

MEMORANDUM

DATE: May 1, 2018

TO: William Stowe, CEO and General Manager

FROM: Chuck Christensen, Risk Manager
Erika Hale, HR Generalist

SUBJECT: DMMW Safety Program and Workers' Compensation

In 2014, we decided to try a different approach to DMWW's safety program. The program was moved from Human Resources to Water Distribution, and Ted Corrigan and Chuck Christensen were charged with creating a safety program that would improve the safety culture and reduce injuries at DMWW. Our injury numbers have improved from 19 recordable injuries in 2014 to just 3 recordable injuries in 2017. More employees are bringing safety concerns to our team to be addressed and functional areas of the utility are talking safety weekly if not daily.

In 2018 we already have 6 injuries. We have made progress over the past four years however there is still much work to do.

We have finished our fourth year of being a self-insured entity in regard to Workers' Compensation liabilities. As you can see below, our estimated claims for 2017 (\$155,635) are lower than they have been in the past.

Prior to January 1, 2014, DMWW was covered under guaranteed cost insurance plans. Our only out-of-pocket expense were the premiums paid to the carriers. There are no longer any open claims prior to 2014; however, prior-year claim experiences continue to have a direct impact on our excess Self-Insured Retention policy that we need to maintain for any claims over \$500,000.

Below is a chart illustrating our costs over the last five years:

Time Period	11/1/2012 - 12/31/2013	1/1/2014 - 12/31/2014	1/1/2015 - 12/31/2015	1/1/2016 - 12/31/2016	1/1/2017 - 12/31/2017
Carrier	Midwest	DMWW	DMWW	DMWW	DMWW
Total Claims Effective 12/31/2017	\$1,032,559	\$576,009	\$420,583	\$221,628	\$155,635
Insurance Premium	\$253,715	\$60,538	\$86,192	\$88,841	\$76,172
# of Claims/Open	26/0	17/1	23/1	13/1	11/8
DMWW Total Cost	\$253,715	\$636,547	\$506,775	\$310,469	\$231,807

As of February 28, 2018, total claims for 2017 (including reserves) are \$155,635. The total claims from 2014 thru 2017 are estimates because some claims remain open. These numbers do include reserves for any open claims. Our Third-Party Administrator, Cottingham & Butler, does their best to estimate what our out-of-pocket expenses are going to be. Until all claims are paid and closed, this number can and will likely change.

DMWW's total cost (\$231,807) was lower in 2017 than it had been in the past and is also lower than what we budgeted. Our goal is to lower our number of claims and ultimately our total out-of-pocket costs.