	4	5	2	1	1	6	4	4	7	5
	Cost	\$ 303,907	\$ 394,330	\$ 128,623	\$ 60,274	\$ 165,664	\$ 454,721	\$ 305,275	\$ 311,476	\$ 551,617	\$ 476,616
	Avg Cost	\$ 75,977	\$ 78,866	\$ 64,312	\$ 60,274	\$ 165,664	\$ 75,787	\$ 76,319	\$ 77,869	\$ 78,802	\$ 95,323
\$100K+	# of Claims	13	4	8	3	1	15	14	12	26	26
	Cost	\$ 4,626,707	\$ 1,804,105	\$ 2,436,712	\$ 1,439,735	\$ 115,814	\$ 7,117,219	\$ 6,722,306	\$ 7,389,420	\$ 13,974,184	\$ 14,799,184
	Avg Cost	\$ 355,901	\$ 451,026	\$ 304,589	\$ 479,912	\$ 115,814	\$ 474,481	\$ 480,165	\$ 615,785	\$ 537,469	\$ 569,199
TOTAL	# of Claims	131	170	170	121	72	132	101	101	140	146
	Cost	\$ 2,460,205	\$ 2,719,369	\$ 2,719,369	\$ 1,696,689	\$ 350,665	\$ 7,382,789	\$ 8,032,456	\$ 8,032,456	\$ 15,149,910	\$ 15,999,284
	Avg Cost	\$ 18,780	\$ 15,996	\$ 15,996	\$ 14,022	\$ 4,870	\$ 55,930	\$ 79,529	\$ 79,529	\$ 108,214	\$ 109,584

- ▶ The average cost of open claims has increased by 36.1% in FY16-17 with FY17-18 increasing another 1.3% over FY16-17
- ▶ FY16-17 \$100+ bracket accounts grew to Twenty-Six (26) Claims or by 216.7% or an increase of Fourteen (14) claims
 - ▶ Five (5) of the 26 claims had previously been valued under \$100 Thousand – ranging from FY94-95 to FY14-15
 - ▶ Six (6) of the 26 claims are new for FY16-17 previously mentioned under New Claims
 - ▶ Two (2) of the 26 claims are for cases that have been Re-Opened
 - ▶ Eight (8) of the 26 claims are considered Non-Recoverable Claims.

