

Innovative programs, personalized service

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Hartley Cemetery District

Reclamation District 407

Reclamation District 563

Reclamation District 1002

Reclamation District 2067

Celebrating a Milestone

**We just added our
200th member!**

Greetings!

Scott Schimke, Risk Manager (sschimke@gsrma.org)



*Scott Schimke
Risk Manager*

Normally in our spring newsletter, I make it a point to discuss actuarial studies, contribution amounts, dividends and any major programs being introduced in the coming year. These

are all very important items as we approach the beginning of a new fiscal year and are addressed later in this newsletter by our Director of Finance, Rick Krepelka.

However, given the recent catastrophic events in Japan, I prefer to discuss planning for disaster and disaster recovery.

I hope that all of our members invest some time in disaster planning and, ideally, follow a regular schedule of reviewing and updating their disaster plan. An important part of a disaster plan is how to pay for recovery from a disaster, be it large or small.

We assist with this area of our members' planning by providing

them extremely broad coverage with exceptionally high limits. However, over the years I have been asked by potential and existing members: "Why do I need so much insurance coverage?"

My response is always, "How high is up?" One never knows how much coverage you need until you do not have enough. For example, after Japan was hit by a tsunami caused by a 9.5 magnitude earthquake near Chile – the strongest earthquake in over 100 years-they built sea walls around their nuclear power plants to guard against any future tsunami damage. However, thinking that such a powerful earthquake could never happen again, they built the wall to be able to withstand a tsunami cause by a 7.5 earthquake. The recent catastrophe in Japan was caused by a 9.0 earthquake.

GSRMA's philosophy has always been to secure enough coverage to address our members' maximum exposure as long as the cost of the upper limits is fiscally reasonable. Even small entities can incur staggering losses. Think of a multiple death accident caused by a member employee or maybe

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Membership Matters

Dan Berry, Member Services Director (dberry@gsrma.org)

Workers' compensation coverage for volunteers is a subject that has arisen often with Golden State Risk Management Authority (GSRMA) members. The California labor code defines who is considered an "employee", and who must be covered by a workers' compensation policy. Under most circumstances, volunteers to public agencies are not considered employees, and are therefore excluded from workers' compen-

sation coverage. An exception to this is volunteer fire fighters who are considered to be employees, and are therefore covered.

The labor code however allows coverage of public agency volunteers after adoption of a resolution by their governing board. If it is the desire of your agency to provide your volunteers coverage, you must adopt such a resolution

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Greetings! *(Continued from page 1)*

an explosion at a member facility that levels everything within a wide area. With inadequate limits, an entity could easily be saddled with unmanageable debt or even cease to exist.

As a member of Golden State Risk Management Authority, you are covered by \$50 million per occurrence under our General Liability program, up to statutory limits (that means, basically, unlimited) under our Workers' Compensation program, \$600 million per loss in our Property program, \$10 million bond coverage, \$10 million pollution coverage and more.

Our exceptional limits are possible because we belong to CSAC-EIA, one of the largest public excess insurance pools in California. We are able to participate in this large limit program at a very minimal cost for the additional coverage – a cost almost un-noticeable when

compared to the cost of having much lower limits.

We believe that these limits allow our members to operate without the fear that a mistake could result in an unrecoverable disaster – the kind of disaster that adequate disaster plans are designed to prevent. Recently, Boise County, in Idaho, filed bankruptcy due to a \$6.2 million judgment against it that was not covered by insurance. We believe that such a result would not be acceptable to our members. Therefore, we do our best to provide coverage that can help avoid such a situation.

In order to make sure that we have all the data we need to satisfy our re-insurance carriers and insure that they will cover a loss, we have to verify that your district's underwriting data, that is, the data related to your risks such as payroll, property values, exist-

ence of vacant lands, vehicles, employee counts, etc., is as accurate as possible. It may feel at times that we are continually asking underwriting questions of your district. But this is part of our disaster preparedness that we do for our members' sake. This is such an important part of what we do that we are in the process of implementing new software that should make it much more convenient for our members to maintain their information. We want to have current information in case a disaster – large or small – occurs.

So, relax and please enjoy your spring knowing that GSRMA is continually looking to protect you, your employees and your district from potential disasters. As always, the staff at GSRMA is here and available to you, our members.

Membership Matters *(Continued from page 1)*

for coverage to be in effect. If your agency utilizes volunteers in any capacity, this issue should be considered by your governing board whether or not you choose to provide this coverage. It is important that it is clear to your entity's management and volunteers if coverage is, or is not, provided.

