



RISK MANAGEMENT 2016 ANNUAL REPORT



Agenda

- Annual Report Summary
- Meet the 2017 Safety Team
- Organizational overview
- Risk Control
- Areas of Exposure
- Cost Trends
- Accomplishments in 2016
- Goals for 2017



Annual Report Summary

This report reviews the Lehigh County Authority 2016 Risk Management Report. Our program effort has been designed to maintain a high safety awareness among employees, ensure a safe work environment by recognizing and reducing work hazards and maintain reasonable insurance cost. Employee training programs are outlined within this report.



Meet the 2016 Safety Team

Kevin German – Risk Manager
Kathy Martin – Human Resources

DISTRIBUTION & COLLECTION TEAM

- James Yoachim -Leader
- Bill Brogan
- Mike Walter
- Andrew Werley
- Mike Cawley

WATER FILTRATION PLANT TEAM

- Tim Carlson - Leader
- Mike Brunovsky
- Gretchen Schleppey
- Mike Walter
- George Lill
- Dave Adams
- Ryan Sirak

WASTEWATER TREATMENT PLANT TEAM

- Steve Stahlberg - Leader
- Bob Keenan
- Mark Kudera
- Joe Thompson
- Mike Walter
- Bob Adams
- Mike Brunovsky

LCA SUBURBAN TEAM

- Bob Argust - Leader
- Tim Geiger
- Tony Oswald

Organizational Overview

The Risk Management team is responsible for managing the Authorities property and casualty risks, and coordinating the Authorities safety programs.

Our mission is to:

- Promote a safe and healthy work environment by performing regular site and equipment inspections.
- Reduce costs related to accidents and injuries.
- Protect the resources and assets of the Authority.



Risk Control



- Immunization Program – 4 employees participated in this program.
- Safety Shoe Program – All employees that are subjected to wear safety shoes have monies appropriated for purchase of shoes.
- Fire Extinguisher Inspection – All facilities fire extinguishers are inspected every year. If any fail to pass inspection they are replaced promptly.
- Site Inspection – All facilities are inspected by the RM team, for areas of potential high risk. Linda Poole, Sr. Risk Control Consultant, Delaware Valley Compensation Trust, inspected our facilities in September. No citation issued. Recommendation to enhance Suburban facility upgrade receptionist and customer care area window and office door with bullet resistant glass. Completed late 2016 early 2017. Overall, the system inspection indicated at LCA continues to provide a safe working environment.
- Accident, Property, Liability Reports – 12 Workers compensation claims, 4 lost time, 3 property and 22 liability claims.
- Safety Incentive program – Weekly safety talks. Near miss reports found to be helpful and used to enhance safety. Purchased fire extinguishers for each employee for their safety efforts, and acknowledged two employees with safety awards at our annual employee meeting.

Risk Control - *continued*

Safety Programs – Traditional training programs and formats were utilized during the year. DVD, videotapes, CD's, and tailgate weekly talks continue to provide the most effective training participation and results. Ongoing training efforts focused on:

- Confined Space Entry
- Trenching and Shoring
- Personal Protective Equipment
- Defensive Driving
- First Aid Training
- Tailgate Talks
- Fork Lift Training
- Backhoe Safety



Areas of Exposure

- Legal, General and Automobile Liability – Purchased from Pennsylvania Intergovernmental Risk Management Association (PIRMA, a local government risk pool). Insurance provider is H.A. Thomson Company.
- Property Insurance – Purchased from our broker Murray Securus. Insurance provider is CNA Insurance Company. Authority asset values set at \$347,541,721.
- Workers' Compensation – Purchased from Delaware Valley Workers Compensation Trust (DVWCT).
- Pollution Liability Insurance – Purchased from Greenwich Insurance Company

Cost Trends



2016 Annual Report Insurance Cost Trend

| | 2013 | | 2014 | | 2015 | | 2016 | |
|---------------------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|
| | Annual Premium | % Change from Prior-yr | Annual Premium | % Change from Prior-yr | Annual Premium | % Change from Prior-yr | Annual Premium | % Change from Prior-yr |
| PIRMA Pool: | | | | | | | | |
| General Liability | \$ 196,699 | 287.41% | \$ 192,239 | -2.27% | \$ 184,799 | -3.78% | \$ 182,807 | -1.08% |
| Auto Liability & Comprehensive Damage | \$ 45,339 | 297.50% | \$ 49,795 | 9.83% | \$ 53,500 | 7.44% | \$ 42,142 | -21.23% |
| Public Officials Liability | \$ 26,391 | 150.20% | \$ 33,198 | 25.79% | \$ 34,691 | 4.50% | \$ 38,091 | 9.80% |
| Property Contract with City | \$ 20,000 | 0% | \$ 20,000 | 0% | \$ 20,000 | 0.00% | \$ 20,000 | 0.00% |
| Total PIRMA | \$ 288,429 | 59.30% | \$ 295,232 | 2.36% | \$ 292,990 | -0.76% | \$ 283,040 | -3.40% |
| Other Insurance Costs: | | | | | | | | |
| Property - Murray Securus | \$ 197,193 | 82.03% | \$ 197,800 | 0.31% | \$ 175,000 | -11.53% | \$ 177,000 | 1.14% |
| Worker's Compensation | \$ 83,555 | 231.88% | \$ 188,719 | 125.86% | \$ 224,020 | 18.71% | \$ 243,046 | 8.49% |
| Pollution Liability (PTP & WWTP) | \$ 7,822 | -4.50% | \$ 7,872 | 0.64% | \$ 9,494 | 20.60% | \$ 9,476 | -0.19% |
| Employee Dishonesty Bond | \$ 700 | 29.63% | \$ 971 | 38.71% | \$ 1,500 | 54.48% | \$ 2,881 | 92.07% |
| Treasurer Bonds | \$ 200 | 0.00% | \$ 190 | -5.00% | \$ 200 | 5.26% | \$ 200 | 0.00% |
| Total Other Insurance | \$ 289,470 | 748.71% | \$ 395,552 | 36.65% | \$ 410,214 | 3.71% | \$ 432,603 | 5.46% |
| Grand Total | \$ 577,899 | 168.59% | \$ 690,784 | 19.53% | \$ 703,204 | 1.80% | \$ 715,643 | 1.77% |