General Liability

New Claims by Year – Top 6 Departments



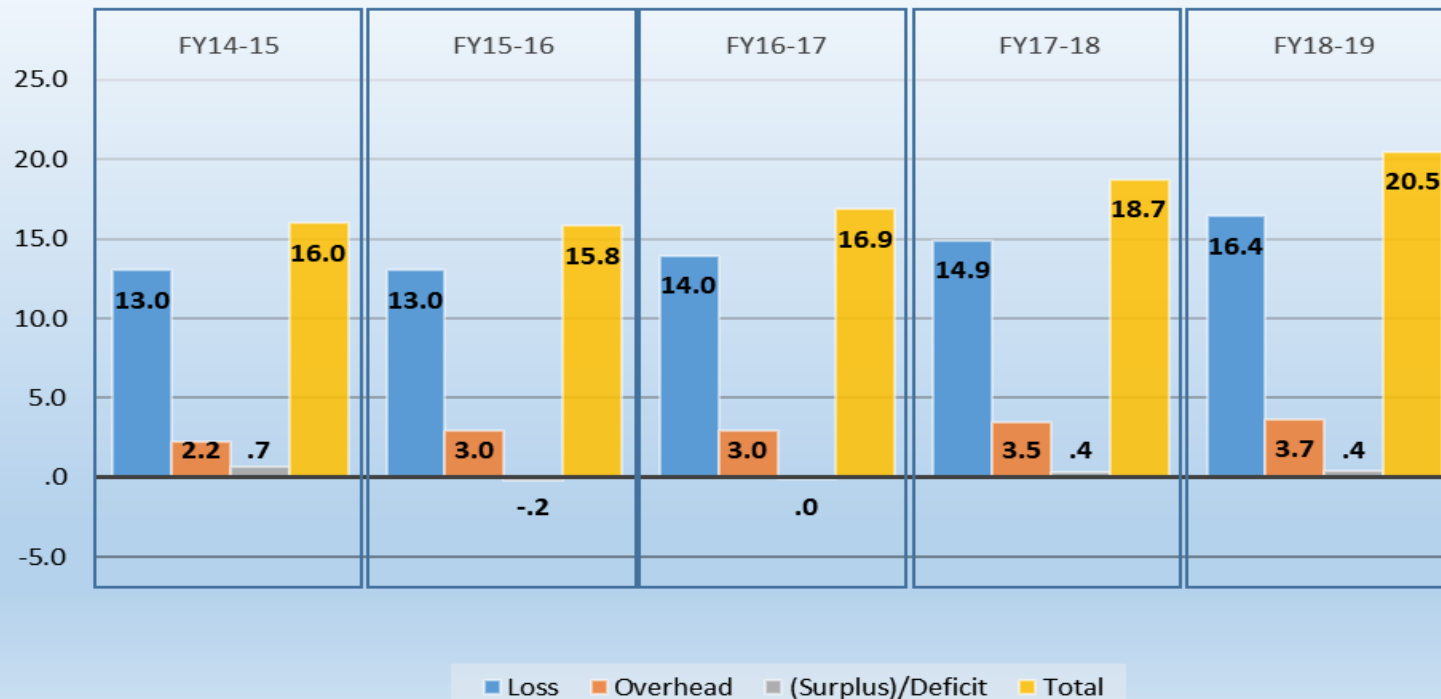


Self-Insured Workers' Compensation Claims

Fiscal Year Ending June 30, 2017
& Year-to-Date December 31, 2018

Workers' Compensation

Components of the Allocation

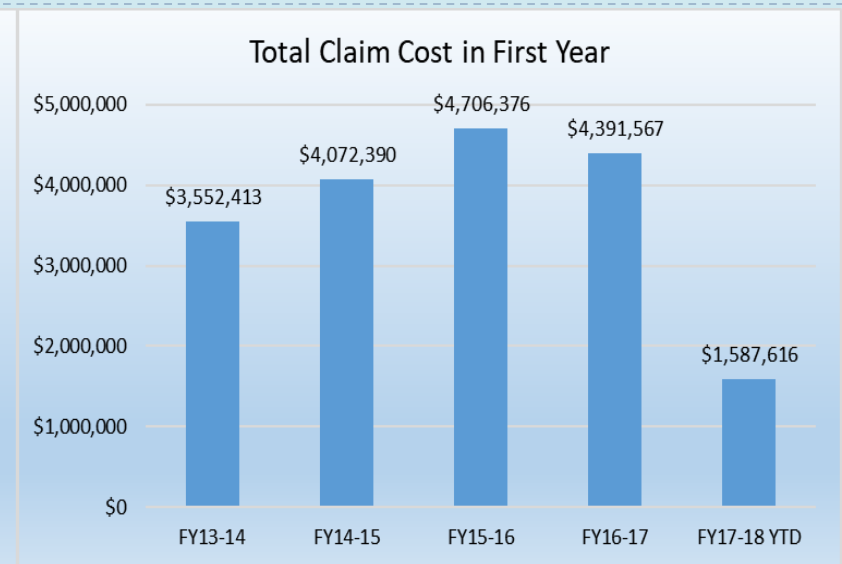
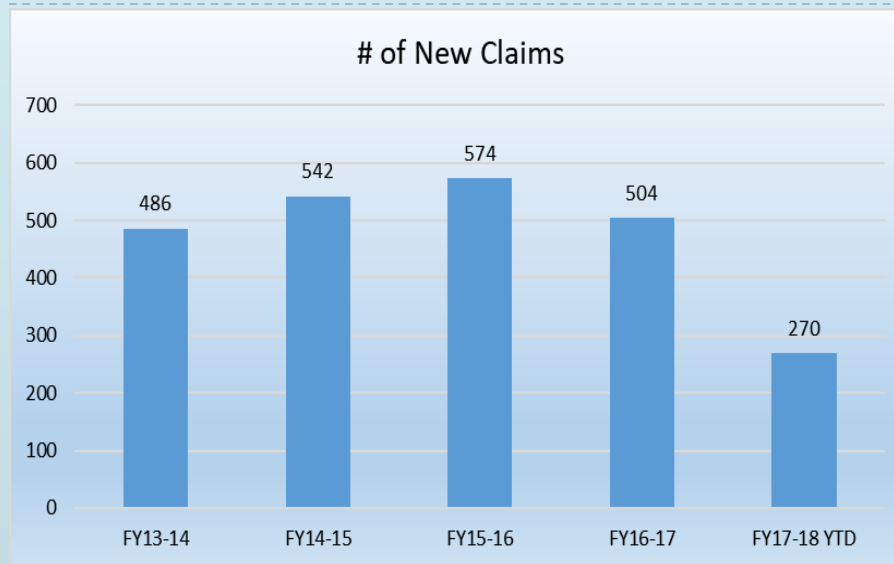


