



Date: October 26, 2015
To: Risk Management Committee
From: Jim Hill, PLAN Risk Management Officer
Subject: **ABAG PLAN Performance Highlights - Frequency and Severity Analysis**

Action Required

This report is for information only. No action required.

Overview

ABAG PLAN program performance continues to improve from a frequency and severity perspective. Claim frequency is being driven by police claims, followed closely by public works (street, sidewalk, storm/water and sewer) and tree related claims. Claim severity is similar in terms of distribution with the exception of an increase in severity in Parks/Recreation/Sr Center open GL/AL claims.

Data for the frequency and severity analysis is derived from the **PLAN Management Data Report; All Members** valued as of June 30, 2015. Data for FY2015/2016 has yet to ripen and is excluded from the analysis.

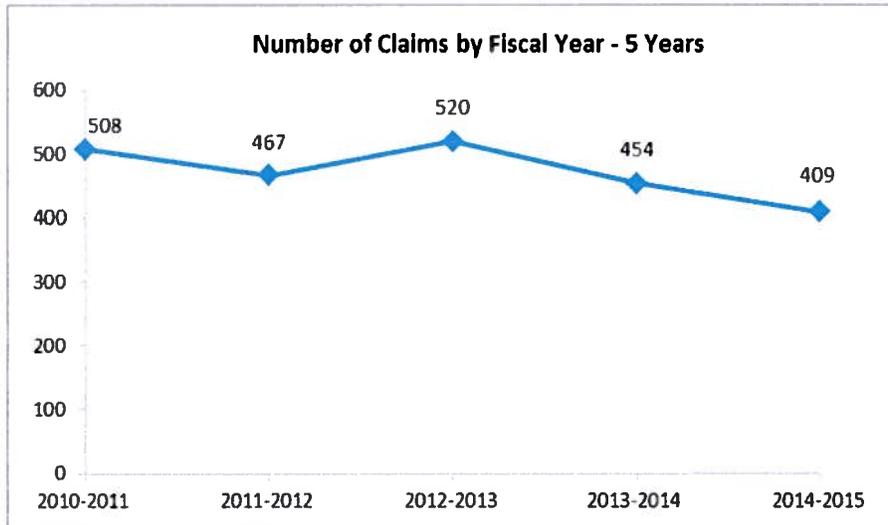
The analysis of claims by origin (department) and causation focuses on currently open General and Auto Liability claims. The data for this portion of the analysis is derived from an MDR Extract (adhoc) and is available for review by the committee upon request.

Staff will report under separate cover all PLAN Safety/Loss Control activities (Best Practices) supporting our Risk Management strategy to reduce the overall frequency of PLAN claims.

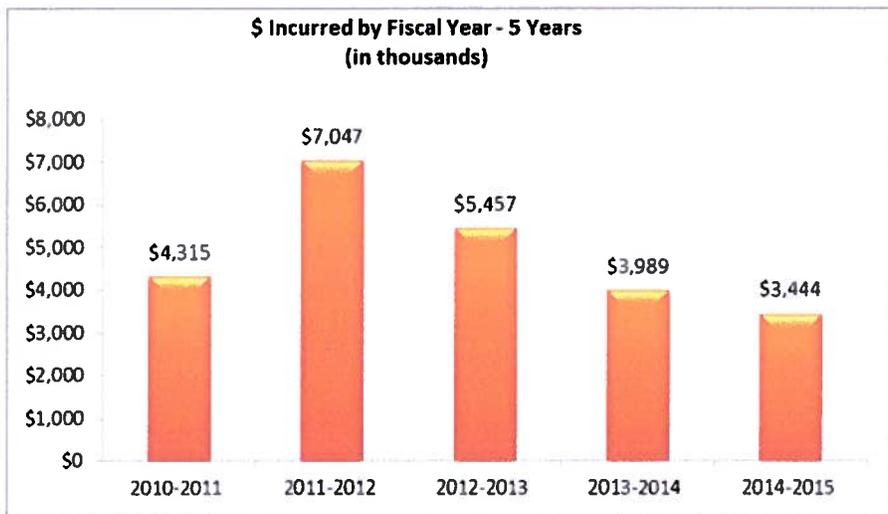
Claim Frequency and Severity

PLAN claim frequency (annual number of claims incurred) for General Liability/Automobile Liability decreased 10% from the prior FY2013/14. The total number of GL/AL claims was 409 vs 454 in the prior FY.

