

GENERAL SERVICES RISK MANAGEMENT DIVISION

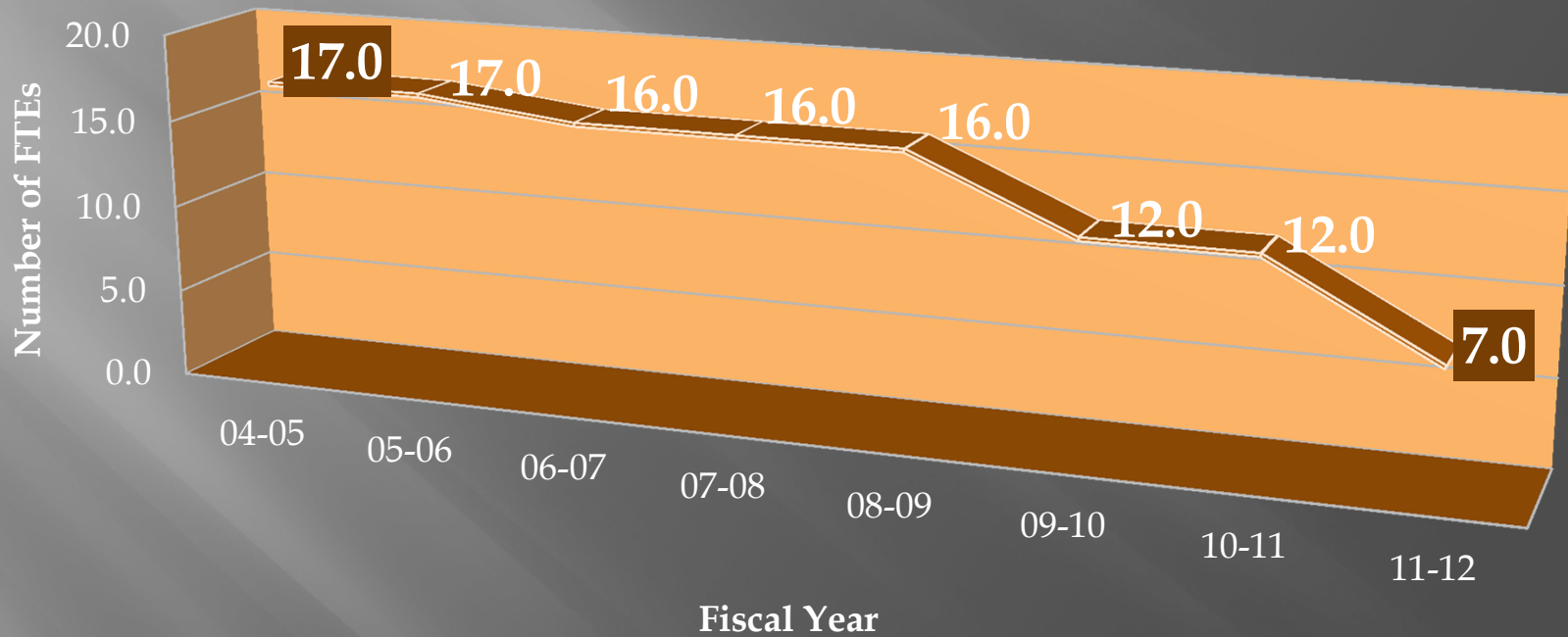
Workers' Compensation Report

Presented to the Santa Barbara County Board of
Supervisors on December 13, 2011

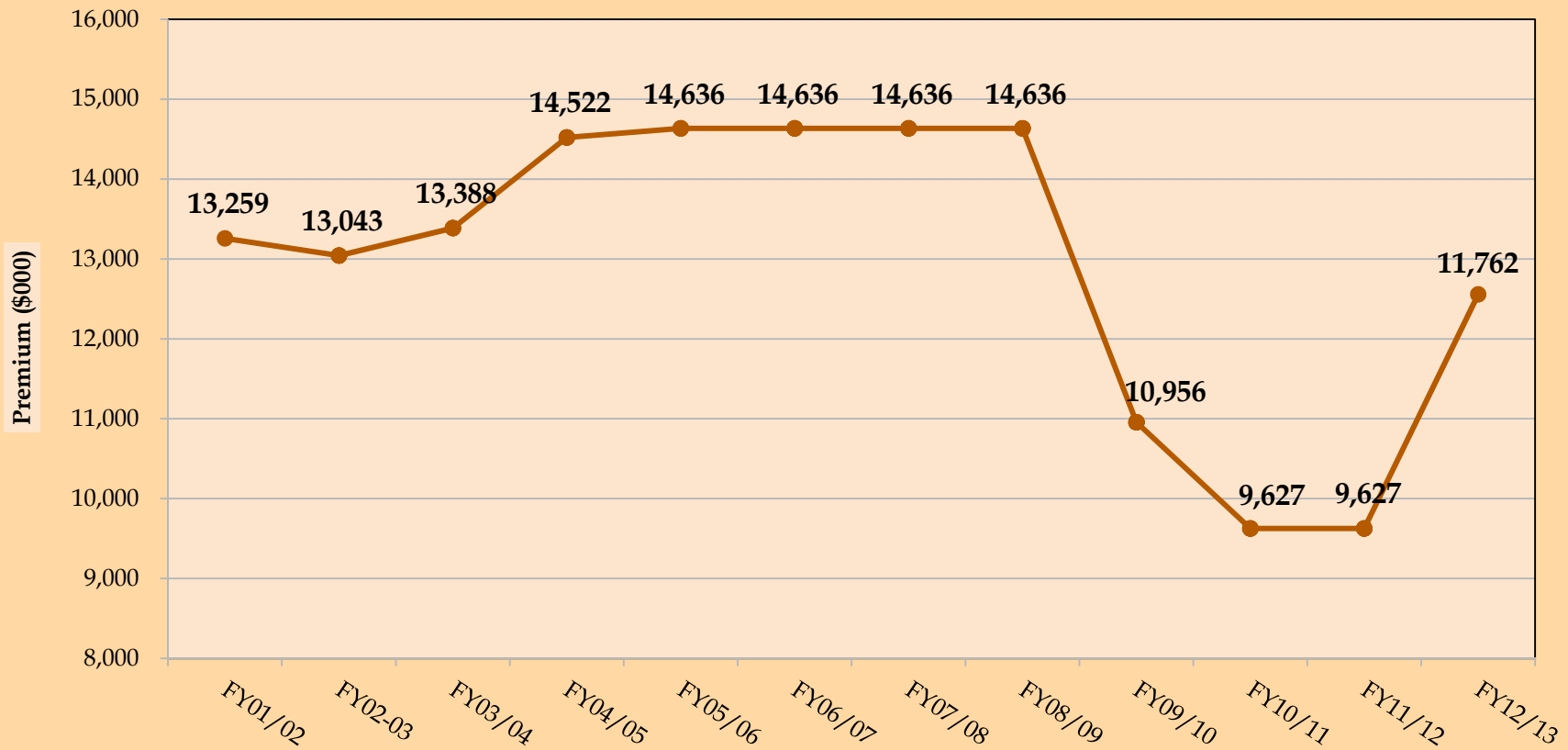
HIGHLIGHTS FOR THE PAST 18 MONTHS

- ▣ Self-Insured to Primary Workers' Compensation
- ▣ Updated Safety Ordinance
- ▣ Updated and Implemented IIPP
- ▣ Updated Emergency Action Plan
- ▣ Driver's Training Policy for At-fault Accidents
- ▣ Administration of WC "Tail" Claims Moved to TPA
- ▣ Safety Newsletters, Audits, Training & Meetings Continue to Reiterate **Safety** as a **Core Value**