- ▶ The FY18-19 allocation to continue at 70% confidence level at \$20,476,000, which is a 9.3% increase of \$1.74 M over FY17-18 funding:
 - \$1.54 Mil increase in Severity of Losses
 - \$0.15 Mil increase in Overhead
 - \$0.05 Mil increase in Deficit

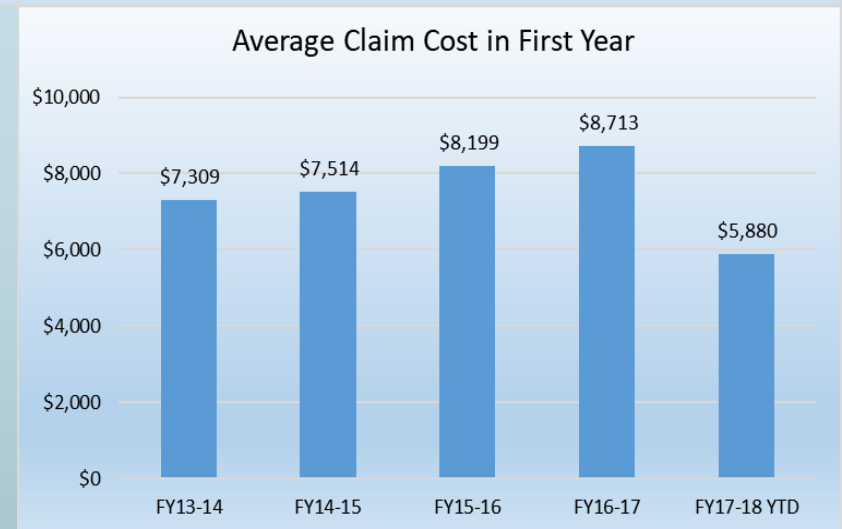


Workers' Compensation

New Claims Received

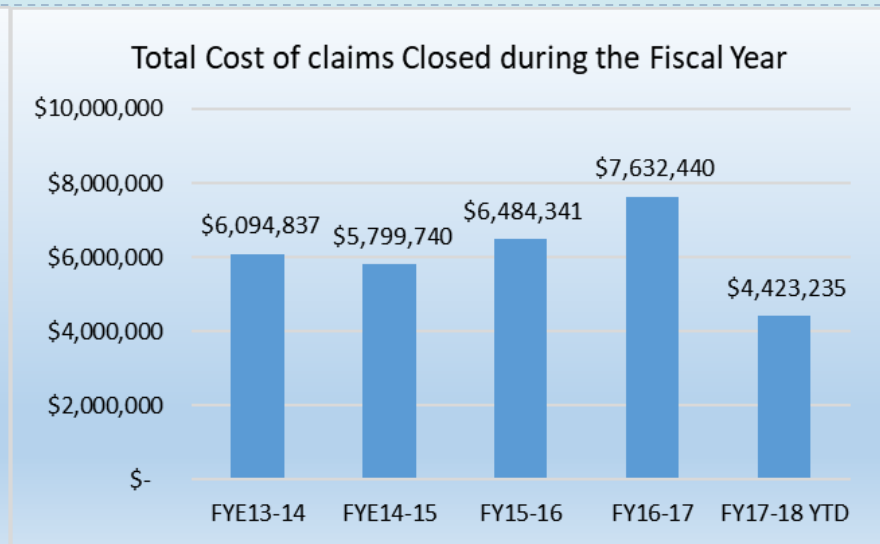
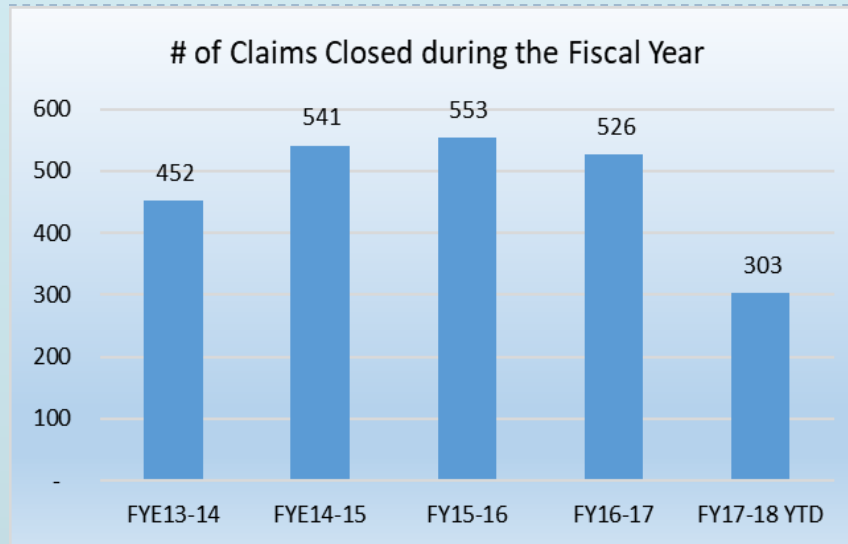