The data reflects a two year downward trend (reversal) from the upturn experienced during fiscal year 2012/13.



Total incurred GL/AL claim values (net cost) are down 14% in FY 2014/15. Total incurred values were \$3.44 million versus \$3.99 million in the prior FY. The average annual incurred GL/AL claim value dropped to \$8,421 (down 4%) from the preceding fiscal year. The continuing decline in the average GL/AL claim value is a very positive indicator.

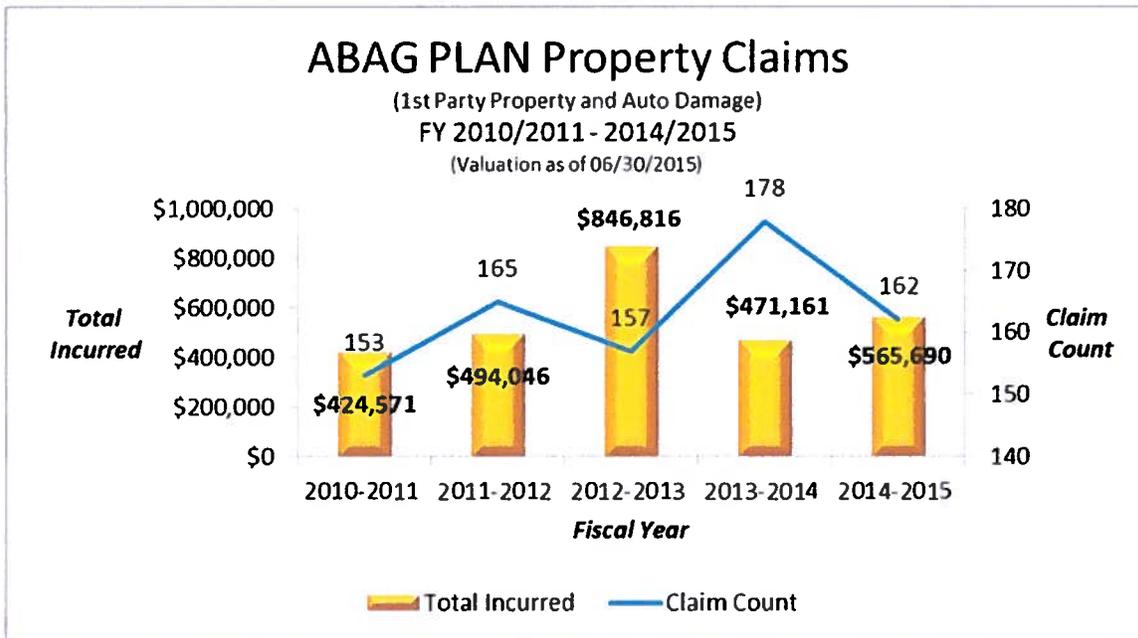


PLAN claim frequency (number of claims incurred) for Property decreased 9% in FY 2014/15. The total number of Property claims was 162 versus 178 the prior FY. Property claims frequency is down; however, claim frequency continues to be very cyclical (up and down) over the past five years.

Total incurred Property claim values (net cost) increased 20% from in FY 2014/15 despite the decrease in claim frequency. Total incurred values were \$565,690 versus \$471,161 during the prior FY. Average annual incurred property claims were \$3,492 (up 32%) as compared to \$2,647 in the prior FY.