Cost Trends - *continued*



Lehigh County Authority Risk Management 5-Year Expense History

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|-------------------|------------------|------------------|
| Immunizations | \$ 2,415 | \$ 3,250 | \$ 192 | \$ 90 | \$ - |
| Safety Shoes | \$ 12,372 | \$ 11,646 | \$ 8,573 | \$ 1,520 | \$ 1,200 |
| Fire Extinguishers | \$ 3,977 | \$ 1,867 | \$ 5,500 | \$ 1,140 | \$ 735 |
| Safety Training & Equipment | \$ 36,156 | \$ 52,900 | \$ 33,233 | \$ 310 | \$ 100 |
| Luncheon/Incentive | \$ 3,315 | \$ 461 | \$ 4,200 | \$ - | \$ 1,100 |
| CDL Drug & Alcohol Tests | \$ 1,860 | \$ 1,145 | \$ 1,354 | \$ 220 | \$ 221 |
| RM and Safety Training Salary | \$ 62,908 | \$ 70,432 | \$ 90,417 | \$ 10,900 | \$ 8,745 |
| Total | \$ 123,003 | \$ 141,701 | \$ 143,469 | \$ 14,180 | \$ 12,101 |
| 2014 increase due to addition of city salaries, training and equipment. | | | | | |

Cost Trends - *continued*



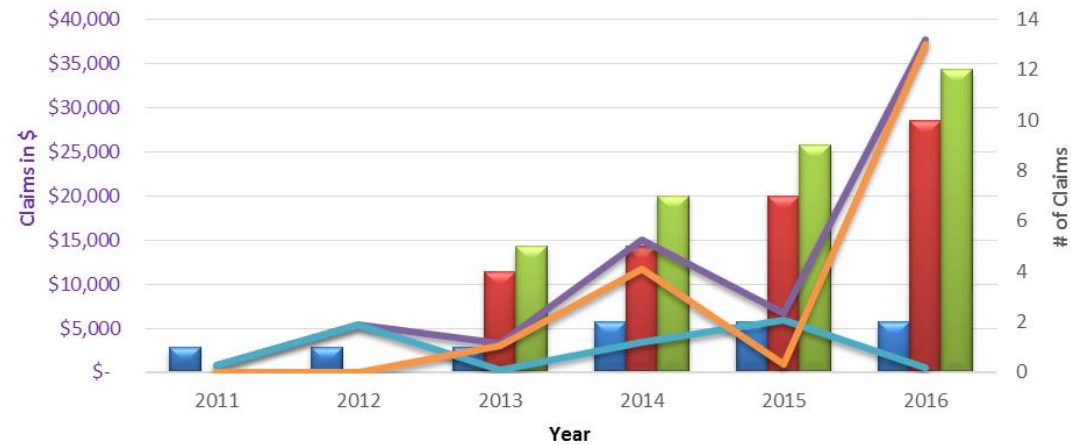
LCA Vehicle Incident and Claim History

| Year | Suburban # of incidents | City # of incidents | Combined # of incidents | Combined Cost | Suburban Cost | City Cost |
|------|----------------------------|------------------------|----------------------------|------------------|------------------|--------------|
| 2011 | 1 | 0 | 0 | \$ 728 | \$ 728 | \$ - |
| 2012 | 1 | 0 | 0 | \$ 5,420 | \$ 5,420 | \$ - |
| 2013 | 1 | 4 | 5 | \$ 3,326 | \$ 267 | \$ 3,059 |
| 2014 | 2 | 5 | 7 | \$ 15,086 | \$ 3,376 | \$ 11,710 |
| 2015 | 2 | 7 | 9 | \$ 6,709 | \$ 5,862 | \$ 847 |
| 2016 | 2 | 10 | 12 | \$ 37,673 | \$ 479 | \$ 37,194 |



Vehicle Incident Reports and Self-Insurance Claims

as of December 31, 2016



Accomplishments in 2016

- Organized and maintained four individual safety teams to function as one.
- Updated the Health and Safety Manual
- Processing 12 workers compensation claims, 4 lost time claims, 4 restricted duty claims, 3 property claims, and 22 liability claims.
- Received \$6,000 rebate for high performance rating from DVIT
- Emergency Response Plan (ERP) for all facilities are updated.
- Implemented additional safety training for staff
- Continue to upgrade old safety equipment throughout LCA.



Goals for 2017

- Decrease self-insurance cost
- Eliminate Workers' Compensation claims
- Eliminate security issues at City Wastewater Treatment Plant
- Add additional safety training for employees
- Inspect suburban and city facilities for security upgrades
- Continue to upgrade old safety equipment throughout LCA
- Update the Health and Safety manual
- Provide Incident Command System training for all managers.



Questions