More with Less

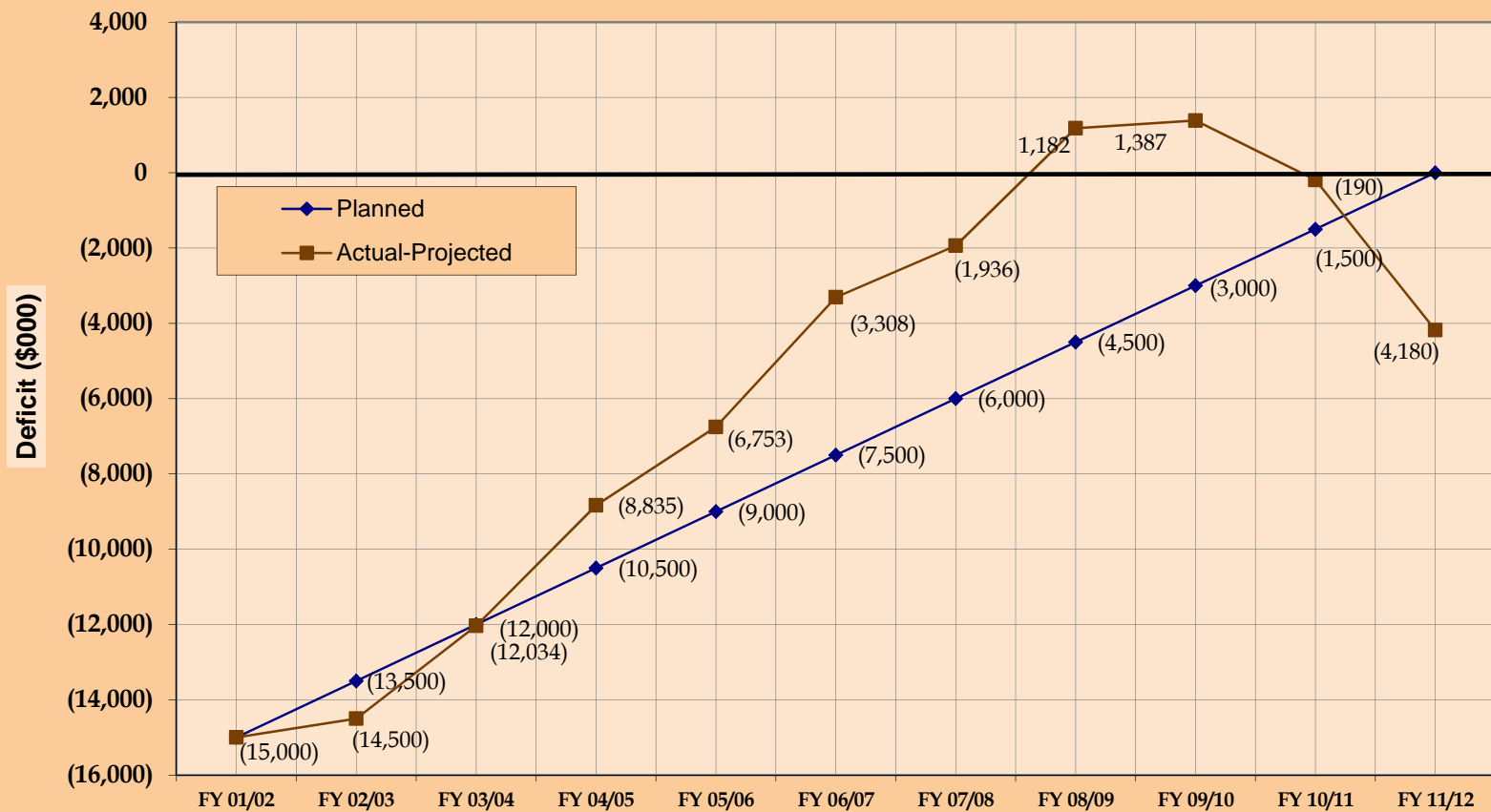


Historical Premiums for WC



10 Year Workers' Compensation Fund Balance

The fund's deficit was eliminated in 2009 and a potential surplus of \$2.7M was recorded on the balance sheet as of June 30, 2010 however, the actual June 30, 2010 surplus as calculated by the actuary is \$1.387M. Claims liability has increased due to adverse claim experience, claim reserve audits and reduction of expected interest earnings; all factors decrease the fund balance in FY11-12.



