Background

LAWCX is a self-insured Joint Powers Authority providing excess workers’ compensation coverage

- California Public Entities
- 34 Members representing over 400 agencies:
  - 23 Municipalities
  - 10 JPAs
  - 1 Special District
- Risk sharing organization
- Member-directed
CAJPA Accreditation

JPAs are not subject to insurance laws of the state, but about one third voluntarily comply with accreditation standards of the California Association of Joint Powers Authorities (CAJPA).

LAWCX has been Accredited with Excellence since 2005.
Governance –
Board of Directors

- **Member Representation:**
  - 1 Board Representative, and
  - 1 Alternate Board Representative per Member

- **Board meets twice per fiscal year**
  - November and June
  - Must attend at least one meeting
  - Next meeting: Tuesday, June 5, 2018
Governance –

Executive Committee

- Elected by the Board of Directors
- Seven members consisting of:
  - President: Rosa Kindred-Winzer, City of Merced
  - Treasurer: Scott Ellerbrock, PERMA
  - Past President: Scott Ellerbrock, PERMA
  - Vice President: Janet Hamilton, City of Livermore
  - Kin Ong, PARSAC, At large
  - Lori Shively, City of Clovis, At large
  - Garrett Toy, BCJPIA, At large
LAWCX Advantages

- Each member selects its self-insured retention (SIR) of 250,000, $350,000, $500,000, $750,000 or $1.0 million

- Losses and expenses are allocated to members based on experience and exposure

- No profit motive

- Members retain equity

- Members manage distributions once certain minimum financial conditions are met
LAWCX Advantages

- Member driven service and coverage
- Greater control of claims and cooperative claims management
- Biennial claim audit for each member is included as part of the administrative costs
- Full representation on the Board of Directors
Workers’ Compensation Program

- Liberty Insurance Corporation
  - Statutory excess of $50M

- ACE American Insurance Company
  - $45M excess of $5M

- LAWCX Pool
  - Member Retention – $5M

- Through CSAC EIA

- Pool
  - Member SIRs
  - $250k
  - $350k
  - $500k
  - $750k
  - $1M
  - $50M
  - $5M
  - Statutory excess of $50M
Pool Layer Structure

$250k to $2 Million

- All members participate in this layer
- All members share in the losses in this layer, regardless of SIR
- Typically, the more risk a member retains (higher SIR), the lower the contribution
- Each program year is accounted for separately
Pool Layer Structure

$2 Million – $5 Million (Mid-Layer)
- All members participate in this layer
- Effective for claims incurred on or after July 1, 2005
- Originally funded by member contributions from 2005/2006 through 2010/2011
- Funding resumed in 2015/2016 due to multiple large losses
- No program year accounting
Operating Budget

- **Funding for Self-Insured Layer**
  - Formula uses payroll, chosen SIR, actuarially determined rates for both safety and non-safety exposure, and then adjusts for loss experience (ex-mod)

- **Excess Insurance Costs**
  - Allocated to members based on payroll

- **General & Administrative Expenses**
  - Allocated to members based on payroll
## SCORE’s 2017/18 Contributions

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2016/17</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding for Losses</td>
<td>244,083</td>
<td>216,659</td>
<td>13%</td>
</tr>
<tr>
<td>Excess Insurance</td>
<td>22,677</td>
<td>20,352</td>
<td>11%</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>8,699</td>
<td>8,651</td>
<td>0.5%</td>
</tr>
<tr>
<td>Total Contribution</td>
<td>275,459</td>
<td>245,662</td>
<td>12%</td>
</tr>
<tr>
<td>Payroll</td>
<td>20.4M</td>
<td>19.1M</td>
<td>7%</td>
</tr>
<tr>
<td>Experience Modifier</td>
<td>1.016</td>
<td>1.019</td>
<td>0%</td>
</tr>
</tbody>
</table>
Historical LAWCX Rates

- Total rate increased due to claims development but have stabilized
Payroll has grown to $2 billion in 2017/18
Financial Status

- Financial Position as of June 30, 2017: (in millions)
  - Total Assets $86.9
  - Total Liabilities $73.6
  - Net Position $13.3

