



Office of Risk Management
Baton Rouge, LA
December 16, 2016

Presented by:
Bryan Graff



2016 SEDGWICK STEWARDSHIP REPORT



- August 2015 partnership inception
- September 2015 data conversion completed
 - Transitioned 346K claims, > \$4B in historical payments
 - Added time tracking to improve RTW
 - Scrubbed and updated historical data to improve coding
 - Converted > 10M historical images
- ORM/Sedgwick dedicated claim team
 - Program fully staffed, 86 FTEs
 - Property unit in Baton Rouge with 24/7 CAT services
 - Triaged all pending claims by October 2015
- Permanent contract began February 2016





2015

- August — transitioned and redesigned www.LAORM.com
- October — set up viaOne auto-delivery reports 600+ recipients
- December — custom feed from JURIS to Acuity (legal bill)

2016

- March — developed extranet for photo and video storage
- May — built Loss Prevention compliance audit tool
- May — instituted premium invoicing tool for ORM
- Acuity reverse feed to JURIS for payment — target Q4 2016
- Property appraisal feed to ORM — target Q4 2016





- Monthly strategy meetings on WC and GL with ORM, resource teams
- viaOne training sessions ongoing — three with ORM since 2015
 - Key client benefits: dashboards, alerts, diaries, notes, images and reports
- Embedded property CAT adjusting services deployed Q2 2016
- Ongoing monthly training of Sedgwick dedicated staff custom to ORM requirements
- ORM leveraging Sedgwick COMPASS tool (Sedgwick application used to audit claim file activity according to Sedgwick's Service Expectations as well as regulatory, carrier, and client compliance) to effectively manage compliance
- Q1 2016 deployed nurse liability program — objective cost containment
- Q1 2016 — introduced UIS-led triage program for road hazard



| Activity* | Objective | Owner | Due Date |
|------------------------------------|---|---------------|--------------|
| <i>High-end analytics</i> | <i>Monthly metrics</i> | Bryan Graff | Q4 2016 |
| <i>Managed care</i> | <i>Develop quarterly scorecard</i> | Steve Keith | Q4 2016 |
| <i>WC claims > 10 years old</i> | <i>Focus on settlement/ closures</i> | Bryan Graff | Q4 2017 |
| <i>Property CAT/floods</i> | <i>Adjust and report to ORM and the market</i> | Scott Smalley | Q4 2016/2017 |
| <i>PPO program</i> | <i>Enroll for greater savings</i> | Steve Keith | Q1 2017 |
| <i>Quality</i> | <i>Enhancements to GL staff</i> | Scott Smalley | Q4 2017 |
| <i>Appraisals</i> | <i>Accurate and timely completion of appraisals</i> | Malcolm Dodge | Q2 2017 |

** The activities listed above are merely suggestions from Sedgwick on how to implement the strategies designed to meet the program objective. These activities will only be undertaken upon approval from State of Louisiana Office of Risk Management.*





| Data Set — Measurement Definitions | | | | |
|------------------------------------|-----------------|--------------|------------------|---------------------|
| Data Set | Beginning Range | Ending Range | Measurement Year | Valued "as of" Date |
| New | 7/1/2013 | 6/30/2014 | 2014 | 6/30/2014 |
| | 7/1/2014 | 6/30/2015 | 2015 | 6/30/2015 |
| | 7/1/2015 | 6/30/2016 | 2016 | 6/30/2016 |
| Pending | | | 2014 | 6/30/2014 |
| | | | 2015 | 6/30/2015 |
| | | | 2016 | 6/30/2016 |
| Closed | 7/1/2013 | 6/30/2014 | 2014 | 6/30/2014 |
| | 7/1/2014 | 6/30/2015 | 2015 | 6/30/2015 |
| | 7/1/2015 | 6/30/2016 | 2016 | 6/30/2016 |
| Payments | 7/1/2013 | 6/30/2014 | 2014 | 6/30/2014 |
| | 7/1/2014 | 6/30/2015 | 2015 | 6/30/2015 |
| | 7/1/2015 | 6/30/2016 | 2016 | 6/30/2016 |

Definition:

- New claims are open and closed claims with date claim opened in each measurement period.
- Pending claims are claims with claim status open valued as of the end of each measurement year.
- Closed claims are claims with closed claim status and date closed in each measurement period regardless of date of loss.
- Payments are based on date paid in each measurement period regardless of which year claims occur.

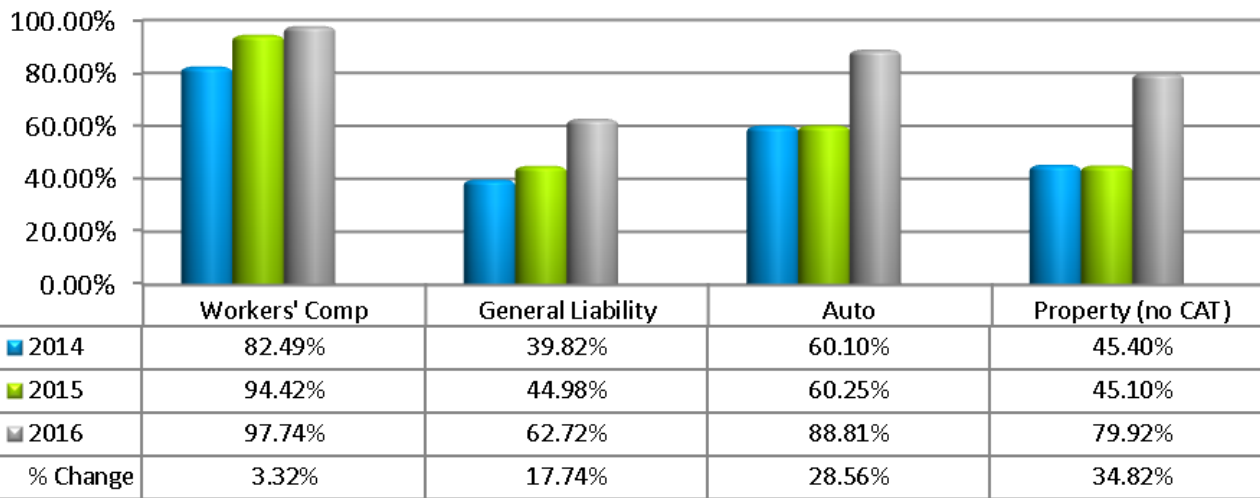
This presentation contains some comparisons to Sedgwick's book of business data. The State of Louisiana's claims are unique and the best gauge is against themselves year over year. Comparisons are included at times for reference only.





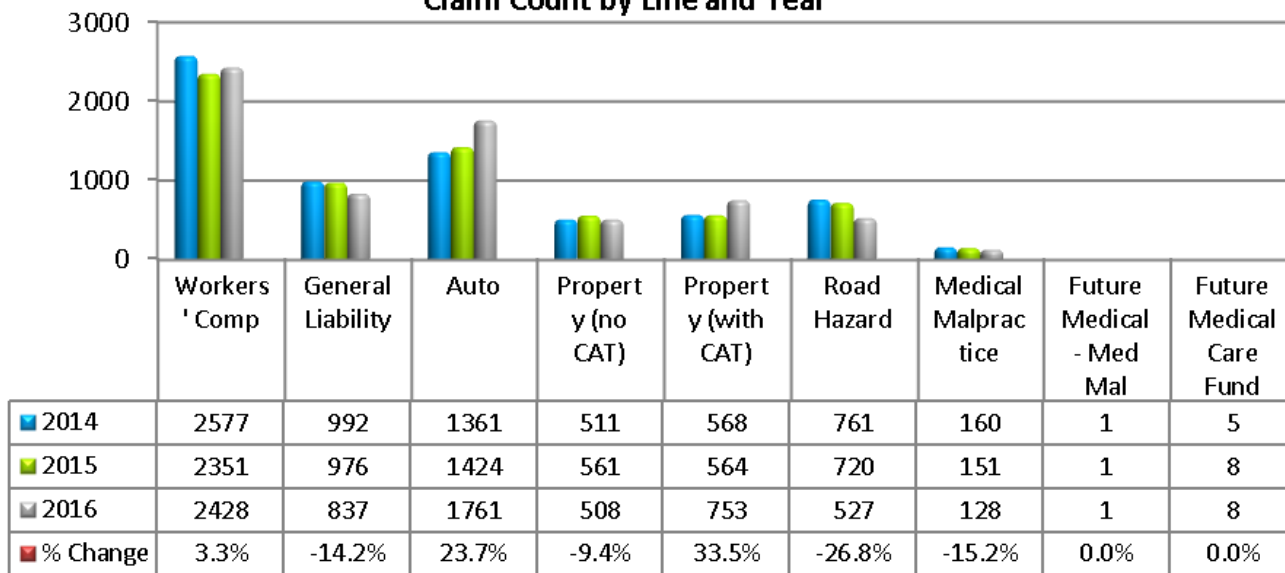
All Lines - New Claims

% of Claims reported in 7 days by Line and Year





All Lines - New Claims
Claim Count by Line and Year



Managed care program overall ROI **13.6:1**

Medical bill review

- \$46M in charges, **\$29M** in gross savings
- Gross savings 56.8%; BOB 54.1%
- Average allowance per bill: \$613; BOB \$602
- Pharmacy penetration: 96.8%; BOB (Book of Business) 96.2%

