JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on June 26, 2015

Title
Judicial Branch: Workers' Compensation Program Allocation Methodology

Rules, Forms, Standards, or Statutes Affected
N/A

Recommended by
Judicial Branch Workers' Compensation
   Program Advisory Committee
Tania Ugrin-Capobianco, Chair

Agenda Item Type
Action Required

Effective Date
July 1, 2015

Date of Report
June 19, 2015

Contact
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Executive Summary

The Judicial Branch Workers' Compensation Program Advisory Committee recommends adopting an allocation methodology that will increase allocations from the participants, with the goal of reducing the current gap between the program's projected liabilities and assets.

Recommendation

The Judicial Branch Workers' Compensation Program (JBWCP) Advisory Committee recommends that the Judicial Council, effective July 1, 2015:

1. Adopt and implement an allocation methodology that charges premiums on an ultimate-cost basis as opposed to the current methodology, which is based on cash flow;

2. Allow the JBWCP Advisory Committee to identify surpluses or deficiencies based on each year's claims cost, which may necessitate funding adjustments to allocations to ensure that each year's claims costs are maintained, with the goal of fully funding the JBWCP.

Previous Council Action

On October 29, 2010, the Judicial Council approved adjusting the cost allocation model so that administrative program fees, including costs for a third-party claims administrator (TPA) and risk consultant, would be evenly distributed among all member participants.

Rationale for Recommendation

There are two basic methods for funding self-insurance programs such as the JBWCP:

1. **Current JBWCP Funding Methodology—Cash-Flow Funding**
   In cash-flow funding, premium charges cover the cost of claims paid in a given fiscal year. Annual program costs are broken down into two main components, loss premium and expense premium. An actuarial study is performed each year for the JBWCP to determine the total loss premium for the upcoming fiscal year. Loss premium covers medical benefits, indemnity benefits, and other allocated program costs such as legal fees. Expense premium includes excess insurance costs, claims handling fees provided by the TPA, and brokerage/consulting fees.

2. **Recommended Funding Methodology for Fiscal Year 2015–2016—Ultimate-Cost Basis**
   The ultimate-cost basis methodology involves the annual collection of premiums to cover the total estimated costs of claims for each fiscal year and therefore provides a matching of assets with the corresponding ultimate liability for claims. This methodology provides for more accurate funding of the annual costs incurred during a given year and is less likely to result in program liabilities that exceed assets because of future liabilities on incurred claims.

Current cash-flow funding methodology contributes to JBWCP asset erosion

Bickmore is a risk management consultant engaged by the Judicial Council to perform an actuarial review of the JBWCP (Attachment A). Bickmore's current actuarial projections indicate that the cash-flow method will generate roughly $2 million less than the ultimate costs incurred annually, which, if continued, would eventually erode the JBWCP assets. Table 1 compares the two different methods of funding the JBWCP for fiscal year 2015–2016.

Table 1. JBWCP Funding Methods for Fiscal Year 2015–2016

| Program Costs	Cash-Flow Basis	Ultimate Basis	Difference
Loss and ALAE*	$ 15,148,077	17,240,980	$ 2,092,903
Claims Administration	2,250,000	2,250,000	—
Excess Insurance	655,029	655,029	—
Consulting and Brokerage	465,591	465,591	—
Total	**$ 18,518,697**	**$ 20,611,600**	**$ 2,092,903**

* ALAE = Allocated Loss Adjustment Expense

In general, when surpluses or deficiencies develop on outstanding liabilities and funding adjustments are necessary, they should be identified so that the policy of funding each year's claims costs is maintained. Because the goal is to work toward fully funding the program, fiscal year 2015–2016 program funding should increase by at least $2,092,903, as indicated in table 1.

Ultimate-cost basis prevents growth of the asset-to-liability gap
Figure 1 shows a five-year history of assets and liabilities for the program, as well as a projection for June 30, 2015. During the past five years, the cash-flow funding method appears not to have significantly reduced the asset base of the JBWCP; however, as of June 30, 2015, assets for the program are projected to be approximately $51.7 million. The amount of these assets is approximately $30.5 million less than the expected liability for the program of $82.2 million, so the program is not fully funded relative to the expected liability. Of note, however, assets are sufficient to cover expected cash flow for the year by a substantial margin.

Figure 1. JBWCP Assets and Liabilities (2010–2015)
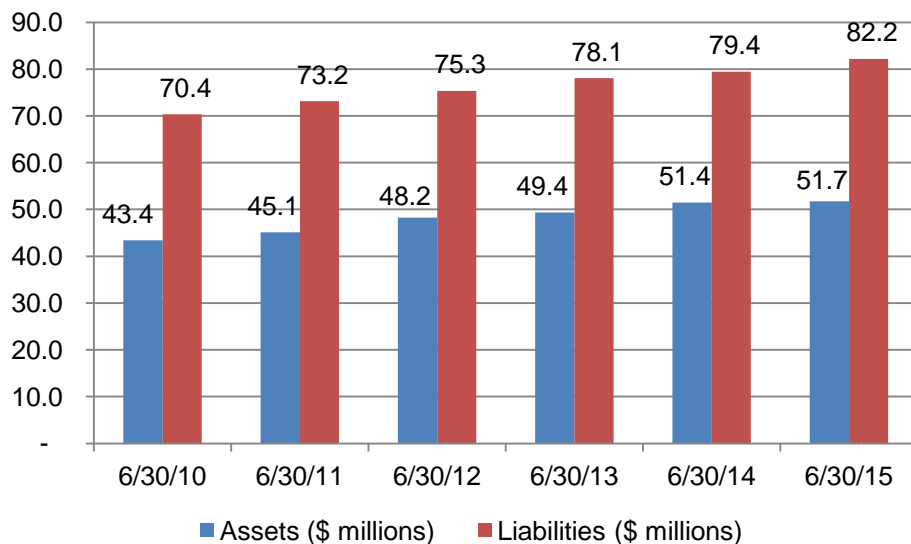
Note: Figures include trial courts and the judiciary. The figure for 2015 is a projection.

Changing to an ultimate-cost funding methodology this year will prevent the asset-to-liability gap from growing, but it does not close the gap entirely. The next step is to reduce the gap to zero and fully fund the program. Achieving the full-funding goal will take a multiyear approach, and the committee intends to develop a plan to fully fund the program over time.

Ultimate-cost basis is the first step to fully funding the JBWCP
Over the course of the 2015–2016 program year, the committee will meet to develop a plan for fully funding the program over time. The plan will take into consideration several key factors, including:

- **Discounting**

  A discount rate, sometimes used interchangeably with "interest rate," is used in the calculation of funding rates and unpaid claims liabilities. The expected investment income earned on the funds set aside to pay claims is taken as a credit to reduce the amount collected or retained. The higher the expected investment income, the less cash is necessary to fund the liabilities. If the expected investment income is lower, more cash will be necessary to fund the liabilities.

- **Increasing Premiums**

  Premiums may need to be increased above the level needed for new claims by an additional amount necessary to reduce the deficit on old claims. This increase may be achieved over a five- or ten-year period (or longer, if necessary). Once the program is fully funded, then premiums will be reduced to the level necessary for funding new claims only.

The principles that will guide the JBWCP in developing this plan include (1) ensuring the financial integrity of the program, (2) providing annual budgetary stability for members, and (3) ensuring that cost allocation formulas reflect funding requirements in the long run.

