

Self-Insurance Internal Service Fund-Casualty

General Government

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Internal Service Fund	2017-2018 Actual	2018-2019 Adjusted	2019-2020 Requested	2019-2020 Recommended	Increase/ (Decrease)
Expenditures					
Services & Supplies	\$5,256,140	\$5,560,602	\$6,439,450	\$6,439,450	\$878,848
Centrally-Budgeted Expenses	(625,565)	(406,692)	(269,411)	(269,411)	137,281
Other Charges & Uses	132,115	132,115	132,115	132,115	0
Fixed Assets	117,816	0	0	0	0
Load to Other Funds	649,415	0	0	0	0
Medical And Dental Insur ISF Ex	2,674,702	3,100,000	3,100,000	3,100,000	0
Total Expenditures	\$8,204,623	\$8,386,025	\$9,402,154	\$9,402,154	\$1,016,129
Expenditure Reimbursements	(323,934)	0	0	0	0
Total Appropriations	\$7,880,689	\$8,386,025	\$9,402,154	\$9,402,154	\$1,016,129
Earned Revenues By Source					
Interest/Rents	\$220,613	\$140,000	\$140,000	\$140,000	\$0
Self-Insurance Revenue	6,515,586	7,102,115	6,764,230	6,764,230	(337,885)
Total Revenues	\$6,736,199	\$7,242,115	\$6,904,230	\$6,904,230	(\$337,885)
Revenues Over/(Under) Expenses	\$1,144,490	\$1,143,910	\$2,497,924	\$2,497,924	\$1,354,014

- Medical and Dental Insurance ISF Expenses includes self-insurance claims paid by the Casualty Insurance budget.

Purpose

The Casualty Insurance (#8594900000) budget provides for the centralized administration of the County's self-funded Casualty Insurance program. The County's self-insured Casualty Insurance program consists of three major components: general liability, property, and automobile insurance.

The County's self-funded insurance programs are designed to provide quality, cost-effective benefits to eligible recipients. Frequently, market and legislative factors beyond the County's administrative control influence costs (mandated benefit levels, and usage). The County uses a combination of premium adjustments and cost containment measures to assure adequately funded programs. Funding levels and premiums are determined actuarially on an annual basis.

Major Budget Changes

Services & Supplies

- \$648,534 Increase in stop-loss insurance premium.

- \$230,314 Increase in administrative costs.

Centrally-Budgeted Expenses

- \$137,281 Cost Allocation Plan adjustment.

Revenues

- (\$337,885) Decrease in general liability insurance premiums.

Program Discussion

The 2019-2020 recommended budget for Casualty Insurance is \$9,402,154, which is an increase of \$1,016,129 from the 2018-2019 adjusted budget.

The 2019-2020 budget includes a program cost of \$9.4 million, an annual Airport settlement reimbursement of \$132,115 related to litigation, which ends in 2029, and a Cost Allocation Plan adjustment of \$137,281.

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The following is a summary of the General Liability claims for 2018-2019 through March 31, 2019:

Claims

<i>New</i>	-	164
<i>Current</i>	-	147
<i>Closed</i>	-	236

Of the closed claims, there was a total cost paid out of \$2,945,888 for property damage, bodily injury and/or reserves. This total cost results in an average cost per claim of \$20,040.

Since July 1995, the County has belonged to the California State Association of Counties' Excess Insurance Authority (CSAC EIA) participating in its property and excess liability program. The excess insurance provides general liability coverage from \$1.0 million to \$25.0 million with the County maintaining a \$1.0 million self-insured retention. The 2019-2020 excess insurance premium is estimated at \$3.4 million, an increase of \$648,534 from 2018-2019.

Major findings and recommendations included in the December 2018 actuarial report are as follows:

- By year-end 2018-2019, outstanding liability claims are estimated at \$22.0 million at the 80% confidence level,

while program assets are estimated at \$15.5 million. This results in a funding deficit of \$6.5 million at the 80% confidence level.

- Compared to other CSAC EIA members, San Joaquin County's rate is lower than average reflecting a lower than average loss per claim and a lower than average number of claims per \$1.0 million of payroll.
- As of March 31, 2019, the program had a cash balance of \$18,132,762, which is a reduction of \$900,000 through nine months experience.

Based on the actuarial findings and recommendations, the 2019-2020 Casualty Insurance premium is set at \$6.6 million (\$9.4 million program cost, less \$2.5 million from fund balance, \$132,000 third-party reimbursement, and \$140,000 from interest earnings). This represents a decrease of \$337,855 from 2018-2019.

Since 2015-2016, the allocation is calculated using: 1) a 7-year loss history instead of a 10-year loss history; 2) capping the claim loss amount at \$500,000 per claim; and 3) applying an allocation factor of 70% based on experience and 30% based on exposure.