Clinical services

- Total gross savings — **\$5.4M**
- Indemnity savings — \$555K
- UR (Utilization Review) savings — \$4M
- Field case management savings — \$282K

Opportunities

- **PPO enrollment for an additional estimated annual savings of \$686K; ROI 2.7:1**
- 48% of providers are 3-, 4- or 5-star





Workers' Compensation Summary

| Louisiana Office of Risk Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Indemnity Claims | 648 | 608 | 646 | 6.3% |
| | Total New Claims | 2,577 | 2,351 | 2,428 | 3.3% |
| | % Indemnity | 25.1% | 25.9% | 26.6% | 0.7% |
| | Average Incurred | \$9,657 | \$10,894 | \$7,069 | -35.1% |
| | Total Incurred w/ Incurred >\$100K | 19.0% | 31.7% | 9.9% | -21.8% |
| | Total claims w/ Incurred >\$100K | 1.1% | 1.3% | 0.3% | -1.0% |
| Pending Claims | Indemnity Claims | 1872 | 1868 | 1877 | 0.5% |
| | Total Pending Claims | 2522 | 2788 | 2474 | -11.3% |
| | % Indemnity | 74.2% | 67.0% | 75.9% | 8.9% |
| | Average Incurred | \$186,715 | \$179,616 | \$205,347 | 14.3% |
| | Total Incurred w/ Incurred >\$100K | 90.6% | 91.3% | 92.1% | 0.8% |
| | Total claims w/ Incurred >\$100K | 44.2% | 42.0% | 46.5% | 44.5% |
| % Litigated on Indemnity Only | 21.0% | 18.7% | 20.8% | 2.1% | |
| Closed Claims | Indemnity Claims | 965 | 875 | 765 | -12.6% |
| | Total Closed Claims | 3,134 | 2,694 | 2,883 | 7.0% |
| | % Indemnity | 30.8% | 32.5% | 26.5% | -6.0% |
| | Average Paid | \$22,613 | \$16,964 | \$16,727 | -1.4% |
| | Average Days Open | 478 | 450 | 376 | -16.4% |
| | Closing Ratio | 100.6% | 91.0% | 112.2% | 21.2% |
| | Total Paid w/ Paid >\$100K | 75.3% | 63.9% | 70.3% | 6.4% |
| | Total claims w/ Paid >\$100K | 6.3% | 4.3% | 3.1% | -1.2% |
| | % Litigated on Indemnity Only | 24.8% | 17.4% | 9.5% | -7.9% |
| Louisiana Office of Risk Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Indemnity Paid | \$26,482,624 | \$24,084,804 | \$20,200,510 | -16.1% |
| | Total Medical Paid | \$32,863,899 | \$34,865,949 | \$26,913,878 | -22.8% |
| | Total Expense Paid | \$3,334,495 | \$3,566,840 | \$4,310,239 | 20.8% |
| | Total Recoveries | \$3,524,038 | \$4,043,349 | \$7,144,247 | 76.7% |
| | Total Paid | \$62,681,018 | \$62,517,594 | \$51,424,626 | -17.7% |
| | % Indemnity | 42.2% | 38.5% | 39.3% | 0.8% |
| | % Medical | 52.4% | 55.8% | 52.3% | -3.5% |
| | % Expense | 5.3% | 5.7% | 8.4% | 2.7% |





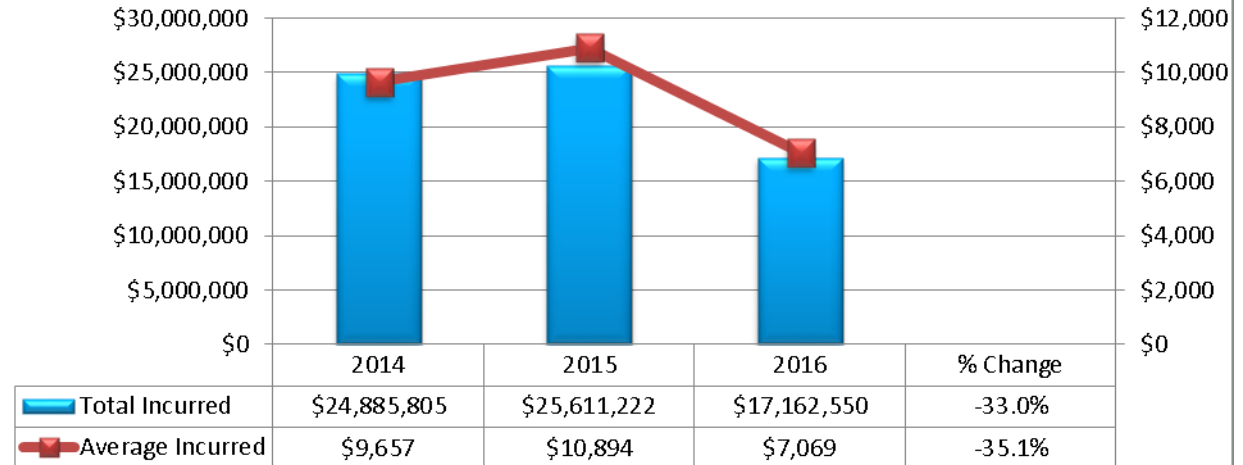
- Drivers in reduction of incurred on new claims:
 - RTW policy
 - More use of TCM, FCM, UR
 - Drug testing
 - Improved lag time

- 35.3% reduction in the number of TTD days

- Expenses up due to greater use of FCM and TCM which lead to greater overall savings

