4th Quarter 2012
Risk Management
Work Session

Risk
Management
Services
FAIL
FAIL Fun .com

Our 4th Quarter & Annual Focus

- -Safety improvements and risk reduction to the infrastructure and processes; e.g., Franklin elevator, paperless courthouse/Clerk, AVST/GPS, CCSO evidence room rebuild, juvenile railing project, jail sprinkler replacement and safety improvements, parking garage, etc.

- -Renewed analysis of county risks by new OSH person.

- -Continued effort to settle claims at the least possible cost....compromise v. mediation v. litigation.

Our Last 18 months Focus

- - Mechanisms in place for improved Liability 5040 and Workers' Compensation 5043 fund predictability – new issue, uninsured losses:

  -The Innocence Project

- - Safety focus on prevention; from VUAs to first aid training. The efforts translate into cost savings from workers' compensation to property and casualty.

- - Loss Control efforts enhanced through training and education.

Claims.....past, present, & future?

- Casualty

-Open claim reserves have dropped with various settlements from $7.2M to $5.5M to $3.3M (excludes IBNR).

New WAC 200-100, WRAP from State Risk Manager:

80% Confidence level Requirement (w/IBNR)

70% Confidence means the State takes over your program.

2012-2013 $6.0 M Target (w/IBNR)

+$1.2 M Uninsured losses (defense costs)

+$0.8 M Increased Premiums

- ($2.9 M) Reserve on hand

+$5.1 Million additional cash and budget

.....that's the bad news!

- What's the good news?????

-WCRP protections, it's the Pool that covers us.... We need more budget, no more cash.

Ongoing	**$ 834,980 (Premium cost increases)**
One Time	**$1,200,000 (uninsured losses, defense costs)**
Total	**$2,034,980 Omnibus budget we will request.**

End of Year Research, 2012

- Going back to 2002, with our various losses both in frequency and severity, deductibles, and IBNR; would it have been profitable for the County to have chosen a lower deductible?

  - Simple answer, no, it would add cost. Netting out the reduced exposure, with increased premium:
    - $50,000 Ded., additional net cost, $201,000 - $377,000
    - $100,000 Ded., additional net cost, $ 69,000 - $232,500
    - $250,000 Ded., additional net cost, $ 35,500 - $142,100

How are we doing with your County assets?

- Property and Casualty
  - Five years running, lowest experience rating among all 27 counties in Risk Pool, tied this year for second……(40% spread, saves $250K) (WCRP)
    - Examples:
      - Law Enforcement, 65% less than expected loss rate
      - Negligent Vehicle Operation, 38% less than expected loss rate
      - ***Personnel Losses, 50% more than expected loss rate (4 v 2)***
      - Road Issues/Design, 83% less than expected loss rate
      - Civil Rights/Misc., 71% less than expected loss rate
      - Clark County has one risk employee per 110,000 citizens, Spokane County has one per 40,000.
      - Clark County, cost of risk, 1.5%, Spokane, 2.0%

Property & Casualty

- Property
  - We have $338 million insured as Property, Plant and Equipment assets…excludes the $50M rail line.
    - This is for all forms including pollution, terrorism, earthquake, and flood. Underwriting risk maps have changed in the last 5 years and our earthquake zone risk has gone up substantially. Our premium is nearly double what it was 5 years ago.
    - We have a $50,000 deductible generally, with some sub limit differences
      - Replacement value
      - Green Replacement
      - Historical Designation Replacement

