



Information Item

Date: September 18, 2009

To: Mayor and City Council

From: Carol Swindell, Director of Finance

Subject: Report on Risk Management Claim Expenditures and Safety Training Activities

Introduction

This report provides a brief update on the City's risk financing program and cost information through the fourth quarter of FY 08/09 summarizing claim expenditure and settlement information related to the City's liability and workers' compensation self-insurance programs. The report also includes a summary of employee safety training activities.

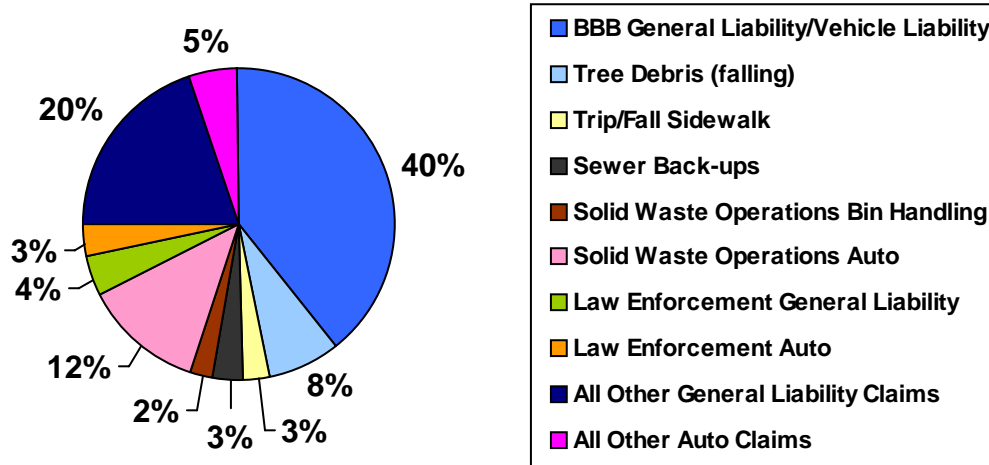
Discussion

Liability Claims Administration Update

- Through the end of the 4th Quarter FY08/09, the City received 505 claims. There are 307 open claims pending against the City of Santa Monica.
- 615 claims were closed through the end of the 4th Quarter FY 08/09. 275 claims have been closed with a payment made and 340 claims were closed during this period with no payments made.
- Claim payments (includes litigated claims) paid through the end of the 4th Quarter FY 08/09: Comprehensive Fund - \$1,790,199; Bus Fund - \$1,384,979; and Auto Fund - \$238,096.
- 67 claims received this year resulted in litigation through the end of the 4th Quarter FY 08/09; a litigation rate of 13% (New claims vs. Litigated) for the year.
- Through the end of the 4th Quarter FY 08/09, \$152,882.27 was recovered for damages sustained to City Property.

Below, is a chart depicting the leading categories of claims by their type through the end of the 4th Quarter FY 08/09:

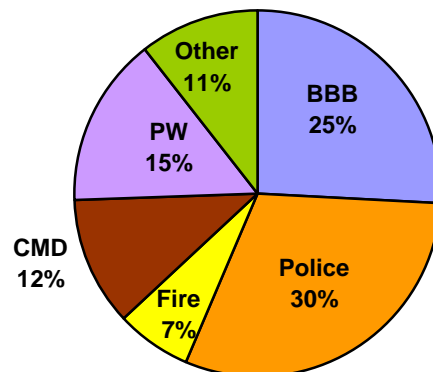
Percentage of Claims by Type of Claim



Workers' Compensation Claims Administration Update

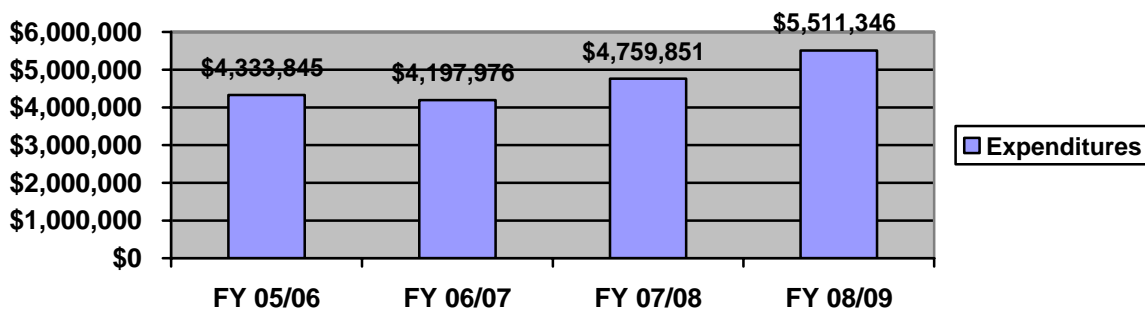
- Through the end of the 4th quarter FY 08/09, there were 530 open claims pending with the City of Santa Monica; a 9% increase over last year at this time primarily due to multiple claim filings by employees.
- Of the 330 claims opened through the end of FY 08/09, 128 were lost time claims and 202 were medical-only claims. Five departments generated 89% of all claims, which is illustrated in the chart below. For the same period of time last year, there were 318 claims opened. These are departments with the highest level of risk-based activities or most labor-intensive.