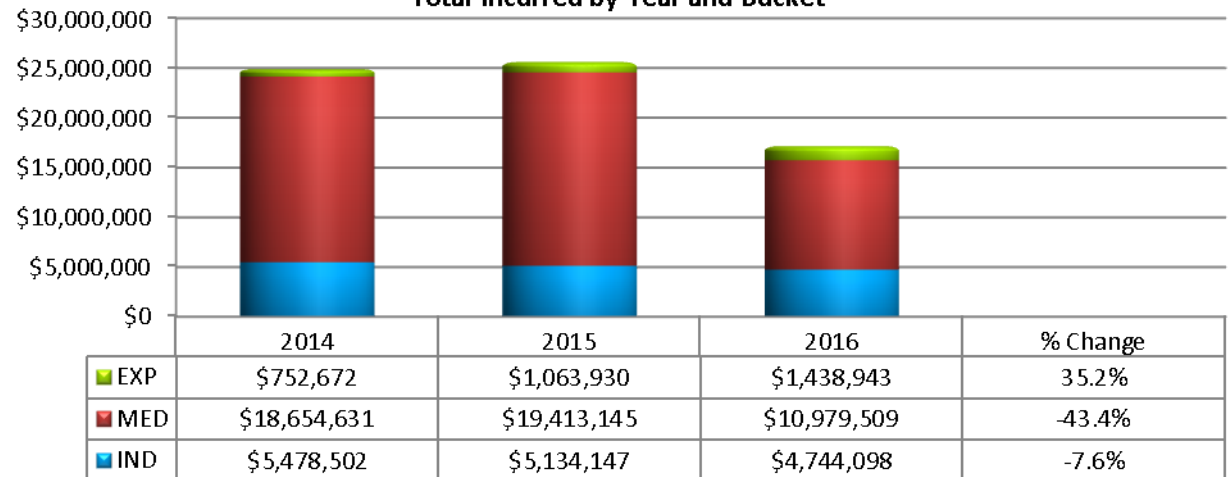
Workers' Compensation - New Claims

Total and Average Incurred by Year



Workers' Compensation - New Claims

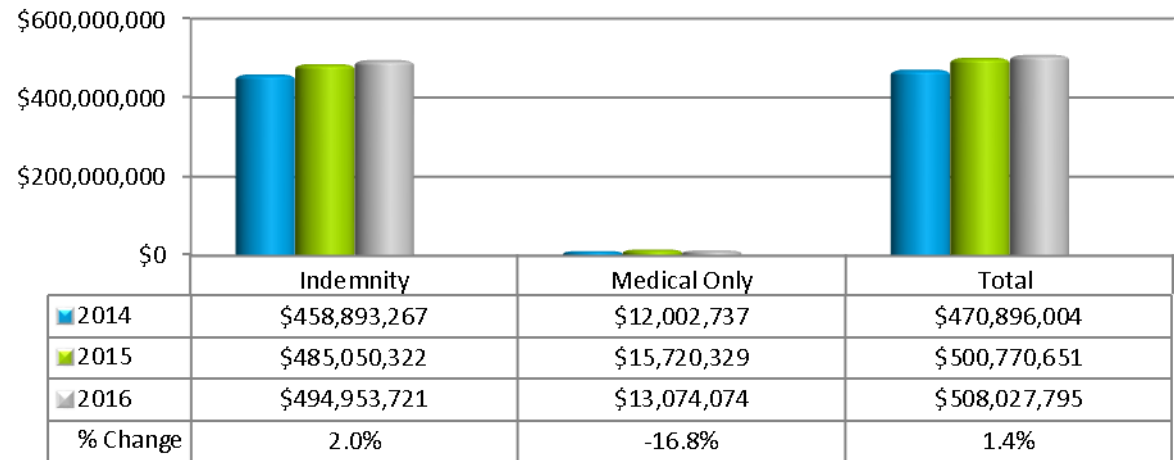
Total Incurred by Year and Bucket



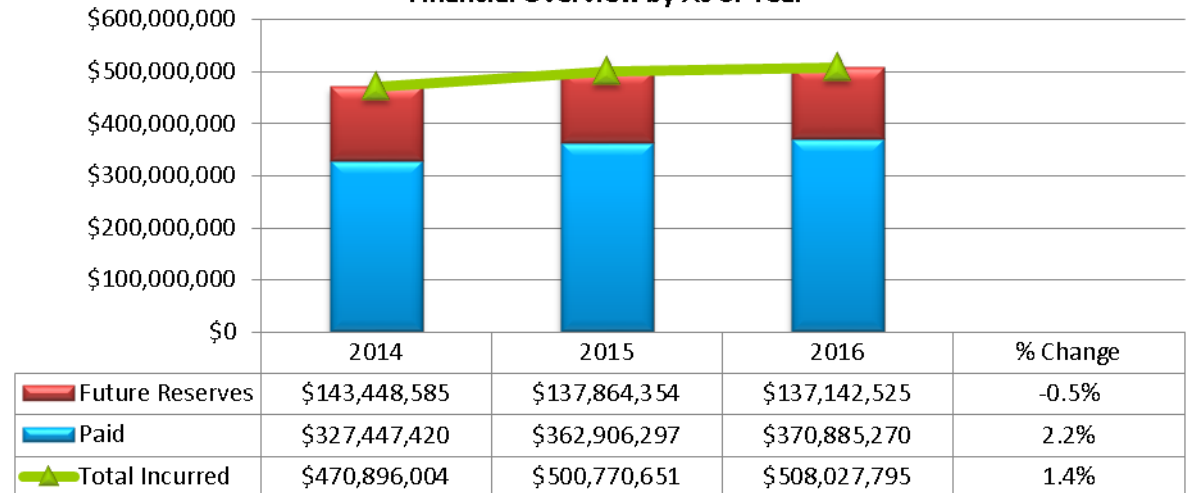


- 2016 driven in part by transition
- 400 medical only claims closed during triage
- 496 claims over 10 years old
- 1100 claims represents terminated employees and account for \$90M in future reserves - Action Plan needed to resolve these claims

Workers' Compensation - Pending Claims Total Incurred by Claim Type and As of Year



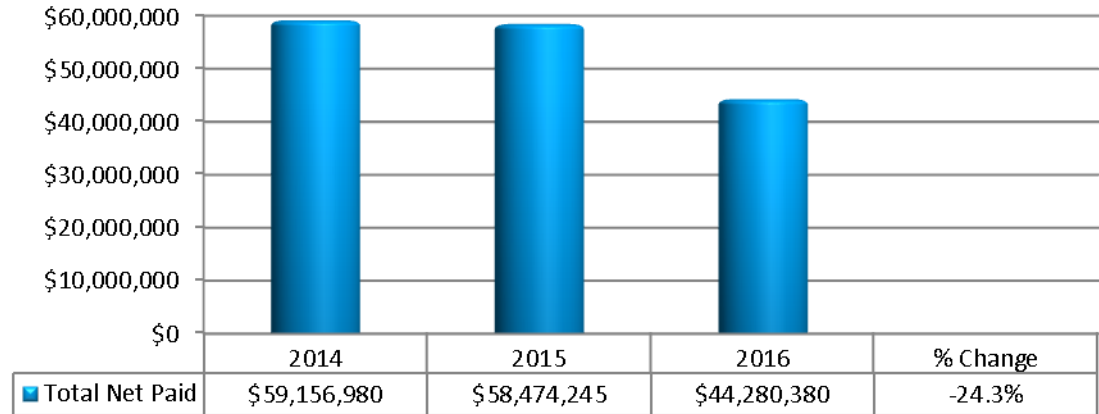
Workers' Compensation - Pending Claims Financial Overview by As of Year



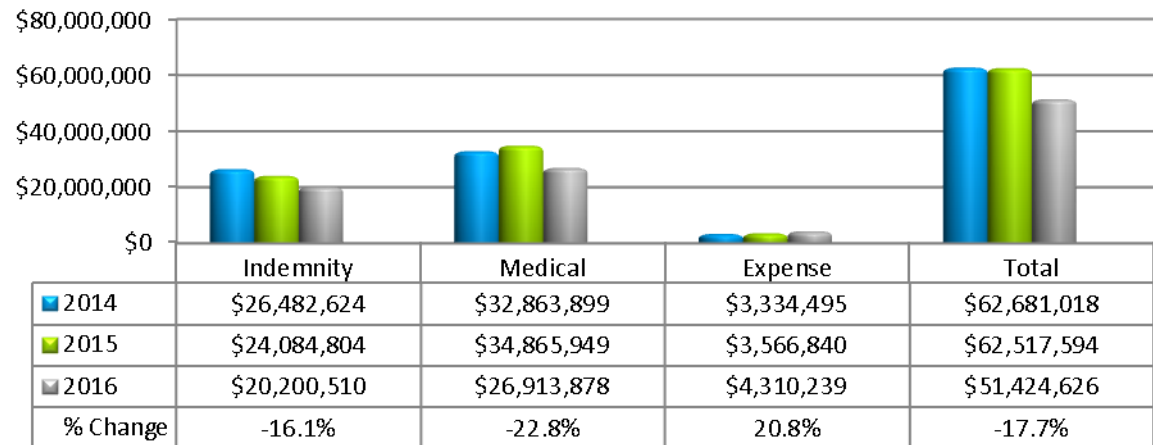


- Net payment reduction of \$14.2M in 2016
- \$7.1M in recoveries (up 77%) : mainly from Second Injury Fund - \$5.8M and Subrogation - \$800K
- Indemnity down \$4M mainly due to TTD and greater RTW