Comments, Alternatives Considered, and Policy Implications

External comments

The public was invited to call in and listen to the Trial Court Budget Advisory Committee meeting on May 18, 2015. At that meeting, Court Executive Officer David Yamasaki, a member of the committee, presented an update on the JBWCP and proposed cost allocations for fiscal year 2015–2016 that would fully fund the JBWCP. No comments were received on this matter.

Internal comments

At the April 10, 2015, JBWCP Advisory Committee meeting, the funding methodology was discussed, as was whether the committee should look at more holistic ways to reduce the funding gap before the methodology is changed. The committee agreed that it wants to immediately move away from the cash-flow funding method and, in the following year, approach any deficits that may exist.

Alternatives

Use cash-flow funding methodology. The current cash-flow methodology could be maintained for the current year while plans are developed to determine long-term goals to reduce the gap in liabilities versus assets. If this methodology were maintained, it could result in a $2 million reduction to the $51.7 million JBWCP fund.

Attachments and Links

1. Attachment A: Bickmore Actuarial Report (Draft)

Bickmore

Actuarial Review of the Self-Insured Judicial Branch Workers' Compensation Program

Member Premium Allocation for Fiscal Year 2015-16

Presented to
Judicial Council of California

June 4, 2015 DRAFT

DRAFT

Bickmore

Thursday, June 4, 2015

Ms. Linda M. Cox
Senior Human Resources Manager
Human Resources Services Office
Judicial and Court Administrative Services Division
Judicial Council of California
455 Golden Gate Avenue
San Francisco, CA 94102-3688

Re: Member Cost Allocation for Fiscal Year 2015-16

Dear Ms. Cox:

We have completed our review of the Judicial Council of California (the Judicial Council), Judicial Branch Workers' Compensation Program (JBWCP), and have updated the member cost allocation for fiscal year 2015-16 program premiums. The premiums include a provision for:

- Expected loss and ALAE payments
- Third-Party Claims Administration Fees
- Excess Insurance
- Consulting and Brokerage Expenses

The JBWCP is a self-insured program in which each entity pays a share of cost based on each member's workers' compensation claims experience and historical payroll. The total cost for this program is broken up into three groups: 1) Judicial, which includes member coverage for the Trial Court Justices, Judges, and Retired Judges in the Assigned Judges Program, 2) Trial Court employees and volunteers, which includes the membership of 57 out of the 58 California Trial Courts, and 3) State Judiciary, which includes the membership of the Supreme Court, Courts of Appeal, Habeas Corpus Resource Center, California Judicial Center Library, Commission on Judicial Performance, and the Judicial Council and provides coverage for all of their employees and volunteers.

Given the low volume of loss experience and exposure for the Trial Court Judges and the State Judiciary, and in order to provide a credible actuarial estimate, the Judicial and the State Judiciary groups are valued together for purposes of determining total program cost. Thus for the purpose of the analysis, the three groups are consolidated to two groups, Trial Courts and the State Judiciary.

JBWCP Methodology

The methodology used by the JBWCP utilizes a calculation derived from experience and exposure, along with program costs, such as excess insurance, third party administrator (TPA) claim handling, and brokerage fees. Given the relative sizes of the courts and judiciary entities participating in the JBWCP, the JBWCP's methodology has features which make it appropriate for entities of all sizes.

Each year JBWCP retains an actuary to undertake an actuarial analysis and estimate of loss costs. The actuarial projections are based on loss data from the inception of the JBWCP program (1/1/2001), provided by the Judicial Council and the third party claims administrators. Additionally, historical and projected payroll is provided. The actuary determines the estimated outstanding liabilities since program inception and the forecasted program costs for the upcoming policy term. They also provide an estimate of the loss payments that will be made during the upcoming fiscal year. It is the amount of loss payments expected to be made that is allocated among the participating courts.

For purposes of calculating the allocation, the actuarial data is combined with cost data, consisting of excess insurance premiums, TPA fees, and brokerage and consulting costs. The allocation formula uses a combination of a 3-year loss distribution and a 3-year payroll distribution for calculating the annual charge to each member using a weighting formula. For determining 2015-16 premiums, the experience period used includes the 2011-12, 2012-13, and 2013-14 program years.

The weighting formula was developed with the following goals in mind:
- To establish adequate funding to cover the annual expected loss payments, excess premiums, and expenses associated with the JBWCP.
- To provide incentives to control workers' compensation losses by making the allocation responsive to recent loss experience.
- To minimize year-to-year volatility for budgetary planning purposes.
- To recognize that thresholds of acceptable volatility will vary according to the size of the court.

The weight given to the loss component of the allocation for each individual court is calculated using the following formula:

$$\sqrt[3]{\frac{Individual\ Court\ Payroll\ for\ 3-Yr\ Period\ (\$000's)}{649,204}}$$

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where 649,204 is a constant derived to set the weight given to the largest court at 80%.

Inputs:

332,392	=	Largest Court Payroll for 3-Yr Period ($000's)
80%	=	Weight Given to Loss Component for Largest Court
3	=	Exponent

For purposes of determining loss distribution, a cap of $75,000 per occurrence is applied. This eliminates the volatility of large loss impact on distribution to individual courts. Ninety-five percent of all claims are within $75,000 per occurrence.

The largest court by 3-year payroll size has a weighting of 80% of loss experience and 20% payroll. The smallest court by payroll size has a weighting of at least 10% loss experience. All other courts are weighted by payroll and loss experience along that continuum. This ensures that the larger courts with more predictable losses are subject to an allocation that emphasizes losses, while the smaller courts' allocations are more reliant upon payroll to ensure more year-to-year budget stability.

Here is a graphic illustration of the continuum:
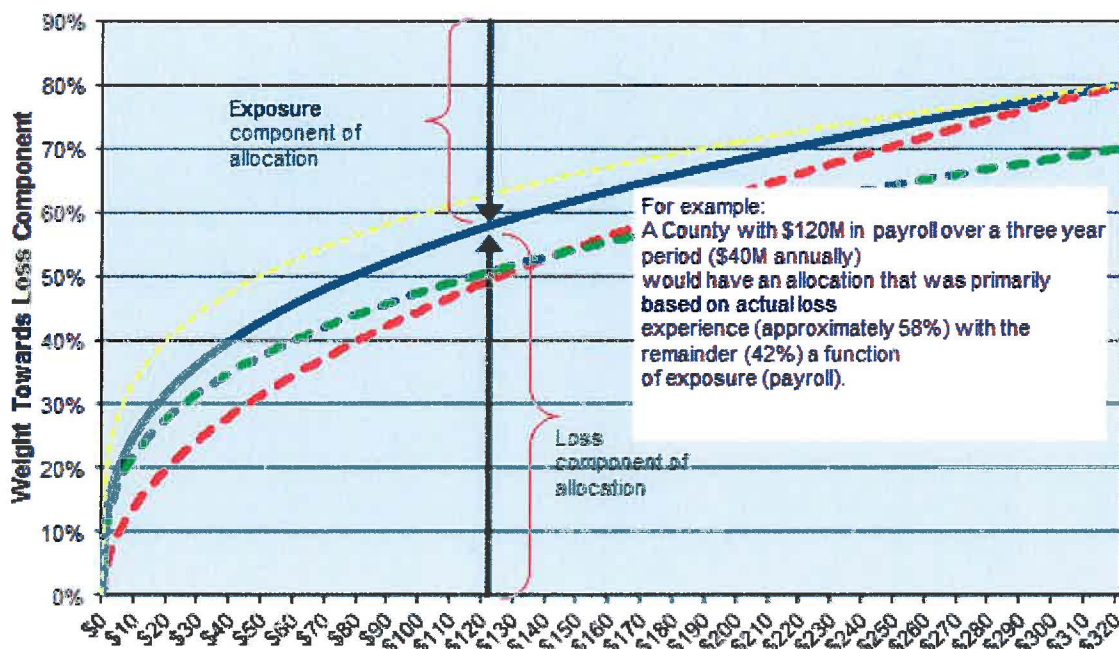
The selected parameters of 80% weight and power of 3 are shown as the solid line above. Other parameters are shown as dashed lines for comparison.