- ▶ FY16-17 New Claim Cost reduced by 6.7% from FY15-16
- ▶ FY16-17 New Claims reduced by 12.2% from FY15-16
- ▶ FY16-17 The Average Cost per Claim increased by 6.3% over FY15-16
- ▶ The 1st half of FY17-18 is experiencing
 - ▶ 3.7% improvement in Costs
 - ▶ 1.9% improvement in the number of Claims

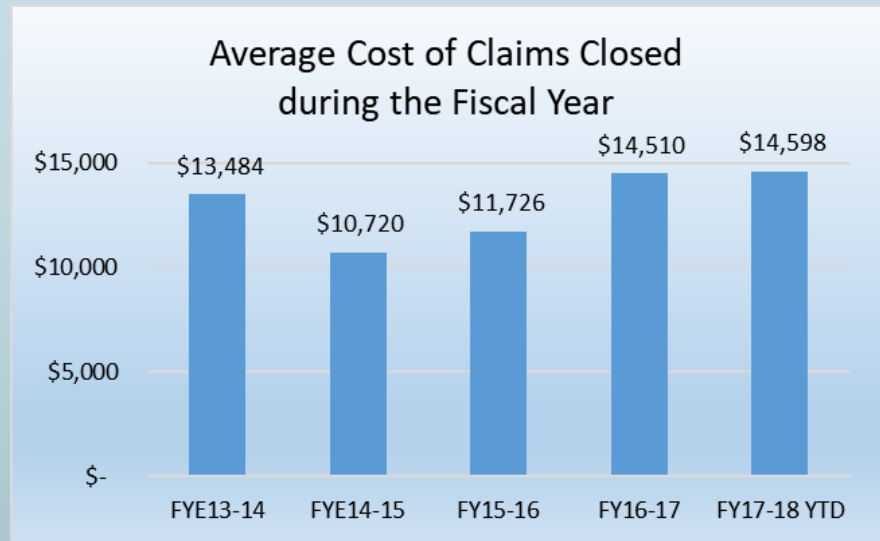




Workers' Compensation *Claims Closed*

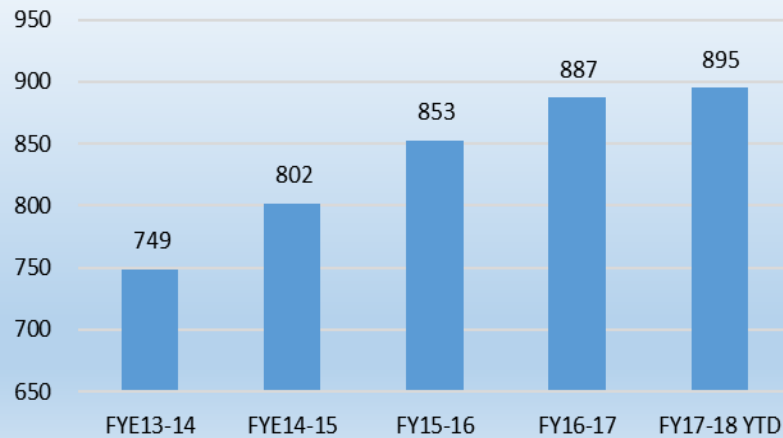


- ▶ FY16-17 Claims Closed decreased 4.9% over the FY15-16, which included 59 litigated claims
- ▶ Total Cost of Closed Claims:
 - ▶ FY16-17 Cost increased 17.7% over FY15-16 due to the age and overall cost of the litigated claims
 - ▶ FY17-18 1st half of the year is trending towards an 11.1% improvement over FY16-17 for the same time

