

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.17
(ID # 18314)

MEETING DATE:
Tuesday, March 01, 2022

FROM : HUMAN RESOURCES:

SUBJECT: HUMAN RESOURCES: Fiscal Year 2020-2021 Risk Management Annual Report, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Risk Management Annual Report for fiscal year 2020-2021.

ACTION:Consent



Brenda Diederichs, Assistant CEO / Human Resources Director 2/2/2022

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: March 1, 2022
xc: HR

Kecia R. Harper
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 20/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Annual Risk Management Report for Fiscal Year 2020/2021 is hereby submitted for the Board of Supervisors consideration. This summary provides data that was retrieve from the claims management system on November 22, 2021.

The intent of this report is to provide the Board of Supervisors and County Management an overview of the County's loss data as it relates to general liability, auto liability, medical malpractice liability, and workers' compensation claims for fiscal year 2020/2021.

Impact on Residents and Businesses

There is no impact on residents and businesses.

ATTACHMENTS:

Attachment A: Annual Risk Management Report Fiscal Year 2020-2021

	
Meghan Hahn, Senior Management Analyst	Gregory V. Priarios, Director County Counsel
2/17/2022	2/2/2022

ANNUAL RISK MANAGEMENT REPORT



**FISCAL YEAR
2020 - 2021**



Executive Summary

This report is to provide the Board of Supervisors and County Management an overview of the loss data as it relates to general liability, auto liability, medical malpractice liability, and Workers' Compensation claims for fiscal year 2020/2021. During the fiscal year, County Departments have focused on developing and implementing mitigation strategies to reduce future losses. The Risk Management Steering Committee (RMSC) evaluated and approved over 20 mitigation plans during the past fiscal year which included training, policy implementation, and adding or updating equipment to reduce exposure to losses.

The number of general liability claims received for FY 2020/2021 decreased by 21% and the total projected costs for all claims received during the fiscal year is estimated to be considerably less than the previous fiscal year. In FY 2019/2020 the projected liability cost was \$54M which was higher than the previous year. In FY 2019/2020 the County incurred 3 significant claims that totaled more than \$13M which caused a spike in projected liability costs. The estimated liability costs for FY 2020/2021 are projected to be \$24.5M.

The number of auto liability claims that the County received in FY 2020/2021 were consistent with the previous year. The County received 169 auto liability claims in FY 2020/2021 compared to 174 in FY 2019/2020. Even though the number of auto claims for FY 2019/2020 were consistent with the previous year, the projected costs are expected to be substantially less than FY 2019/2020.

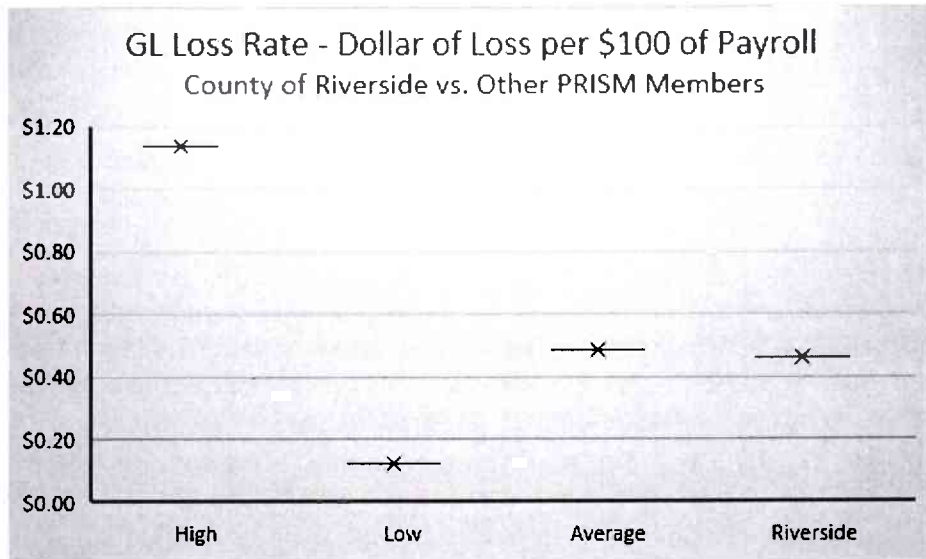
In FY 2020/2021, the number of medical malpractice liability claims were consistent with the previous fiscal year, however like auto liability, the projected cost of those medical malpractice claims are expected to be much less. The projected medical malpractice claim cost for FY 2019/2020 is \$14.6M, for FY 2020/2021 the projected claim cost is \$1.5M.

The County of Riverside's Workers' Compensation program saw a significant increase in the number of claims during FY 2020/2021. The increased Workers' Compensation claims were associated with COVID-19. Workers' Compensation received 906 claims associated with COVID-19 during the FY 2020/2021. Although there was a significant increase in the number of claims, the projected cost for Workers' Compensation claims for FY 2020/2021 is projected to be over \$2M less than in fiscal year 2019/2020.

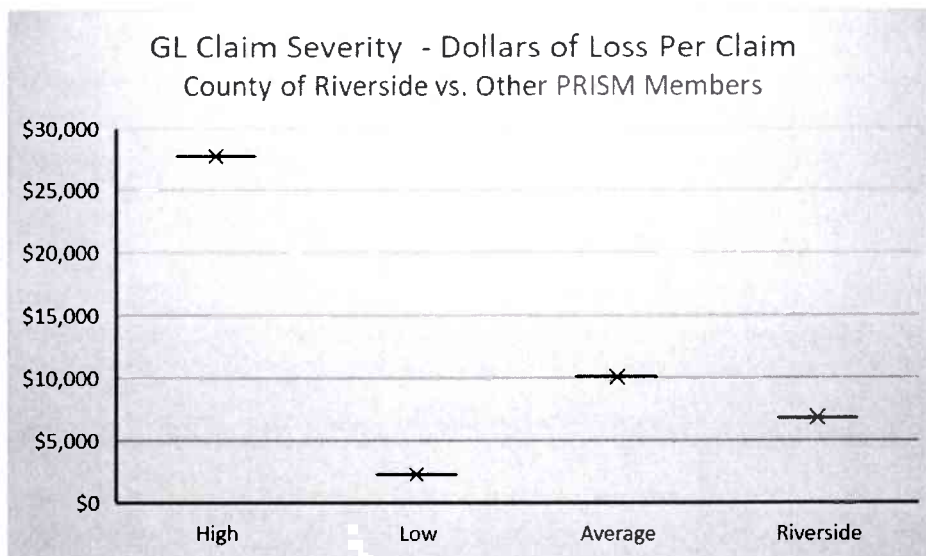
Riverside County Benchmarks

The County of Riverside's general liability (GL) loss experience can be put into perspective by comparing loss data with 50 other California counties participating in PRISM's general liability programs. Statistics using projections for the fiscal year 2019/2020 actuarial reports were used to compare the County of Riverside's loss rate, claim severity, and claim frequency with other California counties.

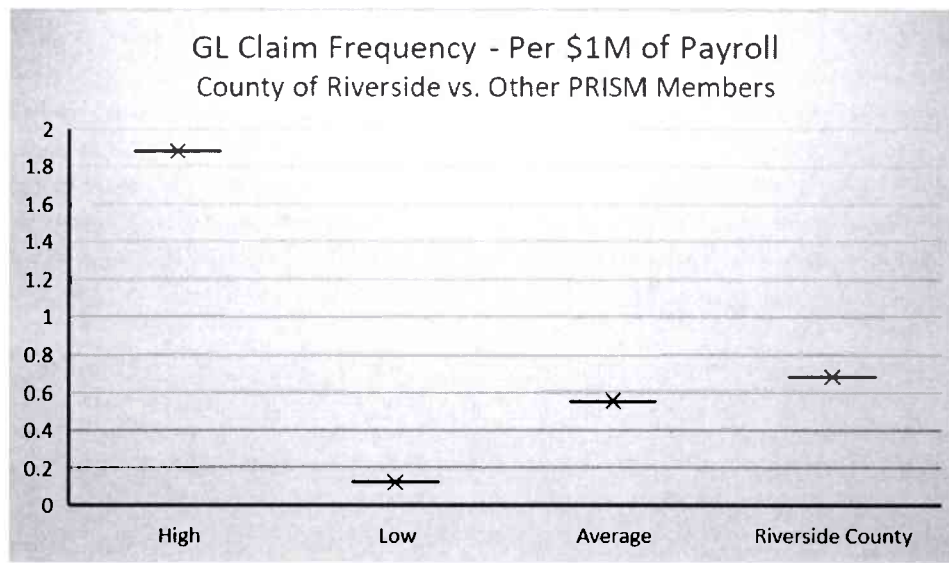
The County of Riverside's loss rate was average when comparing dollars of loss per \$100 of payroll to other California counties.