Projected Equity 2.7M (6/30/10) - Three Factors Cause One Change in WC Equity

1

Claim Loss Adjustments

6/30/10
-1,314,000

6/30/11
-1,318,000

2

Uncollected Premium

FY 10-11
-1,577,000

FY 11-12
-372,000

3

Interest Earning Assumptions

6/30/11
3% to 1%
-2,300,000

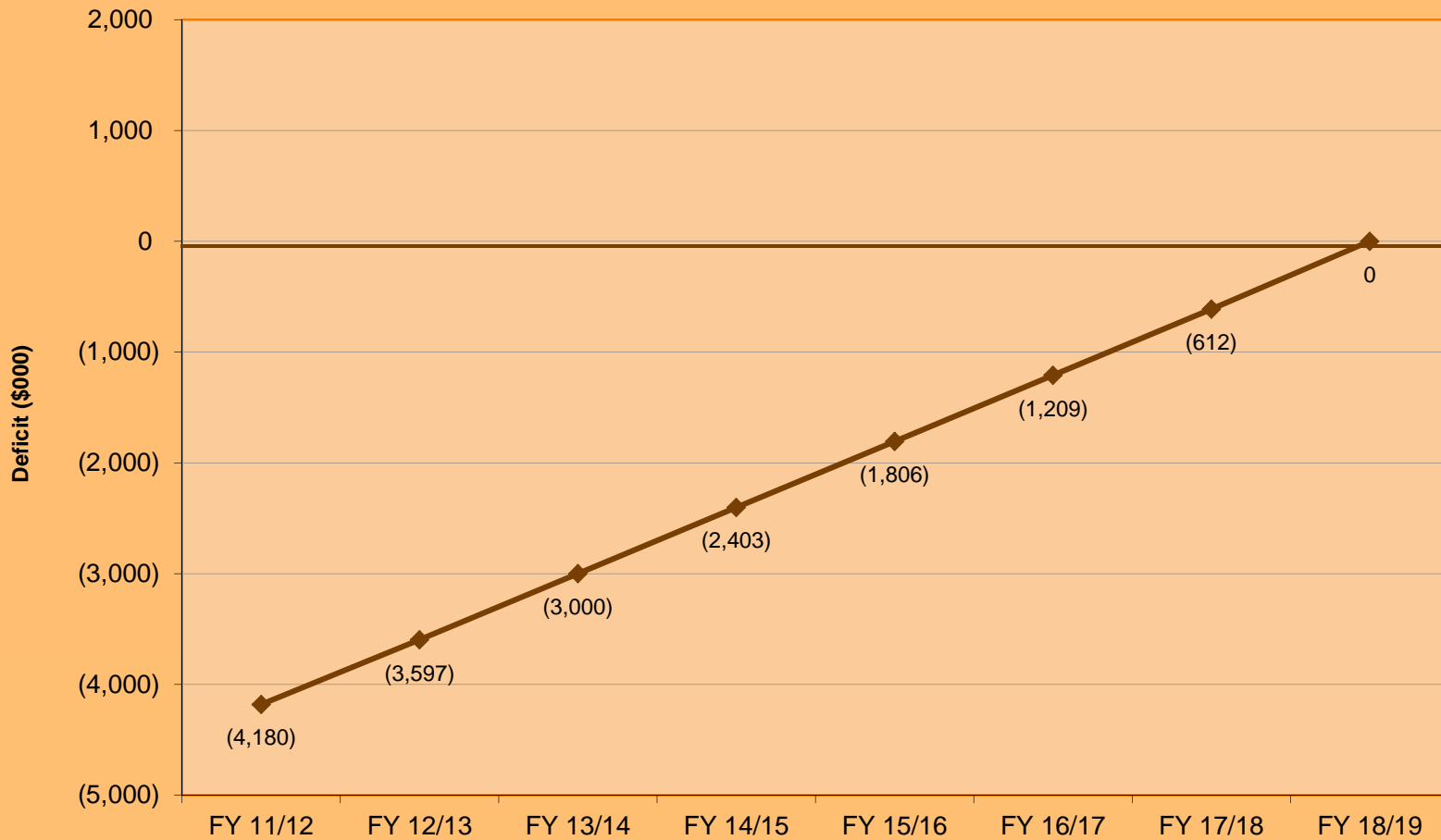
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Underfunded