PLAN claims severity for property has reversed course and is on an upward trajectory. We have had 3 claims breach our XS insurance layer this fiscal period (\$100,000). The upward trend will be monitored closely. We will continue to aggressively pursue all subro/salvage/miscellaneous recovery opportunities. PLAN is also well positioned to seek recoveries from XS carriers due to the Stop Loss Aggregate feature.

ABAG PLAN Performance Highlights - Frequency and Severity Analysis (cont.)



Claim Analysis by Origin (Department) – All Open Liability (GL/AL)

PLAN General Liability/Auto claim frequency is being driven by the following departments/areas. The following rankings are by the number of open claims in each department/area as a percentage of all open PLAN GL/AL claims. Only the top six categories are shown.

Ranking	Department	# of Claims	% of Total # (*)
1	Police	75	19.5
2	Street	74	19.3
3	Sidewalk	55	14.3
3	Storm/Water	55	14.3
5	Tree	51	13.3
6	Sewer	28	7.3

***384 Total Open GL/AL claims as of 6/30/2015.**

88% of PLAN open GL/AL claims fall into these five categories. PLAN continues to experience a high frequency of Police, Public Works (street, sidewalk and storm/water) tree and sewer claims.

From a claim cost standpoint, our analysis reveals the following. The rankings are by the cost of claims (net incurred) in each department/area as a percentage of the cost of all open PLAN GL/AL claims. Only the top six categories are shown.

Ranking	Department	Incurred Claim \$	% of Total \$
1	Police	\$3,542,466	29
2	Sidewalk	\$2,824,700	23
3	Storm/Water	\$2,384,946	20
4	Street	\$2,122,903	17
5	Park/Rec/Sr Svc	\$ 673,868	5
6	Tree	\$ 322,758	3

**** Total All Open GL/AL claims as of 6/30/2015 = \$12,272,228.**

ABAG PLAN Performance Highlights - Frequency and Severity Analysis (cont.)

97% of PLAN incurred values on all open liability claims are being driven by the above six categories. Park/Rec/Sr Svc has overtaken Sewer in the top six ranking for cost/severity. These categories represent the bulk of PLAN current claim cost expenditures in the Liability Claim fund.

Ranking	Department	Avg Open Incurred
1	Park/Rec/Sr Svc	\$134,774
2	Street	\$124,876
3	Sidewalks	\$122,813
4	Police	\$122,154
5	Storm/Water	\$119,247
6	Tree	\$107,586

Further analysis reveals these six categories have a high incurred value per claim significantly impacting PLAN claim severity given the distribution noted above. Of note is the fact Park/Rec/Sr Svc have taken over the number one ranking in average incurred claim value despite the fact there are only five open claims. As a precautionary measure, this trend is being further analyzed as concerns are heightened given the fact seniors have a higher propensity for pre-existing conditions resulting in increased bodily injury ("eggshell" plaintiffs).

The average incurred claim value shown for all open claims varies from the "average annual incurred" values given the fact the open claim data is not limited to annual claim counts and annual incurred claim values. The more complex claims have a longer duration (claim timeline) and several large claims have been open for multiple years. As noted above, the total incurred value of all open GL/AL claims is \$12.3 million as of the close of the fiscal year 2014/15.

From a claim cause perspective, PLAN police claims typically contain multiple causes of action with the leading cause being constitutional rights violations, use of force and false imprisonment. We are seeing a noticeable increase in bike collision and ground surface hazard accidents. Street/Sidewalk claims are primarily related to roadway design/street repair, collision pedestrian/bike and curbs/sidewalk dangerous conditions.

Weather (storms, wind and drought) have had an impact on PLAN storm water and tree related claims. Members are being compelled to analyze storm water system capacity based on the severe weather patterns (winter storms) we have experienced recently. Hydrology studies have been conducted in high frequency areas with abnormal flood exposure. Tree maintenance issues (unsafe condition) are a common cause related to PLAN tree claims. Aging sewer infrastructure in some PLAN jurisdictions has created significant challenges managing sewer error or failure (backups).