Workers' Compensation Total Net Paid by Year of Allocation



Workers' Compensation Total Paid by Bucket and Year of Allocation





Auto Liability Summary

| Louisiana Office of Risk Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Total New Claims | 1,361 | 1,424 | 1,761 | 23.7% |
| | Total Incurred | \$5,009,530 | \$4,626,589 | \$5,076,087 | 9.7% |
| | Average Incurred | \$3,681 | \$3,249 | \$2,883 | -11.3% |
| | Total Incurred w/ Incurred >\$100K | 0.0% | 0.0% | 11.8% | 11.8% |
| | Total claims w/ Incurred >\$100K | 0.0% | 0.0% | 0.1% | 0.1% |
| Pending Claims | Total Pending Claims | 720 | 826 | 977 | 18.3% |
| | Total Incurred | \$28,896,384 | \$32,639,506 | \$33,172,413 | 1.6% |
| | Average Incurred | \$40,134 | \$39,515 | \$33,953 | -14.1% |
| | Total Incurred w/ Incurred >\$100K | 52.9% | 54.0% | 52.6% | -1.4% |
| | Total claims w/ Incurred >\$100K | 5.7% | 5.6% | 4.9% | -7.6% |
| | % Litigated | 49.4% | 41.2% | 33.6% | -7.6% |
| Closed Claims | Total Closed Claims | 1,472 | 1,369 | 1,627 | 18.8% |
| | Total Paid | \$8,228,431 | \$13,657,304 | \$9,514,319 | -30.3% |
| | Average Paid | \$5,590 | \$9,976 | \$5,848 | -41.4% |
| | Average Days Open | 293 | 228 | 185 | -18.8% |
| | Closing Ratio | 97.8% | 92.8% | 91.6% | -1.2% |
| | Total Paid w/ Paid >\$100K | 44.9% | 67.4% | 56.4% | -11.0% |
| | Total Claims w/ Paid >\$100K | 0.7% | 1.3% | 1.1% | -0.2% |
| | % Litigated | 7.9% | 7.2% | 4.8% | -2.4% |

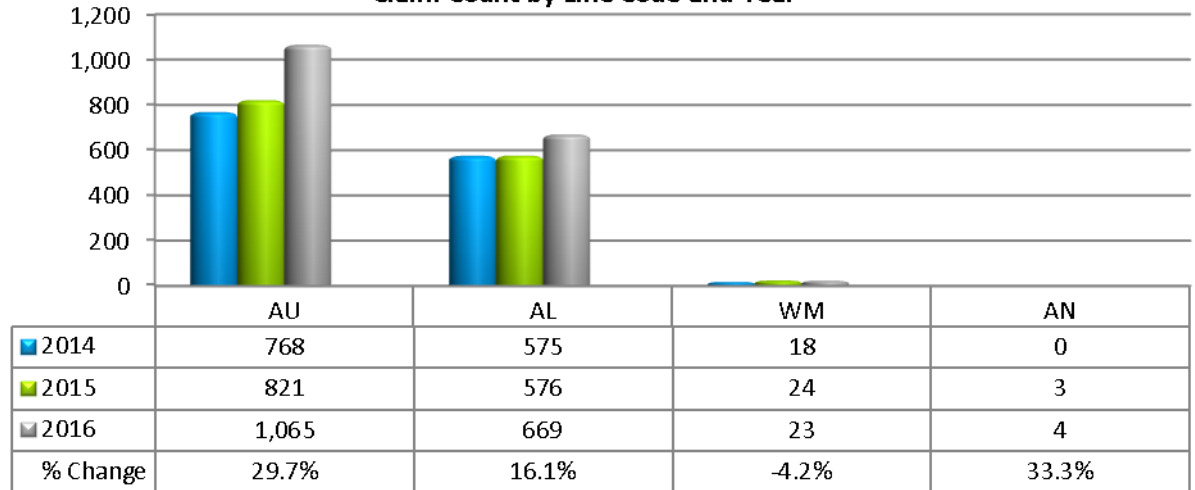
| Louisiana Office of Risk Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------------|--------------------|--------------|--------------|--------------|---------|
| Paid Claims | Total Loss Paid | \$9,901,440 | \$13,258,811 | \$6,593,584 | -50.3% |
| | Total Expense Paid | \$2,673,295 | \$3,112,441 | \$3,733,163 | 19.9% |
| | Total Recoveries | \$1,381,666 | \$635,184 | \$412,437 | -35.1% |
| | Total Paid | \$12,574,736 | \$16,371,252 | \$10,326,747 | -36.9% |
| | % Loss | 78.7% | 81.0% | 63.8% | -17.2% |
| | % Expense | 21.3% | 19.0% | 36.2% | 17.2% |



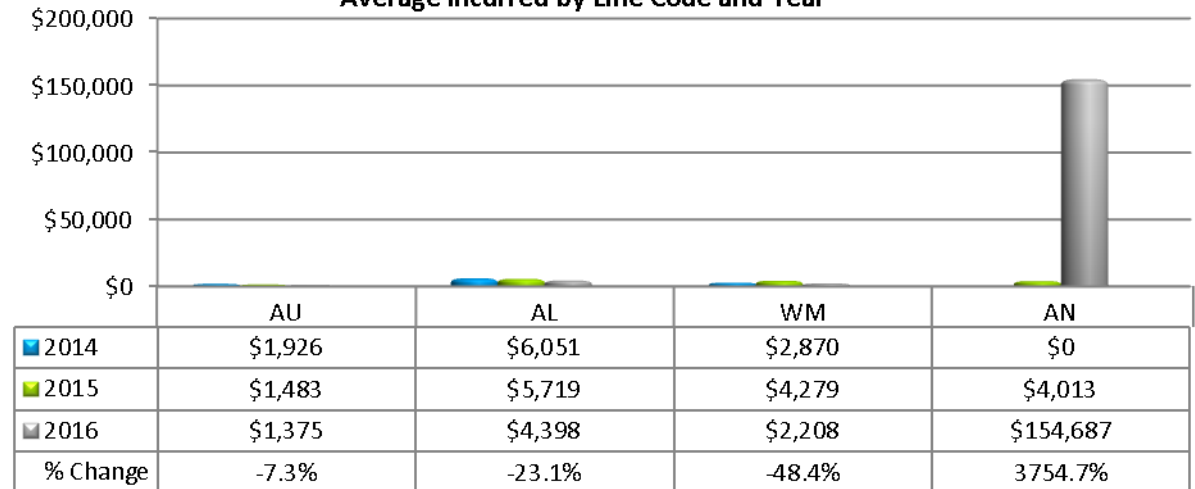


- Lag Time - 84% of all claims reported within 4 days
- Department of Public Safety increased 125 AU claims
- Department of Wildlife and Fisheries increased 77 AU claims, largely due to the spring flooding
- AL claims increased by 26 in both Department of Public Safety and Department of Corrections