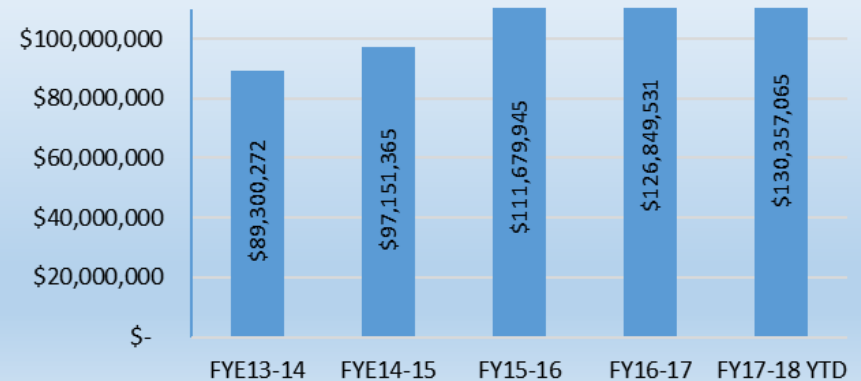


Workers' Compensation Open Claims

of Open Claims at Fiscal Year-End



Total Cost of Open Claims
at Fiscal Year-End



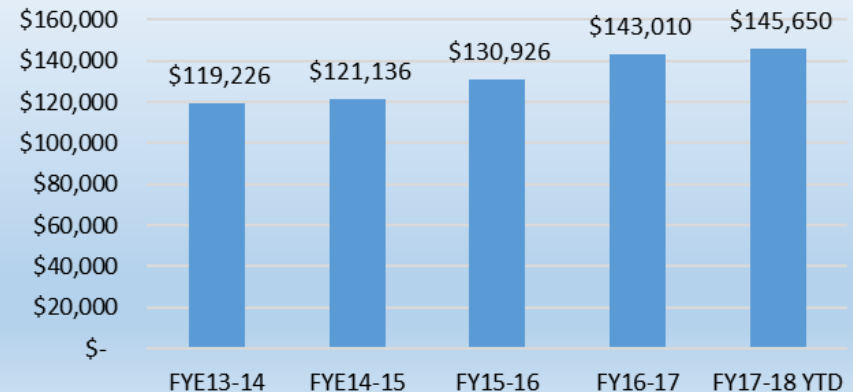
- ▶ Indemnity claims currently comprised 89% of the total Open Claims for FY16-17, with FY17-18 currently trending at 92%:

- ▶ FY16-17 Indemnity Claim count is down by 0.3% over FY15-16
- ▶ FY16-17 Indemnity Claim Total Claim Cost has increased by 13.4% over FY15-16.

- ▶ 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				
		FY13-14	FY14-15	FY15-16	FY16-17	FY17-18 YTD	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18 YTD
\$0	# of Claims	92	86	112	115	83	1	-	2	3	-
	Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$1 - \$50K	# of Claims	421	427	456	441	204	349	384	398	374	361
	Cost	\$ 2,071,199	\$ 2,017,976	\$ 2,144,760	\$ 2,521,285	\$ 1,130,751	\$ 6,687,004	\$ 7,010,419	\$ 7,533,858	\$ 7,095,209	\$ 7,319,174
	Avg Cost	\$ 4,920	\$ 4,726	\$ 4,703	\$ 5,717	\$ 5,543	\$ 19,160	\$ 18,256	\$ 18,929	\$ 18,971	\$ 20,275
\$50K - \$100K	# of Claims	12	23	20	12	7	136	145	161	156	156
	Cost	\$ 759,944	\$ 1,638,311	\$ 1,458,622	\$ 833,953	\$ 448,408	\$10,094,308	\$11,001,766	\$ 12,006,466	\$ 11,478,512	\$ 11,231,255
	Avg Cost	\$ 63,329	\$ 71,231	\$ 72,931	\$ 69,496	\$ 64,058	\$ 74,223	\$ 75,874	\$ 74,574	\$ 73,580	\$ 71,995
\$100K+	# of Claims	16	17	20	18	9	263	273	292	354	378
	Cost	\$ 2,968,597	\$ 2,828,054	\$ 3,419,670	\$ 4,282,420	\$ 2,843,933	\$72,518,960	\$79,139,180	\$ 92,139,619	\$ 108,275,810	\$ 111,806,636
	Avg Cost	\$ 185,537	\$ 166,356	\$ 170,984	\$ 237,912	\$ 315,993	\$ 275,737	\$ 289,887	\$ 315,547	\$ 305,864	\$ 295,785
TOTAL	# of Claims	541	553	608	586	303	749	802	853	887	895
	Cost	\$ 5,799,740	\$ 6,484,341	\$ 7,023,052	\$ 7,637,658	\$ 4,423,092	\$89,300,272	\$97,151,365	\$ 111,679,943	\$ 126,849,531	\$ 130,357,065
	Avg Cost	\$ 10,720	\$ 11,726	\$ 11,551	\$ 13,034	\$ 14,598	\$ 119,226	\$ 121,136	\$ 130,926	\$ 143,010	\$ 145,650