Summary

PLAN Loss Frequency and Severity claim indicators have been identified through our review of the PLAN MDR data. There is general consistency in trends by cause and origin. Rankings for all PLAN members by department/origin are available to committee/board members upon request.

PLAN Staff and PLAN loss control consultants continue to work closely with member agencies in developing specific plans to address loss frequency areas, as well as, identify member risk management priority areas. PLAN encourages each member to utilize the MDR report as a planning tool. Each PLAN member is being asked to review the MDR report annually with the PLAN loss control consultant and PLAN Risk Management team during the planning process. Adhoc analytical reports are available to members upon request.

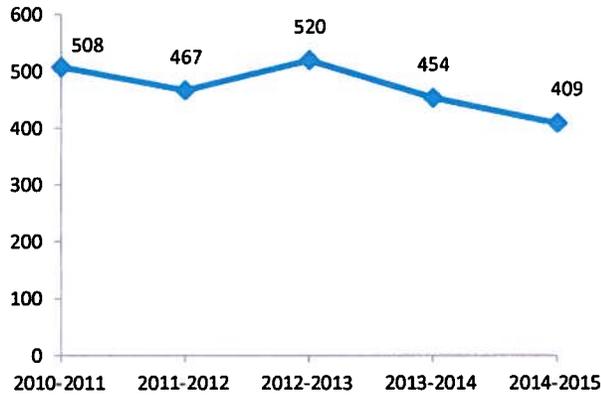
ABAG PLAN Performance Highlights - Frequency and Severity Analysis (cont.)

Management and compliance with Sewer Best Practices (SSO's/SSMP's) continue to be in the forefront of our strategic planning. Urban Forest Best Practices are also a focal point given the extreme climate change implications (drought) and noted frequency of tree claims. The ongoing review and assessment of member adherence to defined best practices in both of these areas is a high priority. Additional consultation in Sewer Loss prevention is available to applicable members as part of the RM Assessment program.

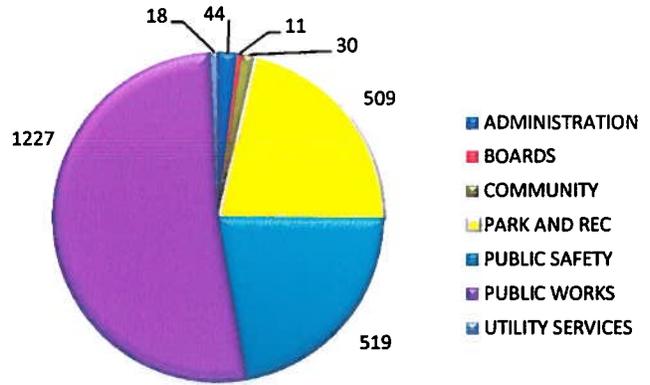
The ABAG PLAN Annual Sewer Summit and Urban Forest Conferences continue to be very important in terms of educational forums and practical risk management guidance for our members. The programs continue to be well received and attendance is high. We will continue to encourage all members and associated staff to attend these conferences annually.

ABAG PLAN Management Data Report: All Members

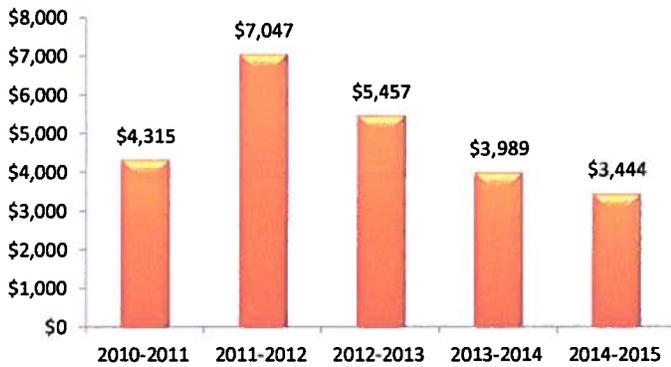
Number of Claims by Fiscal Year - 5 Years