Auto Liability - New Claims
Claim Count by Line Code and Year

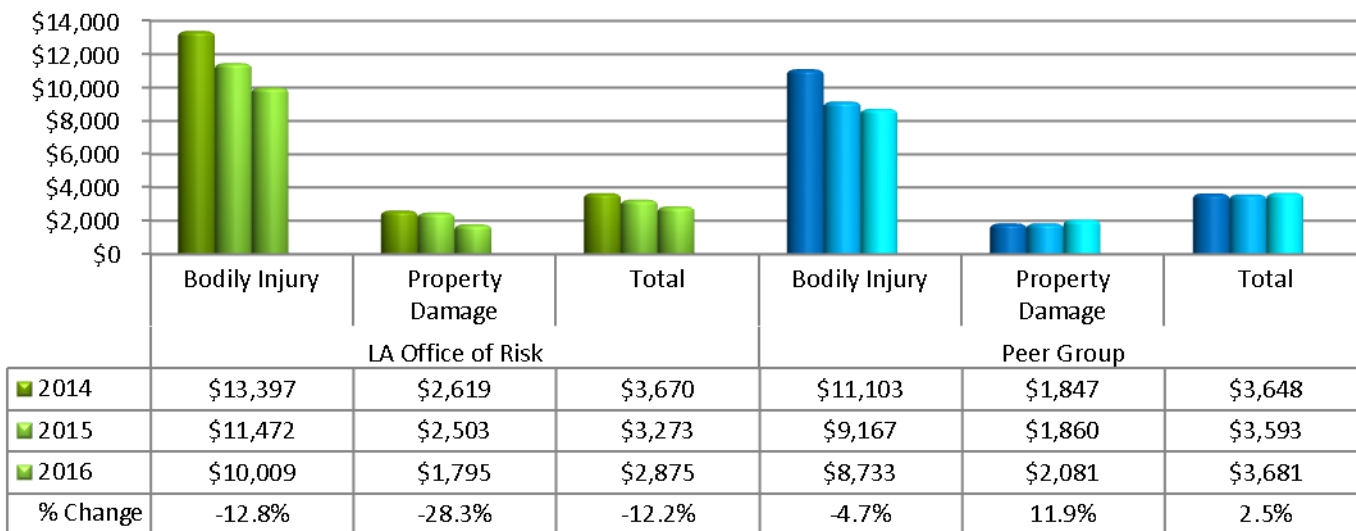


Auto Liability - New Claims
Average Incurred by Line Code and Year





Auto Liability - New Claims Average Incurred by Coverage Code and Year

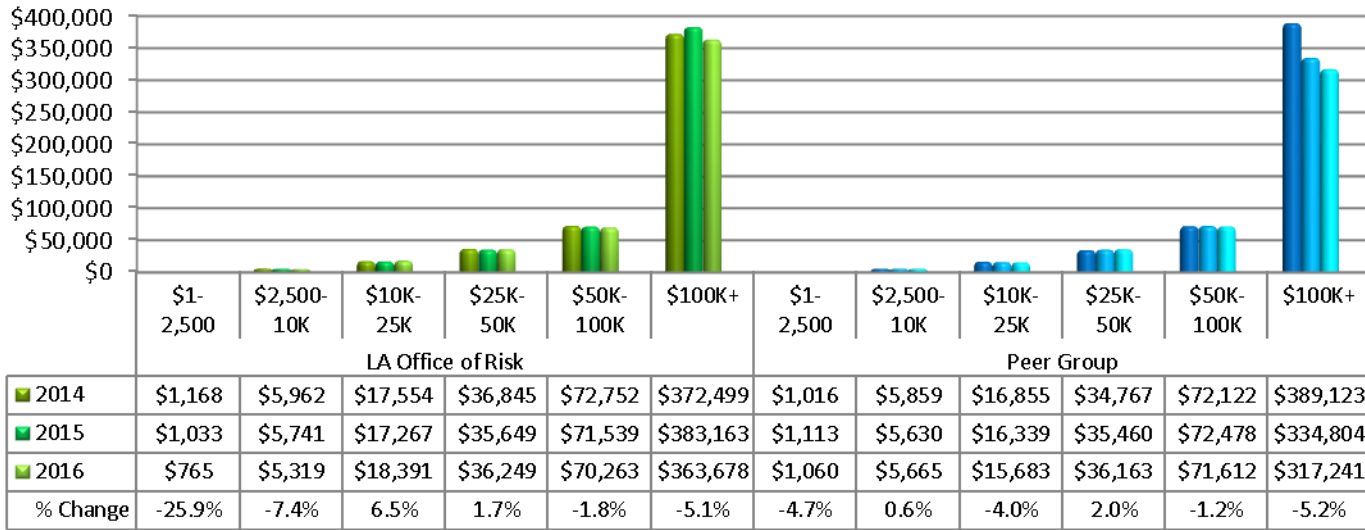


- The average cost of BI claims is higher than the peer group, however, there was still a 13% decrease from FY15
- Property damage claims improved by 28% and are lower than the Peer group
- Litigation rate of ORM claims is 9.48% in FY14, 5.83% in FY15 and 1.87% in FY16





Auto Liability - Pending Claims Average Incurred by Incurred Stratification and As of Year



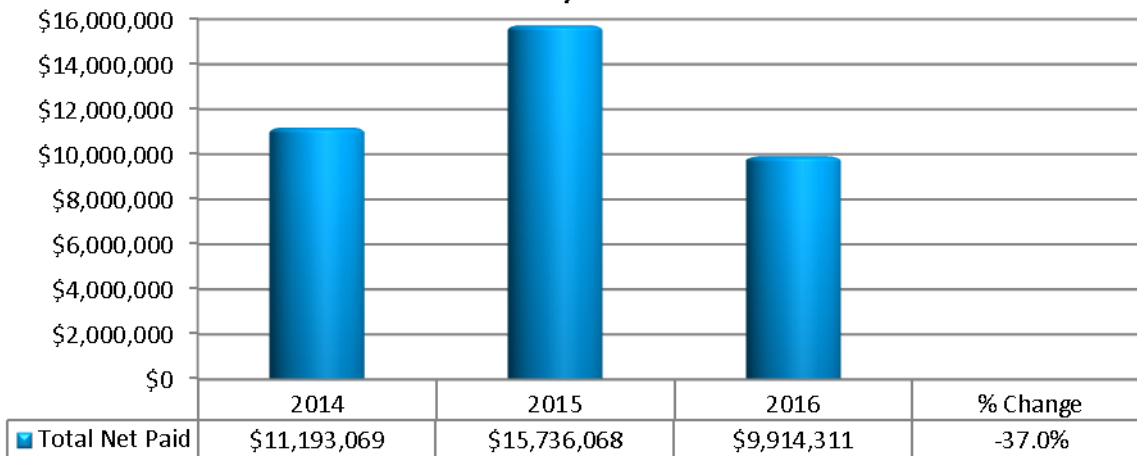
- Average incurred in various strata line up closely with the peer group
- \$100K+ strata is 12.8% higher on average incurred than the peer group
Litigation is the driver



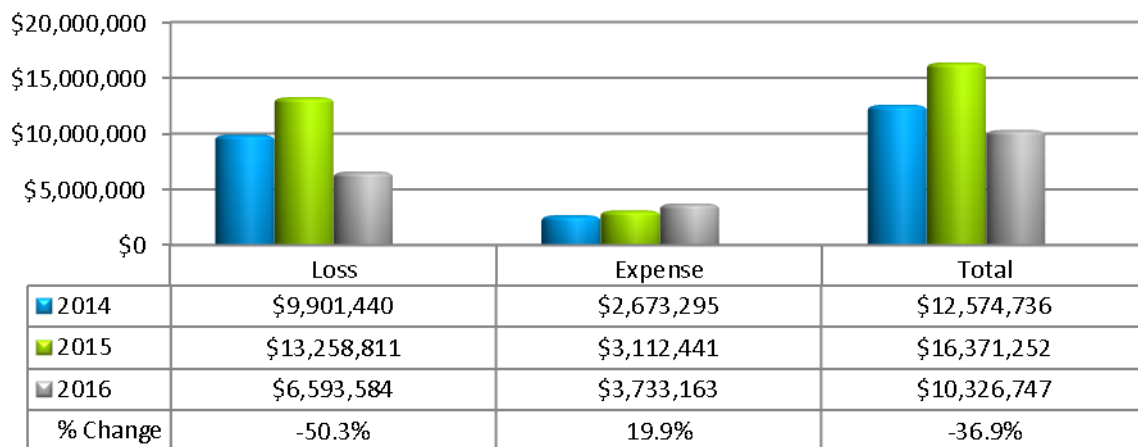


- Settlements and judgments decreased by \$7M
- \$2.9M paid legal fees in FY16, similar to prior year
- FY16 was 30% in legal payments, FY15 17% and FY14 19%