The expense component, including claim handling and brokerage fees, is allocated based on 80% losses and 20% payroll, on the theory that these expenses are incurred regardless of claims activity and therefore should have at least some component of

3

exposure used in the allocation. Excess insurance costs are allocated based upon the distribution of payroll by member and is only applied to the Trial Courts. The State Judiciary is currently fully self-insured (i.e. No excess insurance).

Funding Options

In addition to the standard premium allocation (Option 1), this report includes allocations for two alternative funding options:

2. Ultimate Cost Funding – For this option, rather than using projected loss and ALAE <u>payments</u> in the premium calculation, <u>ultimate</u> loss and ALAE is included. This option fully funds the current year exposure. Results shown on Exhibit TC-4 (Option 2) and Exhibit J-4 (Option 2).

3. Ultimate Cost Funding with Judiciary Excess Insurance – This option is the same as option 2, but also includes <u>excess insurance premium for the Judiciary</u>. Results shown on Exhibit J-4 (Option 3), Exhibit J-4 (Option 4) and Exhibit J-4 (Option 5).

We appreciate the opportunity to be of service the Judicial Council of California in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Becky Richard at (916) 244-1183 with any questions you may have concerning this report.

Sincerely,

Bickmore

DRAFT

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Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Allocation of 2015-16 Costs

Court	2011-12 to 2013-14 Payroll ($000) (A)	Percent Payroll (B)	2015-16 Indicated Allocation Based on Payroll (C)	2011-12 to 2013-14 Incurred Limited to $75K (D)	Percent Limited Losses (E)	2015-16 Indicated Allocation Based on Losses (F)	Weighting (G)	2015-16 Weighted Allocation (H)	2015-16 Adjusted Allocation (I)	Allocation of Excess Premium (J)	Allocation of Claims Handling (TPA) Fees (K)	Allocation of Program Admin. (L)	Allocation Brokerage / Consulting (M)	2015-16 Total Allocation (N)	2015-16 Percent of Allocation (O)
Alameda	$153,990	6.14%	$881,802	$1,189,650	5.12%	$736,347	61.90%	$791,763	$814,618	$29,465	$107,440	$0	$22,232	$973,756	5.63%
Alpine	618	0.02%	3,539	0	0.00%	0	9.84%	3,191	3,283	118	99	0	21	3,521	0.02%
Amador	4,642	0.18%	26,580	64,668	0.28%	40,027	19.26%	29,171	30,013	888	5,241	0	1,084	37,226	0.22%
Butte	18,540	0.74%	106,166	180,936	0.78%	111,993	30.57%	107,947	111,063	3,547	15,556	0	3,219	133,386	0.77%
Calaveras	4,950	0.20%	28,345	11,303	0.05%	6,996	19.68%	24,143	24,840	947	1,581	0	327	27,696	0.16%
Colusa	2,602	0.10%	14,903	0	0.00%	0	15.89%	12,535	12,897	498	418	0	87	13,900	0.08%
Contra Costa	72,104	2.87%	412,896	1,161,056	5.00%	718,649	48.07%	559,867	576,028	13,797	92,289	0	19,097	701,211	4.06%
Del Norte	4,751	0.19%	27,207	23,646	0.10%	14,636	19.42%	24,766	25,481	909	2,407	0	498	29,296	0.17%
El Dorado	13,656	0.54%	78,201	89,210	0.38%	55,218	27.60%	71,856	73,931	2,613	8,396	0	1,737	86,677	0.50%
Fresno	75,391	3.00%	431,716	1,201,391	5.18%	743,614	48.79%	583,885	600,740	14,426	95,621	0	19,787	730,573	4.23%
Glenn	3,465	0.14%	19,840	63,157	0.27%	39,092	17.48%	23,204	23,874	663	4,947	0	1,024	30,507	0.18%
Humboldt	11,402	0.45%	65,289	269,990	1.16%	167,113	25.99%	91,757	94,405	2,182	20,598	0	4,262	121,448	0.70%
Imperial	18,455	0.74%	105,678	147,205	0.63%	91,114	30.52%	101,233	104,155	3,531	13,198	0	2,731	123,616	0.72%
Inyo	3,632	0.14%	20,800	35,774	0.15%	22,142	17.75%	21,038	21,645	695	3,070	0	635	26,046	0.15%
Kern	69,742	2.78%	399,368	721,388	3.11%	446,511	47.54%	421,779	433,954	13,345	61,351	0	12,695	521,345	3.02%
Kings	12,737	0.51%	72,939	228,144	0.98%	141,212	26.97%	91,353	93,990	2,437	17,904	0	3,705	118,037	0.68%
Lake	5,181	0.21%	29,669	81,066	0.35%	50,177	19.98%	33,767	34,742	991	6,467	0	1,338	43,539	0.25%
Lassen	4,872	0.19%	27,900	79	0.00%	49	19.58%	22,448	23,096	932	789	0	163	24,980	0.14%
Madera	15,357	0.61%	87,941	255,231	1.10%	157,978	28.71%	108,046	111,165	2,939	20,208	0	4,182	138,493	0.80%
Marin	26,206	1.04%	150,067	153,401	0.66%	94,950	34.30%	131,160	134,946	5,014	14,875	0	3,078	157,913	0.91%
Mariposa	1,892	0.08%	10,837	0	0.00%	0	14.28%	9,289	9,557	362	304	0	63	10,286	0.06%
Mendocino	9,402	0.37%	53,840	250,223	1.08%	154,878	24.38%	78,468	80,733	1,799	18,903	0	3,912	105,346	0.61%
Merced	17,385	0.69%	99,550	196,956	0.85%	121,908	29.92%	106,239	109,306	3,326	16,484	0	3,411	132,527	0.77%
Modoc	1,677	0.07%	9,602	0	0.00%	0	13.72%	8,285	8,524	321	270	0	56	9,170	0.05%
Mono	2,488	0.10%	14,247	101,505	0.44%	62,828	15.65%	21,849	22,480	476	7,455	0	1,543	31,953	0.18%
Monterey	35,409	1.41%	202,768	310,753	1.34%	192,344	37.92%	198,815	204,554	6,775	27,291	0	5,647	244,267	1.41%
Napa	15,707	0.63%	89,947	110,418	0.48%	68,344	28.92%	83,699	86,115	3,006	10,200	0	2,111	101,430	0.59%
Nevada	9,878	0.39%	56,568	56,584	0.24%	35,023	24.78%	51,229	52,708	1,890	5,521	0	1,142	61,261	0.35%
Orange	332,392	13.25%	1,903,404	1,592,287	6.86%	985,564	80.00%	1,169,132	1,202,881	63,601	164,104	0	33,958	1,464,545	8.47%
Placer	25,360	1.01%	145,221	49,437	0.21%	30,599	33.93%	106,329	109,399	4,852	7,513	0	1,555	123,319	0.71%
Plumas	2,415	0.10%	13,827	0	0.00%	0	15.49%	11,685	12,022	462	388	0	80	12,953	0.07%
Riverside	185,162	7.38%	1,060,308	1,628,016	7.01%	1,007,679	65.82%	1,025,665	1,055,273	35,430	142,919	0	29,574	1,263,196	7.31%
Sacramento	139,150	5.55%	796,823	774,052	3.33%	479,108	59.85%	606,684	624,197	26,626	76,169	0	15,762	742,753	4.30%
San Benito	5,409	0.22%	30,975	21,282	0.09%	13,173	20.27%	27,366	28,156	1,035	2,349	0	486	32,026	0.19%
San Bernardino	159,754	6.37%	914,810	1,440,485	6.21%	891,605	62.66%	900,268	926,256	30,568	125,801	0	26,032	1,108,657	6.41%
San Diego	262,259	10.45%	1,501,795	2,541,962	10.95%	1,573,376	73.92%	1,554,711	1,599,590	50,182	218,836	0	45,284	1,913,892	11.07%
San Francisco	115,576	4.61%	661,832	1,308,293	5.64%	809,783	56.26%	745,062	766,569	22,115	109,511	0	22,661	920,856	5.33%
San Joaquin	49,069	1.96%	280,990	682,235	2.94%	422,277	42.28%	340,727	350,563	9,389	55,306	0	11,444	426,702	2.47%
San Luis Obispo	26,128	1.04%	149,621	177,934	0.77%	110,134	34.27%	136,089	140,018	5,000	16,567	0	3,428	165,013	0.95%
San Mateo	61,118	2.44%	349,982	1,021,701	4.40%	632,393	45.49%	478,455	492,266	11,695	80,837	0	16,728	601,526	3.48%
Santa Barbara	47,572	1.90%	272,414	407,899	1.76%	252,474	41.85%	264,070	271,693	9,103	35,998	0	7,449	324,243	1.88%
Santa Clara	158,588	6.32%	908,136	1,456,291	6.27%	901,388	62.51%	903,917	930,010	30,345	126,712	0	26,220	1,113,288	6.44%
Santa Cruz	24,440	0.97%	139,955	208,193	0.90%	128,864	33.52%	136,237	140,170	4,677	18,399	0	3,807	167,053	0.97%
Shasta	27,019	1.08%	154,719	375,307	1.62%	232,301	34.65%	181,605	186,847	5,170	30,429	0	6,297	228,742	1.32%
Sierra	651	0.03%	3,725	0	0.00%	0	10.01%	3,352	3,449	124	105	0	22	3,700	0.02%
Siskiyou	7,703	0.31%	44,111	49,899	0.21%	30,886	22.81%	41,094	42,281	1,474	4,707	0	974	49,435	0.29%