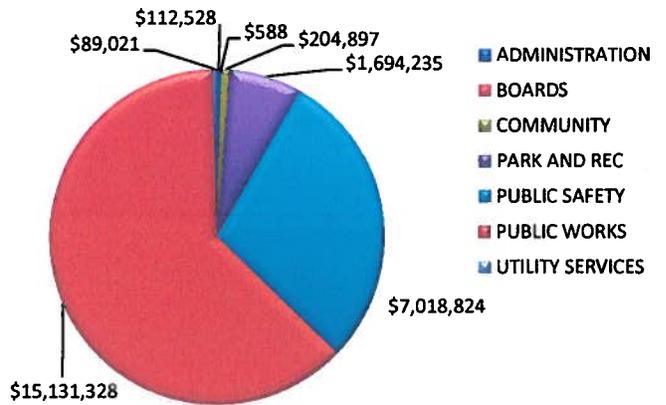
Number of Claims by Department - 5 Years



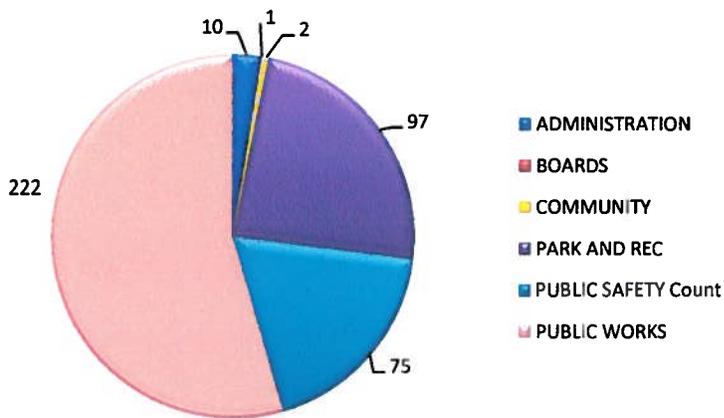
\$ Incurred by Fiscal Year - 5 Years (in thousands)



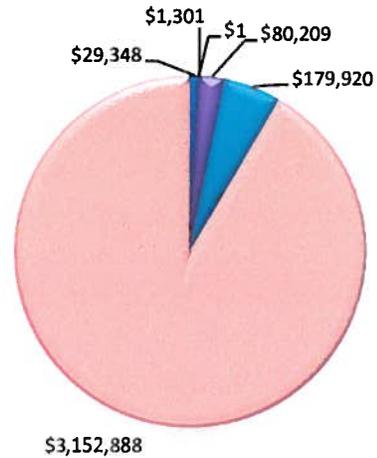
\$ Incurred by Department - 5 Years



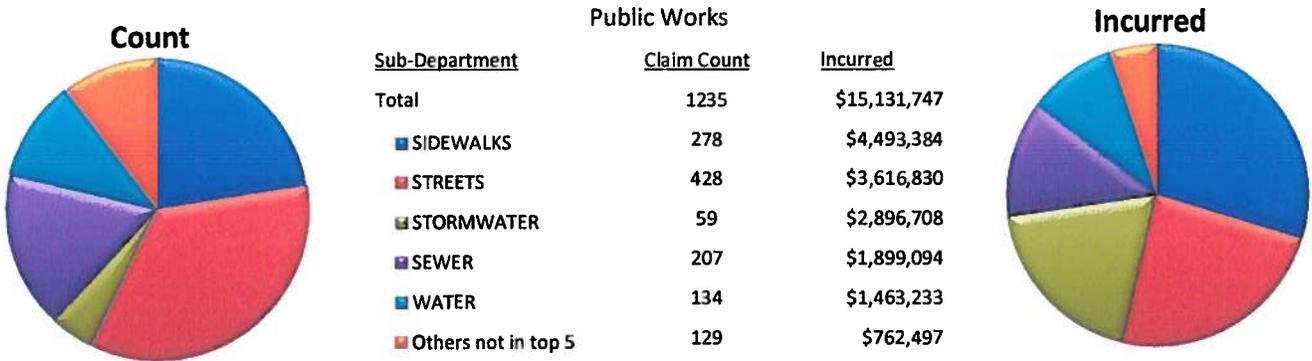
Number of Claims by Department - 2014-2015