Automobile Liability
Total Net Paid by Year of Allocation



Automobile Liability
Total Paid by Bucket and Year of Allocation





General Liability Summary

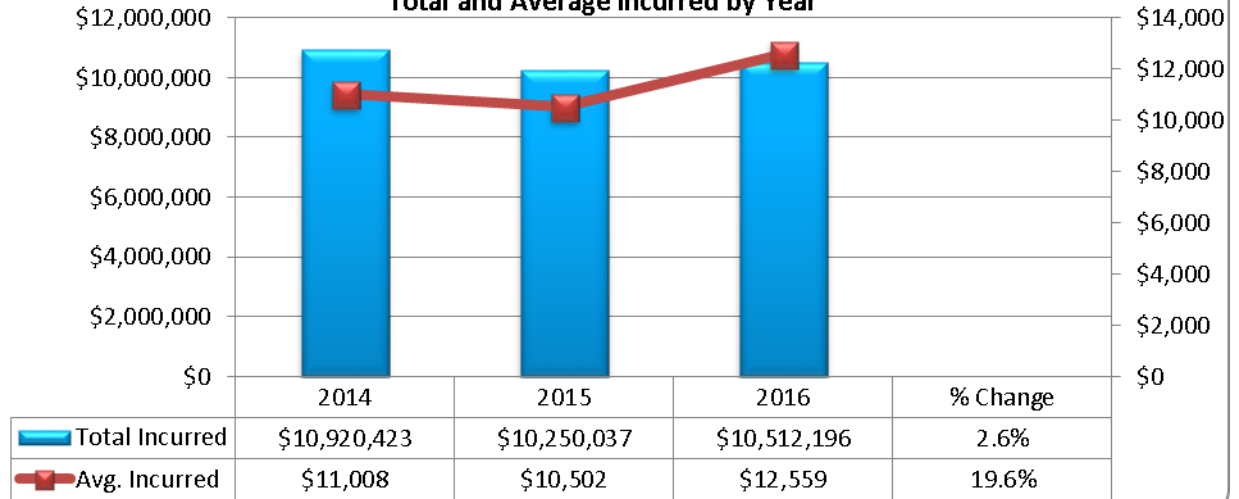
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|---------------|---------------|---------------|---------|
| New Claims | Total New Claims | 992 | 976 | 837 | -14.2% |
| | Total Incurred | \$10,920,423 | \$10,250,037 | \$10,512,196 | 2.6% |
| | Average Incurred | \$11,008 | \$10,502 | \$12,559 | 19.6% |
| | Total Incurred w/ Incurred >\$100K | 0.0% | 0.0% | 4.4% | 4.4% |
| | Total claims w/ Incurred >\$100K | 0.0% | 0.0% | 0.2% | 0.2% |
| Pending Claims | Total Pending Claims | 1,504 | 1,377 | 1,407 | 2.2% |
| | Total Incurred | \$134,753,006 | \$130,223,132 | \$139,516,354 | 7.1% |
| | Average Incurred | \$89,596 | \$94,570 | \$99,159 | 4.9% |
| | Total Incurred w/ Incurred >\$100K | 67.8% | 66.5% | 68.6% | 2.1% |
| | Total claims w/ Incurred >\$100K | 10.0% | 11.3% | 10.9% | -0.4% |
| | % Litigated | 89.8% | 85.3% | 84.6% | -0.7% |
| Closed Claims | Total Closed Claims | 1,027 | 1,153 | 828 | -28.2% |
| | Total Paid | \$18,341,163 | \$26,230,659 | \$18,183,039 | -30.7% |
| | Average Paid | \$17,859 | \$22,750 | \$21,960 | -3.5% |
| | Average Days Open | 597 | 638 | 538 | -15.7% |
| | Closing Ratio | 98.8% | 112.4% | 97.2% | -15.2% |
| | Total Paid w/ Paid >\$100K | 67.9% | 68.4% | 69.4% | 1.0% |
| | Total claims w/ Paid >\$100K | 4.5% | 4.1% | 5.0% | 0.9% |
| | % Litigated | 42.1% | 45.8% | 38.9% | -6.9% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$7,201,654 | \$8,605,567 | \$20,411,520 | 137.2% |
| | Total Expense Paid | \$13,533,533 | \$15,976,306 | \$15,970,356 | 0.0% |
| | Total Recoveries | \$429 | \$3,038 | \$1,548 | -49.0% |
| | Total Paid | \$20,735,187 | \$24,581,872 | \$36,381,876 | 48.0% |
| | % Loss | 34.7% | 35.0% | 56.1% | 21.1% |
| | % Expense | 65.3% | 65.0% | 43.9% | -21.1% |



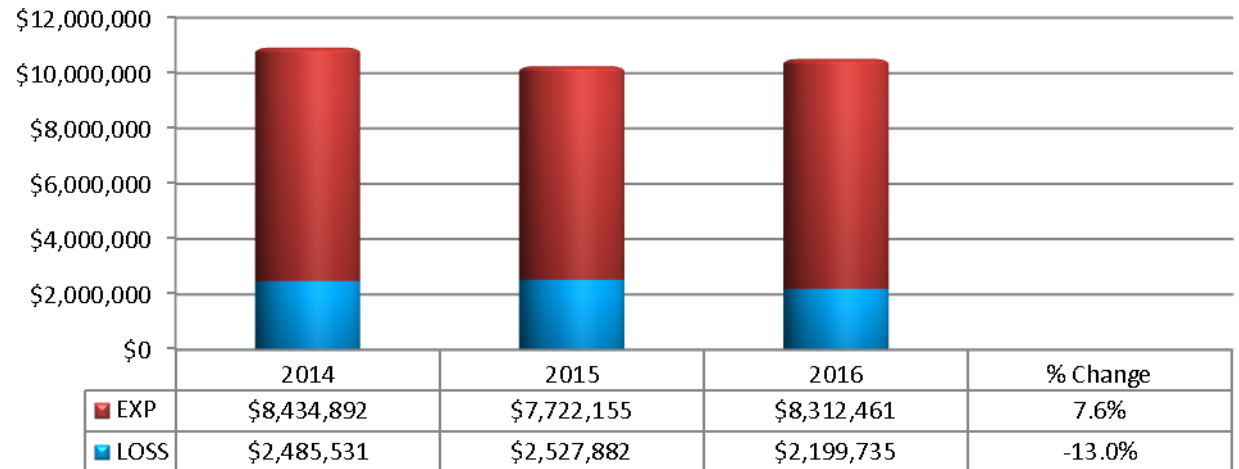


- Civil Rights group claims account for 23% of new occurrences, 50% of Total Incurred
- Slip and Fall claims account for 16% of claims, 8% of Total Incurred
- 85% of Total Incurred due to litigated claims

General Liability - New Claims
Total and Average Incurred by Year



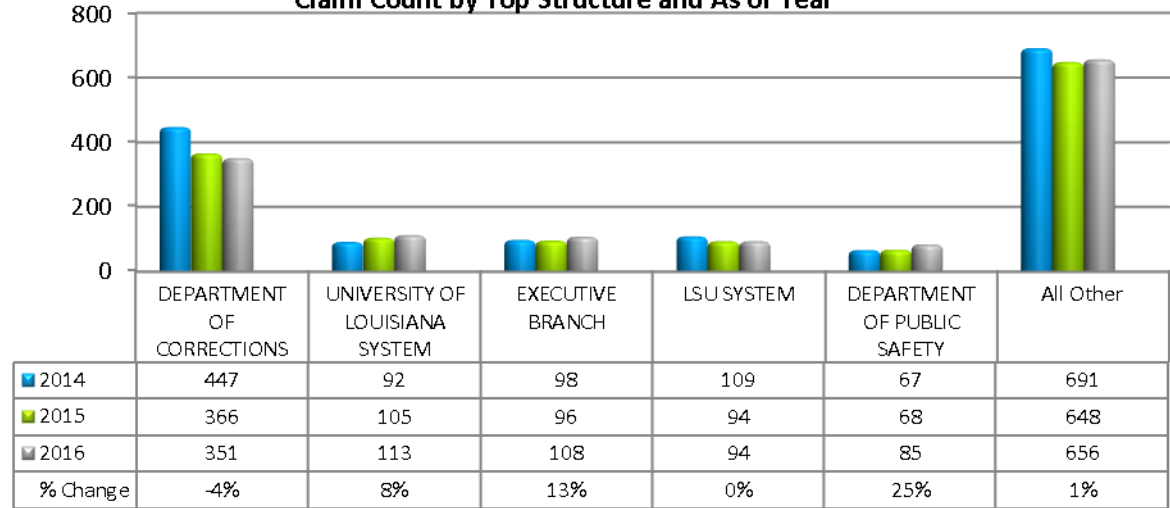
General Liability - New Claims
Total Incurred by Bucket and Year



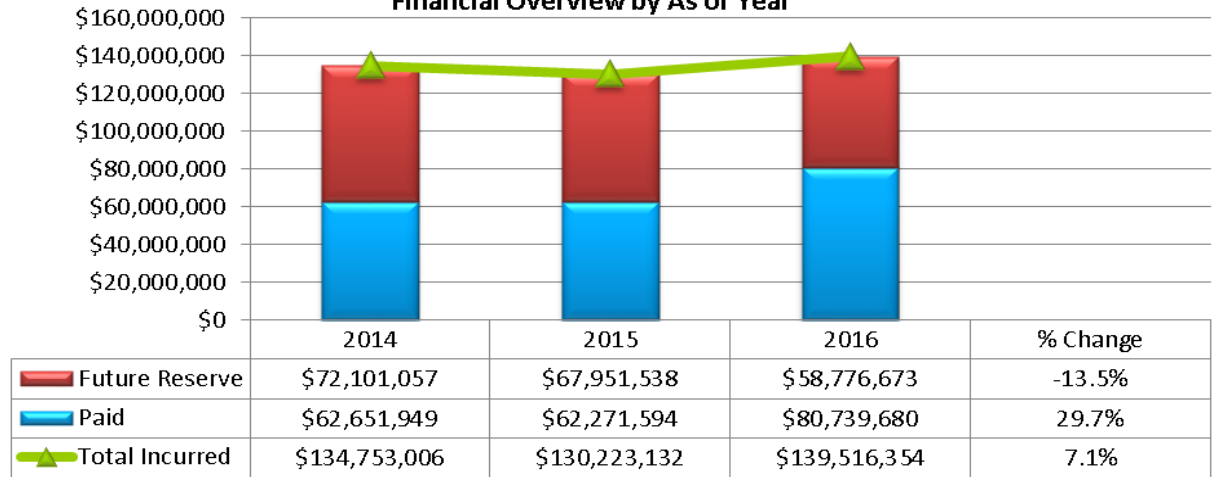


- ARP must be followed on DOC inmate reports prior to becoming claim – may be driving litigation in some cases
- LSP Angola accounts for 31% of DOC claims
- DOC Civil Rights claims represent 32% of current pending and 16% of Total Incurred

