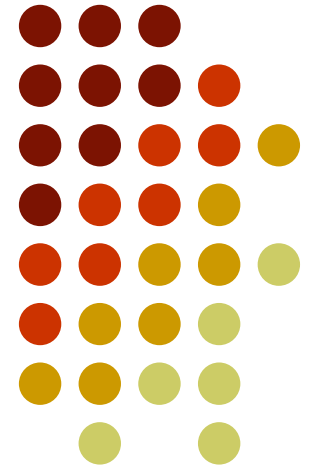
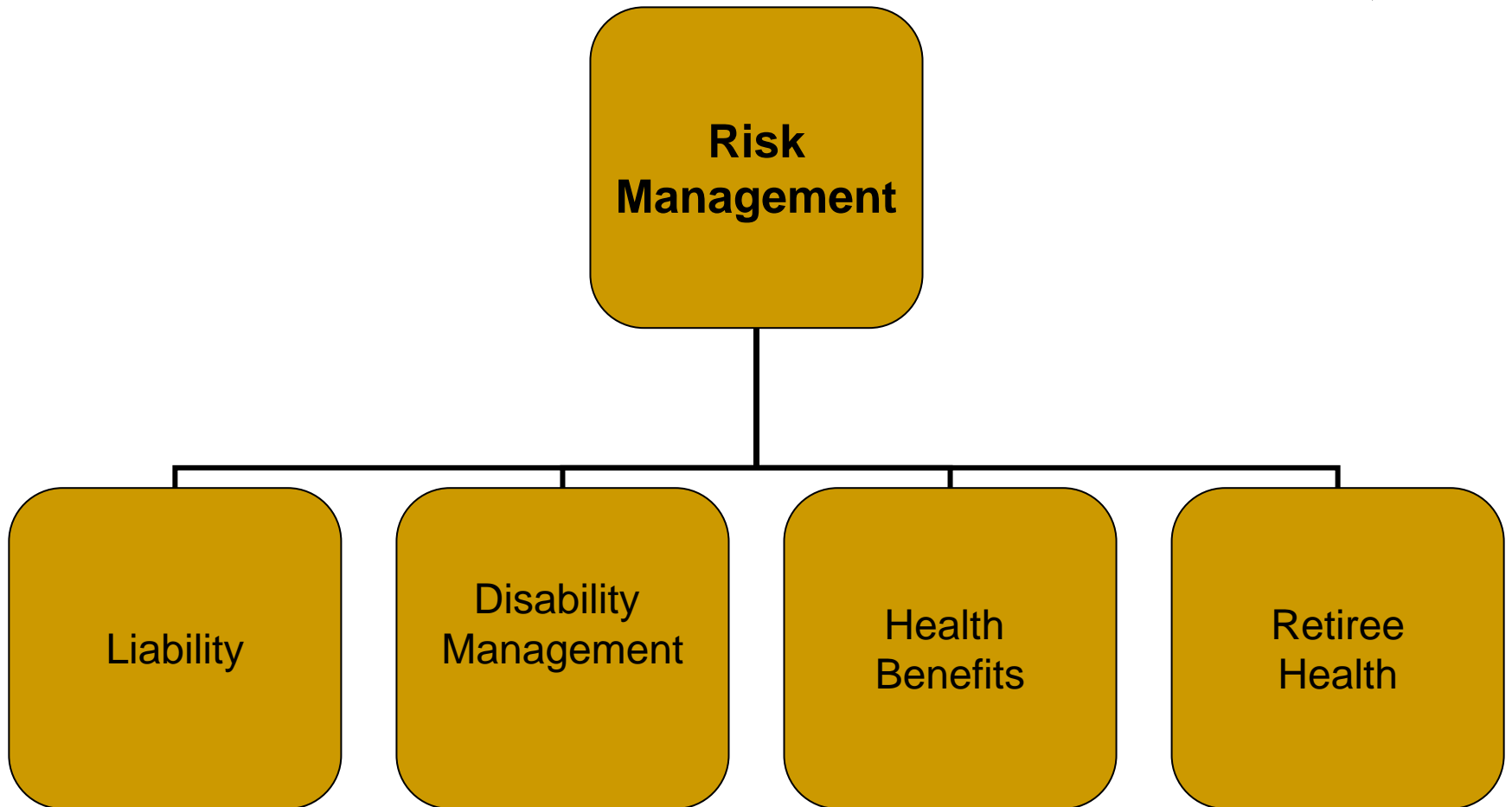