\$ Incurred by Department - 2014-2015



ABAG PLAN Management Data Report: All Members



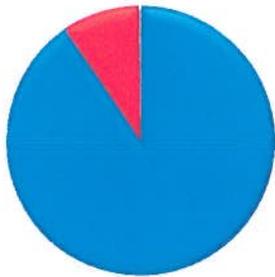
		Count	Incurred
■	Sidewalks	278	\$ 4,493,384
	Curbs/sidewalks hazards	228	\$ 4,136,464
	Causes <10% of Count and Incurred	50	\$ 356,920

		Count	Incurred
■	Streets	429	\$ 3,616,747
	Collision Pedestrian/Bike	21	\$ 1,692,875
	Unsafe condition	2	\$ 410,000
	Roadway/street repair	108	\$ 207,944
	Causes <10% of Count and Incurred	298	\$ 1,305,928

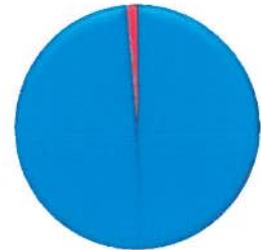
		Count	Incurred
■	Stormwater	64	\$ 2,896,708
	Flood control: error/failure Total	21	\$ 1,255,053
	Rain/fog/flooding Total	23	\$ 1,223,126
	Causes <10% of Count and Incurred	20	\$ 418,529

ABAG PLAN Management Data Report: All Members

Count



Incurred

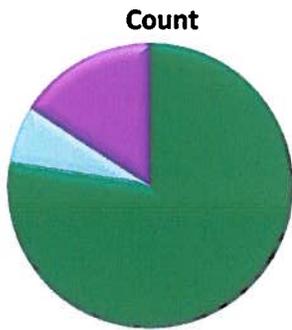


Public Safety

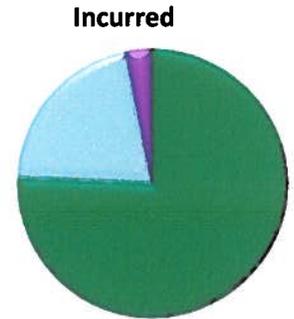
Sub-department	Count	Incurred
Total	521	\$ 7,018,824
Police	472	\$ 6,929,432
Fire	48	\$ 89,392
Others not in top 5	1	\$ -

	Count	Incurred
Police	472	\$ 6,929,432
Use of force	44	\$ 1,404,427
Loss of control	4	\$ 1,154,943
Constitutional rights violated	25	\$ 902,096
Intersection accident	16	\$ 745,109
False arrest or imprisonment	48	\$ 641,770
Causes <10% of Count and Incurred	325	\$ 2,081,089
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	Count	Incurred
Fire	48	\$ 89,392
Grates/covers/lids unsafe	1	\$ 35,000
Unsafe backing	8	\$ 14,865
Struck stationary object	6	\$ 8,611
Causes <10% of Count and Incurred	33	\$ 30,916

ABAG PLAN Management Data Report: All Members



Park and Recreation		
Sub-department	Count	Incurred
Total	457	\$1,233,983
■ Trees	354	\$933,358
■ Recreation	31	\$262,029
■ Others not in top 5	72	\$38,597