Property & Casualty continued

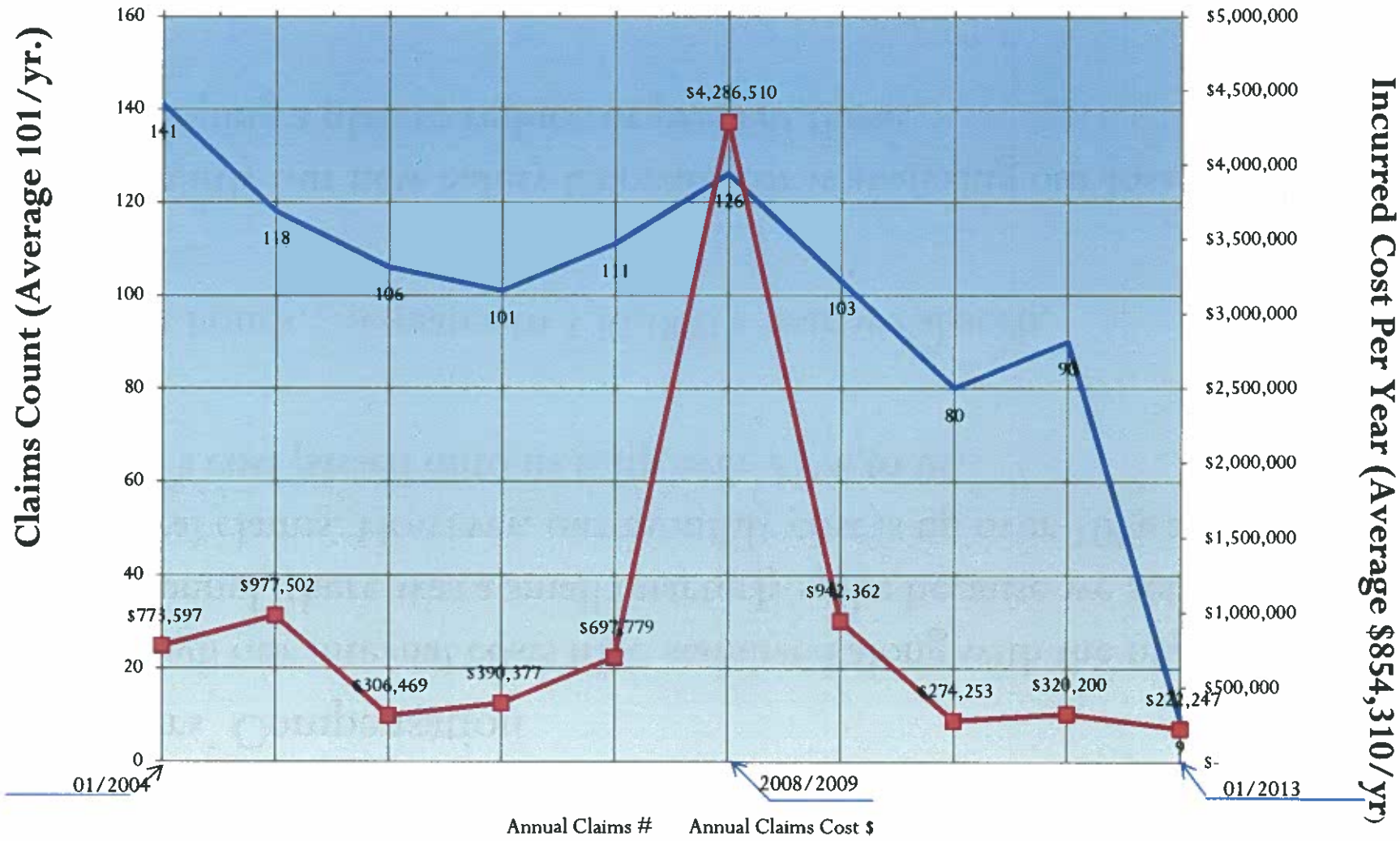
- Casualty experience rating
  - Clark county, out of 27 other counties, has had the lowest loss rating (a good thing) among all Pool counties 5 years running, now we are tied for second. (road design loss & J&S)

    - Factoid, over the last 10 years, we outright deny and NOT compromise 40% of all claims. Removing the top 5 anomalies, our average per claim loss is $2,082; adding the top 5, we are $5K, the Pool $11.8K. (58% less) ** We have only had 1 claim ever hit our deductible in 10 years.
      - **(had PWC check all deductibles for efficiencies)

5-yr Claim Frequency and Severity

SEVERITY	FREQUENCY (Average -10 Claims Per Month)			
		Low	Moderate	High
	High	Employment Losses F(2%) S($97K)		
	Moderate		Vehicle Operation F(24%) S($4.7K)	Law Enforcement F(34%) S($2.7K)
	Low			Infrastructure F(40%) S($2.2K)

Annual Claims, Incurred Cost (meaning Actual + Possible)