General Liability - Pending Claims
Claim Count by Top Structure and As of Year



General Liability - Pending Claims
Financial Overview by As of Year

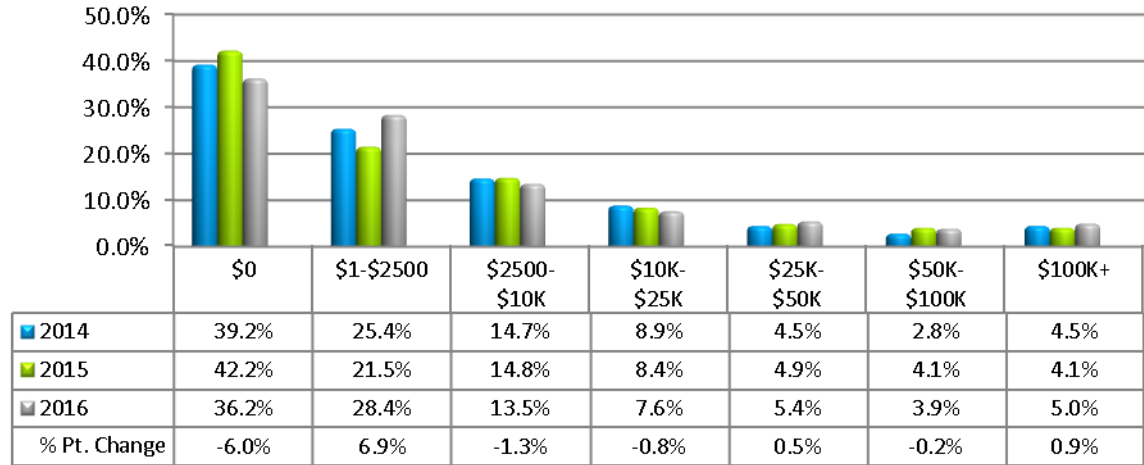




- Trend in claims over \$50K strata increasing:
7.3% in FY14
8.2% in FY15
8.9% in FY16
- Claims within Civil Rights as the Cause account for 62% of the Total Paid
- Slip and Fall averages \$14K per claim which is less than the \$21K overall average

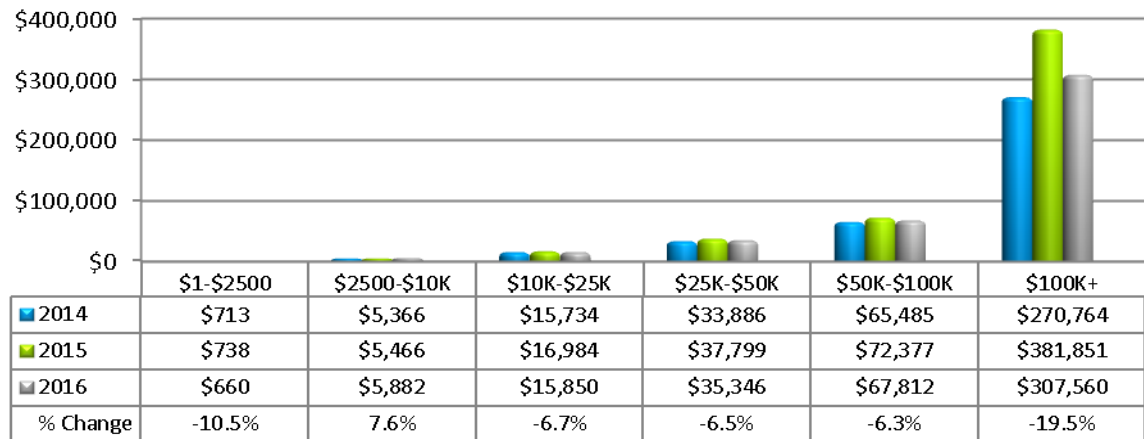
General Liability - Closed Claims

% of Total Claims by Paid Stratification and Year Closed



General Liability - Closed Claims

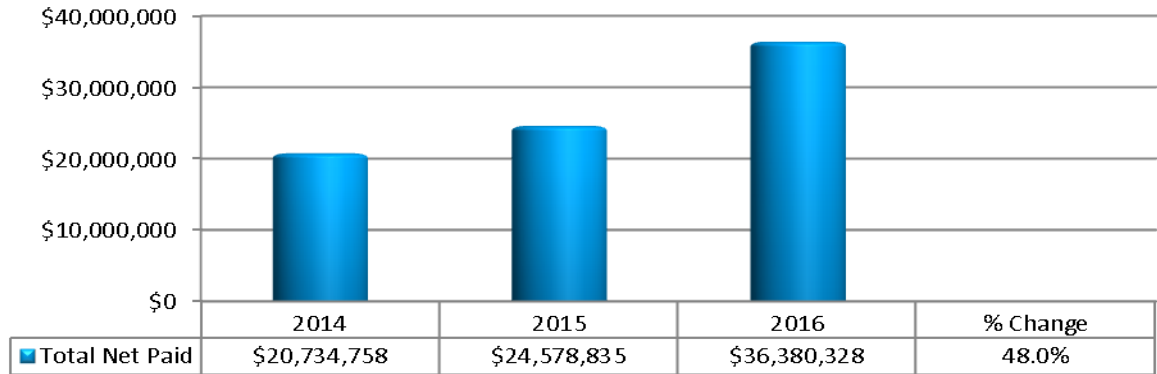
Average Cost by Paid Stratification and Year Closed



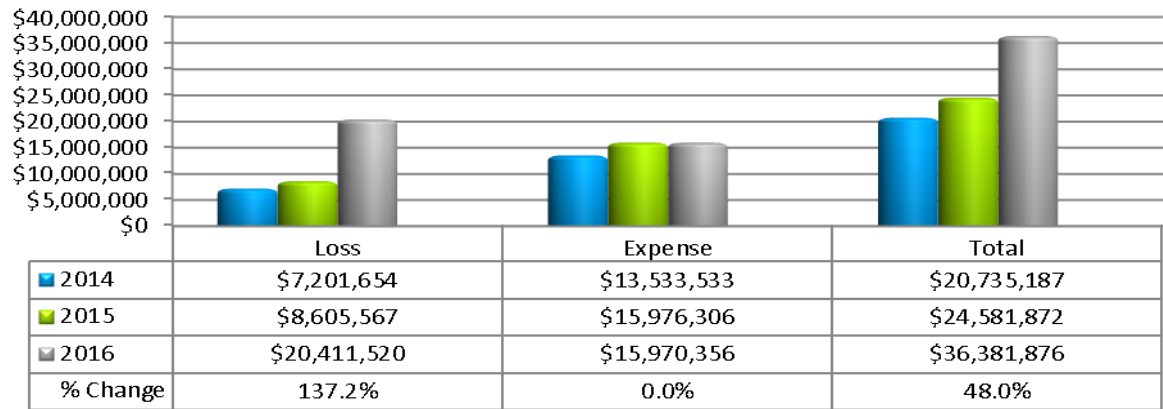
General Liability – Payments

- \$7.1M paid on the Murphy Cormier case
- Civil Rights accounts 56% of payments
- Slip and Fall claims account for 7.9% of payments