There are a number of issues for your board to consider when making this decision. If you choose to provide workers' compensation coverage for your volunteers, GSRMA does not presently charge an increased contribution to do so. Your contribution could be affected if one of your volunteers is injured and a claim is paid. This could have a negative effect on your loss ratio which could potentially raise your agency's costs.

Workers' compensation is a "no-fault" system; the agency does not need to be negligent (at-fault) for the injured worker to receive benefits. Workers' compensation provides "exclusive remedy", in

other words, it is agreed and binding that the benefits provided by the workers compensation policy will cover the expenses incurred and no other legal action may be taken by either party.

It is important that it is clear to your entity's management and volunteers if coverage is, or is not, provided.

(There are limited exceptions to this). So, if a volunteer is injured while performing duties on behalf of the agency, and they are not covered by workers' compensation, they would need to take legal action against the agency to receive payments for an injury. Compensation would not be automatic and the volunteer would need to prove the agency was legally liable for the costs to receive payment.

Absent workers' compensation coverage, it may be much more

difficult for the injured volunteer to be compensated; but the potential exists for much higher costs should the public agency be found liable. The issue is: does your district want the no-fault workers compensation system with potential known costs and protection from lawsuits; or forego the coverage and pay only for injuries to volunteers that you are determined to be legally liable for? The answer to this may not be the same for every agency.

You should assess your agency's unique needs to determine how best to address this. If you have a great deal of uncertainty, it is advisable that you consult your legal counsel. We can provide you with sample resolutions if you wish to cover your volunteers under workers compensation and currently do not. If your agency has adopted a resolution and not provided GSRMA with a copy, we would ask that you please do so. If you would like to discuss this matter, do not hesitate to contact us.

More Training...Less Claims Mark Marshall, Safety Officer (mmarshall@gsrma.org)

Spring is upon us and the warm summer months will surely follow soon. Now is the time to remind your employees that safety training is more important than ever as their schedules get busier.

Golden State Risk Management Authority (GSRMA) has had an increase in workers' compensation claims in recent months and that concerns us. Since claims can quickly translate into higher rates to our members, it should concern you as well.

After evaluating these claims, it appears that many could have been avoided. Many of the injuries have been caused by employee lack of awareness of their environment and surroundings. I suggest that some of this is a result of stress, inattention and attempts to do too many tasks at one time (multi-tasking and taking short cuts).

In these challenging financial times, we are asking employees to do more with less. To accomplish this, employees tend to work faster, multi-task and sometimes take on jobs that they have not been trained to do safely. The result is an increase in the number of employee injuries.

Some of the injuries we see are simple things like sprained ankles from tripping on the carpet or bruises caused from running into doors.

Such things may seem silly but it is a sign of inattention and too much to do at one time. Stress is another contributing factor. If an employee is concerned about losing their job due to financial cuts or about having to learn a new job due to cover for a laid off co-worker, an employee may be distracted and not focusing on working safely.

While many injuries may seem minor, they can result in an employee being out of the workplace for a period of time which puts even more stress on the injured employee and more responsibility on the employees left to pick up the slack. Now, it is even more important to focus on safe working practices and proper job training. Our employees are our most important asset and we need to help them stay safe and healthy.

Golden State Risk Management Authority takes a very proactive attitude regarding workplace safety. We encourage our members to adopt a similar attitude. We provide you with many safety resources such as our Memberlink online safety training service as well as access to a Safety Officer that can deliver on-site safety training. Additional-

ly, our Safety Officer can "train the trainer" and develop, for one or more of your employees, the skills needed for them to provide a positive safety program internally.

With fewer resources, we must make it a priority to keep our most important resource, the employee, on the job. The first step is to make your safety program a priority that starts with top management and is considered a priority throughout your organization.

If there is anything we, at Golden State Risk Management Authority, can do to help with your safety program we are here for you. Our goal is to help you keep your employees safe and your cost of coverage down.

Until next time, BE SAFE!