Workers' Compensation

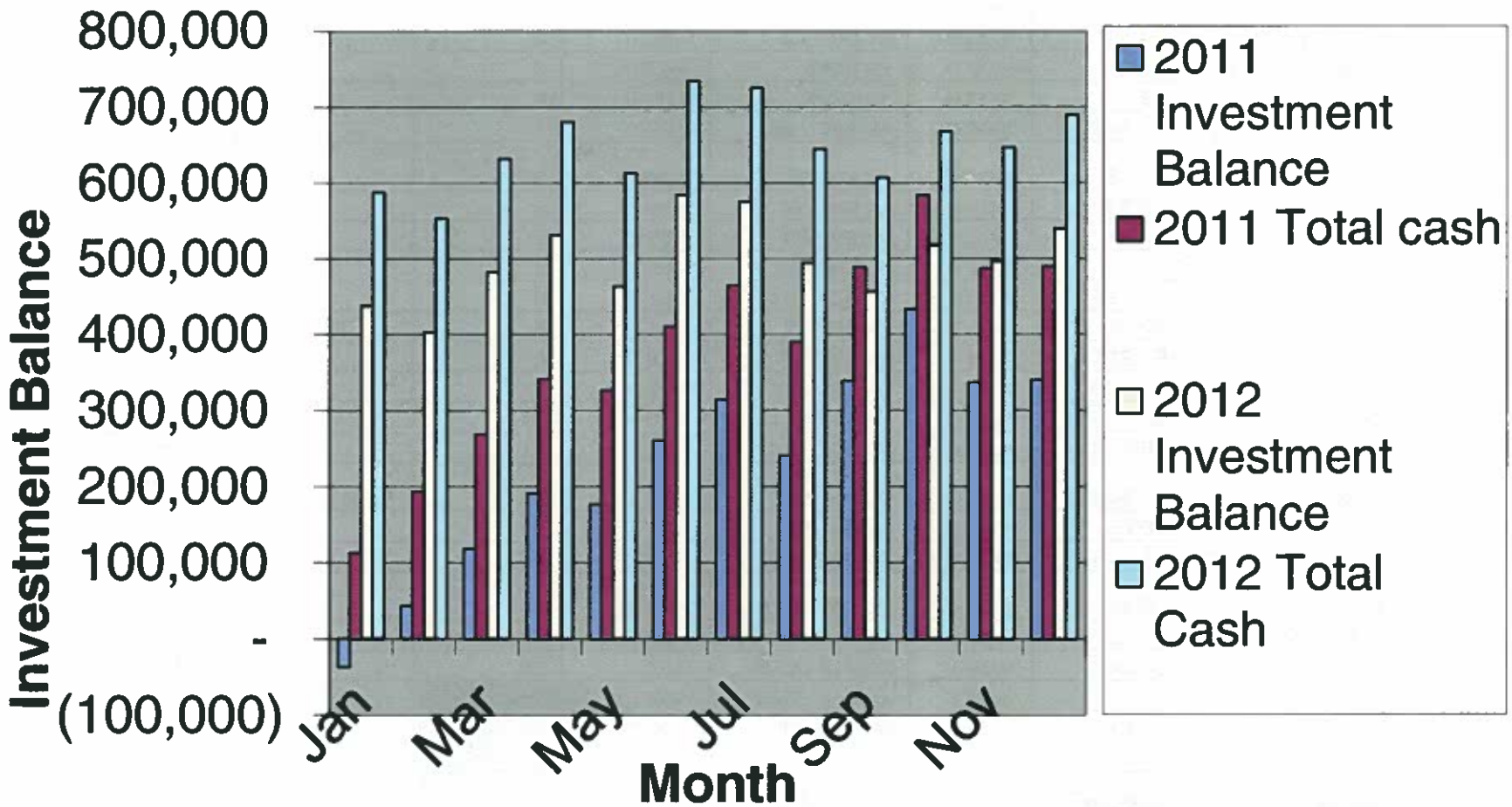
- Workers' Compensation
  - Though our internal costs have stabilized along with the number of personnel, there was a small quarterly spike because we settled several claims. However, our monthly cost is up over 10% and the State's cost passed onto us is up over 25% to us.
  - Juror hours....equates to $30,000 a year we absorb,
  - Currently our new Safety Coordinator is analyzing our losses and developing a plan to reduce or prevent these.
  - Our funding is slowly improving; slide 14.