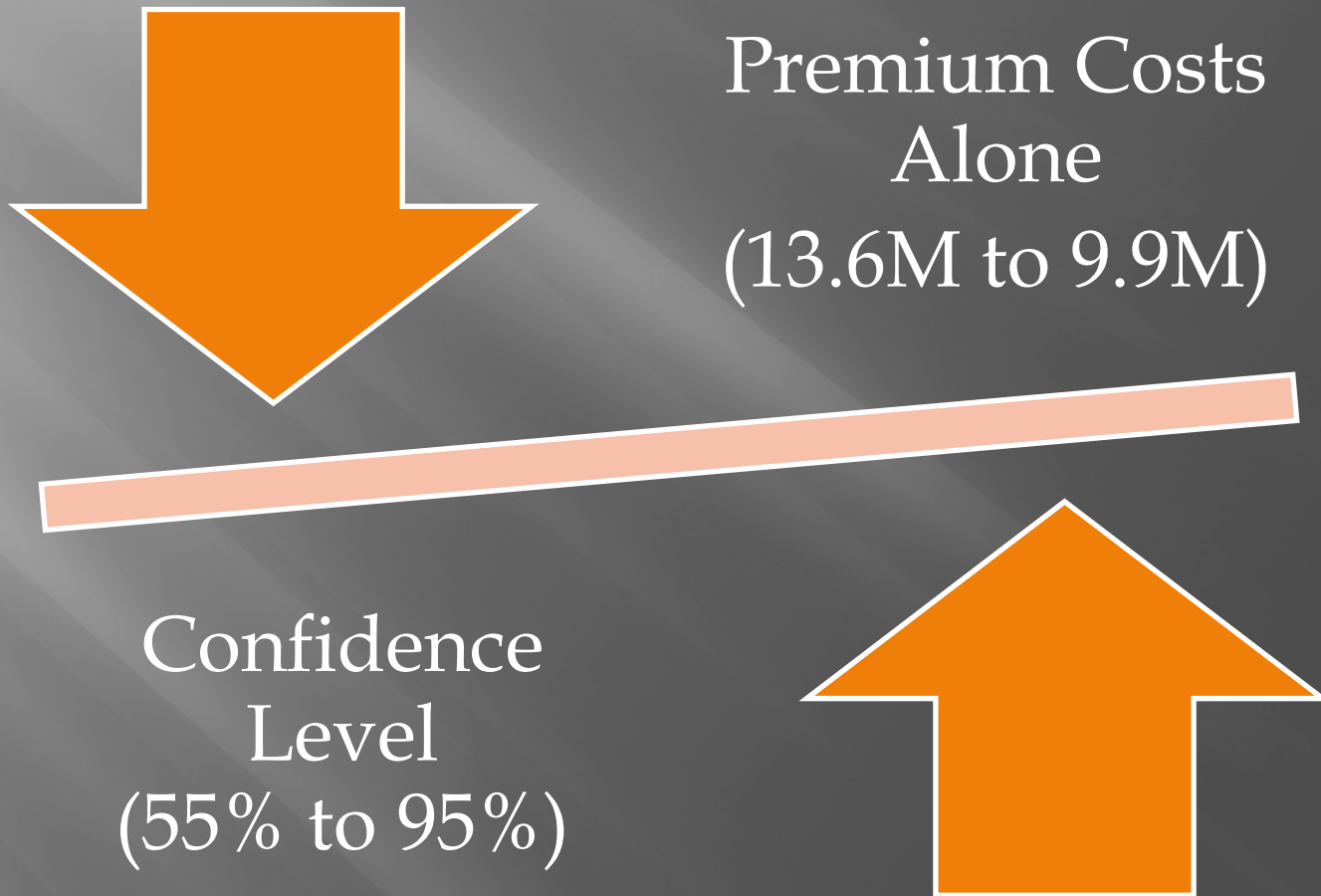
6/30/12
Ending equity
-4,180,000

Seven Year Deficit Recovery Plan

CALCULATED AT AN EXPECTED (55%) CONFIDENCE LEVEL



Primary WC Program Benefits



Primary v. Self-Insurance

| | | | | |
|---|---|---|---|--|
| Note: This is an informational page that provides an estimate of what funding would be recommended if remaining self insured. | | | | |
| | FY12-13 | | | |
| | Current Program CSAC- EIA Primary Pool | Estimated Self-Insurance Program 70% CL | Estimated Self-Insurance Program 90% CL | |
| Loss & ALAE | | 9,208,000 | 9,208,000 | |
| ULAE | | 921,000 | 921,000 | |
| Total Loss and Loss Adjusting Expense- Expected Level | | 10,129,000 | 10,129,000 | |
| discount for projected interest on invested funds | | 0.953 | | |
| Discounted Loss & LAE at Expected Confidence Level | | 9,653,000 | 9,653,000 | |
| Confidence Factor | | 1.103 | 1.324 | |
| Loss & Loss Adjusting Expenses (LAE) at 70% Confidence Level for Self Insured, 95% for PWC. | 9,850,000 | 10,647,000 | 12,781,000 | Per 11/03/2011 Actuarial Report, Page 4 |
| Excess Work Comp Premium, estimate | Excess is included above | 775,000 | 775,000 | |
| Workers' Compensation Premiums | \$9,850,000 | \$11,422,000 | \$13,556,000 | SAVINGS \$1,572,000 - \$3,706,000 |
| Indirect or Non-claims Related Expenses | 645,447 | 945,447 | 945,447 | |
| Total WC Program FY12-13 | 10,495,447 | 12,367,447 | 14,501,447 | |

Primary WC Program Benefits

95% Confidence Level Versus a 55% Confidence Funding Level

Administrative/Salary Savings with a Primary WC Program

Licensing a Claims Management System No Longer Needed

Mandatory Federal & State Reporting Completed by the TPA

Reduced Office Space, Supplies, Travel & Mandatory Training

Looking to the Future

- ▣ CSAC-EIA Review County Safety Program
- ▣ State of Safety Meetings with Departments
- ▣ Disability Management Notification Letter to Employees
- ▣ Pre-screening ERGO evaluations

- ▣ **Wellness Program**

QUESTIONS?

THANK YOU!