DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF RISK MANAGEMENT

NOTICE OF FILING

Reporting Council: Interagency Advisory Council on Loss Prevention

Supported by: Department of Financial Services
Division of Risk Management

Recipient: Office of the Governor

Subject: Interagency Advisory Council on Loss Prevention
Annual Report, 2009

Report Due Date: January 15, 2010

Statutory Requirement: Section 284.50(3), Florida Statutes

Authority and Purpose:

Section 284.50(3), Florida Statutes, provides that the Interagency Advisory Council (IAC) on Loss Prevention prepare and submit to the Governor an Annual Report on the activities and accomplishments of the IAC during Fiscal Year (FY) 2008/2009, a period from July 1, 2008 until June 30, 2009. The Legislature established the IAC in 1979. The purpose of this Council is to promote increased safety awareness in state government and to assist in the reduction of employment related losses and costs.

Effect of Reduction Efforts:

Workers’ compensation agency claims rates were relatively flat for the reviewed period of FY 2005-2006 to FY 2007-2008. Workers’ compensation university claims rates decreased from 3.20 to 2.70 during the period of FY 2005-2006 to FY 2006-2007, then flatten for the third year in the review period. The workers’ compensation claims rate is calculated by 1 claim for every 100 FTEs. General liability agency claims steadily decreased during the review period of FY 2006-2007 to FY 2008-2009, but general liability claims costs decreased from the first year to the second, then increased by the third year. General liability university claims did just the opposite from agency claims. University claims dipped, then increased slightly over the three year period. University claims costs increased slightly, then took a more substantial decrease during the review period. Federal civil rights agency claims for the period of FY 2006-2007 through FY 2008-2009 showed a modest decrease, then a leveling out. However, federal civil rights agency claims costs almost doubled by $10 million over the review period. Federal civil rights university claims and costs decreased from the first year to the second, then leveled off. Data charts with specific values are provided in the back of the annual report.
Section 284.50(2), F.S., provides for an Interagency Advisory Council (IAC) on Loss Prevention composed of the safety coordinators from each department and representatives designated by the Division of State Fire Marshall and the Division of Risk Management (Division). The council shall meet at least quarterly to discuss safety problems within state government, to attempt to find solutions for these problems, and, when possible, to assist in the implementation of the solutions.

David Wiggins, Safety Coordinator, Department of Management Services, served as IAC Chair during FY 2008-2009. Mr. Wiggins presided over four quarterly IAC meetings and provided overall leadership during the period.

During Mr. Wiggins’ term, there were significant changes in the Division, including management changes and a reorganization of functions. The workers’ compensation case management contractor also changed, resulting in a different approach to claims handling.

IAC meeting attendance averaged about 42% at the first meeting to approximately 63% for the remaining meetings during FY 2008-2009. Twenty (20) IAC members attended the meeting on August 6, 2008. Twenty-nine (29) IAC members attended the meeting on November 5, 2008. Twenty-nine (29) IAC members attended the meeting on February 4, 2009. And, 32 IAC members attended the meeting on May 13, 2009. Highlights during the year included:

- the appointment of R. J. Castellanos as Director, Division of Risk Management, which signaled a new emphasis on Loss Prevention and Control;
- the appointment of Linda A. Keen, Deputy Director, Division of Risk Management, to provide leadership for Loss Prevention and to enhance customer services to insured agencies;
- reorganization of the Division of Risk Management to place greater emphasis on Loss Prevention.
- focus on agencies with the highest frequency and severity in workers’ compensation and federal civil rights claims;
• emphasis on agencies using data to identify and focus corrective actions on trouble spots with high costs and frequency of claims;

• establishment of the Claim Investigation Reports to the agency heads to replace the old target referral process to warn agencies about situations or conditions that should be addressed to prevent future accident occurrences;

• assignment of workers’ compensation adjusters to specific agencies so that they will be more familiar with agency operations;

• expert testimony from Dr. Christopher Teaf on workplace safety on how training and attitudes can prevent accidents and, by putting procedures in place, incidents may be avoided;

• the changing of the workers’ compensation case management provider from Corvel to OptaComp and the shifting of claims philosophy to real time reporting, triage, case management by a nurse case manager, practitioner diagnosis and treatment, practitioner identification of medical restrictions or limitations, and returning the employee to work for regular duty or alternate duty;

• the institution of a standard DWC-25 form to capture all aspects of the accident, treatment, restrictions or limitations, and return to work.