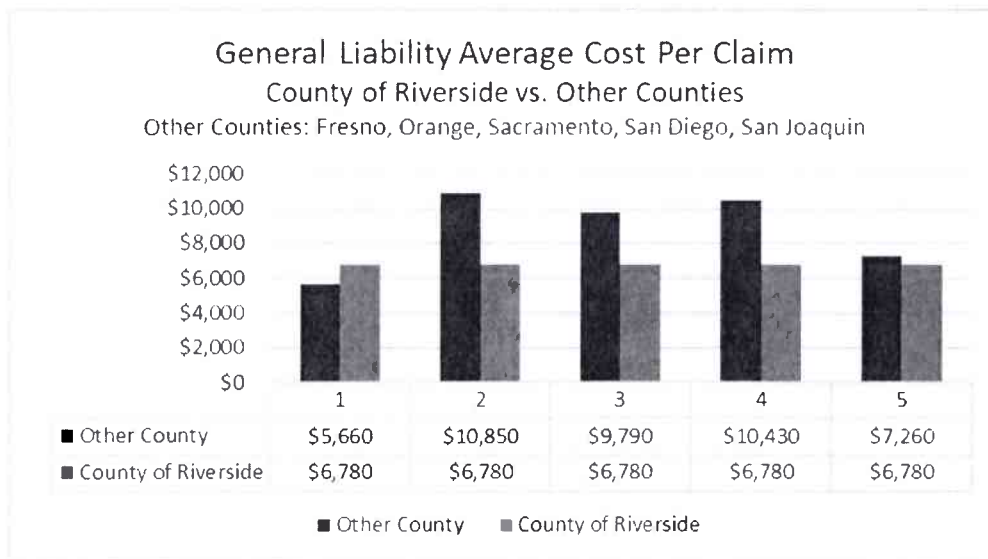
The County of Riverside's claim severity rate was slightly below average when compared to other PRISM members reflected in the graph below:



The County of Riverside had a higher-than-average number of claims per \$1M of payroll:



A comparison of the County of Riverside’s general liability program with five of the larger Counties that participate in PRISM provides a more reasonable comparison. Below is a graph that compares the County of Riverside’s loss statistics with Fresno County, Orange County, Sacramento County, San Diego County, and San Joaquin County. As the graph below indicates, the County of Riverside has a lower cost per claim when compared to other larger California Counties.



Risk Management Division

The Human Resources, Risk Management Division provides consultative support to County Departments in an effort to reduce and mitigate risk. The Risk Management Division also handles the administration and adjudication of claims and lawsuits filed against the County which include general liability, vehicle liability, medical malpractice, and property claims.

The Risk Management Division also oversees recovery efforts in all claims focusing on the necessary actions needed to pursue those who cause loss to the County. Recoveries are primary from vehicle accidents but may also involve subrogation efforts associated with insurance companies, damage of County property, and workplace injuries. The Risk Management Division also represents the County in small claims court.

Risk Management Division also has the responsibility to manage the County's insurance programs through the joint powers agency (JPA) PRISM.

Workers' Compensation Division

The Human Resources Workers' Compensation Program is self-insured and self-administered. The Workers' Compensation Division is responsible for meeting the County's legal obligation to provide benefits to County employees who are injured in the course and scope of their employment. The Division is also entrusted with protecting the County from Workers' Compensation fraud and abuse.

In FY 2020/2021, the Workers' Compensation Division processed and adjudicated 2022 claims which was an increase of 20% from the previous year due to COVID-19. Workers' Compensation is also tasked with medical utilization review of the medical treatment of injured or ill workers, the County's return to work program, and bill review of medical costs associated with Workers' Compensation claims.

Safety Division/Loss Control

The Human Resources Safety Division works in partnership with the Risk Management Division and Workers' Compensation Division to support County Departments in identifying, assessing, and controlling risks that can adversely impact County operations. The Safety Division provides many loss control functions that assist in limiting general liability exposure and workplace injury & illness including but not limited to:

- Administer training to assist county departments, agencies, and districts in meeting Cal OSHA-required safety training standards
- Conduct regularly scheduled safety and industrial hygiene inspections and provide written reports with recommended corrective action
- Conduct accident investigations to determine cause of accidents and develop recommendations to prevent future occurrences
- Review and/or assist in the creation of required regulatory written safety programs which include but are not limited to injury and illness prevention, hazardous materials, blood borne pathogens, respiratory protection, fall protection, confined space entry, electrical safety, emergency preparedness, lock out/block out, machine guarding, hearing conservation, repetitive motion injuries, workplace violence prevention, forklift training, reasonable suspicion drug testing, and first aid/CPR/AED
- Develop injury and illness prevention instructional training materials
- Assist Departments in the development of corrective action plans/mitigation plans to prevent future claims/lawsuits

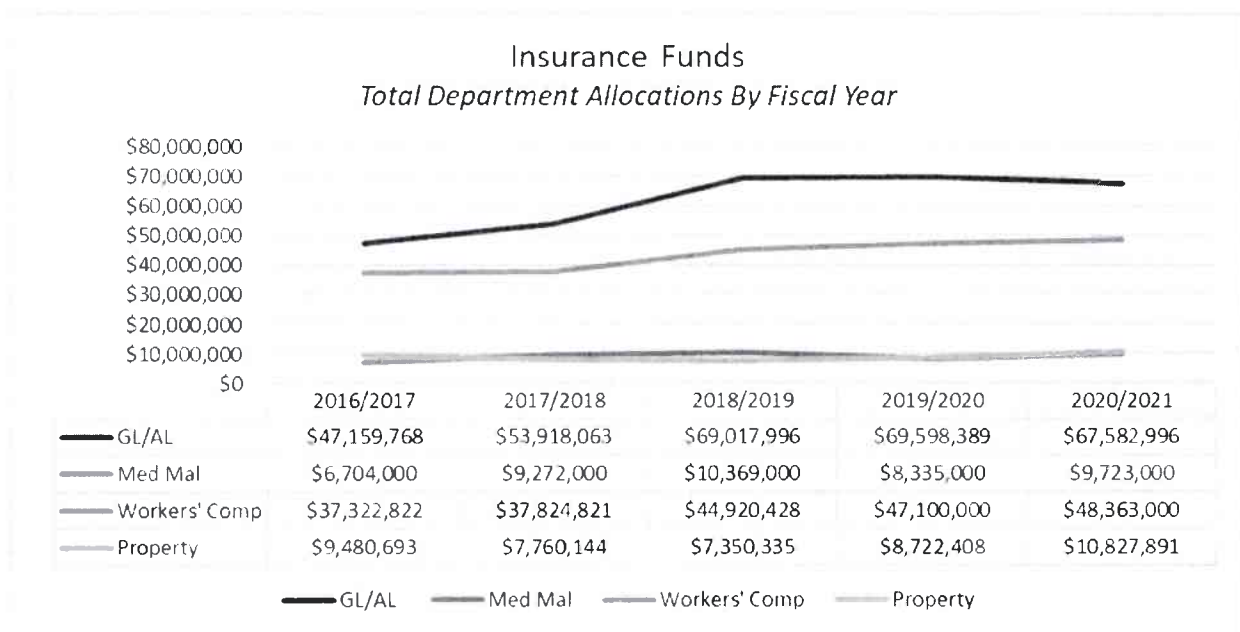
Risk Management Steering Committee

The Risk Management Steering Committee (RMSC) consists of the Director of Finance, Assistant County Executive Officer – Human Services, Assistant County Executive Officer – TLMA, Assistant Human Resources Director, and Assistant County Counsel. The RMSC reviews all claims against the County of Riverside valued greater than \$50K and assigns the appropriate legal counsel to represent the County’s interests. The Committee also reviews and evaluates each lawsuit and provides formal recommendations to the Board of Supervisors on the management of each case.

