



TECHNICAL UPDATE

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CONTROLLING CLAIM COSTS: WHY DOES IT MATTER?

Your insurance contributions for the Colorado Counties Casualty Pool (CAPP) and the County Workers Compensation Pool (CWCP) are based on your county's exposure and a loss-sensitive component.

WHAT IS MEANT BY EXPOSURE?

For CAPP, each county's exposure comprises property (buildings, contents, mobile equipment), revenue, vehicles, and miles of road. A rate is assigned to each of these items. For 2023, those rates were property at \$0.59 per \$100, vehicles at \$524 each, revenue at \$1.63 per \$100, and miles of road at \$30 each. Those values totaled equal the county's total CAPP exposure or base contribution.

For CWCP, exposure is made up of county payroll. Payroll is assigned to various classification codes, which have a rate per \$100 of payroll assigned based on the frequency and severity of injuries for that job. For example, clerical might have a rate of \$0.17, indicating a low-risk classification; whereas, the rate for street and road paving might be \$7.31 reflecting the higher likelihood of an on-the-job injury.

The payroll times the rate per \$100 equals the county's total CWCP exposure (base contribution) or Manual Premium as it is called in the insurance industry.

LOSS SENSITIVE COMPONENT

For both CAPP and CWCP, three years of a county's exposure and loss information is used to determine a loss rate. Three years of loss data is used so that one bad year within the three doesn't carry such a heavy impact.

A loss rate under 1.0 is good; over 1.0 means that the county has had losses greater than it should have for its level of exposure.

To find the county's loss rate, we calculate the county's % of total loss and % of total exposure for the three-year period. That % of loss is divided by that % of exposure to compute the loss rate.

For example, if a county has 1% of total loss and 2% of total exposure, it has a very good .5 loss rate. Conversely, if a county has 3% of total loss and 2% of total exposure, it has a high 1.5 loss rate.

WHY IT MATTERS

The loss rate is compared to a table that gives the county a credit or debit toward their base contribution. In CWCP, for a loss rate under 1.0, a county could get up to an 8% discount. For those over 1.0, the county could get up to a 7% increase. CAPP provides similar credits and debits.



WHAT THIS MEANS FOR COUNTIES

Whenever you have an opportunity to control your county's losses, take advantage of it. Whether it be through safety education, modified duty programs for injured workers, defensive driving classes, financial audits, good employment practices, pre-loss legal conversations, proper inmate procedures, etc., you can help control your loss costs and in turn lessen your contributions. For more information on loss control practices, contact CTSI at (303) 861-0507.