- ▶ The total number of open claims increased by 0.9% from 887 FY16-17 Year End to 895 as of 12/31/2017.
- ▶ There is a total of 62 claims that are individually valued over \$400K, comprising 6.9% of Total Open/Pending Claims, however, those 62 claims account for 38.5% of the Total Cost for all Open/Pending Claims.
- ▶ Total Incurred (Both Paid and Outstanding) currently is standing at \$130.4 million of which the County's portion is \$101.2 million.
- ▶ The total County's exposure (Outstanding) is \$44.4 million and the Excess Carriers exposure is \$21.6 million for a combined exposure of \$66.0 million

Workers' Compensation

Open Claims by Department – Limited to County Exposure

OPEN PENDING CLAIMS FY17-18 as of December 31, 2017

Department	YTD		# of		Average of # of Yrs Open	% of			Total		Avg Incurred
	#FTE	%	Claims	%		Sum of Litigated	% of Co Lit	Dept's Claims	Incurred	%	
Sheriff-Coroner	460	9%	295	33%	6.0	139	37%	47%	40,330,518	40%	136,714
Social & Employment Services	834	16%	147	16%	4.7	49	13%	33%	13,800,529	14%	93,881
Natividad Medical Center	1,443	27%	137	15%	5.2	54	14%	39%	12,822,411	13%	93,594
Health	954	18%	77	9%	3.6	30	8%	39%	6,128,092	6%	79,586
Resource Management Agency	297	6%	58	6%	6.9	29	8%	50%	5,724,211	6%	98,693
Probation	279	5%	52	6%	4.7	24	6%	46%	7,235,217	7%	139,139
Top 6	4,267	79%	766	86%	5.4	325	86%	42%	86,040,976	85%	112,325
District Attorney	148	3%	30	3%	6.3	21	6%	70%	4,040,403	4%	134,680
Economic Development	31	1%	16	2%	6.2	6	2%	38%	1,925,905	2%	120,369
County Administrative Office	78	1%	13	1%	6.0	4	1%	31%	1,428,078	1%	109,852
Agriculture Commissioner	79	1%	9	1%	7.6	5	1%	56%	1,495,197	1%	166,133
Information Technology	102	2%	9	1%	13.6	3	1%	33%	997,599	1%	110,844
Emergency Communication	72	1%	7	1%	6.3	4	1%	57%	844,126	1%	120,589
Human Resources	35	1%	7	1%	1.2		0%	0%	239,953	0%	34,279
Public Defender	54	1%	7	1%	3.7	2	1%	29%	740,718	1%	105,817
Child Support Services	92	2%	6	1%	6.6	5	1%	83%	1,266,470	1%	211,078
Treasurer/Tax Collector	44	1%	6	1%	2.1		0%	0%	351,450	0%	58,575
Department w/5 or Less Claims	371	7%	19	2%	4.0	4	1%	21%	1,837,223	2%	96,696
Total Other Departments	1,106	21%	129	14%	5.9	54	14%	42%	15,167,122	15%	117,575
Grand Total	5,373	100%	895	100%	5.9	379	100%	46%	101,208,098	100%	106,862

Workers' Compensation

New Claims by Year – Top Six Departments