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Allocation of 2015-16 Costs

Court	2011-12 to 2013-14 Payroll ($000) (A)	Percent Payroll (B)	2015-16 Indicated Allocation Based on Payroll (C)	2011-12 to 2013-14 Incurred Limited to $75K (D)	Percent Limited Losses (E)	2015-16 Indicated Allocation Based on Losses (F)	Weighting (G)	2015-16 Weighted Allocation (H)	2015-16 Adjusted Allocation (I)	Allocation of Excess Premium (J)	Allocation of Claims Handling (TPA) Fees (K)	Allocation of Program Admin. (L)	Allocation Brokerage / Consulting (M)	2015-16 Total Allocation (N)	2015-16 Percent of Allocation (O)
Solano	38,490	1.53%	220,406	896,342	3.86%	554,801	38.99%	350,797	360,923	7,365	68,487	0	14,172	450,946	2.61%
Sonoma	38,084	1.52%	218,086	163,460	0.70%	101,175	38.86%	172,659	177,644	7,287	17,483	0	3,618	206,032	1.19%
Stanislaus	36,304	1.45%	207,891	338,122	1.46%	209,284	38.24%	208,424	214,440	6,947	29,337	0	6,071	256,794	1.49%
Sutter	8,802	0.35%	50,406	30,226	0.13%	18,709	23.85%	42,848	44,084	1,684	3,516	0	728	50,012	0.29%
Tehama	6,627	0.26%	37,948	43,355	0.19%	26,835	21.69%	35,538	36,563	1,268	4,079	0	844	42,754	0.25%
Trinity	2,428	0.10%	13,904	76,876	0.33%	47,583	15.52%	19,132	19,684	465	5,734	0	1,186	27,069	0.16%
Tulare	33,123	1.32%	189,676	251,589	1.08%	155,724	37.09%	177,083	182,195	6,338	22,811	0	4,720	216,065	1.25%
Tuolumne	6,418	0.26%	36,750	140,707	0.61%	87,092	21.46%	47,554	48,927	1,228	10,811	0	2,237	63,204	0.37%
Ventura	68,381	2.73%	391,575	411,206	1.77%	254,520	47.23%	326,849	336,284	13,084	39,573	0	8,189	397,130	2.30%
Yolo	15,750	0.63%	90,190	112,491	0.48%	69,628	28.95%	84,238	86,669	3,014	10,350	0	2,142	102,175	0.59%
Yuba	8,854	0.35%	50,700	110,323	0.48%	68,286	23.89%	54,902	56,486	1,694	9,091	0	1,881	69,153	0.40%
All Courts	$2,509,158	100.00%	$14,368,384	$23,213,702	100.00%	$14,368,384		$13,965,252	$14,368,384	$480,114	$2,016,805	$0	$417,336	$17,282,639	100.00%

Notes:
- (A): From Exhibit TC-2.
- (B): (A)/[Total (A)]
- (C): (B) x [Total (C)]. Total (C) was provided by Judicial Branch Workers' Compensation Program.
- (D): From Exhibit TC-3.
- (E): (D)/[Total (D)]
- (F): (E) x [Total (F)]. Total (F) was provided by Judicial Branch Workers' Compensation Program.
- (G): Based on relative size (according the (A)) of each court. The largest is subjectively set to an 80.00% weight. The weight of all other courts are based on that standard.
- (H): (H) x (F) + [1-(H)] x (G)
- (I): (H) subject to an adjustment of 1.029.
- (J): (B) x [Total (J)]. Total (J) was provided by Judicial Branch Workers' Compensation Program.
- (K): [(B) x 0.20 + (E) x 0.80] x Total (K). Total (K) was provided by Judicial Branch Workers' Compensation Program.
- (L): (B) x [Total (L)]. Total (L) was provided by Judicial Branch Workers' Compensation Program.
- (M): [(B) x 0.20 + (E) x 0.80] x Total (M). Total (M) was provided by Judicial Branch Workers' Compensation Program.
- (N): Sum[(I)..(M)]
- (O): (N)/[Total (N)]