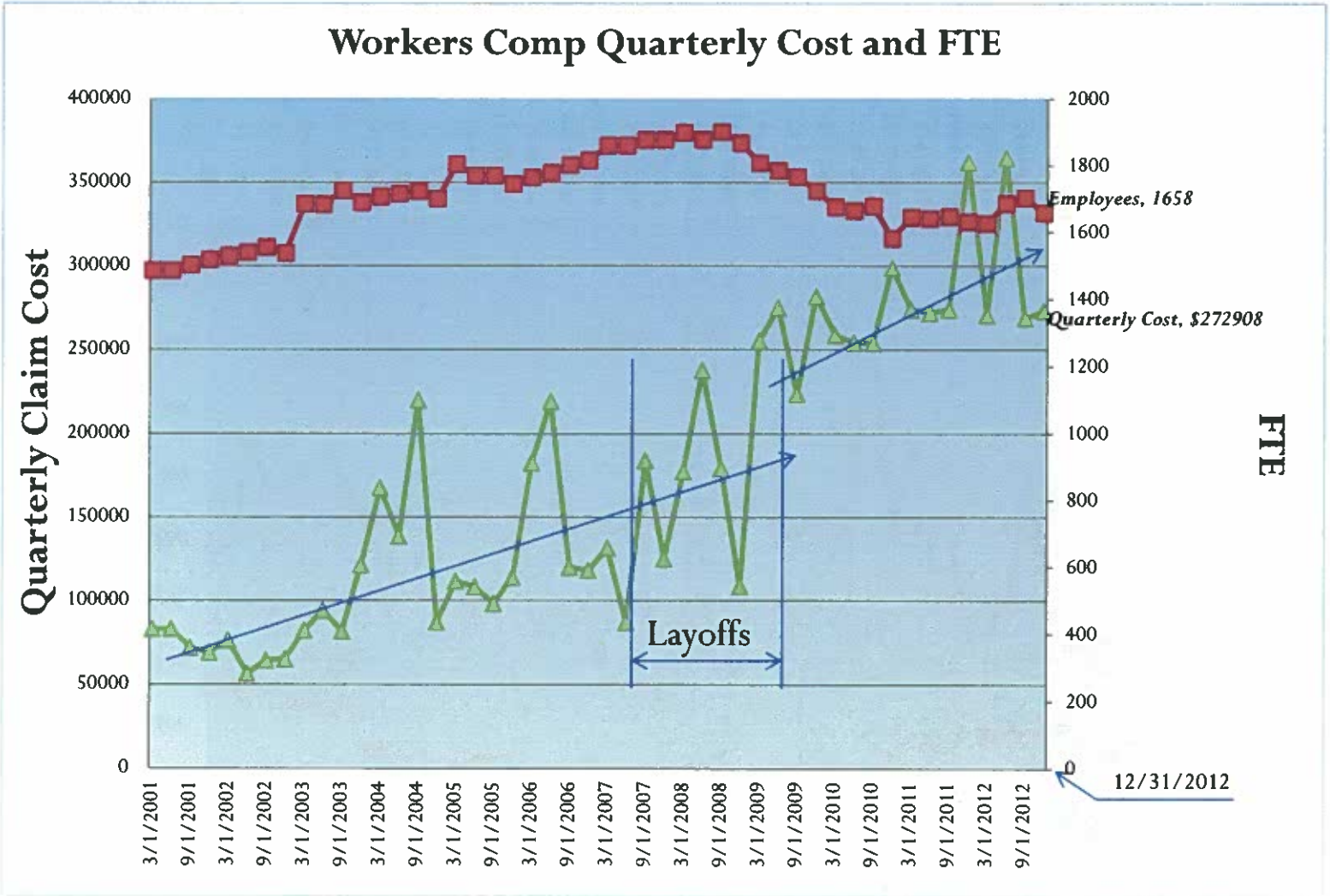
Claim Type and Associated Costs

Aging Workforce

INJURY	CLAIMS	CT. PCT.	TOTAL INCURRED	INC. PCT.	PAID TO DATE	AVERAGE
STRAIN	421	34.90%	$2,556,495.18	37.70%	$2,176,890.24	$6,072.44
CONTUSION	164	13.60%	$806,930.69	11.90%	$615,810.06	$4,920.31
SPRAIN	157	13.00%	$688,064.80	10.10%	$519,727.30	$4,382.58
ALL OTHER - NOC	128	10.60%	$227,776.47	3.40%	$156,682.07	$1,779.50
LACERATION	93	7.70%	$109,916.08	1.60%	$97,639.24	$1,181.89
FRACTURE	47	3.90%	$1,064,515.93	15.70%	$787,382.37	$22,649.28
MULTIPLE INJ/PHYS INJURIES ONLY	36	3.00%	$774,103.57	11.40%	$738,872.07	$21,502.88
PUNCTURE	22	1.80%	$17,330.82	0.30%	$11,886.69	$787.76
FOREIGN BODY	21	1.70%	$5,109.39	0.10%	$3,855.26	$243.30
ALL OTHER CUMULATIVE INJURY	14	1.20%	$15,107.99	0.20%	$15,107.99	$1,079.14
INFLAMATION	12	1.00%	$21,309.90	0.30%	$19,927.28	$1,775.83
LOSS OF HEARING	12	1.00%	$170,599.01	2.50%	$170,599.01	$14,216.58
HERNIA	11	0.90%	$30,597.62	0.50%	$22,597.62	$2,781.60
CRUSHING	10	0.80%	$110,267.53	1.60%	$110,267.53	$11,026.75
POISONING GENERAL	9	0.70%	$5,089.97	0.10%	$5,089.97	$565.55
CARPAL TUNNEL	8	0.70%	$69,929.02	1.00%	$51,358.11	$8,741.13
BURN	7	0.60%	$6,892.72	0.10%	$6,892.72	$984.67
INFECTION	7	0.60%	$2,005.46	0.00%	$2,005.46	$286.49
DISLOCATION	5	0.40%	$5,645.17	0.10%	$5,645.17	$1,129.03
NOT AVAILABLE AT CONVERSION	5	0.40%	$8,504.21	0.10%	$3,413.85	$1,700.84
VISION LOSS	4	0.30%	$17,144.71	0.30%	$17,144.71	$4,286.18
NO PHYSICAL INJURY	3	0.20%	$731.62	0.00%	$21.62	$243.87
CONCUSSION	2	0.20%	$453.85	0.00%	$453.85	$226.93
HEP/HIV EXPOSURE	2	0.20%	$1,000.16	0.00%	$1,000.16	$500.08
ALL OTHER OCCUPA DISEASE NOC	1	0.10%	$1,600.00	0.00%	$0.00	$1,600.00
GUN SHOT WOUND	1	0.10%	$13,811.16	0.20%	$13,811.16	$13,811.16
ELECTRIC SHOCK	1	0.10%	$4,353.09	0.10%	$4,353.09	$4,353.09
SEVERANCE	1	0.10%	$23,368.87	0.30%	$15,005.42	$23,368.87
MENTAL STRESS	1	0.10%	$28,920.15	0.40%	$28,920.15	$28,920.15
CONTAGIOUS DISEASE	1	0.10%	$600.00	0.00%	$0.00	$600.00
TOTALS	**1206**	**100.00%**	**$6,788,175.14**	**100%**	**$5,602,360.17**	**$5,628.67**

