

Handout - Workers' Compensation Program Committee Meeting - June 20, 2024

ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

WORKERS' COMPENSATION PROGRAM

EXPECTED REVENUE/EXPENSE & FUNDING REQUIREMENTS COMPARISON

As of April 30, 2024

OPTION 4 - 5% Decrease

		Policy Year 7/1/2022-23 Budget	Policy Year 7/1/2022-23 Actual	Policy Year 7/1/2023-24 Budget	Policy Year 7/1/2024-25 Projection	% Change from 7/1/2023-24 7/1/2024-25
REVENUE:						
1	Deposit Premiums Earned (Note 1)	\$ 13,883,030	\$ 15,006,534	\$ 14,775,933	\$ 15,491,508	4.84%
2	Retrospective Premium Adjustment	(2,526,235)	(6,180,539)	(5,625,857)	(5,901,040)	4.89%
3	Net Investment Income	2,516,302	330,586	4,831,856	5,032,113	4.14%
4	Total Revenue	<u>\$ 13,873,097</u>	<u>\$ 9,156,581</u>	<u>\$ 13,981,932</u>	\$ 14,622,581	4.58%
0						
EXPENSES:						
5	Paid Claims and Claims Reserves	\$ 8,804,600	\$ 6,611,000	\$ 8,469,500	\$ 8,570,400	1.19%
6	Purchased Excess Insurance	651,297	623,972	658,552	702,105	6.61%
7	General & Admin. Expenses	4,417,200	1,921,609	4,853,880	5,350,075	10.22%
8	Total Expenses	<u>13,873,097</u>	<u>9,156,581</u>	<u>13,981,932</u>	14,622,581	4.58%
9	CONT. TO CAT. RESERVES:	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	N/A
10	Number of Program Members	202	204	204	208	1.96%
11	Payroll	\$ 715,820,079	\$773,125,728	\$763,019,596	\$840,238,099	10.12%
12	Ratio of Incurred Losses to Payro	1.23	0.86	1.11	1.02	-8.11%
13	Ratio of Deposit Premium to Payroll	1.94	1.94	1.94	1.84	-4.79%
14	District RAPs	\$250 - \$25,000	\$250 - \$25,000	\$250 - \$25,000	\$250 - \$25,000	
15	Pooled Layer	RAP to \$2M	RAP to \$2M	RAP to \$2M	RAP to \$2M	
16	Program Limits	\$2,000,000 Employer Liability and Statutory Limit on Work Comp	\$2,000,000 Employer Liability and Statutory Limit on Work Comp	\$2,000,000 Employer Liability and Statutory Limit on Work Comp	\$2,000,000 Employer Liability and Statutory Limit on Work Comp	

CALCULATIONS - Workers' Comp Program

Line #

- 1 Deposit Premium - See (Note 1)
- 2 RPA - Calculated to balance budget
- 3 Interest Income - 5.0%
- 5 Claims Expense - Actuarially generated Loss Rate times payroll / 100
- 6 Excess Insurance - Excess Rate times payroll / 100
- 7 G&A Expenses - 36% of Annual Budget (\$14,861,320)

<u>VARIABLES</u>	<u>PROJECTION</u> <u>7/1/2023-24</u>	<u>PROJECTION</u> <u>7/1/2024-25</u>
PAYROLL	\$763,019,596	\$840,238,099
LOSS RATE/\$100 OF P/R	\$1.1100	\$1.0200
EXCESS RATE/100 OF P/R	\$0.0821	\$0.0800

Interest Earning Calculations

7/1/2023-24

Claims Payment Pattern	Unpaid Losses	Annual Interest Earnings	Future Value	
		5.00%		
	14,117,381			12
19.4%	11,378,609	637,400	1,090,170	11
21.4%	8,357,490	493,402	803,701	10
13.6%	6,437,526	369,875	573,798	9
7.9%	5,322,253	293,994	434,364	8
7.5%	4,263,449	239,643	337,201	7
4.6%	3,614,050	196,937	263,915	6
4.0%	3,049,354	166,585	212,609	5
2.8%	2,654,068	142,586	173,314	4
2.4%	2,315,250	124,233	143,815	3
1.9%	2,047,020	109,057	120,235	2
14.5%	0	51,176	53,734	1
FV OF ANNUAL EARNINGS			4,206,856	
CAT FUND CONTRIBUT		0		
Interest Earnings			0	
CAT FUND		0		
Interest Earnings			625,000	
TOTAL INTEREST EARNINGS			<u>4,831,856</u>	

7/1/2024-25

Claims Payment Pattern	Unpaid Losses	Interest Earnings	Future Value	
		5.00%		
	14,789,402			12
19.4%	11,920,258	667,742	1,142,065	11
21.4%	8,755,326	516,890	841,959	10
13.6%	6,743,967	387,482	601,112	9
7.9%	5,575,605	307,989	455,040	8
7.5%	4,466,399	251,050	353,253	7
4.6%	3,786,087	206,312	276,478	6
4.0%	3,194,511	174,515	222,730	5
2.8%	2,780,408	149,373	181,564	4
2.4%	2,425,462	130,147	150,661	3
1.9%	2,144,463	114,248	125,959	2
14.5%	0	53,612	56,292	1
FV OF ANNUAL EARNINGS			4,407,113	
CAT FUND CONTRIB		0		
Interest Earnings			0	
SIEF		0		
Interest from CAT Fund			625,000	
TOTAL INTEREST EARNINGS			<u>5,032,113</u>	