



# Memorandum

## MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by: RLA Date: 6/14/19  
General Manager

DATE: June 14, 2019  
TO: General Manager  
FROM: Director of Finance & Administration  
SUBJECT: Contracts for Workers' Compensation Insurance and Services

**RECOMMENDATION:** Approve of contracts with H&H Professional Insurance Associates (Broker) for Workers' Compensation Insurance and InFocus Safety Solutions, Inc. for the delivery of Claims Management and Safety Services.

### BACKGROUND AND DISCUSSION

The District's business is inherently dangerous due to the use of heavy mobile equipment on rough terrain, the dependence upon other complex mechanical systems to process waste and the need to handle a multitude of different material types in the normal course of work. To help better manage the risks, the District has, over the past three years, increased efforts to strengthen our safety-oriented culture. These efforts have included implementing enhanced safety standards and practices, creating better documentation and improving employee safety training.

Unfortunately, these activities have not translated to reductions in workers' compensation expenses. Over the past three years, the District's Experience Modification – a measure of the volume, size and frequency of claims during a trailing three-year period – has grown from 150% in FY 2017/18 to 193% for the coming year. This metric is used by insurance underwriters in setting the price of insurance premiums.

After evaluating options related to more effectively managing workers' compensation risks and costs, staff has determined that switching from the current provider, the Special Districts Risk Management Association (SDRMA), would be prudent at this time. Staff recommends that the District engage the services of H&H Professional Insurance Associates as broker, with workers' compensation insurance provided by Redwood Fire & Casualty Insurance Company, a Berkshire Hathaway owned insurer. In addition, staff intends to engage InFocus Safety Solutions, Inc. to provide supplemental claims management services. These three resources will work together to bring heightened oversight and management of risks and claims. Staff believes that this strategy will bring a fresh and more aggressive approach to helping the District reduce safety incidents on site and lower claims liabilities over the long term.

### FINANCIAL IMPACT

By making this change, staff is projecting a small decrease in the total cost of worker's compensation insurance for FY 2019/20 compared to continuing with the District's current provider. If the approach is effective, material savings should be realized in future years.

**STRATEGIC PLAN**

The proposed engagement of these partners supports the District's strategic objective of *building a high performance, safety-oriented culture*.

**CONCLUSION**

Staff requests that the Board of Directors approve these contracts.



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Peter Skinner