Workers Compensation 2012 Investment Balance




Workers Comp Quarterly Cost and FTE
Quarterly Claim Cost
FTE
400000
350000
300000
250000
200000
150000
100000
50000
0
2000
1800
1600
1400
1200
1000
800
600
400
200
0
Employees, 1658
Quarterly Cost, $272908
Layoffs
12/31/2012
3/1/2001
9/1/2001
3/1/2002
9/1/2002
3/1/2003
9/1/2003
3/1/2004
9/1/2004
3/1/2005
9/1/2005
3/1/2006
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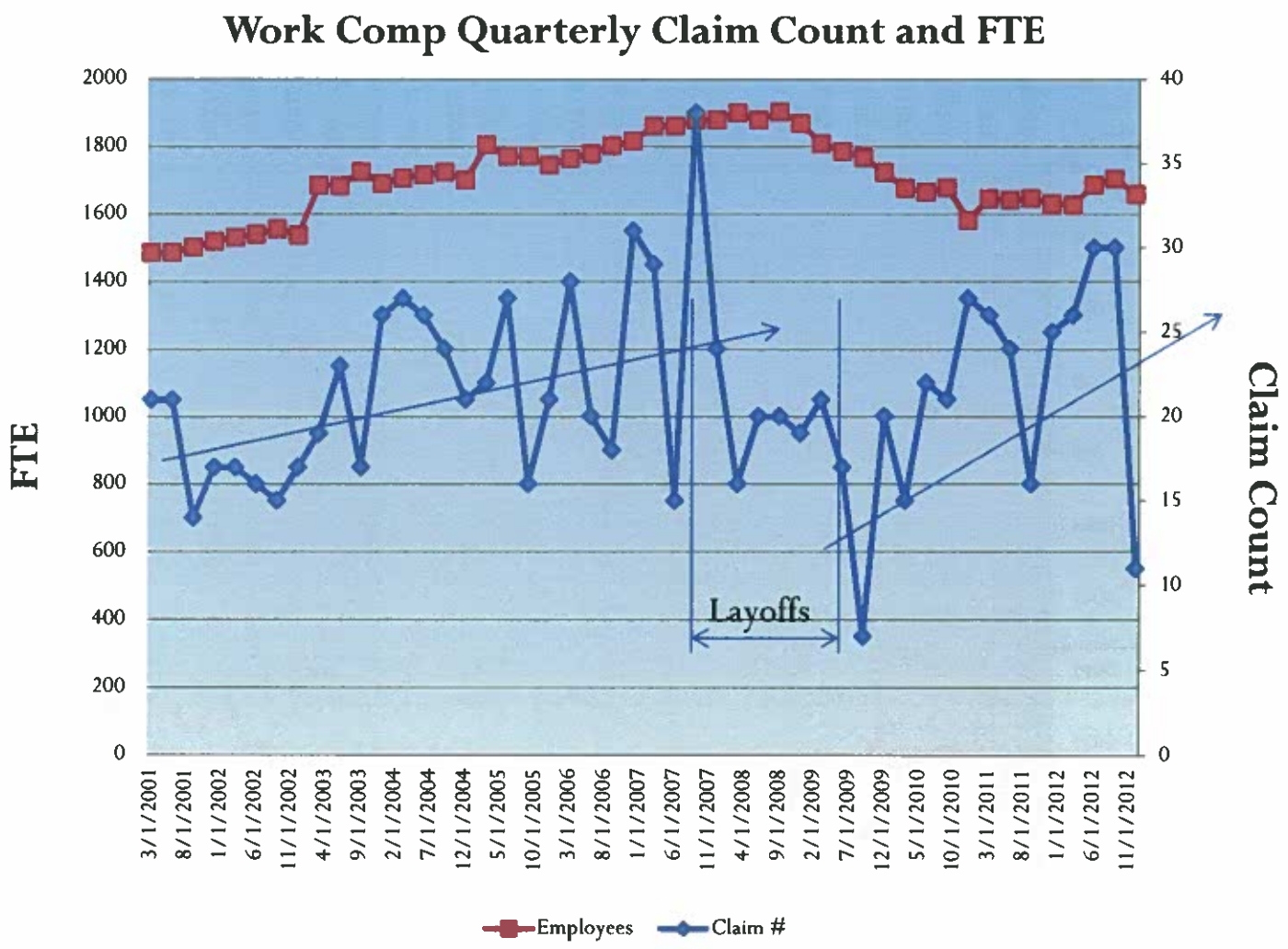
3/1/2012
9/1/2012