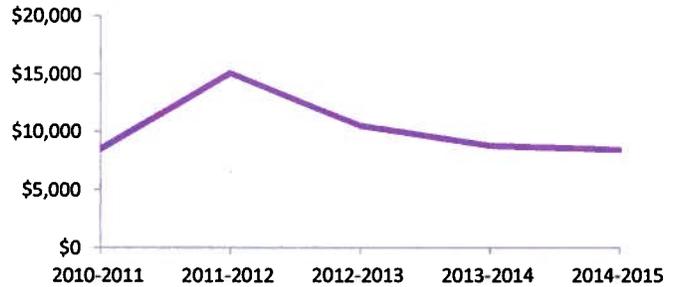


	Count	Incurred
■ Trees	354	\$ 933,358
Tree, unsafe condition	348	\$ 925,168
Causes <10% of Count and Incurred	6	\$ 8,190

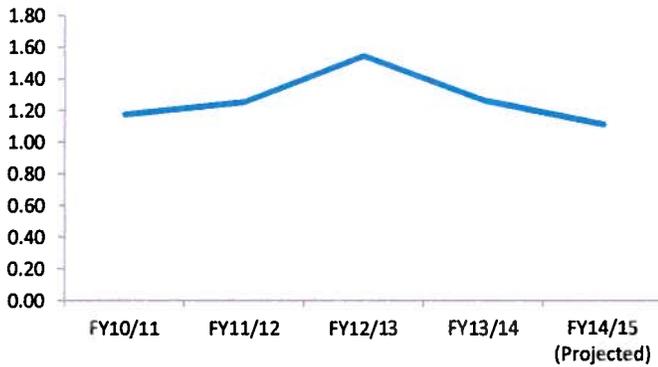
	Count	Incurred
■ Recreation	31	\$ 262,029
Bodily Injury (BI)	4	\$ 230,000
Athletic program injury	10	\$ 11,406
Causes <10% of Count and Incurred	17	\$ 20,622

ABAG PLAN Management Data Report: All Members

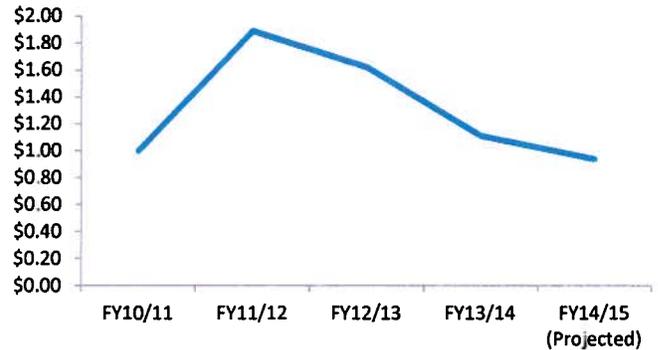
Avg Incurred per Claim



Claims per \$1 million Payroll



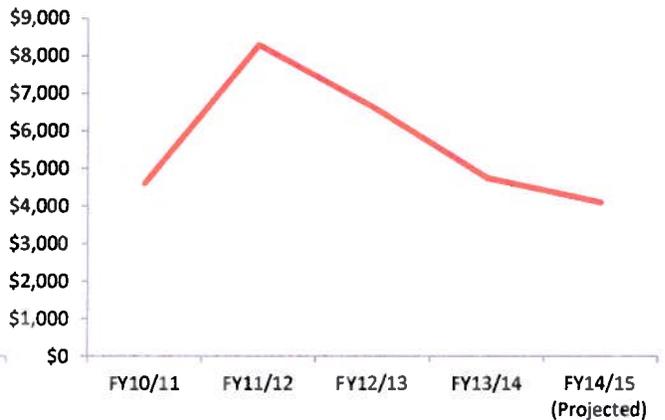
Severity Rate (Incurred per \$100 payroll)



Claims per 1,000 Population



Incurred per 1,000 Population



ABAG PLAN

1st Party Property Claims : All Members