The RMSC is also responsible for determining, through the assistance of loss prevention staff, if corrective action is needed by the department to prevent future like claims. If the RMSC determines that the claim/lawsuit allegations were preventable, the department will be required to provide the RMSC with a mitigation plan and/or a corrective action plan to prevent or reduce similar like claims from reoccurring. Preventative and/or mitigating actions can include, but are not limited to training, the creation or revisions of departmental policy, purchase or repair of equipment, or any other actions that will reduce risk for the County. If the department fails to implement a mitigation plan and/or corrective action plan, costs associated with the claim will be charged to the department’s budget.

Risk Financing

The insurance funds that support the general liability/auto liability, medical malpractice liability, property insurance, and Workers’ Compensation program are overseen by the Human Resources Department. Funding for these programs are allocated by County Departments based on their claim’s history and department risk exposure data. Annually, an actuarial study is performed to determine the amount of funding that each Department is required to divert to each fund. The insurance funds are used to pay for insurance premiums, legal costs, legal fees, judgments against the County, settlement costs, and administrative costs. The below graph illustrates the total annual funding that has been needed to support each of the programs for the past five years.



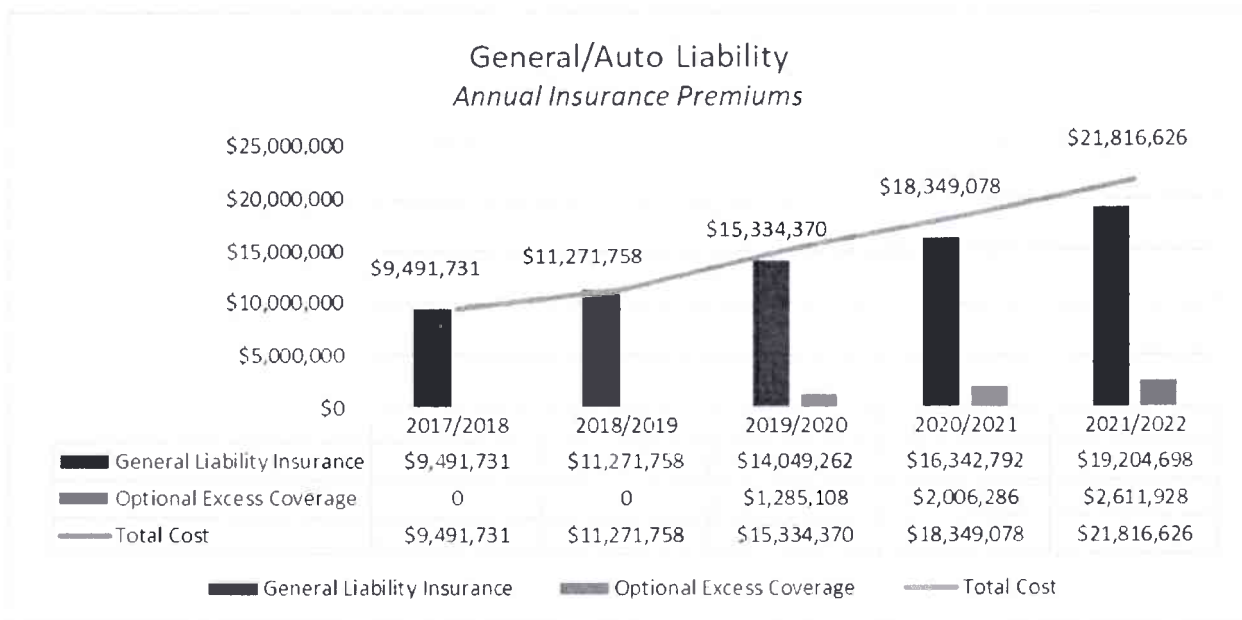
Insurance Cost

The County of Riverside is a member of PRISM which is a joint powers agency (JPA) that provides cost effective insurance solutions and risk management services by pooling public entities throughout California. PRISM's membership includes 95% of California counties, 70% of California cities, as well as educational organizations, special districts, housing authorities, fire districts, and 27 other JPAs. The County of Riverside has been a participating member of PRISM (formally known as CSAC-EIA) since 1984. The number of PRISM members creates stability for public entity members and offers economies of scale that allows them to leverage the insurance market for competitive pricing and provides stability as the insurance market fluctuates. The County of Riverside purchases multiple insurance coverages through PRISM to protect the County from catastrophic events.

General Liability/Auto Liability Insurance Premiums

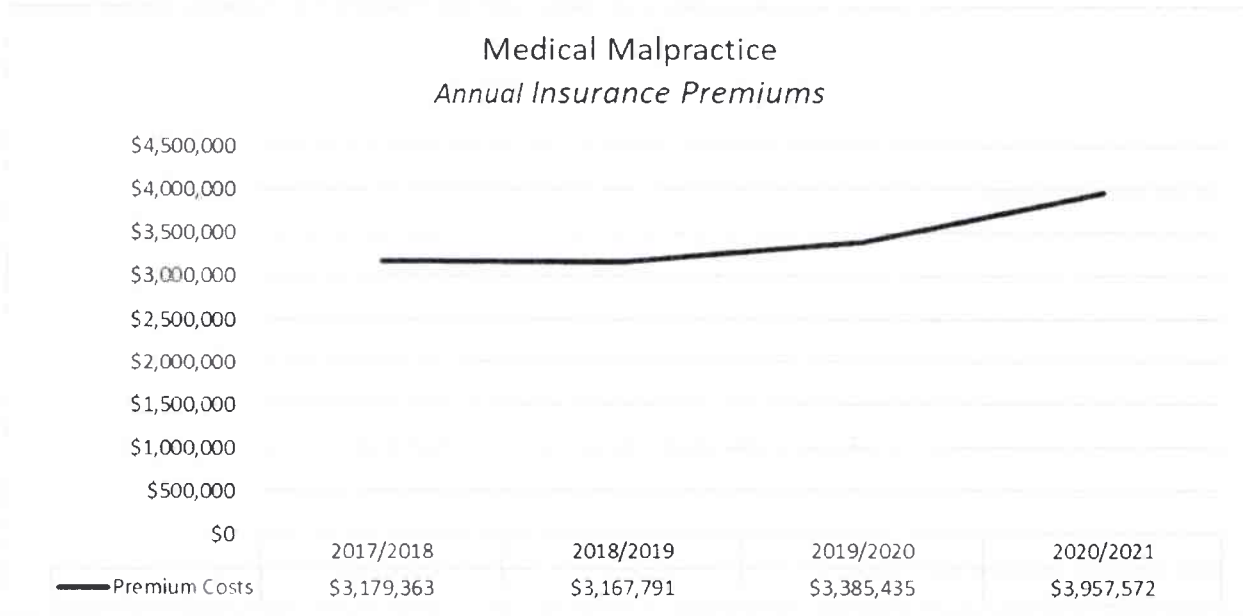
Excess liability insurance includes coverage for the following risks: bodily injury, property damage, public officials' errors and omissions, employment practices liability and personal injury. All coverage is on an occurrence basis. The County is self-insured for the first \$5 million of each claim with a \$2 million retention aggregate. The excess insurance provides coverage up to \$25M.

Due to an increase in general liability costs that the County of Riverside was experiencing along with other public entities in the State of California, the County began purchasing "optional excess coverage" in 2019 that provides an additional \$25M of coverage or a total aggregate of \$50M.