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Summary of Payroll

Court	Payroll		
	2011-12	2012-13	2013-14
Alameda	$52,941,334	$49,655,539	$51,392,643
Alpine	248,333	193,967	175,765
Amador	1,620,086	1,549,721	1,471,884
Butte	6,317,202	6,860,643	5,361,954
Calaveras	1,676,368	1,628,174	1,645,407
Colusa	883,800	841,818	876,863
Contra Costa	24,833,848	24,443,199	22,827,248
Del Norte	1,536,762	1,543,344	1,671,038
El Dorado	4,968,583	4,601,205	4,086,446
Fresno	27,449,870	23,220,885	24,720,023
Glenn	1,080,958	1,179,293	1,204,445
Humboldt	3,626,881	3,700,308	4,074,323
Imperial	6,335,229	5,995,723	6,123,601
Inyo	1,219,647	1,134,299	1,278,293
Kern	25,060,148	21,817,926	22,863,775
Kings	4,400,121	4,111,328	4,225,888
Lake	2,029,880	1,533,921	1,617,288
Lassen	1,824,791	1,713,189	1,334,297
Madera	5,341,744	5,047,741	4,967,640
Marin	9,059,145	8,686,260	8,460,909
Mariposa	617,822	617,737	656,857
Mendocino	3,212,415	2,999,889	3,189,732
Merced	5,962,267	5,799,760	5,622,523
Modoc	575,379	546,417	555,061
Mono	837,361	827,414	823,132
Monterey	12,293,541	11,068,298	12,047,639
Napa	5,600,789	4,980,101	5,126,534
Nevada	3,413,323	3,258,549	3,206,545
Orange	115,117,566	108,702,345	108,572,489
Placer	9,287,884	8,385,338	7,686,753
Plumas	792,290	723,835	898,577
Riverside	64,019,578	60,698,399	60,444,097
Sacramento	49,746,329	44,153,791	45,249,453
San Benito	1,741,721	1,763,213	1,904,229
San Bernardino	56,019,666	52,089,616	51,644,432
San Diego	95,624,137	85,925,807	80,709,371
San Francisco	38,755,030	37,490,945	39,330,020
San Joaquin	17,550,740	15,678,398	15,840,228
San Luis Obispo	8,834,564	8,238,022	9,055,874
San Mateo	22,023,835	20,045,369	19,048,416
Santa Barbara	16,620,004	16,359,422	14,592,446
Santa Clara	54,735,641	52,732,588	51,119,967
Santa Cruz	8,182,488	7,607,928	8,649,932
Shasta	8,860,263	8,803,769	9,354,640
Sierra	218,724	208,768	223,042
Siskiyou	2,759,245	2,499,489	2,444,339

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Summary of Payroll

Court	Payroll		
	2011-12	2012-13	2013-14
Solano	13,962,463	11,653,483	12,873,645
Sonoma	13,445,565	12,394,983	12,243,891
Stanislaus	13,142,867	12,049,239	11,111,956
Sutter	3,334,647	2,784,136	2,683,627
Tehama	2,203,720	2,252,405	2,170,782
Trinity	749,583	816,855	861,615
Tulare	11,607,049	10,439,525	11,076,669
Tuolumne	2,185,317	2,193,229	2,039,140
Ventura	24,151,663	21,682,357	22,546,961
Yolo	5,544,346	5,109,655	5,096,011
Yuba	3,139,661	2,942,396	2,771,729
All Courts	$879,324,211	$815,981,951	$813,852,084

Notes:

Provided by Judicial Branch Workers' Compensation Program.

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Summary of Loss Data

Court	Incurred Losses			Incurred Losses Capped at $75K		
	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
Alameda	$216,885	$775,205	$455,766	$216,885	$608,593	$364,171
Alpine	0	0	0	0	0	0
Amador	396	0	64,271	396	0	64,271
Butte	2,814	213,749	375	2,814	177,748	375
Calaveras	815	0	10,488	815	0	10,488
Colusa	0	0	0	0	0	0
Contra Costa	659,096	386,571	398,053	494,074	294,332	372,649
Del Norte	23,646	0	0	23,646	0	0
El Dorado	33,511	55,699	0	33,511	55,699	0
Fresno	614,799	490,509	389,156	399,575	463,071	338,745
Glenn	41,940	21,217	0	41,940	21,217	0
Humboldt	111,081	151,492	31,883	86,614	151,492	31,883
Imperial	118,164	4,227	24,813	118,164	4,227	24,813
Inyo	0	35,774	0	0	35,774	0
Kern	483,999	296,392	65,673	359,322	296,392	65,673
Kings	186,762	6,141	43,931	178,072	6,141	43,931
Lake	4,571	47,895	28,601	4,571	47,895	28,601
Lassen	79	0	0	79	0	0
Madera	283,933	5,567	80,231	171,758	5,567	77,906
Marin	132,601	7,295	29,900	116,207	7,295	29,900
Mariposa	0	0	0	0	0	0
Mendocino	366,975	25,436	18,943	205,843	25,436	18,943
Merced	162,219	17,693	17,044	162,219	17,693	17,044
Modoc	0	0	0	0	0	0
Mono	75,903	25,602	0	75,903	25,602	0
Monterey	20,818	231,188	68,563	20,818	221,371	68,563
Napa	13,058	4,591	92,769	13,058	4,591	92,769
Nevada	1,019	55,565	0	1,019	55,565	0
Orange	885,308	658,249	625,083	659,577	487,048	445,662
Placer	8,514	40,647	276	8,514	40,647	276
Plumas	0	0	0	0	0	0
Riverside	798,693	630,298	490,899	566,526	570,592	490,899
Sacramento	225,300	373,507	201,048	210,216	362,788	201,048
San Benito	2,253	19,029	0	2,253	19,029	0
San Bernardino	707,456	775,124	351,726	513,614	575,144	351,726
San Diego	1,054,082	1,266,490	537,141	953,049	1,051,773	537,141
San Francisco	863,845	457,296	333,174	685,780	392,333	230,180
San Joaquin	280,667	388,170	130,021	256,307	295,907	130,021
San Luis Obispo	157,025	17,300	27,112	133,523	17,300	27,112
San Mateo	550,125	137,207	556,936	415,554	137,207	468,940
Santa Barbara	256,809	195,386	36,099	230,201	141,599	36,099
Santa Clara	608,454	749,061	355,794	516,889	628,770	310,632
Santa Cruz	26,361	72,020	109,812	26,361	72,020	109,812
Shasta	350,985	55,970	39,467	279,871	55,970	39,467
Sierra	0	0	0	0	0	0
Siskiyou	586	26,608	22,706	586	26,608	22,706

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Summary of Loss Data

Court	Incurred Losses			Incurred Losses Capped at $75K		
	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
Solano	135,895	604,475	277,524	135,895	482,923	277,524
Sonoma	3,464	153,509	76,270	3,464	83,727	76,270
Stanislaus	156,402	155,677	26,042	156,402	155,677	26,042
Sutter	5,603	162	24,461	5,603	162	24,461
Tehama	0	38,561	4,794	0	38,561	4,794
Trinity	0	252,431	386	0	76,490	386
Tulare	33,616	87,972	176,770	33,616	87,972	130,001
Tuolumne	82,784	34,139	23,783	82,784	34,139	23,783
Ventura	114,392	172,340	297,274	86,787	171,889	152,530
Yolo	123,296	9,075	23,886	79,530	9,075	23,886
Yuba	2,690	922	106,711	2,690	922	106,711
All Courts	10,989,692	10,229,431	6,675,657	8,772,897	8,541,970	5,898,834

Notes:

Provided by Judicial Branch Workers' Compensation Program.