Risk Management

Overview of
General Liability
Workers' Compensation and
Health Plan

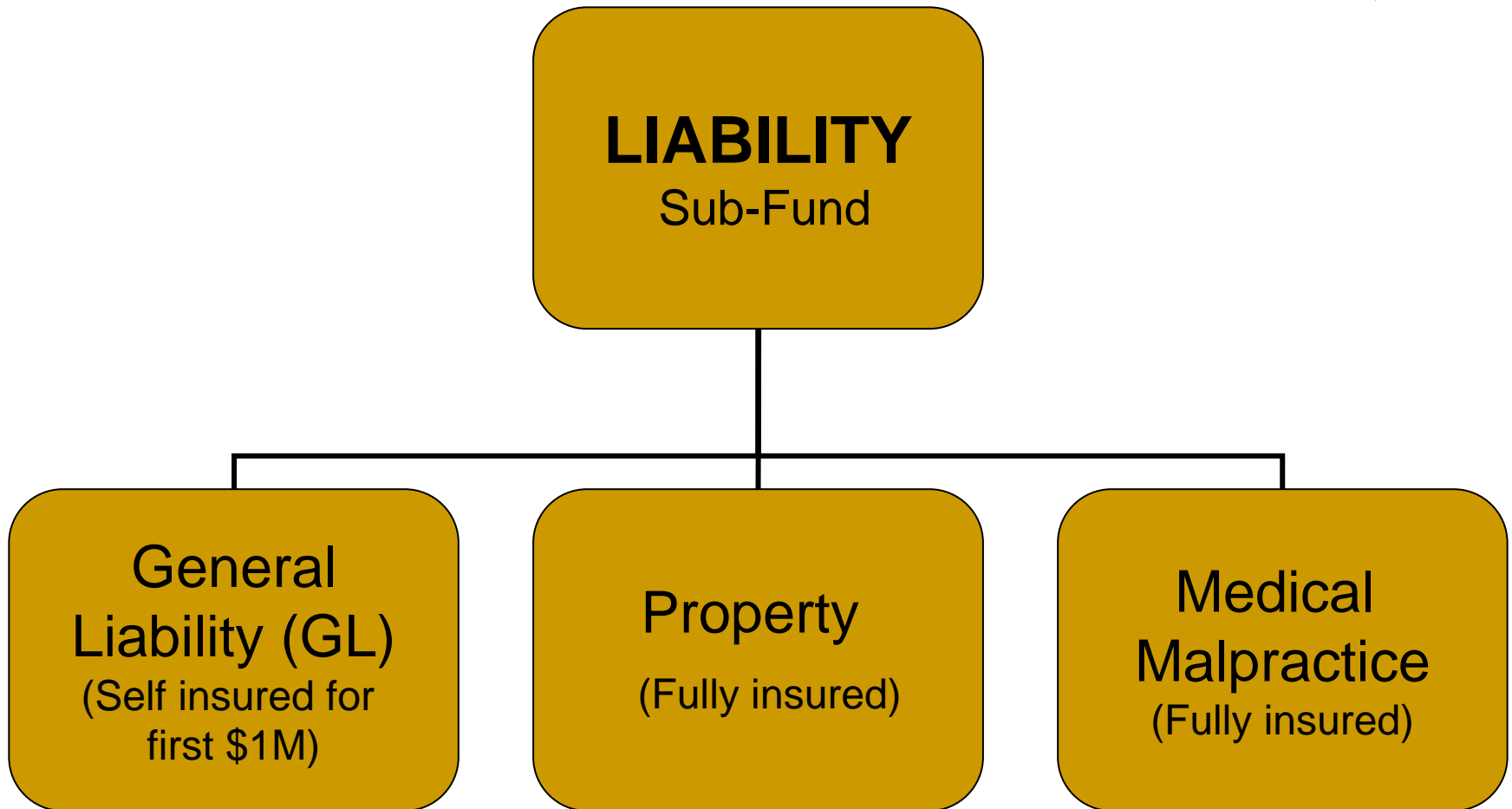


Risk Management Programs





Liability Sub-Fund Programs



General Liability



History

- **1980:** EDC begins its self-insured liability program. Excess coverage is secured.
- **1985-1992:** Program is entirely self-funded (no excess coverage).
- **1992-current:** Excess coverage provided by CSAC –EIA with deductible of \$1,000,000 per claim.