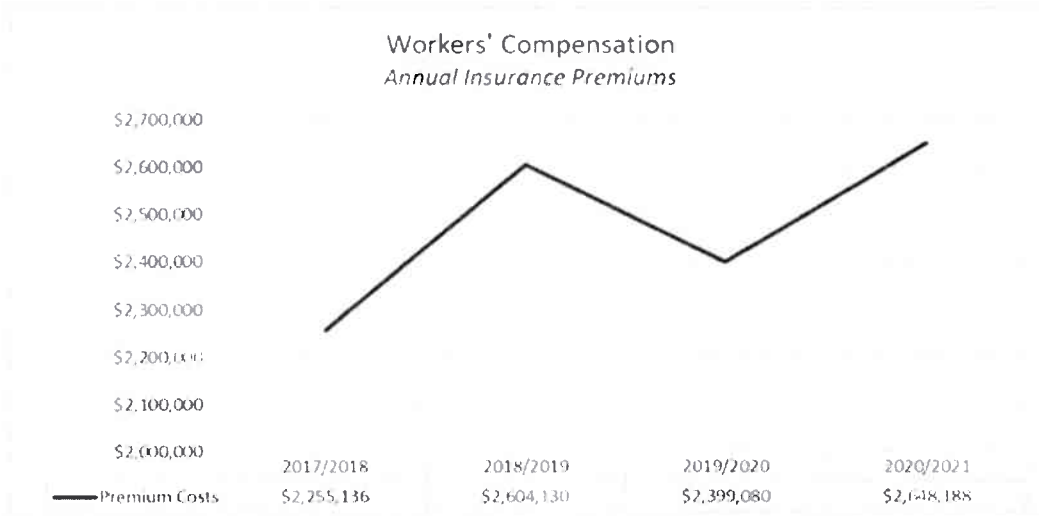
Medical Malpractice Insurance Cost

The County purchases its excess medical malpractice insurance to protect those departments that provide healthcare services. Medical malpractice insurance provides coverage for all alleged negligence arising from healthcare services including clinics, hospitals, behavioral health, public health, jails, and coroner operations. The County is self-insured for the first \$1.1M of medical malpractice claims with excess insurance coverage up to \$25M.



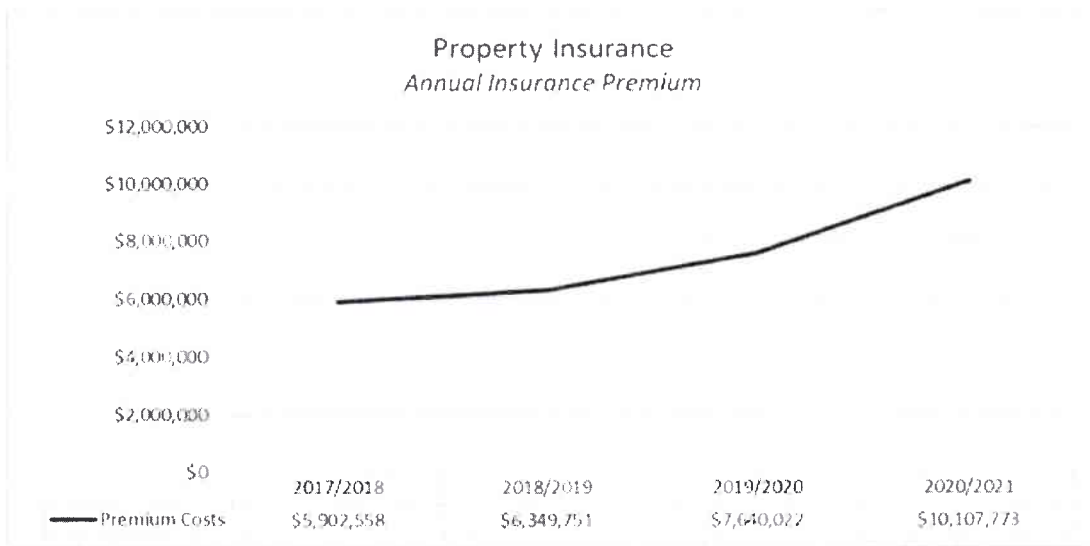
Excess Workers' Compensation Insurance Costs

The County of Riverside's Workers' Compensation Program is self-insured for the first \$2 million for each occurrence with excess insurance arrangements through PRISM. The Excess Workers' Compensation (EWC) Program provides bodily injury coverage for employees who are injured on the job where the claim expenditures exceed \$2 million. Coverage includes reimbursement for payments above the self-insured retention limit that the County is required to make under Workers' Compensation law. This includes compensation for loss of earnings at statutory rates, medical benefits, and some allocated expenses.



Property Insurance Costs

The County of Riverside participates in the PRISM property insurance program which provides insurance coverage for all types of risk. The property insurance coverage is subject to a \$50,000 per occurrence deductible. Flood coverage is subject to a deductible up to \$100,000 and earthquake coverage has a deductible equal to 5% of the total value of the involved structures and is subject to a \$100,000 minimum. Future premiums for property coverage are expected to increase substantially due to the natural disasters that the insurance markets have suffered in the last several years. In California, 8 out of 10 of the costliest wildfires have occurred in the past four years. In 2017, wildfires in California had an estimated damage and economic cost of \$85B and in 2019 the estimated damage and economic cost was \$400B. Due to the significant losses that have occurred, insurance markets have restricted the number of policies that they will write in California or have declined to renew property insurance policies. These developments will negatively impact future property insurance premiums.



Miscellaneous Insurance Coverages

The County participates in multiple miscellaneous insurance program to cover specific and/or unique situations. These insurance programs are funded directly by the Department that the risk resides in or are incorporated into the General /Auto Liability Insurance Fund rate. These miscellaneous programs include:

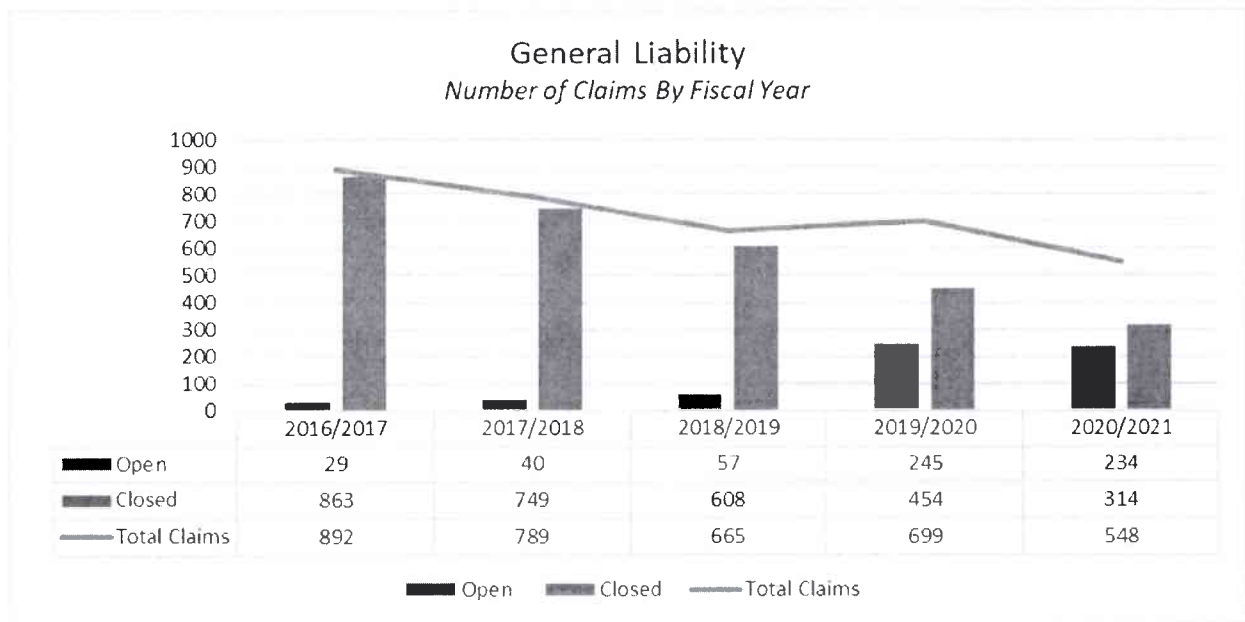
- Aircraft Insurance is a policy that offers property and liability coverage for aircraft. It covers losses resulting from aviation risks that are associated with the maintenance and use of aircraft, property damage, loss of cargo, or bodily injury.
- Airport Insurance coverage is geared specifically to the operation of airports and the risks involved in aviation. Airport insurance includes the following:
 - ✓ Fuel and Fuel Farm/Truck Coverage
 - ✓ Pollution Coverage
 - ✓ Hangar Keepers Coverage
 - ✓ Completed Operations Coverage
 - ✓ Aviation Special Events (Air Shows)
- Travel Accident Insurance is a specialized type of travel insurance to cover employees. It acts as life insurance and insures against accidental death and dismemberment in the case of a travel accident involving employees.