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Alameda	$1,063,406	$973,756	-$89,650	-8.43%
Alpine	3,897	3,521	-376	-9.64%
Amador	37,669	37,226	-443	-1.18%
Butte	116,447	133,386	16,939	14.55%
Calaveras	23,955	27,696	3,741	15.62%
Colusa	12,911	13,900	990	7.67%
Contra Costa	648,300	701,211	52,911	8.16%
Del Norte	30,468	29,296	-1,172	-3.85%
El Dorado	87,536	86,677	-859	-0.98%
Fresno	657,745	730,573	72,828	11.07%
Glenn	23,901	30,507	6,606	27.64%
Humboldt	94,866	121,448	26,582	28.02%
Imperial	128,149	123,616	-4,534	-3.54%
Inyo	24,586	26,046	1,460	5.94%
Kern	642,799	521,345	-121,454	-18.89%
Kings	111,997	118,037	6,040	5.39%
Lake	38,192	43,539	5,347	14.00%
Lassen	26,297	24,980	-1,317	-5.01%
Madera	109,842	138,493	28,651	26.08%
Marin	145,382	157,913	12,531	8.62%
Mariposa	9,165	10,286	1,121	12.23%
Mendocino	106,294	105,346	-948	-0.89%
Merced	122,928	132,527	9,599	7.81%
Modoc	8,985	9,170	185	2.06%
Mono	41,833	31,953	-9,880	-23.62%
Monterey	211,439	244,267	32,829	15.53%
Napa	79,844	101,430	21,587	27.04%
Nevada	64,787	61,261	-3,526	-5.44%
Orange	1,185,950	1,464,545	278,594	23.49%
Placer	156,099	123,319	-32,780	-21.00%
Plumas	11,998	12,953	955	7.96%
Riverside	1,008,959	1,263,196	254,237	25.20%
Sacramento	753,144	742,753	-10,392	-1.38%
San Benito	29,315	32,026	2,710	9.25%
San Bernardino	1,012,334	1,108,657	96,322	9.51%
San Diego	1,825,315	1,913,892	88,577	4.85%
San Francisco	1,256,600	920,856	-335,744	-26.72%
San Joaquin	397,229	426,702	29,473	7.42%
San Luis Obispo	182,220	165,013	-17,207	-9.44%
San Mateo	490,254	601,526	111,271	22.70%
Santa Barbara	258,450	324,243	65,792	25.46%
Santa Clara	1,125,772	1,113,288	-12,484	-1.11%
Santa Cruz	141,190	167,053	25,864	18.32%
Shasta	249,252	228,742	-20,510	-8.23%
Sierra	3,891	3,700	-191	-4.91%
Siskiyou	75,392	49,435	-25,957	-34.43%

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Solano	365,577	450,946	85,370	23.35%
Sonoma	206,763	206,032	-731	-0.35%
Stanislaus	247,147	256,794	9,647	3.90%
Sutter	73,709	50,012	-23,697	-32.15%
Tehama	48,787	42,754	-6,033	-12.37%
Trinity	24,264	27,069	2,805	11.56%
Tulare	194,874	216,065	21,190	10.87%
Tuolumne	60,167	63,204	3,037	5.05%
Ventura	333,915	397,130	63,216	18.93%
Yolo	101,192	102,175	983	0.97%
Yuba	42,636	69,153	26,517	62.19%
All Courts	$16,536,018	$17,282,639	$746,621	4.52%

Notes:

(A): From Prior Allocation.
(B): From Exhibit TC-1.
(C): (B) - (A)
(D): (C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Alameda	$1,063,406	$1,090,810	$27,404	2.58%
Alpine	3,897	3,993	96	2.47%
Amador	37,669	41,539	3,870	10.27%
Butte	116,447	149,344	32,897	28.25%
Calaveras	23,955	31,265	7,310	30.52%
Colusa	12,911	15,753	2,843	22.02%
Contra Costa	648,300	783,982	135,682	20.93%
Del Norte	30,468	32,957	2,489	8.17%
El Dorado	87,536	97,300	9,764	11.15%
Fresno	657,745	816,894	159,149	24.20%
Glenn	23,901	33,938	10,037	41.99%
Humboldt	94,866	135,013	40,147	42.32%
Imperial	128,149	138,582	10,433	8.14%
Inyo	24,586	29,156	4,571	18.59%
Kern	642,799	583,700	-59,098	-9.19%
Kings	111,997	131,542	19,546	17.45%
Lake	38,192	48,531	10,339	27.07%
Lassen	26,297	28,298	2,002	7.61%
Madera	109,842	154,467	44,625	40.63%
Marin	145,382	177,304	31,922	21.96%
Mariposa	9,165	11,659	2,494	27.21%
Mendocino	106,294	116,947	10,653	10.02%
Merced	122,928	148,234	25,305	20.59%
Modoc	8,985	10,395	1,410	15.69%
Mono	41,833	35,184	-6,650	-15.90%
Monterey	211,439	273,660	62,221	29.43%
Napa	79,844	113,804	33,961	42.53%
Nevada	64,787	68,835	4,047	6.25%
Orange	1,185,950	1,637,389	451,438	38.07%
Placer	156,099	139,038	-17,061	-10.93%
Plumas	11,998	14,680	2,682	22.35%
Riverside	1,008,959	1,414,830	405,870	40.23%
Sacramento	753,144	832,445	79,300	10.53%
San Benito	29,315	36,071	6,756	23.05%
San Bernardino	1,012,334	1,241,752	229,418	22.66%
San Diego	1,825,315	2,143,739	318,424	17.44%
San Francisco	1,256,600	1,031,006	-225,595	-17.95%
San Joaquin	397,229	477,075	79,846	20.10%
San Luis Obispo	182,220	185,132	2,912	1.60%
San Mateo	490,254	672,260	182,006	37.12%
Santa Barbara	258,450	363,282	104,832	40.56%
Santa Clara	1,125,772	1,246,922	121,150	10.76%
Santa Cruz	141,190	187,194	46,005	32.58%
Shasta	249,252	255,590	6,338	2.54%
Sierra	3,891	4,196	305	7.83%
Siskiyou	75,392	55,510	-19,882	-26.37%

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
Trial Courts

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Solano	365,577	502,808	137,231	37.54%
Sonoma	206,763	231,558	24,795	11.99%
Stanislaus	247,147	287,607	40,460	16.37%
Sutter	73,709	56,347	-17,363	-23.56%
Tehama	48,787	48,008	-779	-1.60%
Trinity	24,264	29,897	5,633	23.22%
Tulare	194,874	242,245	47,370	24.31%
Tuolumne	60,167	70,234	10,068	16.73%
Ventura	333,915	445,452	111,537	33.40%
Yolo	101,192	114,629	13,437	13.28%
Yuba	42,636	77,270	34,634	81.23%
All Courts	$16,536,018	$19,347,255	$2,811,237	17.00%

Notes:

(A):	From Prior Allocation.
(B):	From Exhibit TC-1.
(C):	(B) - (A)
(D):	(C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Allocation of 2015-16 Costs