AGENCY RECOGNITION

Section 284.50(3), F.S., provides that the council is authorized to recognize employees, agents, and volunteers who make exceptional contributions to the reduction and control of employment-related accidents. At the last IAC meeting of the year, held May 13, 2009, 33 agencies were recognized for their achievements with Gold, Silver, and Bronze Awards.

The Division of Risk Management and the IAC changed the format of the annual safety awards to allow for more agencies and universities to be recognized for their efforts in loss prevention and safety awareness. The most recent awards covered the period of the 2008 Calendar Year, instead of the fiscal year period previously covered. Deputy Chief Financial Officer Donna O’Neal presented the awards at the May IAC meeting.
All of the awards are based upon the answers provided by each agency or university to the Division of Risk Management’s Safety Program Evaluation Survey, which utilizes best practices as standards by which to evaluate agencies. There are three levels of recognition determined by the scores on the survey. The Interagency Advisory Council on Loss Prevention’s Award for Excellence in Loss Prevention, or the **Gold Level**, is for recipients recognized as having one of the best safety programs in the State. All recipients at the Gold Level were audited to ensure that their safety program qualified for such a high level of recognition. The Interagency Advisory Council on Loss Prevention’s Award of Distinction for Loss Prevention, or the **Silver Level**, is for recipients recognized as having a safety program that exceeds minimum standards. The Interagency Advisory Council on Loss Prevention’s Special Recognition Award for Loss Prevention, or the **Bronze Level**, is for recipients recognized as having a safety program that meets the standards.

### AGENCY LOSS PREVENTION AWARDS

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PLANNING INITIATIVES

Changes at the Division and changes with claims handling will directly impact all of the insured agencies and universities, and their representatives on the IAC. The IAC performs a central role in interagency relations and promoting loss prevention among all agencies. During FY 2009-2010, the following initiatives will enable the IAC to better fulfill its role.

- Creation of standing and ad hoc committees to advise the Division on its core loss prevention processes, including training, claims reporting, newsletter development and distribution, training material loan program, and the Annual Safety Academy.

- Expansion of the IAC Executive Committee to include more members to develop IAC agendas and to assist the IAC Chair with leadership responsibilities.

- Active participation in the development of loss prevention standards for state agencies.

- Promotion of more interactive policy and procedure discussions, such as hosting a member forum on Return to Work that would include a panel of IAC members and experts from the claims case management contractor and the Division.

- Enhancement of information sharing through the Division’s website.

- Division assistance with promoting the common goals of reducing claims costs, claims frequency, and loss time claims.

CLAIMS DATA

The Division tracks claims data for insured agencies in the categories of workers’ compensation, general liability (including automobile liability) and federal civil rights. Data charts for three years of claims are provided for agencies and universities and are provided here for informational purposes. Workers’ compensation claims rate data is provided for FY 2005-2006 through FY 2007-2008, which allowed for six months of development at a 97% accuracy rate. A claims development period is necessary due to the time lag between when a claim occurs and when Risk Management has an actuarially sound basis for comparison of claim frequency with other claim years. Risk Management has used this six month time period for workers’ compensation claim comparison for the past twelve years. Workers’ compensation rates are calculated at one claim per 100 FTEs, which is an industry standard. General and automobile liability and federal civil rights claims are actual claims numbers and actual claims costs. General liability and federal civil rights claims data are provided for FY 2006-2007 through FY 2008-2009 based upon a development period of six years (FY 2000-2001 through FY 2002-2003). The most substantial activity with claims occurred with agency federal civil rights claims costs, which showed an approximate doubling over the three year period reviewed from $10.1 million to $20.9 million.
Workers’ compensation agency claims rates were flat during the years of FY 2005-2006 through FY 2007-2008.

Workers’ compensation university claims rates decreased from FY 2005-2006 to FY 2006-2007. Then the rate leveled out at approximately 2.70.
General liability agency claims showed a steady decrease from FY 2006-2007 to FY 2008-2009.

General liability agency claims costs showed a substantial decrease of approximately $2.3 million over the first two years, but increase by approximately $1.5 million in the third year.

General liability university claims costs showed a modest increase of approximately $30,000 over the first two years, but a more substantial decrease of approximately $180,000 in the third year.
Federal civil rights agency claims showed a modest decrease the first year, then a leveling out over the last two years.

Federal civil rights agency claims costs more than doubled from approximately $10.1 million to $20.9 million over the three year period.
Federal civil rights university claims showed a substantial drop the first two years, then a leveling from the second year to the third year.

Federal civil rights university claims costs showed a similar drop of approximately $1 million, then a leveling out.