Miscellaneous Insurance Coverages continued

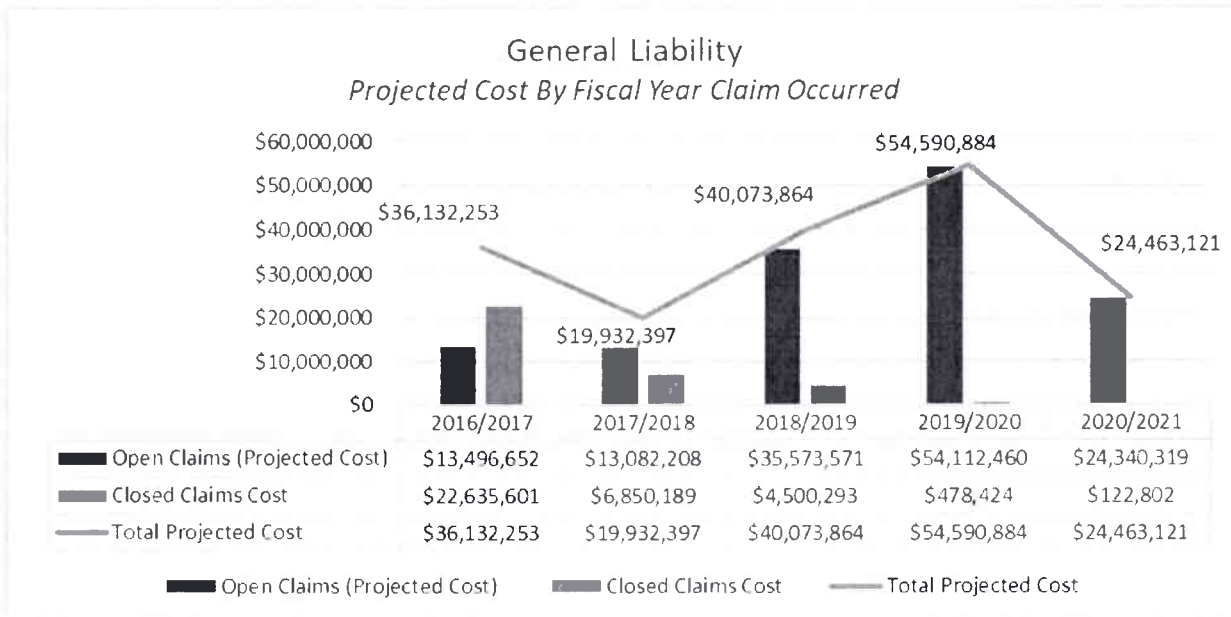
- Pollution Insurance provides coverage for bodily injury, property damage, and cleanup costs caused by pollution at owned or leased sites or arising from certain operations.
- Cyber Liability provides insurance coverage for information security & privacy liability, privacy notification costs, regulatory defense & penalties, website media content liability, cyber extortion, and first party data protection.
- Master Crime Program provides coverage for illegal acts committed by employees while on the job such as public employee dishonesty, forgery or alteration, and computer fraud.
- Watercraft Insurance provides coverage for County owned watercraft.
- Excess Volunteer Insurance provides insurance coverage for County Departments who utilize volunteers to assist in their operation. Human Resources Risk Management implemented the Volunteer Insurance Program to protect the County from potential liability exposure from volunteers who are injured, or who may injure others, while conducting County business. The Volunteer Insurance Program provides the following coverages:
 - ✓ Excess Accident Medical Coverage
 - ✓ Excess Volunteer Liability Coverage
 - ✓ Excess Automobile Liability Coverage

General Liability Claims

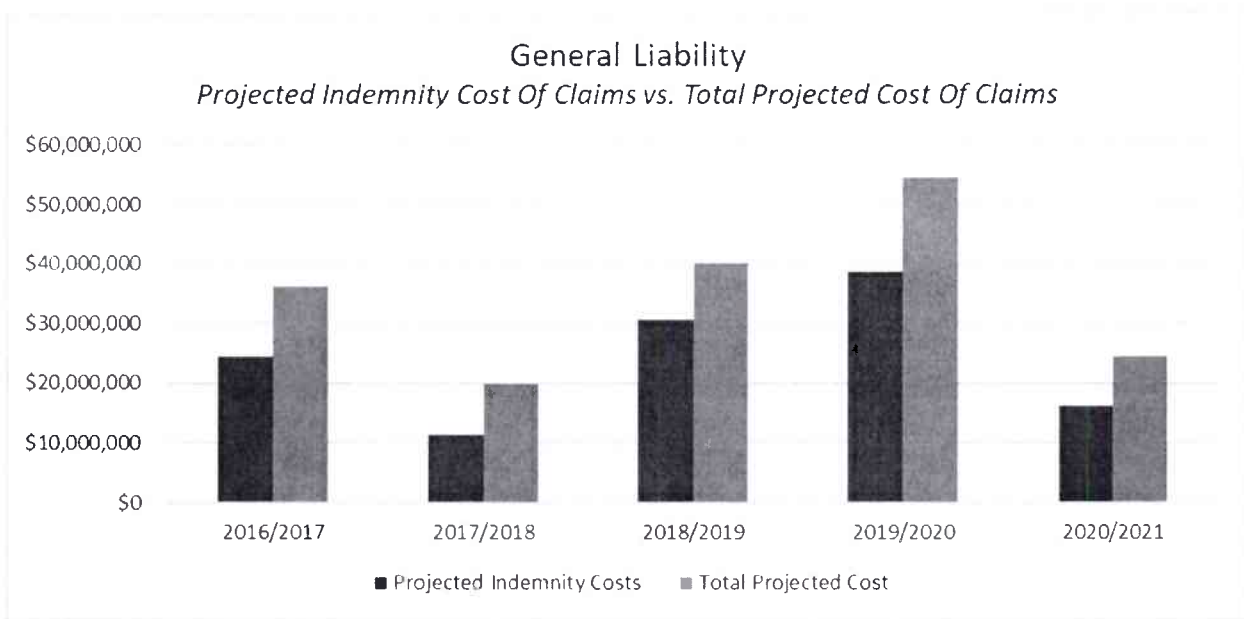
The number of general liability claims received for FY 2020/2021 was reduced by 151 claims when compared to FY 2019/2020 and over 57% of the claims received for FY 2020/2021 have been closed. In most cases, claims against a government agency in California must be filed within six months of the date of incident however there are exceptions. Therefore, there is a possibility that the County may receive additional claims for FY 2020/2021. The data used for this report was generated in November 2021 and may fluctuate.



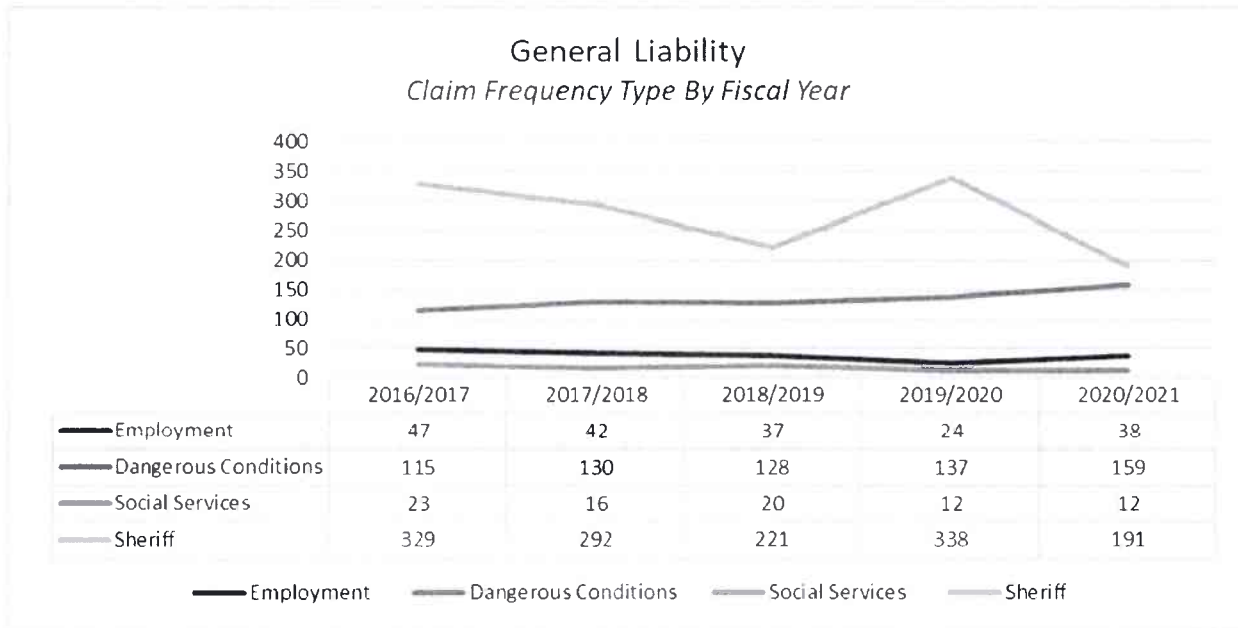
The projected cost of general liability (GL) claims received for FY 2020/2021 is estimated to be \$24.4M which is significantly less than the \$54.5M that is projected for FY 2019/2020. During FY 2019/2020, the County had 3 high value claims that had a total cost of \$13.8M. The projected GL costs identified below include settlement and judgement costs, legal fees, and legal costs. The data used for this report was generated in November 2021 and will fluctuate as claims mature.