Court	2011-12 to 2013-14 Payroll ($000) (A)	Percent Payroll (B)	2015-16 Indicated Allocation Based on Payroll (C)	2011-12 to 2013-14 Incurred Limited to $75K (D)	Percent Limited Losses (E)	2015-16 Indicated Allocation Based on Losses (F)	Weighting (G)	2015-16 Weighted Allocation (H)	2015-16 Adjusted Allocation (I)	Allocation of Excess Premium (J)	Allocation of Claims Handling (TPA) Fees (K)	Allocation of Program Admin. (L)	Allocation Brokerage / Consulting (M)	2015-16 Total Allocation (N)	2015-16 Percent of Allocation (O)
Supreme Court	$49,536	3.56%	$27,793	$92,949	9.50%	$74,066	31.00%	$42,139	$45,737	$0	$14,829	$0	$3,068	$63,634	6.00%
1st District Court	41,194	2.96%	23,113	6,361	0.65%	5,069	29.15%	17,852	19,377	0	2,550	0	528	22,455	2.12%
2nd District Court	83,751	6.03%	46,991	11,041	1.13%	8,798	36.93%	32,885	35,692	0	4,924	0	1,019	41,636	3.92%
3rd District Court	27,017	1.94%	15,159	1,592	0.16%	1,268	25.33%	11,640	12,634	0	1,317	0	272	14,223	1.34%
4th District Court	65,666	4.73%	36,843	427	0.04%	340	34.06%	24,411	26,496	0	2,726	0	564	29,786	2.81%
5th District Court	24,256	1.75%	13,609	54,369	5.56%	43,324	24.44%	20,870	22,652	0	8,482	0	1,755	32,890	3.10%
6th District Court	17,350	1.25%	9,734	22,400	2.29%	17,849	21.85%	11,508	12,490	0	3,793	0	785	17,069	1.61%
AOC	203,551	14.65%	114,207	430,635	44.01%	343,149	49.66%	227,895	247,354	0	67,647	0	13,998	328,999	31.00%
CJCL	1,793	0.13%	1,006	0	0.00%	0	10.25%	903	980	0	73	0	15	1,068	0.10%
CJP	5,883	0.42%	3,301	0	0.00%	0	15.24%	2,798	3,037	0	239	0	49	3,325	0.31%
HCRC	18,563	1.34%	10,415	14,804	1.51%	11,797	22.35%	10,724	11,639	0	2,795	0	578	15,013	1.41%
Trial Court Judges	851,081	61.24%	477,521	343,899	35.15%	274,034	80.00%	314,731	341,604	0	123,820	0	25,622	491,046	46.28%
All Courts	$1,389,640	100.00%	$779,693	$978,477	100.00%	$779,693		$718,357	$779,693	$0	$233,195	$0	$48,255	$1,061,143	100.00%

Notes:

(A): From Exhibit J-2.

(B): (A)/[Total (A)]

(C): (B) x [Total (C)]. Total (C) was provided by Judicial Branch Workers' Compensation Program.

(D): From Exhibit J-3.

(E): (D)/[Total (D)]

(F): (E) x [Total (F)]. Total (F) was provided by Judicial Branch Workers' Compensation Program.

(G): Based on relative size (according the (A)) of each court. The largest is subjectively set to an 80.00% weight. The weight of all other courts are based on that standard.

(H): (H) x (F) + [1-(H)] x (G)

(I): (H) subject to an adjustment of 1.085.

(J): (B) x [Total (J)]. Total (J) was provided by Judicial Branch Workers' Compensation Program.

(K): [(B) x 0.20 + (E) x 0.80] x Total (K). Total (K) was provided by Judicial Branch Workers' Compensation Program.

(L): (B) x [Total (L)]. Total (L) was provided by Judicial Branch Workers' Compensation Program.

(M): [(B) x 0.20 + (E) x 0.80] x Total (M). Total (M) was provided by Judicial Branch Workers' Compensation Program.

(N): Sum[(I)..(M)]

(O): (N)/[Total (N)]

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Summary of Payroll

Court	Payroll		
	2011-12	2012-13	2013-14
Supreme Court	$16,553,702	$16,847,795	$16,134,138
1st District Court	14,306,263	13,969,192	12,918,969
2nd District Court	28,202,512	28,367,200	27,181,425
3rd District Court	8,976,838	8,940,133	9,100,274
4th District Court	21,504,654	22,137,823	22,023,226
5th District Court	8,220,039	8,001,512	8,034,066
6th District Court	5,629,524	5,843,524	5,876,586
AOC	74,385,708	64,337,995	64,827,084
CJCL	624,723	576,806	590,975
CJP	1,968,550	1,903,435	2,011,012
HCRC	6,241,346	6,303,418	6,017,821
Trial Court Judges	283,818,591	280,795,205	286,467,580
All Courts	$470,432,450	$458,024,038	$461,183,156

Notes:

Provided by Judicial Branch Workers' Compensation Program.

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Summary of Loss Data

Court	Incurred Losses			Incurred Losses Capped at $75K		
	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
Supreme Court	$92,949	$0	$0	$92,949	$0	$0
1st District Court	6,361	0	0	6,361	0	0
2nd District Court	1,917	0	9,124	1,917	0	9,124
3rd District Court	930	662	0	930	662	0
4th District Court	427	0	0	427	0	0
5th District Court	0	54,369	0	0	54,369	0
6th District Court	0	0	22,400	0	0	22,400
AOC	480,766	19,164	49,453	362,018	19,164	49,453
CJCL	0	0	0	0	0	0
CJP	0	0	0	0	0	0
HCRC	14,804	0	0	14,804	0	0
Trial Court Judges	68,803	461,237	0	68,803	275,096	0
All Courts	666,957	535,432	80,977	548,208	349,291	80,977

Notes:

Provided by Judicial Branch Workers' Compensation Program.

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Supreme Court	$44,525	$63,634	$19,109	42.92%
1st District Court	22,975	22,455	-521	-2.27%
2nd District Court	61,888	41,636	-20,252	-32.72%
3rd District Court	14,214	14,223	9	0.07%
4th District Court	29,591	29,786	194	0.66%
5th District Court	13,924	32,890	18,966	136.21%
6th District Court	14,367	17,069	2,702	18.81%
AOC	321,267	328,999	7,732	2.41%
CJCL	970	1,068	98	10.05%
CJP	3,748	3,325	-423	-11.29%
HCRC	16,899	15,013	-1,885	-11.16%
Trial Court Judges	562,692	491,046	-71,646	-12.73%
All Courts	$1,107,061	$1,061,143	-$45,917	-4.15%

Notes:

(A):	From Prior Allocation.
(B):	From Exhibit J-1.
(C):	(B) - (A)
(D):	(C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Supreme Court	$44,525	$66,234	$21,708	48.76%
1st District Court	22,975	23,556	580	2.53%
2nd District Court	61,888	43,664	-18,224	-29.45%
3rd District Court	14,214	14,941	727	5.12%
4th District Court	29,591	31,291	1,700	5.75%
5th District Court	13,924	34,177	20,253	145.45%
6th District Court	14,367	17,779	3,412	23.75%
AOC	321,267	343,056	21,788	6.78%
CJCL	970	1,123	153	15.79%
CJP	3,748	3,498	-250	-6.68%
HCRC	16,899	15,675	-1,224	-7.24%
Trial Court Judges	562,692	510,458	-52,234	-9.28%
All Courts	$1,107,061	$1,105,450	-$1,610	-0.15%

Notes:

(A):	From Prior Allocation.
(B):	From Exhibit J-1.
(C):	(B) - (A)
(D):	(C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Supreme Court	$44,525	$75,500	$30,974	69.57%
1st District Court	22,975	31,644	8,669	37.73%
2nd District Court	61,888	60,185	-1,703	-2.75%
3rd District Court	14,214	20,248	6,034	42.45%
4th District Court	29,591	44,275	14,684	49.62%
5th District Court	13,924	38,709	24,785	178.00%
6th District Court	14,367	21,096	6,730	46.84%
AOC	321,267	379,912	58,645	18.25%
CJCL	970	1,472	502	51.79%
CJP	3,748	4,647	899	23.99%
HCRC	16,899	19,260	2,361	13.97%
Trial Court Judges	562,692	678,774	116,082	20.63%
All Courts	$1,107,061	$1,375,722	$268,661	24.27%

Notes:

(A):	From Prior Allocation.
(B):	From Exhibit J-1.
(C):	(B) - (A)
(D):	(C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Supreme Court	$44,525	$73,651	$29,125	65.41%
1st District Court	22,975	30,107	7,132	31.04%
2nd District Court	61,888	57,059	-4,829	-7.80%
3rd District Court	14,214	19,239	5,025	35.35%
4th District Court	29,591	41,824	12,233	41.34%
5th District Court	13,924	37,803	23,880	171.50%
6th District Court	14,367	20,449	6,082	42.33%
AOC	321,267	372,315	51,048	15.89%
CJCL	970	1,405	435	44.89%
CJP	3,748	4,428	680	18.13%
HCRC	16,899	18,567	1,668	9.87%
Trial Court Judges	562,692	647,010	84,317	14.98%
All Courts	$1,107,061	$1,323,857	$216,796	19.58%

Notes:

(A):	From Prior Allocation.
(B):	From Exhibit J-1.
(C):	(B) - (A)
(D):	(C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Comparison to Prior Allocation

Court	2014-15 Total Allocation (A)	2015-16 Total Allocation (B)	Difference (C)	Percent Change (D)
Supreme Court	$44,525	$71,530	$27,005	60.65%
1st District Court	22,975	28,343	5,368	23.36%
2nd District Court	61,888	53,473	-8,414	-13.60%
3rd District Court	14,214	18,083	3,869	27.22%
4th District Court	29,591	39,013	9,422	31.84%
5th District Court	13,924	36,765	22,841	164.04%
6th District Court	14,367	19,706	5,339	37.16%
AOC	321,267	363,601	42,333	13.18%
CJCL	970	1,329	359	36.98%
CJP	3,748	4,176	428	11.41%
HCRC	16,899	17,772	874	5.17%
Trial Court Judges	562,692	610,574	47,882	8.51%
All Courts	$1,107,061	$1,264,366	$157,305	14.21%

Notes:
(A):	From Prior Allocation.
(B):	From Exhibit J-1.
(C):	(B) - (A)
(D):	(C) / (A)

Judicial Branch Workers' Compensation Program
Workers' Compensation Cost Allocation for Fiscal Year 2015-16
State Judiciary

Summary of Payroll, Losses and Expenses

Division	2011-12 to 2013-14 Payroll ($000) (A)	Percent Payroll (B)	2011-12 to 2013-14 Incurred Limited to $75K (C)	Percent Limited Losses (D)	2015-16 Claims Handling (E)	2015-16 Program Admin. (F)	2015-16 Brokerage / Consulting (G)
Trial Courts	$2,509,158	64.36%	$23,213,702	95.96%	$2,016,805	$0	$417,336
Judiciary	538,558	13.81%	634,578	2.62%	109,376	0	22,633
Trial Court Judges	851,081	21.83%	343,899	1.42%	123,820	0	25,622
Total	$3,898,798	100.00%	$24,192,178	100.00%	$2,250,000	$0	$465,591

Notes:

Provided by Judicial Branch Workers' Compensation Program.

JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on June 26, 2015

Title
Judicial Branch: Workers' Compensation
Program Excess Insurance

Rules, Forms, Standards, or Statutes Affected
N/A

Recommended by
Judicial Branch Workers' Compensation
   Program Advisory Committee
Tania Ugrin-Capobianco, Chair

Agenda Item Type
Action Required

Effective Date
July 1, 2015

Date of Report
June 19, 2015

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Executive Summary

The Judicial Branch Workers' Compensation Program Advisory Committee recommends
renewal of the existing annual excess insurance policy and purchase of an annual excess
insurance policy for the judiciary.

Recommendation

The Judicial Branch Workers' Compensation Program (JBWCP) Advisory Committee
recommends that the Judicial Council, effective July 1, 2015:

1. Approve renewal of the existing annual policy with Safety National for excess insurance for
    the trial courts, for losses over $2 million, with a limit of $50 million per occurrence, in the
    amount of $480,114;

2. Approve the purchase of a separate annual excess insurance policy from Arch Insurance Company for the state judiciary, for losses over $2 million, with a limit of $50 million per occurrence, in the amount of $174.915.[1]

Previous Council Action

Each year the Judicial Council has approved the renewal of the excess insurance policy for the trial courts participating in the JBWCP.

Rationale for Recommendation

Excess insurance mitigates the costs of large catastrophic losses
The JBWCP purchases commercial excess insurance for the trial courts to mitigate catastrophic losses of over $2 million. Historically the state judiciary has been fully self-insured and has not purchased excess insurance primarily because of the high cost resulting from the commercial carriers' concerns with the concentration of Judicial Council employees located in the Bay Area. However, for fiscal year 2015–2016 year, the state judiciary has received from the commercial insurance marketplace favorable pricing comparable to the cost of insurance for the trial courts.

The recommended insurance carrier for the state judiciary, Arch Insurance Company, has provided two very competitive proposals. The JBWCP recommends the proposal with the same terms as the trial court's policy, at $174, 915. Arch recently received a credit rating of "A+," the highest rating from the insurance industry's credit rating agency, A.M. Best Company.[2] The "A+" rating is typically assigned to insurance companies that exemplify financial strength in meeting their ongoing insurance policy and contract obligations.

Comments, Alternatives Considered, and Policy Implications

Alternatives
Excess insurance pricing options. Three options are available for consideration for the excess insurance premiums for the state judiciary. The current recommendation is to accept the Arch Insurance Company proposal for the same level of coverage as that of the trial courts for a cost of $174,915. The two alternative pricing options are listed in Table 2 below:

1. Safety National, the current excess insurance provider for the trial courts, has provided a quote for excess insurance coverage for the state judiciary. This option would mirror the trial courts coverage levels for a cost of $286,271. This policy with Safety National would be a separate policy, so the coverage limit of $50 million would apply to the judiciary in addition to the $50 million dollar coverage for the trial courts.

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[1] For reference, the state judiciary includes employees of the Supreme Court, Courts of Appeal, California Judicial Center Library, Habeas Corpus Resource Center, Judicial Council and Commission on Judicial Performance, as well as the judges of the superior courts of California.

[2] See *www3.ambest.com/ambv/bestnews/presscontent.aspx?altsrc=1&refnum=20904*.

2. Arch Insurance has offered a plan option for the state judiciary that would have coverage subject to statutory limits, with no cap. This coverage would have an annual cost of $234,407.

Table 2. Alternatives for Judiciary Excess Insurance

Current Recommendation: Arch Insurance Proposal of $50 M Limit for Judiciary; Safety National for Trial Courts	Trial Courts	State Judiciary (Including Trial Court Judges)	Total
Claims Costs (Ultimate)	16,433,000	808,000	17,241,000
Administrative Costs	2,434,141	281,450	2,715,591
Excess Insurance	480,114	174,915	655,029
Total	**19,347,255**	**1,264,365**	**20,611,620**

OPTION 1: Allocation Safety National Proposal	Trial Courts	State Judiciary (Including Trial Court Judges)	Total
Claims Costs (Ultimate)	16,433,000	808,000	17,241,000
Administrative Costs	2,434,141	281,450	2,715,591
Excess Insurance	480,114	286,271	766,385
Total	**19,347,255**	**1,375,721**	**20,722,976**

OPTION 2: Allocation Arch Insurance Proposal of Statutory Coverage for Judiciary	Trial Courts	State Judiciary (Including Trial Court Judges)	Total
Claims Costs (Ultimate)	16,433,000	808,000	17,241,000
Administrative Costs	2,434,141	281,450	2,715,591
Excess Insurance	480,114	234,407	714,521
Total	**19,347,255**	**1,323,857**	**20,671,112**