DEALING WITH WORKPLACE STRESS QUIZ

- 1. Stress is always a bad thing.**
 - a. True
 - b. False
- 2. You reduce negative stress when you:**
 - a. Treat every problem as a crisis
 - b. Attempt to solve problems rather than worry about them
 - c. Yell at people who irritate you
- 3. Trying to control all situations will reduce stress.**
 - a. True
 - b. False
- 4. By getting professional help to deal with stress, you can:**
 - a. Prove you are incapable of handling your job
 - b. Get an excuse to leave work early
 - c. Learn techniques to prevent or deal with stress
- 5. Exercise can help reduce work-related stress because it:**
 - a. Makes you too tired to worry
 - b. Clears your head and relaxes your muscles
 - c. Lets you combine mental worry with physical effort

1. b. False. Brief periods of stress can give you extra energy and focus to deal with threatening situations. 2. b. Attempt to solve problems rather than worry about them. 3. b. False. 4. c. Learn techniques to prevent or deal with stress. 5. b. Clears your head and relaxes your muscles.

“Happy Birthday Orland Volunteer Fire Department!”

On Sunday, March 20, 2011, Orland Volunteer Fire Department (OVFD) celebrated 100 years of diligently protecting and serving the community of Orland, California. In the morning, the streets filled with on-lookers to celebrate this special event with a parade of new and classic fire vehicles from OVFD and surrounding sister fire departments. Following the parade they continued the celebration with vendors, exhibits, games for the kids, a muster and Firemans' Ball in the evening.

In its early history, Phill Noeragen was the first Fire Chief to serve at the newly established Fire Department in 1911. At that time, 22 recruits had to provide their own buckets to put out fires for the town's small population. In 1912, they obtained a hook-and-ladder pull cart and a chemical extinguisher. The Department didn't have a place of its own to call home until 1927 when a donation was made by Chief A.B. Sanford's wife to fund the construction of a permanent station. Today, this structure is shared between the City, Rural and Volunteer Fire Departments.

Currently, to serve a popula-

tion of approximately 7,420 area residents, OVFD's main fighting power is "Rescue 29," which was purchased in 1976. Rescue 29 is equipped to respond to medical emergencies, vehicle accidents and other rescue situations. The fire department now has 45 courageous volunteer firefighters who put their lives on the line every day for their community. In addition to fighting fires, the volunteers assist ambulance crews as first responders and offer assistance to local law enforcement.

The OVFD Board of Directors guides the financial and operational areas of the Department. Board President Robert Silveira, Secretary Phil Putnam and fellow Board Members Mike Schager Jr., Ed Lacque and J a c k Bucke currently provide this important oversight.



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If you ever have the opportunity to visit Orland, you may hear a sound bellowing from the fire station siren which starts loud, decreases in pitch then repeats itself. Though the firefighters themselves are alerted to calls by pager and radio, the siren can be heard for miles around as it alerts the community to watch out for the volunteers scrambling to answer the call and to the victims that help is on the way. The siren is not only used for fires but also any medical or public assistance calls that come through the department.

Orland Volunteer Fire Department is very much involved in the community with a variety of annual fundraising events to help assist with equipment purchases and supplies. The first Saturday in February means the annual Spaghetti Feed; March has the annual Firemans' Ball; and November hosts Ladies Night. All of these events require full participation by the volunteers to raise monies for the department.

After 9-11, the Department held a "Fill the Boot" fund raiser for the New York Firefighters 9-11 Relief Fund. With the help of the community, they raised \$20,000, which was hand delivered by Tony Zabala, a volunteer who had been with the department since 1986.

In 100 years, Orland Volunteer Fire Department has come a long way from the bucket bearing citizens of old to the well-trained and well-equipped volunteers that serve today.

To learn more about OVFD visit www.orlandfiredept.com.



Penalties? We don't want no stinkin' penalties!

Gale Hamon, Workers' Compensation Claims Administrator (ghamon@gsrma.org) and Cynthia Connelly, Claims Professional (cconnelly@gsrma.org)

If you are involved in your district's workers' compensation program in any way, you may have heard talk of the potential of penalties. Perhaps you wonder, as many do, just what these mysterious penalties are and from where they emanate.

Penalties are monetary punishment for not applying the California Labor Code correctly in the workers' compensation process. Some penalties have been around since the inception of the workers' compensation system and to those handling claims, they are the scourge of workers' compensation system.

As an employer in the State of California, your district can help reduce these penalties. Once an injury has been reported to MedCor, our nurse triage service, you will receive a faxed copy of the DWC Form 1. Provide a copy to the injured worker and indicate on your copy of the form the date you provided it to him/her. As soon as this is accomplished, fax or scan and email a copy to us so we can include it in our files.

