

CAPISTRANO BAY DISTRICT
AGENDA REPORT
March 1, 2016

Financial Reports

ITEM 7a

Correction to Financial Notes in FY15 Audit re: 'Self-Insurance'

This year the District's auditor had mistakenly carried over an outdated note under the Risk Management Section that referred to the District's 'Self-Insured' General Liability Insurance. The District no longer participates in the self-insurance program for GL insurance and carries liability insurance through a private Philadelphia policy. However, it continues to joint-venture with other California Special Districts in a 'self-insurance' program for Workers' Compensation insurance.

The correction has been made in the final audit document of which page 20 is attached to indicate where the revision was made.

**It's worthwhile to note here that the exclusive California Special Districts group that we are a member of maintains a much lower level of work-related accidents and therefore our workers comp rates are typically lower. Larger pools like State Fund insure most general construction operations in California where all participants share in the excess costs caused by poorly-managed worksite safety programs that have higher than normal accident histories.

Experience Modification Factor - EMOD

The District's accident history is zero and because of this we are rewarded with an EMOD rate of 81% this coming year (our rate has averaged about 85% over the years). What this means is that we only pay 81% of the standard rates set by the Insurance Rating Bureau. Compare this to members in State Fund or any agencies with high accident histories and their EMOD rates can be up to 300% or three times the standard rates. Anyone who has to pay workers comp bills each month will instantly recognize that an EMOD of 81% is lower than most in the industry and is directly due to a zero accident history and a good worksite safety environment and culture.