The graph below compares the indemnity costs (settlement & judgment costs) to the total cost of the claim. The other costs that are associated with claims are the incurred attorney fees and other legal expenses. The data used for this report was generated in November 2021 and will fluctuate as claims mature.

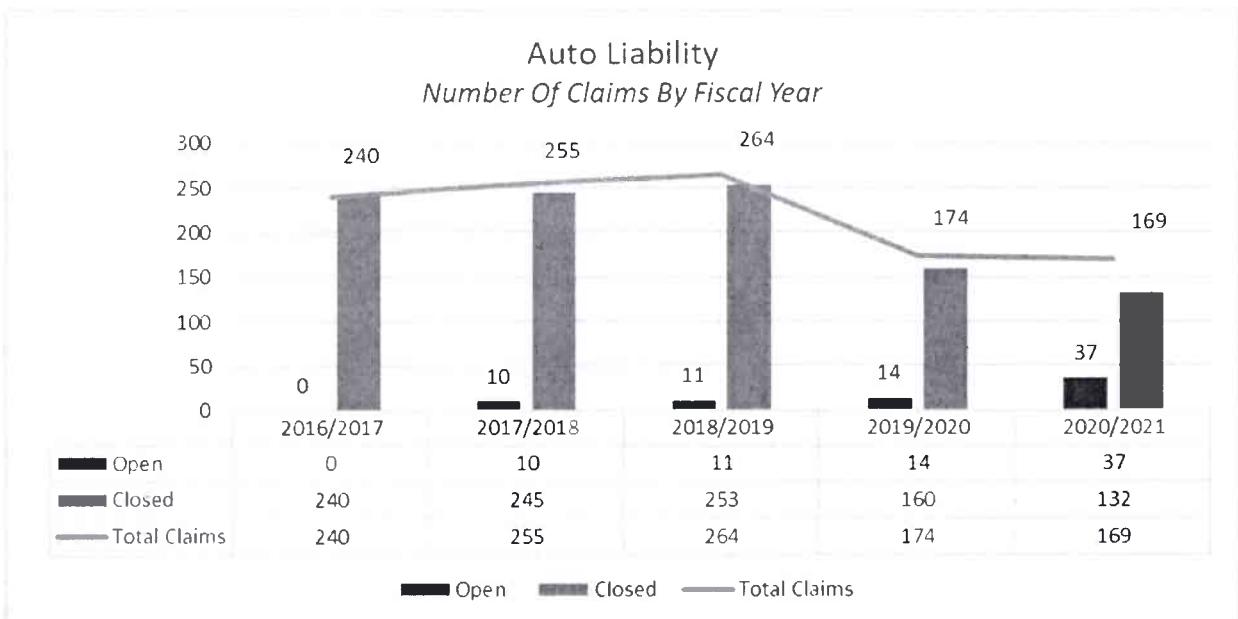


The below graph provides a year-by-year comparison of frequent GL claims the County experiences. As the graph indicates the Sheriff's Department has had a significant reduction in the number of claims they received for FY 2020/2021 when compared to 2019/2020.

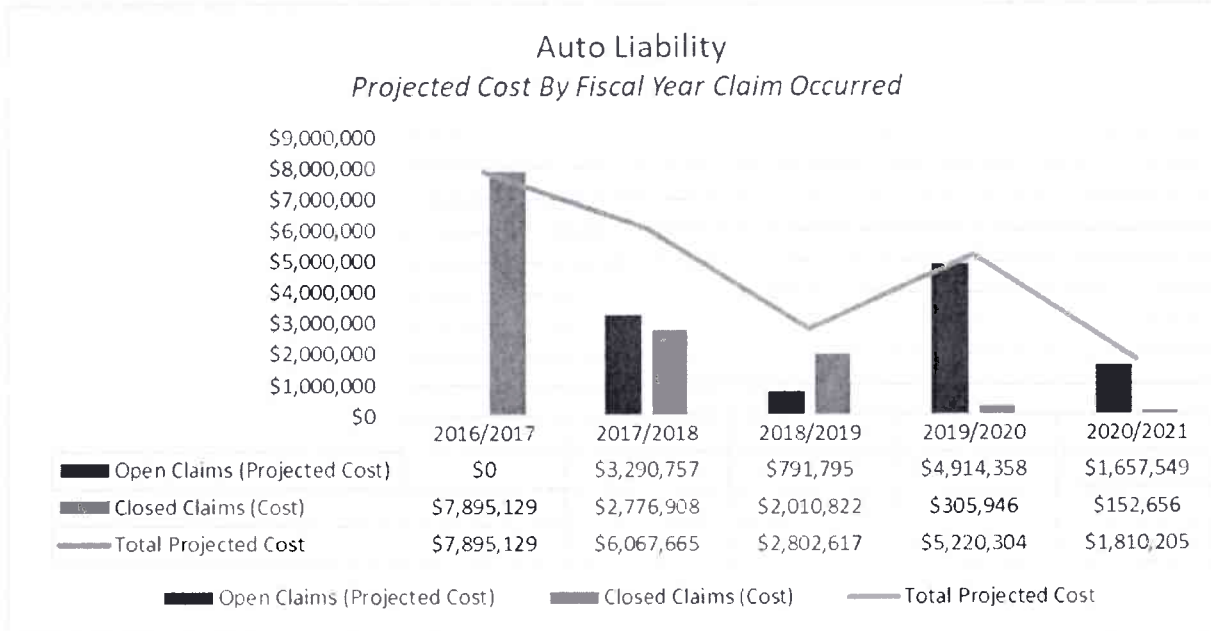


Auto Liability Claims

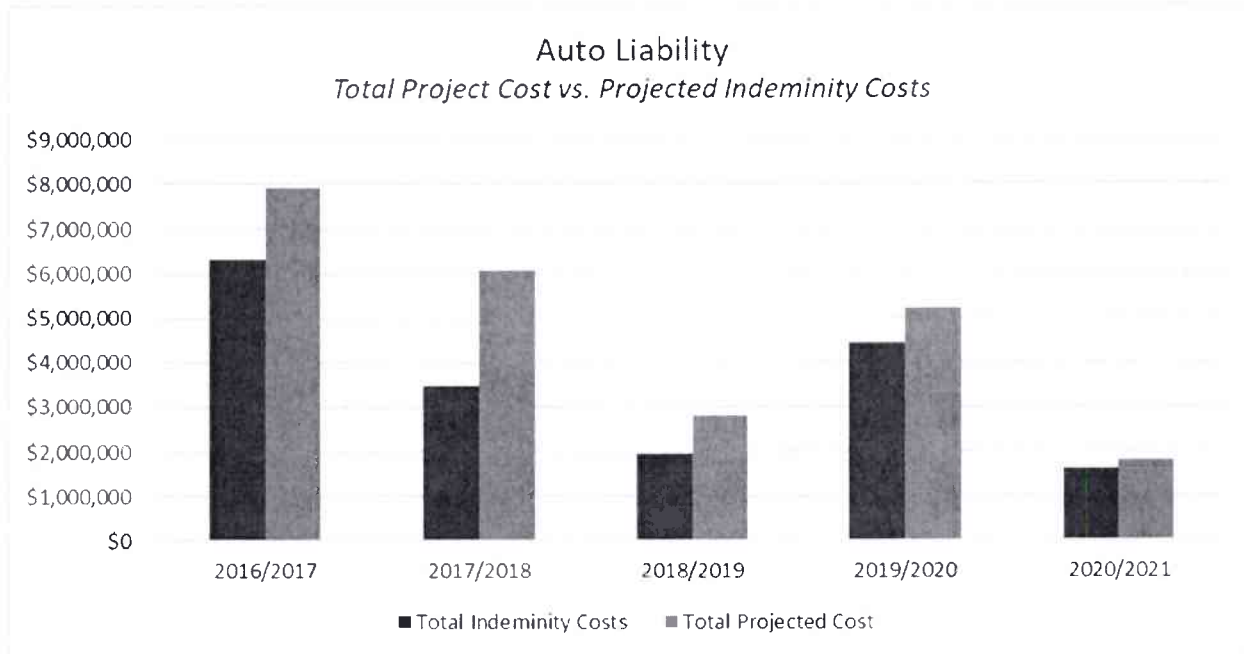
The number of auto liability claims that the County received in FY 2020/2021 were consistent with the previous year. The County received 169 auto liability claims in FY 2020/2021 compared to 174 in FY 2019/2020. Even though the number of auto claims for FY 2019/2020 were consistent with the previous year, the projected costs are expected to be significantly less than FY 2019/2020. In most cases, claims against a government agency in California must be filed within six months of the date of incident however there are exceptions. Therefore, there is a possibility that the County may receive additional claims for FY 2020/2021. The data used for this report was generated in November 2021 and may fluctuate.