Work Comp Quarterly Claim Count and FTE
FTE
Claim Count
2000
1800
1600
1400
1200
1000
800
600
400
200
0
40
35
30
25
20
15
10
5
0
Layoffs
3/1/2001
8/1/2001
1/1/2002
6/1/2002
11/1/2002
4/1/2003
9/1/2003
2/1/2004
7/1/2004
12/1/2004
5/1/2005
10/1/2005
3/1/2006
8/1/2006
1/1/2007
6/1/2007
11/1/2007
4/1/2008
9/1/2008
2/1/2009
7/1/2009
12/1/2009
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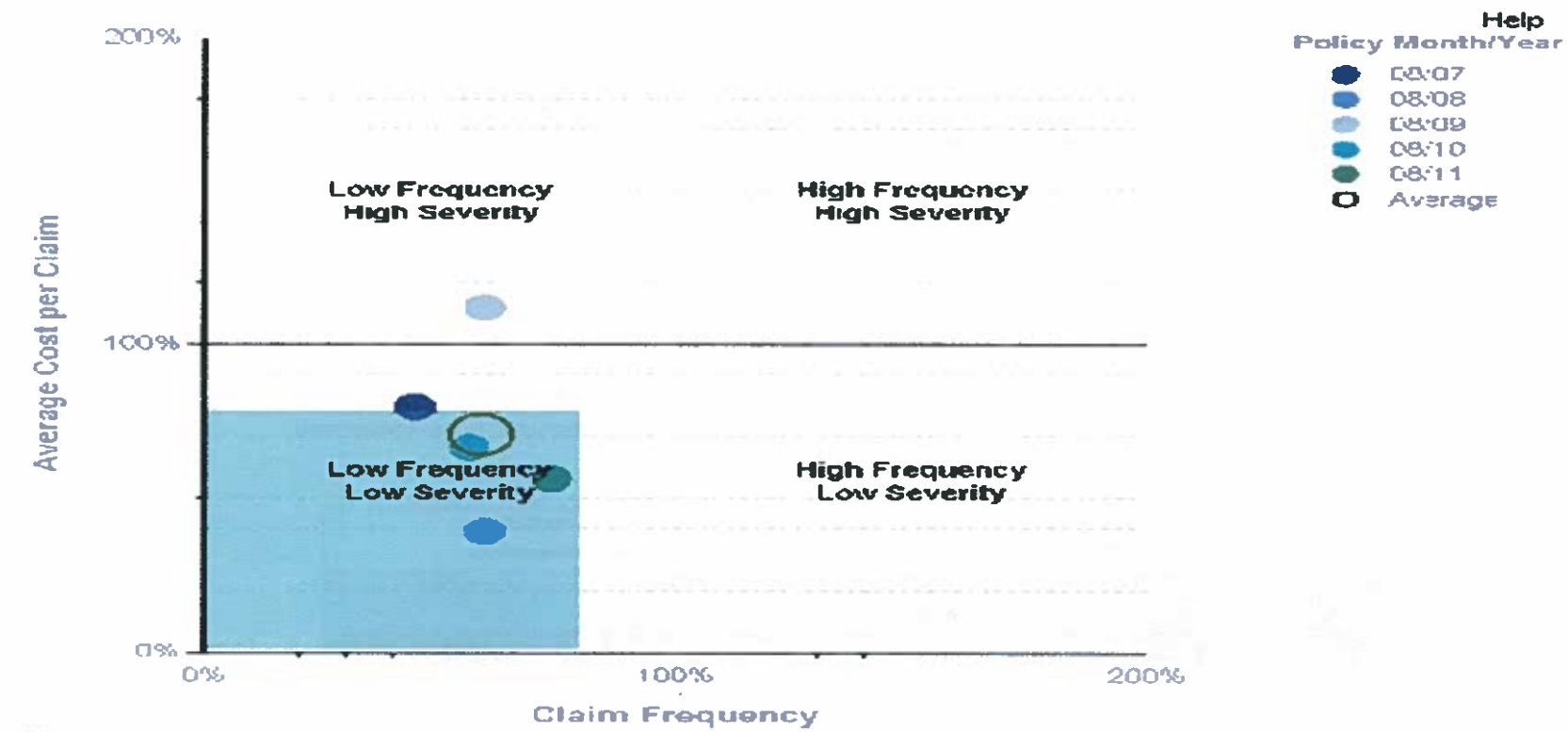
6/1/2012
11/1/2012
Employees
Claim #



Data valued as of 04/30/2012

Best Practice Target Area

Chart Data

Policy Period	08/07	08/08	08/09	08/10	08/11	Avg
Injury Frequency vs. Benchmark	-55%	-40%	-41%	-44%	-26%	-41%
Average Claim Cost vs. Benchmark	-20%	-61%	12%	-33%	-44%	-29%

Annotation Description

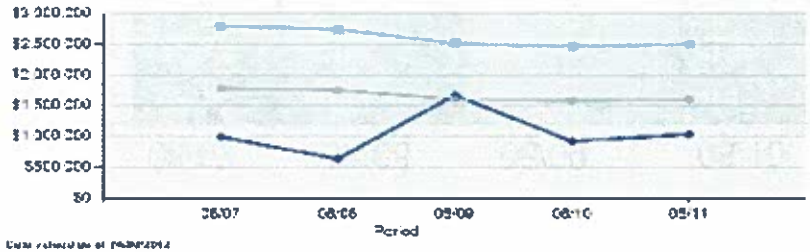
Distribution of payroll to class code is unknown and estimated for some years.