General Liability



Annual Process for Determining Funding Level

- Claims administrator (George Hills Company) provides liability claims history to actuary (Bickmore Risk Services).
- Actuary analyzes claims history as well as trends and development.
- Actuary provides funding recommendations at various confidence levels.
- On April 7, 2009 the Board established a policy to Fund Loss Reserve at 70% Confidence Level.



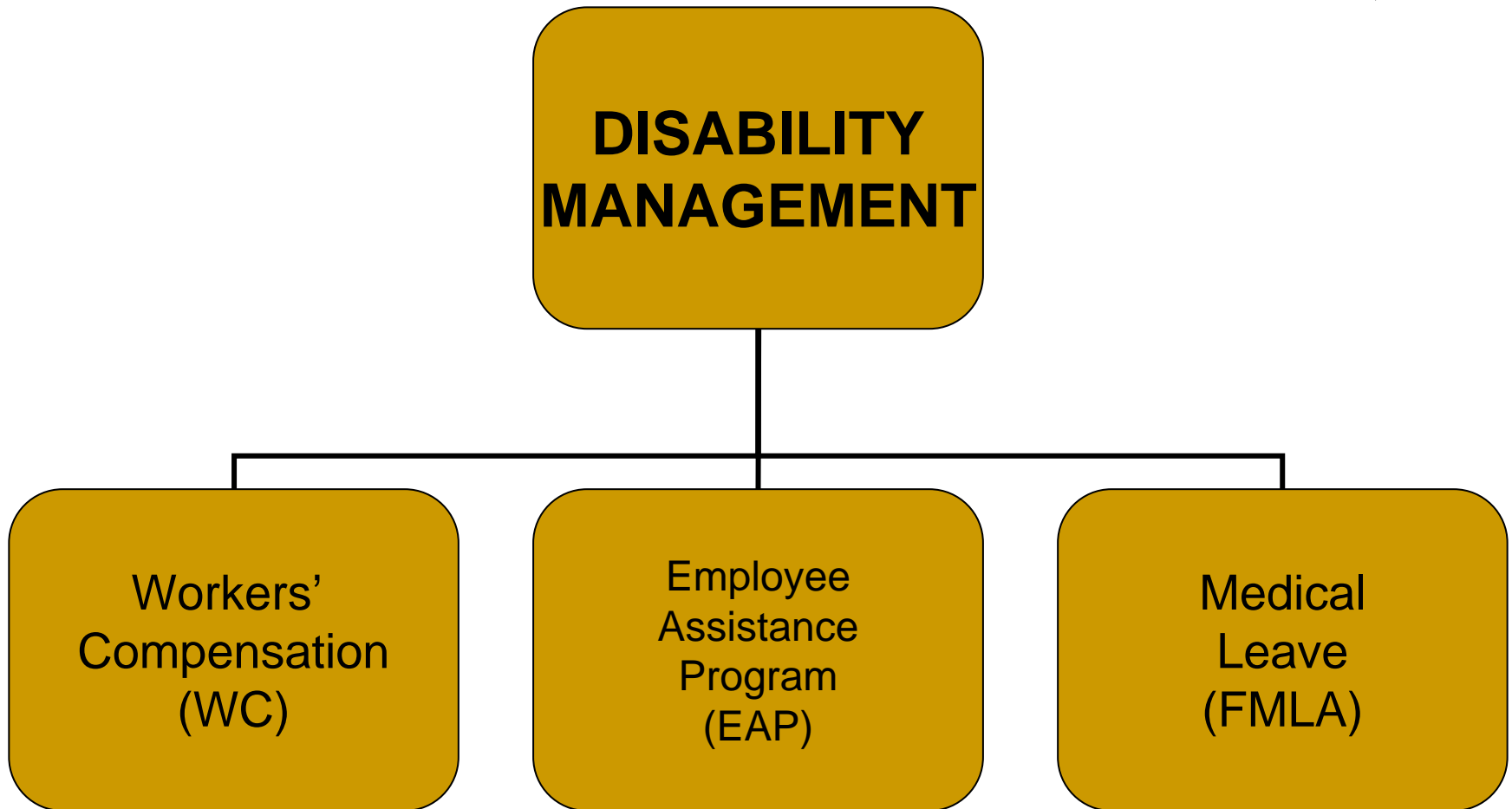
General Liability – FY 09/10 Funding

To achieve funding at the 70% confidence level as of June 30, 2010 the County's FY 2009-10 contribution should total \$4,369,000, including \$2,192,000 for claims and loss adjustment expenses, \$1,396,000 for non-claims related expenses, and \$390,500 towards the June 30, 2009 deficit at the targeted 70% confidence level.