The projected cost of auto liability (AL) claims received for FY 2020/2021 is estimated to be significantly less than in FY 2019/2020 and AL cost have been trending down for the past 5 fiscal years. The AL cost identified below includes settlement and judgement costs, legal fees, and legal costs. The data used for this report was generated in November 2021 and will fluctuate as claims mature.

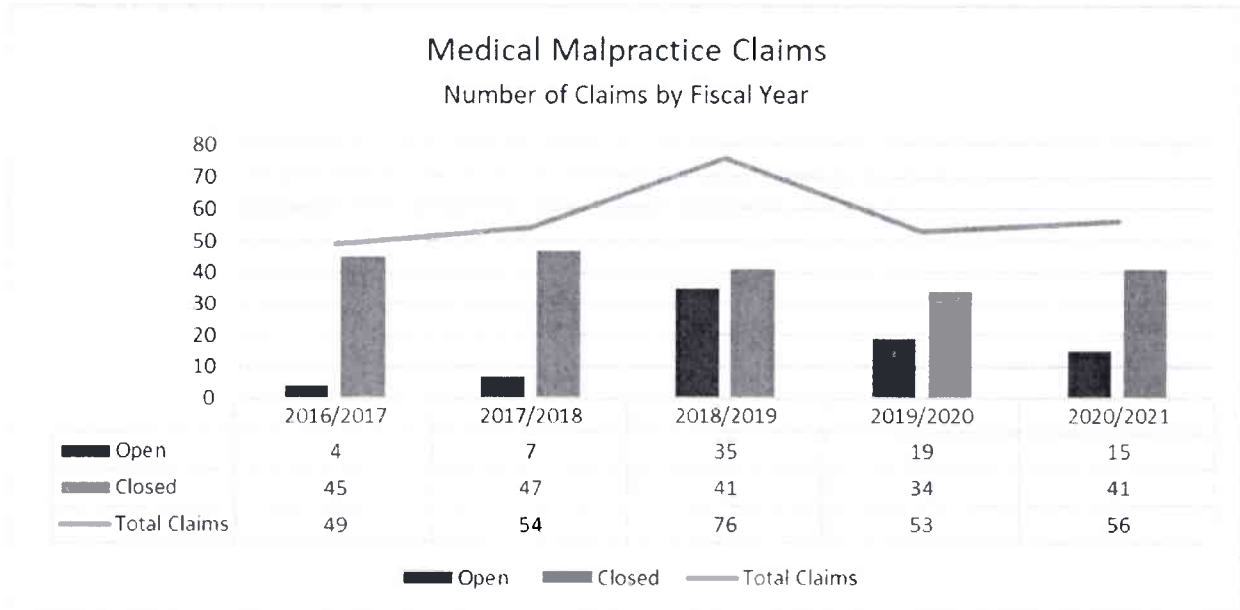


The graph below compares the indemnity costs (settlement & judgment costs) to the total cost of the claim. The other costs that are associated with claims are the incurred attorney fees and other legal expenses. The data used for this report was generated in November 2021 and will fluctuate as claims mature.