Midwest Employers Casualty Company

County of Clark, Washington
Benchmark Results

Ultimate Number of Claims | Claims per $1 Million of Payroll | Ultimate Retained Average Cost Per Claim | Ultimate Retained Losses per $100 of Payroll | Help

Ultimate Retained Losses



County of Clark, Washington | Benchmark | Best Practice

Chart Data

Policy Period	08/07	08/08	08/09	08/10	08/11	Total	Avg.	Diff.
County of Clark, Washington	992,000	640,000	1,673,000	923,000	1,041,000	5,269,000	1,053,800	
Benchmark	2,786,277	2,739,816	2,519,990	2,471,284	2,511,619	13,028,986	2,605,797	-59.6%
Best Practice	1,783,217	1,753,482	1,612,794	1,581,622	1,607,436	8,338,551	1,667,710	-36.8%
Savings Realized (Lost) to Benchmark	1,794,277	2,099,816	846,990	1,548,284	1,470,619	7,759,986	1,551,997	
Savings Realized (Lost) to Best Practice	791,217	1,113,482	(60,206)	658,622	566,436	3,069,551	613,910	

Annotation Description
Distribution of payroll to class code is unknown and estimated for some years.

Ultimate losses and claim counts vary from actuarial estimates because they are subject to the outcome of events yet to occur. Thus, while MECC has employed techniques and assumptions it believes to be appropriate, future loss and claim emergence will likely deviate from our estimates.

This Report is not intended to be relied upon to determine reserve funding or outstanding liability, nor is it a reflection of excess policy terms. Such studies would require significant further diligence and review by a qualified actuary.

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Occupational Safety & Health

Mission: To preserve the assets of the county by maintaining compliance with applicable regulations while also focusing on injury prevention through continuous improvement of our safety & health programs.

LEARN

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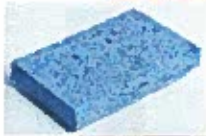
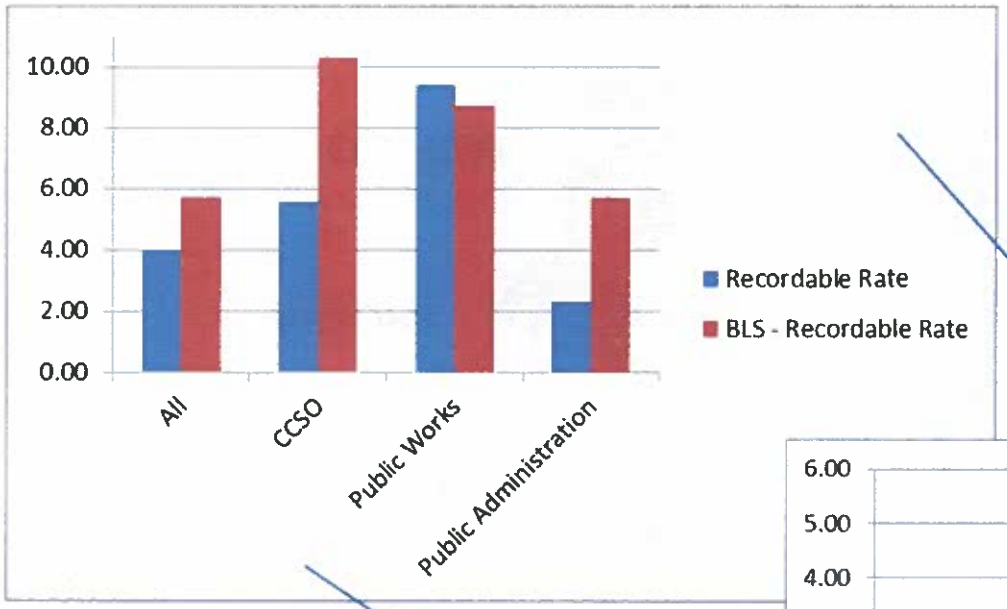