- Net Position by Program (in millions):
  - $150k pool $ 0.6
  - $250k pool $16.7
  - Mid-Layer Pool $(4.0)

- Net position based on liabilities stated at expected confidence level
Dividends and Assessments

- LAWCX Executive Committee and Board of Directors reviews the financial condition annually and makes decisions regarding dividends and assessments

  - **Dividends**
    - May be declared from a program year if surplus exists with liabilities stated at the 90% confidence level

  - **Assessments**
    - May be levied if a program year is in deficit portion at the expected confidence level
    - Mid-layer pool contributions may be required by the Board to restore funding levels
## Status of Dividends and Assessments

<table>
<thead>
<tr>
<th></th>
<th>Eligible</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Assessments</td>
<td>Yes</td>
<td>Deficit curing plan in progress for older program years. Concept presented to Board at November 2017 meeting</td>
</tr>
</tbody>
</table>
Overview of Deficit Curing Plan

- Annual assessments were levied for 16 consecutive years through 2016
- Assessment plan was re-evaluated in 2017
- Resulted in a new plan to cure deficits in the oldest 12 program years
- Goals of the Deficit Curing Plan are:
  - Restore funding in the oldest program years to a reasonable level;
  - Use a combination of surplus transfers and assessments; and
  - Establish a fixed time period for collection of assessments
Overview of Deficit Curing Plan

- The plan includes two major parts:
  - Part A:
    - Set target funding for all program years 10 years or older
    - Transfer surplus from positive to negative years on a member by member basis
  - Part B:
    - Levy an assessment for remaining deficits
    - Collect equal annual installments over a ten year period
    - Approximately $120,000 or $12,000 per year for SCORE
Online Risk Control Services

- **Videos/Webinars**
  - Over 300 training videos (English and Spanish)
  - Over 30 recorded webinars
  - Live webinars

- **Training Tools**
  - Sample Training Matrices
  - Safety Communications
  - Safe Practices Guidelines
  - Recommended Resources

- **Programs/Forms**
  - Streamlined yet comprehensive
  - Sample programs with implementation guides
  - Sample Forms
Risk Control Services

- Risk Control Services launched a new website December 27, 2015.

- To access the webpage, visit www.lawcx.org and click on “Members Only > Safety and Risk Control”.

- Users will need to register for a new login credential.

If you are having difficulty registering, contact Holly Pon at 800-541-4591 ext. 19126 or at: hpon@bickmore.net or answers@bickmore.net
Risk Control Services

- Specialized risk control services available during the year at member request

- Please contact answers@lawcx.org, or contact Terrie Norris, Risk Manager, at (800) 541-4591, ext. 19055 with any questions or requests
LAWCX Claims Manager

Claims Manager takes a “TEAM APPROACH” to all claims. While the Member and TPA actively manages claims, LAWCX’s Claims Manager performs the following to ensure claims are moving towards resolution:

- Establishes files and monitors claims activity
- Contacts examiner to obtain clarification and provide direction if needed
- Requests and reviews claim report updates
- Monitors and extends settlement authority as required. Authority extended contingent upon receipt of settlement authority from member
- Continues to monitor the file until claim settles or closes. Monitoring will continue if claim remains open to monitor future medical care and total incurred amount exceeds the member’s retention
Independent Claims Audit

- Performed biennially by Farley Consulting Services
- Audit conducted to determine efficiency, effectiveness, and the consistency of claims adjusting services
- Random selection for open and closed claims with total incurred amounts in excess of $50,000.
- Copies of audit reports sent via e-mail to member, TPA, and LAW CX.
- SCORE audited in March 2017 with a score of 100%. Next audit be conducted in March 2019
LAWCX Summary

- Member governed
- Broad coverage
- Stable costs
- Sound net asset position
- Customized risk control services
- Claims Oversight
Questions?
### Contact Us

<table>
<thead>
<tr>
<th>Name</th>
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<th>Phone</th>
</tr>
</thead>
<tbody>
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[www.lawcx.org](http://www.lawcx.org)