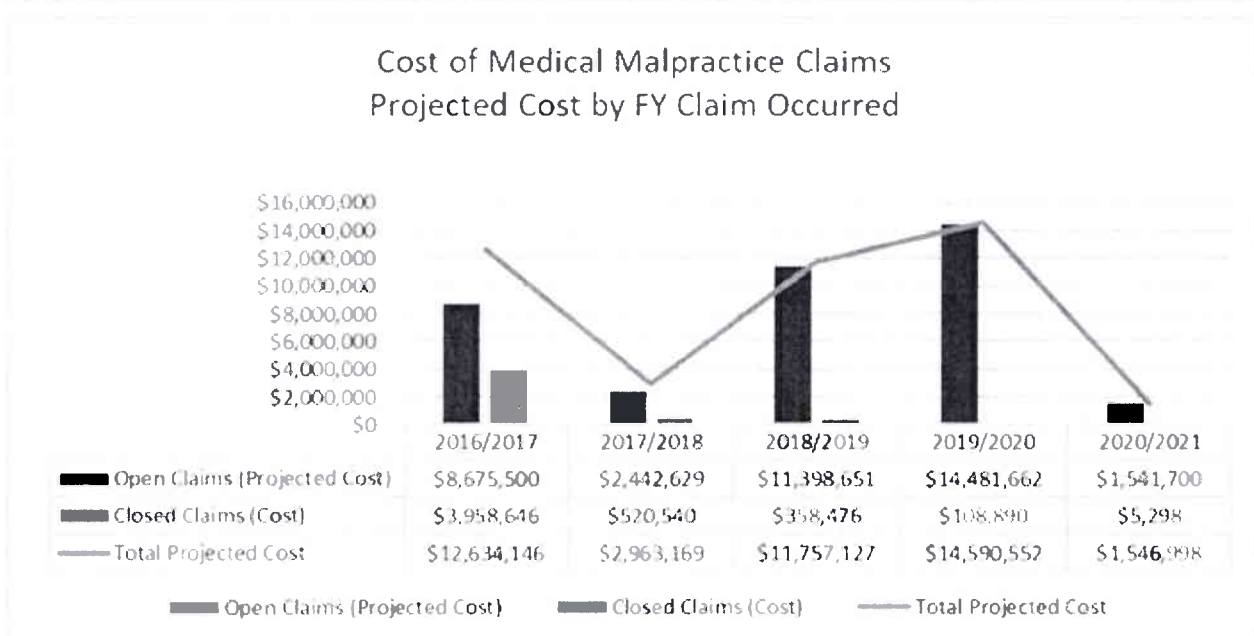


Medical Malpractice

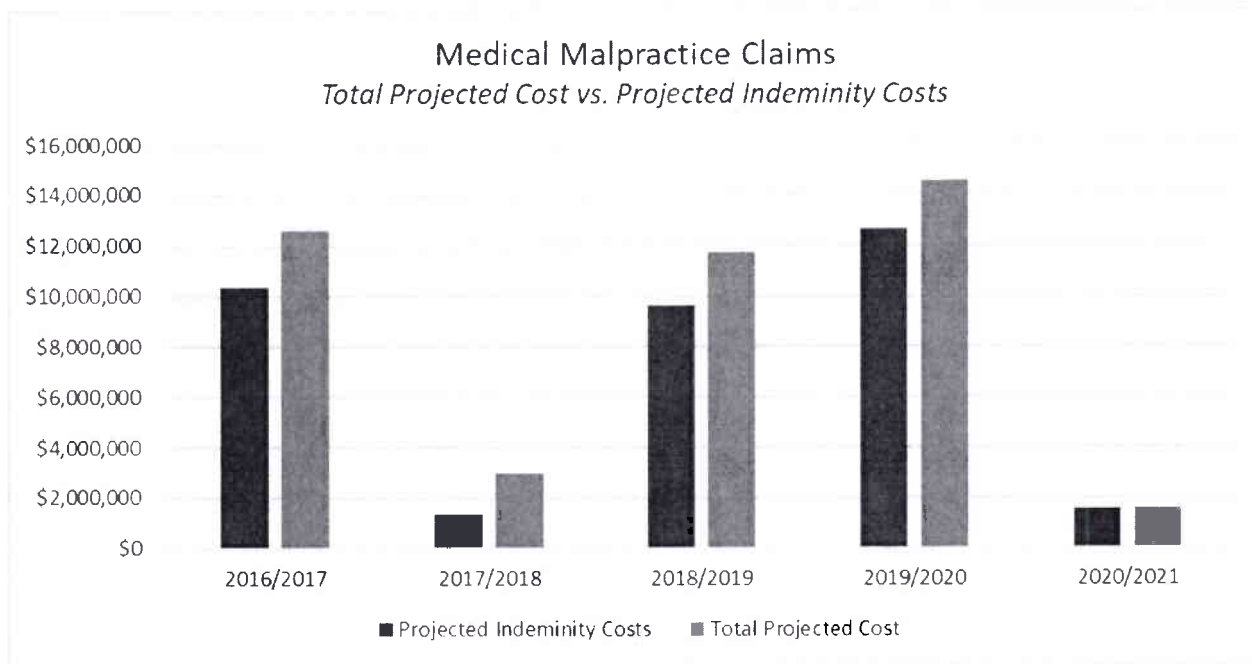
In FY 2020/2021 the number of medical malpractice liability claims were consistent with the previous fiscal year, however, like auto liability, the projected cost of those medical malpractice claims are expected to be significantly less. The projected medical malpractice claim cost for FY 2019/2020 is \$14.6M, for FY 2020/2021 the projected claim cost is \$1.5M. In most cases, claims against a government agency in California must be filed within 6 months of the date of loss, and for some cases, one year of the incident. Therefore, there is a possibility that the County may receive additional claims for FY 2020/2021. The data used for this report was generated in November 2021 and may fluctuate.



The projected medical malpractice claim cost for FY 2019/2020 is \$14.6M, for FY 2020/2021 the projected claim cost is \$1.5M. The data used for this report was generated in November 2021 and will fluctuate as claims mature.

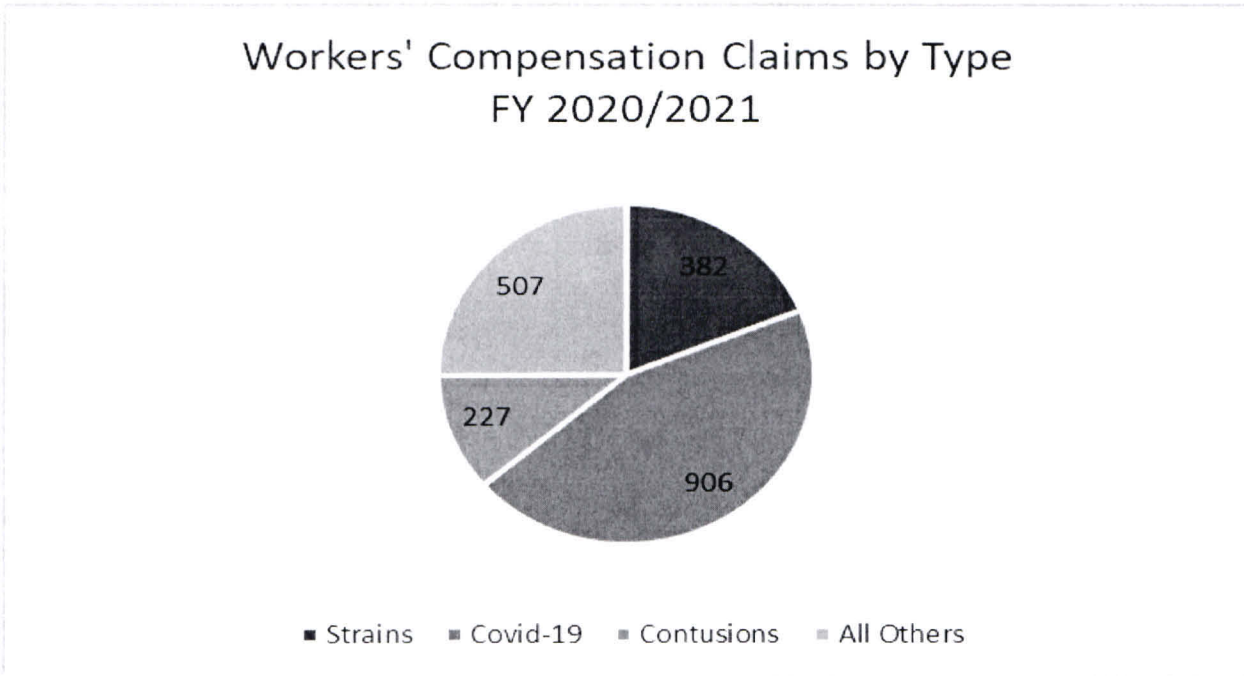
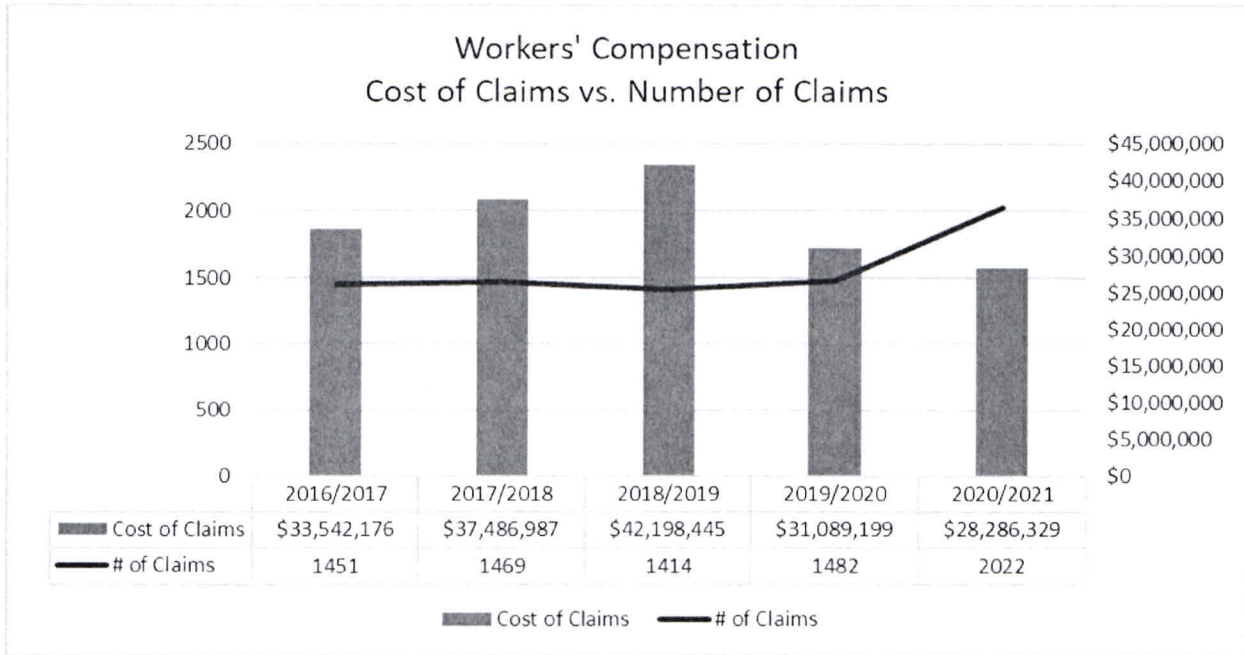


The graph below compares the indemnity costs (settlement & judgment costs) to the total cost of the claim. The other costs that are associated with claims are the incurred attorney fees and other legal expenses. The data used for this report was generated in November 2021 and will fluctuate as claims mature.



Workers' Compensation

The County of Riverside's Workers' Compensation program saw a significant increase in the number of claims during FY 2020/2021. The increased Workers' Compensation claims were associated with COVID-19. There were 906 Workers' Compensation claims associated with COVID-19 during FY 2020/2021. Although there was a significant increase in the number of claims, the projected cost for Workers' Compensation claims for FY 2020/2021 is projected to be over \$2M less than in fiscal year 2019/2020. The data used for this report was generated in November 2021 and may fluctuate.



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