EI Dorado County Self-Insured Liability Program Funding Guidelines for FY 2009-10

	Expected	Marginally	Recommended Range			Conservative 90% CL
		Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$1,876,000					
ULAE	171,000					
Investment						
Income Offset	(205,000)					
Discounted Loss and LAE	\$1,842,000	\$2,192,000	\$2,374,000	\$2,590,000	\$2,862,000	\$3,227,000
Non-claims Related Expenses	1,396,000	1,396,000	1,396,000	1,396,000	1,396,000	1,396,000
(Surplus)/Deficit at 6/30/09 Over 2 yrs	80,000	390,500	534,000	701,500	910,000	1,186,500
Indicated Funding	\$3,318,000	\$3,978,500	\$4,304,000	\$4,687,500	\$5,168,000	\$5,809,500

Disability Management Programs



Workers' Compensation (WC)



History

- 1978: EDC begins its self-insured WC program, fully-funding all claims (no excess coverage).
- 1986: Excess coverage secured on open insurance market.
- 2002-current: Excess coverage secured through CSAC-EIA with deductible of \$300,000 per claim.



Workers' Compensation

Annual Process for Determining Funding Level

- Claims administrator (Bragg & Associates) provides up-to-date WC claims history to actuary (Bickmore).
- Actuary analyzes claims history as well as trends and development.
- Actuary provides funding recommendations at various confidence levels.
- On April 7, 2009 the Board established the policy to Fund Loss Reserve at 70% Confidence Level



Workers' Compensation FY 09/10 Funding

Assuming a one-year funding plan, the table below shows our actuarial's funding recommendations for EI Dorado County for the FY 2009-10. This plan would bring program assets back to the desired confidence level by June 30, 2010.

**EI Dorado County
Self-Insured Workers' Compensation Program
Loss and LAE Funding Guidelines for FY 2009-10
Amortized Over Two Years**

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,685,000					
ULAE	288,000					
Investment Income Offset	(470,000)					
Discounted Loss and LAE	\$2,503,000	\$2,871,000	\$3,026,000	\$3,206,000	\$3,429,000	\$3,727,000
Non-claims Related Expenses	1,196,000	1,196,000	1,196,000	1,196,000	1,196,000	1,196,000
(Surplus)/Deficit at 6/30/09 Amortized Over 2 YRS	(1,840,000)	(1,297,000)	(1,077,000)	(815,000)	(504,000)	(89,000)
Indicated Funding	\$1,859,000	\$2,770,000	\$3,145,000	\$3,587,000	\$4,121,000	\$4,834,000



El Dorado County Health Plan

Health Plan
Employees
& Retirees

Blue Shield
Self Funded

Kaiser
PacifiCare
(Fully insured)

Health Plan



Process for Determining Funding Level

- Claims administrator provides up-to-date Health claims history to actuary (AON).
- Actuary analyzes claims history as well as trends and development of blended Health Rates
- Actuary provides funding recommendations, discussed at Health Insurance Advisory Committee
However, actual rates are determined through the meet and confer process

Retiree Health



- On March 2, 2009 the Board made the policy decision to fund retiree health on a pay as you go basis. A contribution of \$1.5 Million has been established for FY 2009/2010.
- Approximately, \$17 million are set aside for retiree health benefits.

Moving Forward



- On April 7, 2009 the Board provided direction for the FY 2009/2010 funding levels of General Liability and Workers' Compensation programs;
- Upon the closure of FY 2008/2009 Risk Management will begin working on the actuarial report for FY 2010/2011
- Risk Management should report back to the Board February or March of 2010 for FY 2010/2011 adoption of funding levels, and open a discussion on the internal allocation methodology of the programs.