This process is important as all timelines are keyed off of the employer's knowledge of claim and you

need to prove you provided this form within 24 hours of the claimed injury. Failure to comply can result in penalties of \$100 per failure to provide. This is enforced by the Administrative Director, Division of Workers' Compensation, California Department of Insurance.

Other penalties can result from late payments of temporary or permanent disability payments. Again, you can assist with assuring that there is no delay of payment in accepted claims. When the injured worker advises you that they will be off work for any length of time, ask them to provide you with a copy of the doctor's orders and forward that to GSRMA immediately. Temporary disability benefits will only be provided when a physician's directive removes the employee from work.

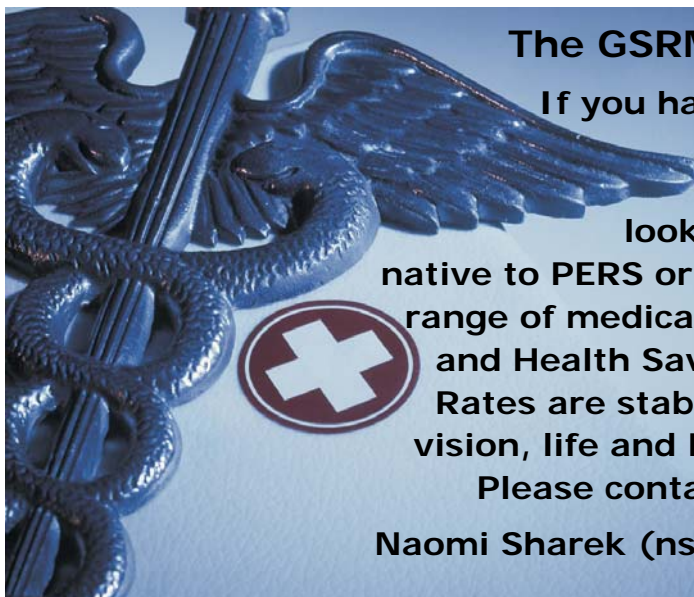
There is a 3-day waiting period for temporary disability. Unless the injured worker is off work more than 3 days, no temporary disability is paid. However, the waiting period is picked up if the employee is off work 14 or more days or is hospitalized overnight. Penalties for late payment of penalties equals 10% of the amount paid late. (This can get

very expensive if an attorney gets involved and the penalty covers the entire species of benefit.)

But, it doesn't always end here. The State of California established the Office of Benefit Assistance and Enforcement (OBAE). Auditors were hired to visit workers' compensation adjusting agencies and impose additional penalties for not providing the appropriate benefit notice, not paying physicians' bills on time, etc.

Most often the burden for payment of these penalties and fines falls on the agency managing the claims; in this case, Golden State Risk Management Authority. However, should it be determined that the penalties resulted due to a member agency's actions, these penalties will be billed to the member agency for reimbursement.

Bottom line: Help us help you by staying on top of your claims and make a concerted effort to report the date you provided the DWC Form 1 to the injured worker, get their signature on the page and get it to us as quickly as possible.



The GSRMA medical plan continues to grow!

If you have not inquired about GSRMA Health Plans or it has been a while, we encourage you to take a look. GSRMA plans offer an excellent alternative to PERS or small group plans. GSRMA offers a wide range of medical plans including PPO, HMO, EPO options and Health Savings Account (HSA) compatible plan. Rates are stable and competitive. Optional dental, vision, life and Employee Assistance Plans are available. Please contact Dan Berry (dberry@gsrma.org) or Naomi Sharek (nsharek@gsrma.org) for more information.

2011-2012 Member Contribution Estimates Rick Krepelka, Director of Finance and Technology (rkrepelka@gsrma.org)

The underwriting data has been collected, actuarial studies are complete, excess renewal rates are in hand and the preliminary budget has been updated. With that, we can now calculate individual member contribution amounts. Overall, rates, especially for the Workers' Compensation program, are increasing. However, the total amount paid for all coverage for most members will be largely unchanged from last year.

In order to explain how we calculate member contribution amounts, I need to describe the four components of the process:

The first component is the actuarial analysis. We contract with an actuary who uses historical loss information, exposure data, cost trends - including costs related to legislative and judicial actions-reserve levels from prior years and even industry loss trends, to estimate how much we need to collect from members in order to pay for the upcoming year's claims.