CULTIVATE

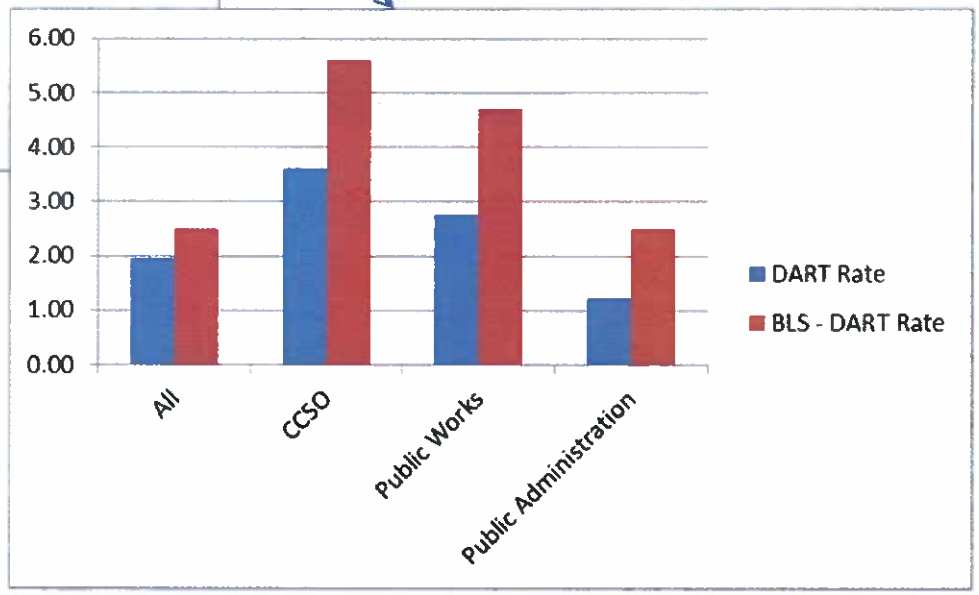
Compliance
&
Injury
Prevention

Occupational Safety & Health

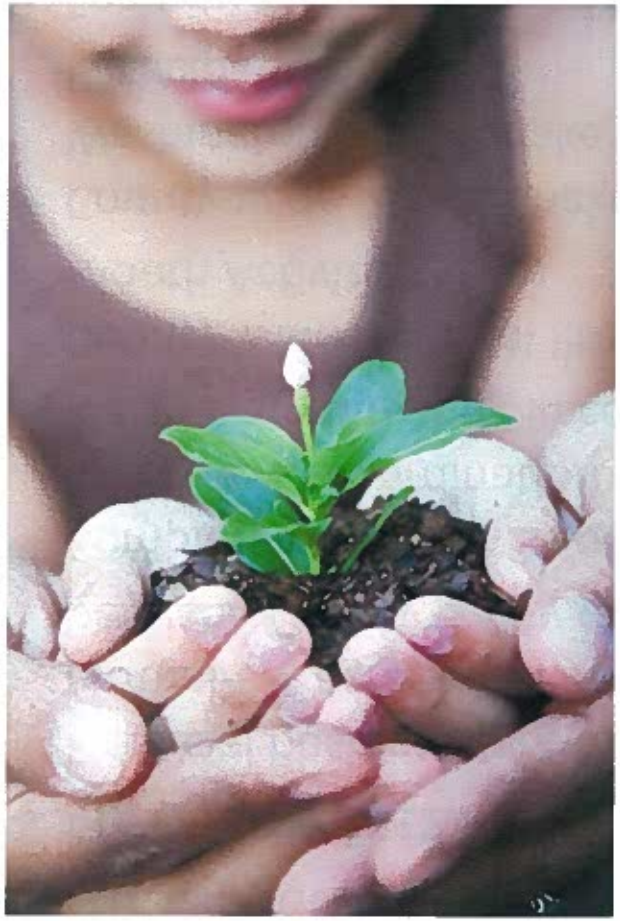
How do we compare to others in our industry?



Rate = Accidents/100 Employees



Occupational Safety & Health



Continuous Improvement & Growth Opportunities

- Training – Accountability & Management
- Root Cause Analysis & Prevention
- Safety Committee Involvement in Injury Prevention
- Monthly Safety Inspections
- OSHA Recordkeeping
- Arc Flash Protection for electrical workers
- Public Works – Construction vs. General Industry
- Accident Review Board – Vehicle Accidents

Emergency Management Program

County Government Preparedness, Prevention, Response and Recovery Efforts

- **4th Quarter 2012 Highlights**:
- Financial business continuity plan and mutual-aid agreement development between County & City of Vancouver
- Completion of 2012 Employee Evacuation Exercises in coordination with annual fire alarm system testing in county facilities
- County-wide National Preparedness Month Activities
- County-wide "Great Shake Out Washington" Earthquake Exercise Participation
- Security assessment and upgrade project at the Franklin Building

The Great Washington Shake Out

So, what's ahead for 2013

- So far insured liability, property, and workers' comp claims frequency and severity are flat and we hope they remain flat for the year……we hope…….the best we can do to keep our premium rate increases down.
- Continue ADA program maintenance.
- In the Omnibus, we will request increases in our budget authority (not funding) due to large uninsured loses for 5040 and increases in L and I costs for 5043.
- We need legislative support to pass relief for the counties.
- Lastly, we need authorization to hire the Continuity of Operations Coordinator.

Questions

- It's about readiness!