Claims Filed through 4th Quarter FY 08/09



- Workers' Compensation 2004 Reform Act is not being as widely felt throughout the Workers' Compensation arena; primarily from panel decisions, case law and other litigation. The cost of medical treatment and med/legal examinations has increased to the pre-reform levels. This is a state-wide trend not isolated to just the City of Santa Monica.
- Revitalization of the early return to work program with the Police Department has resulted in 753 modified duty days provided to city employees compared to 361 modified duty days at this time last year. The department incorporated the early return to work program into its Standard Operating Procedures, which also addresses non-occupational requests.
- Temporary Disability Benefits continues to increase each year by 3-5% due to the inability to accommodate restricted duty and yearly cost of living adjustments based on the State's Average Weekly Wage formula.
- Litigation: Through the 4th quarter FY 08/09, 57 legal applications were received from 42 city employees compared to 67 applications filed by 39 city employees at this time last year.
- Settlements: 40 Stipulations with Request for Award, 4 Compromise & Releases, 2 Dismissals and 2 Findings & Awards for a total of 48 settlements. Stipulations allow the future medical provision to remain open, a Compromise & Release releases the City from continued claims handling and future liability and a Findings & Award is a settlement issued by the Workers' Compensation Appeals Board.
- Claim expenditures through the 4th quarter for the last 4 fiscal years are depicted in the chart below. The chart illustrates costs only for medical and indemnity expenses. Indemnity expenses consist of temporary disability, permanent disability and vocational rehabilitation benefits. These costs are rising due to increased benefit rates and medical payment recommendations.

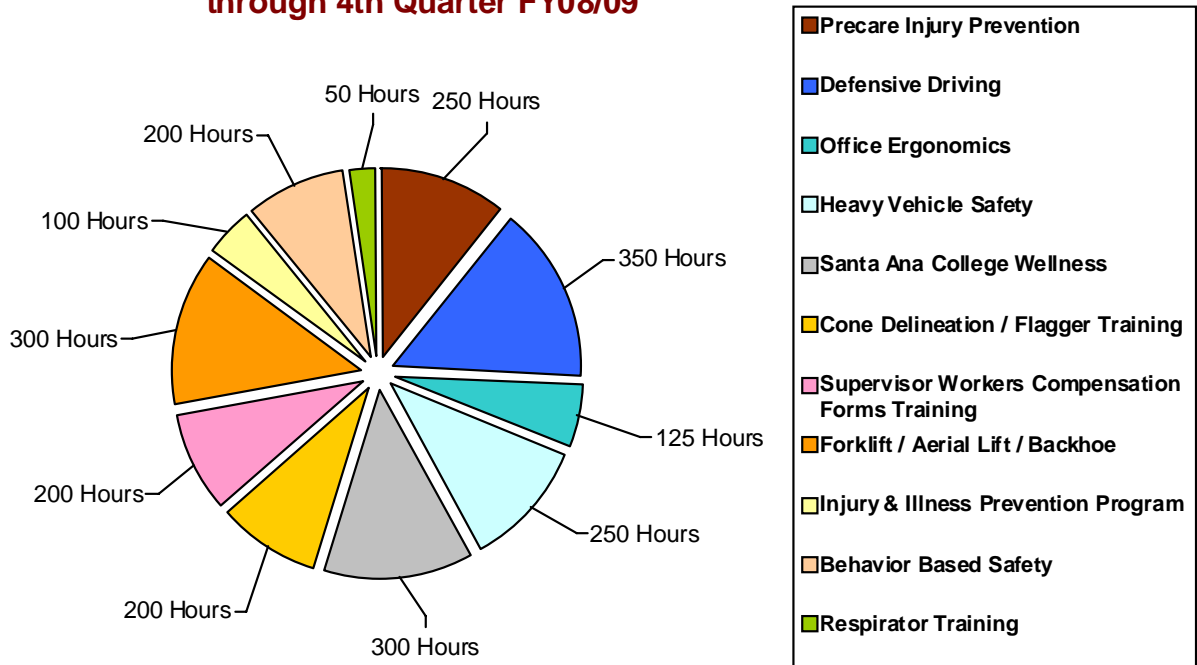
4th Quarter Workers' Comp Claim Expenditures by Fiscal Year



Risk Control Update

Risk Management tracks and measures the number of hours and the effectiveness of employee safety training provided in-house and through vendors.

Employee Safety Training Hours by Type through 4th Quarter FY08/09



Key safety training during the 4th quarter of FY 08/09 included:

1. Behavior based safety keying off of the City's "We Do the Right Thing Right" program promoting "sustainable employees" in the workforce including employees from CMD, CCS, and Public Works.
2. Respirator training and fit testing was conducted for Water Resources Arcadia Treatment Facility employees for full face piece masks.