The second component is the cost of excess insurance. We secure excess insurance to minimize the effect of catastrophic losses to the pool. For example, we purchase insurance to cover any liability claim that exceeds \$250,000. This frees us from having to collect and retain large sums from members to prepare for larger losses.

The third component is administrative, or overhead, cost which is the

cost of running GSRMA, exclusive of the costs of claims and excess insurance. The fourth component is the exposure of our members to risk. This includes such things as the number of employees and their job functions, total payroll, property values, etc.

Once all of these components are collected and/or calculated, we have a total amount required to fund the upcoming year. We then divide that amount based on individual member exposure (e.g. payroll, property values) and claims experience to arrive at individual member contributions.

For the upcoming year, our actuary is recommending an increase in workers' compensation funding due to an increase in claims costs over the last few years in particular. Also, unfavorable court rulings and expected State legislation will continue to erode the cost savings that we had experienced from the reforms enacted 5 years ago. Workers' compensation rates are expected to rise, and probably dramatically, in the near future. Our liability claims costs are mostly unchanged.

Excess insurance rates are increasing for all programs with our excess carriers projecting double digit increases for their members. The administrative services rate is flat. While administrative costs are increasing, they are doing so at the same or slower rate than contributions. Member exposures, on the other hand, are mostly declining. This is principally due to cuts in

number of employees and size of payrolls.

As we estimate what we need to collect for the coming year, we take a conservative approach. Some years turn out better than we had estimated. When this happens, our reserve policy allows us to return the extra funds to members in the form of a dividend. The Liability program has performed so well over the last few years that GSRMA is in a position to declare a dividend to members for the 3rd year in a row. In fact, the Board will entertain declaring a \$400,000 dividend at the end of the year. This will be divided among members based on their last 7 years of contributions to the Liability program.

Now, all of this is pretty exciting stuff for most of our members, I understand. So, let me summarize: Workers' compensation claims costs have increased significantly. Excess costs have increased also but a flat administrative rate, a decrease in members' payrolls and a dividend from a healthy liability program are keeping total member contribution amounts fairly level for the 2011-2012 fiscal year.

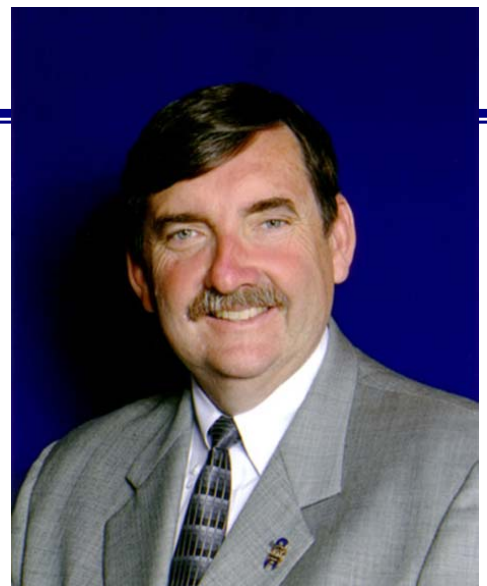
The GSRMA Board will approve final contribution and dividend amounts at their May 11th meeting. We will have invoices out to members by the end of May. Please contact our finance department if you have questions.

Save the Date! October 27, 2011

You are invited to attend the 7th annual GSRMA Training Conference at the Rolling Hills Resort in Corning, CA.

We are proud to once again present the informative, humorous, and witty Gordon Graham.

Visit our website (www.gsrma.org) for more details as they become available.



MemberLink Top Achievers

For the period of January 2011 – March 2011, GSRMA members completed 724 MemberLink training courses!

We would like to recognize the following agencies and individuals for their efforts

Top Agencies - Courses Completed

City of Orland - 140

County of Glenn - 132

Williams Fire Protection District – 118

Top Individuals - Courses Completed

Jeff Long, Meridian Fire Protection District, 23 classes

Robert Christian, Orland Cemetery District, 20 classes

Kristina Benzler, County of Glenn, 16 classes

Upcoming Events

- May 11, 2011 **GSRMA Board Meeting** - 6 PM, 247 W. Sycamore Street, Willows, CA
- July 13, 2011 **GSRMA Board Meeting** - 6 PM, 247 W. Sycamore Street, Willows, CA
- Sept. 7-9, 2011 **CAJPA Fall Conference & Training Seminar** - South Lake Tahoe, CA
- Sept. 14, 2011 **GSRMA Board Meeting** - 6 PM, 247 W. Sycamore Street, Willows, CA

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