General Liability
Total Net Paid by Year of Allocation



General Liability
Total Paid by Bucket and Year of Allocation





Future Medical Care Fund Summary

| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Total New Claims | 5 | 8 | 8 | 0.0% |
| | Total Incurred | \$3,144,237 | \$4,241,889 | \$6,027,733 | 42.1% |
| | Average Incurred | \$628,847 | \$530,236 | \$753,467 | 42.1% |
| | Total Incurred w/ Incurred >\$100K | 96.6% | 93.2% | 96.5% | 3.3% |
| | Total claims w/ Incurred >\$100K | 40.0% | 25.0% | 25.0% | 0.0% |
| Pending Claims | Total Pending Claims | 44 | 47 | 51 | 8.5% |
| | Total Incurred | \$23,350,130 | \$26,175,271 | \$30,645,081 | 17.1% |
| | Average Incurred | \$530,685 | \$556,921 | \$600,884 | 7.9% |
| | Total Incurred w/ Incurred >\$100K | 96.8% | 96.7% | 96.6% | -0.1% |
| | Total claims w/ Incurred >\$100K | 52.3% | 48.9% | 45.1% | -3.8% |
| | % Litigated | 25.0% | 14.9% | 15.7% | 0.8% |
| Closed Claims | Total Closed Claims | 3 | 5 | 4 | -20.0% |
| | Total Paid | \$817,000 | \$1,105,045 | \$1,491,976 | 35.0% |
| | Average Paid | \$272,333 | \$221,009 | \$372,994 | 68.8% |
| | Average Days Open | 3,350 | 1,715 | 3,316 | 93.4% |
| | Closing Ratio | 60.0% | 62.5% | 57.1% | -5.4% |
| | Total Paid w/ Paid >\$100K | 90.8% | 90.5% | 100.0% | 9.5% |
| | Total claims w/ Paid >\$100K | 66.7% | 20.0% | 50.0% | 30.0% |
| | % Litigated | 100.0% | 80.0% | 50.0% | -30.0% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$1,300,248 | \$1,222,477 | \$1,214,841 | -0.6% |
| | Total Expense Paid | \$3,011 | \$0 | \$2,387 | 100.0% |
| | Total Recoveries | \$0 | \$0 | \$376,123 | 100.0% |
| | Total Paid | \$1,303,259 | \$1,222,477 | \$1,217,228 | -0.4% |
| | % Loss | 99.8% | 100.0% | 99.8% | -0.2% |
| | % Expense | 0.2% | 0.0% | 0.2% | 0.2% |





Road Hazard Summary

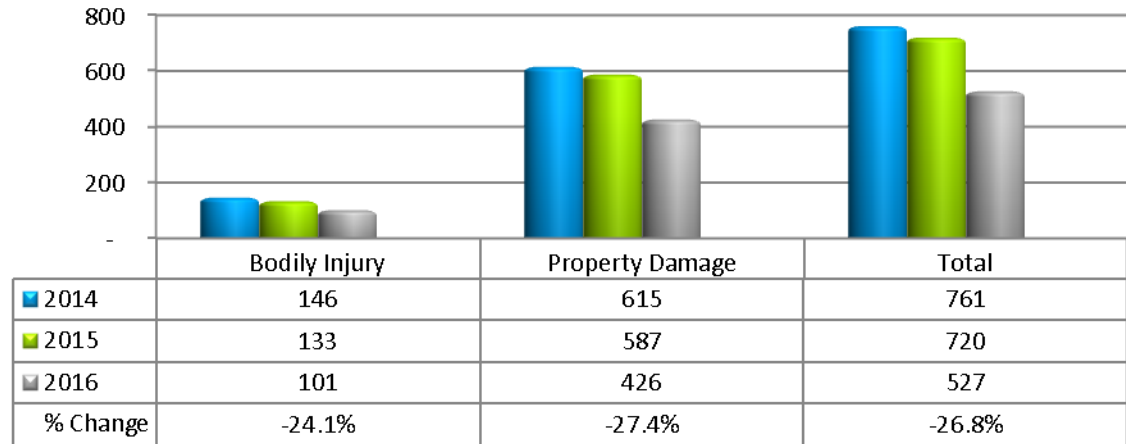
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Total New Claims | 761 | 720 | 527 | -26.8% |
| | Total Incurred | \$6,617,917 | \$5,484,595 | \$2,910,035 | -46.9% |
| | Average Incurred | \$8,696 | \$7,617 | \$5,522 | -27.5% |
| | Total Incurred w/ Incurred >\$100K | 11.2% | 6.7% | 6.8% | 0.1% |
| | Total claims w/ Incurred >\$100K | 0.5% | 0.4% | 0.2% | -0.2% |
| Pending Claims | Total Pending Claims | 792 | 858 | 760 | -11.4% |
| | Total Incurred | \$90,439,046 | \$94,562,097 | \$95,378,754 | 0.9% |
| | Average Incurred | \$114,191 | \$110,212 | \$125,498 | 13.9% |
| | Total Incurred w/ Incurred >\$100K | 73.0% | 73.5% | 77.1% | 3.6% |
| | Total claims w/ Incurred >\$100K | 16.7% | 15.7% | 19.1% | 3.4% |
| | % Litigated | 83.1% | 75.4% | 84.7% | 9.6% |
| Closed Claims | Total Closed Claims | 791 | 710 | 658 | -7.3% |
| | Total Paid | \$11,758,283 | \$16,131,788 | \$5,687,661 | -64.7% |
| | Average Paid | \$14,865 | \$22,721 | \$8,644 | -62.0% |
| | Average Days Open | 622 | 480 | 371 | -22.6% |
| | Closing Ratio | 100.8% | 95.7% | 120.7% | 25.0% |
| | Total Paid w/ Paid >\$100K | 73.3% | 82.2% | 70.4% | -11.8% |
| | Total claims w/ Paid >\$100K | 3.4% | 2.7% | 0.8% | -1.9% |
| | % Litigated | 30.3% | 22.5% | 17.3% | -5.2% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$5,882,353 | \$10,292,903 | (\$37,067) | -100.4% |
| | Total Expense Paid | \$5,610,195 | \$6,247,977 | \$5,812,660 | -7.0% |
| | Total Recoveries | \$0 | \$1,006,565 | \$0 | -100.0% |
| | Total Paid | \$11,492,548 | \$16,540,880 | \$5,775,593 | -65.1% |
| | % Loss | 51.2% | 62.2% | 0.6% | -62.8% |
| | % Expense | 48.8% | 37.8% | 100.6% | 62.8% |



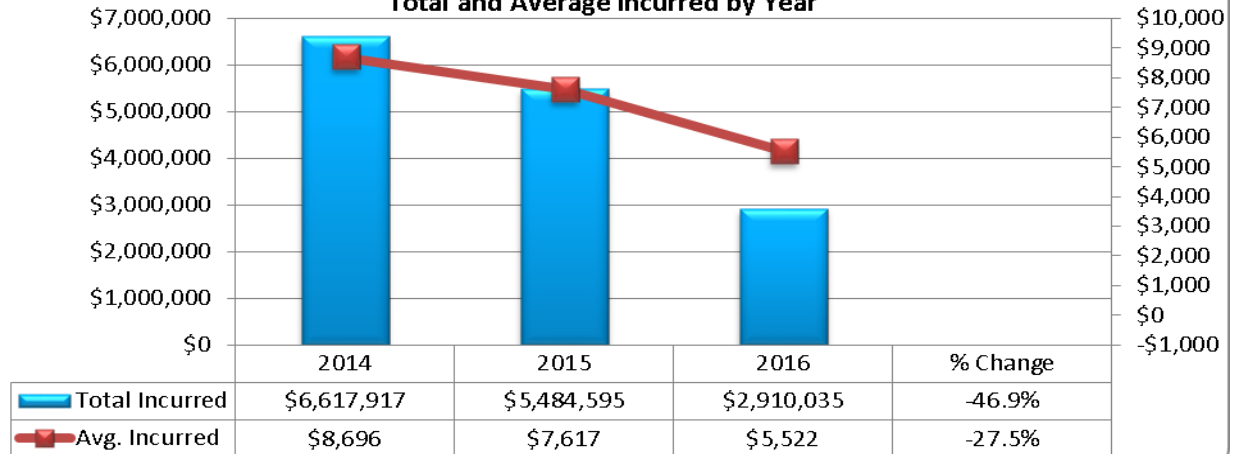


- Failure to Maintain Potholes leading Cause, 168 in FY16
- Fewer claims reduce new claim Total Incurred by almost 50%
- Top 5 Causes represent 34% of Total Incurred

Road Hazard - New Claims
Claim Count by Coverage and Year



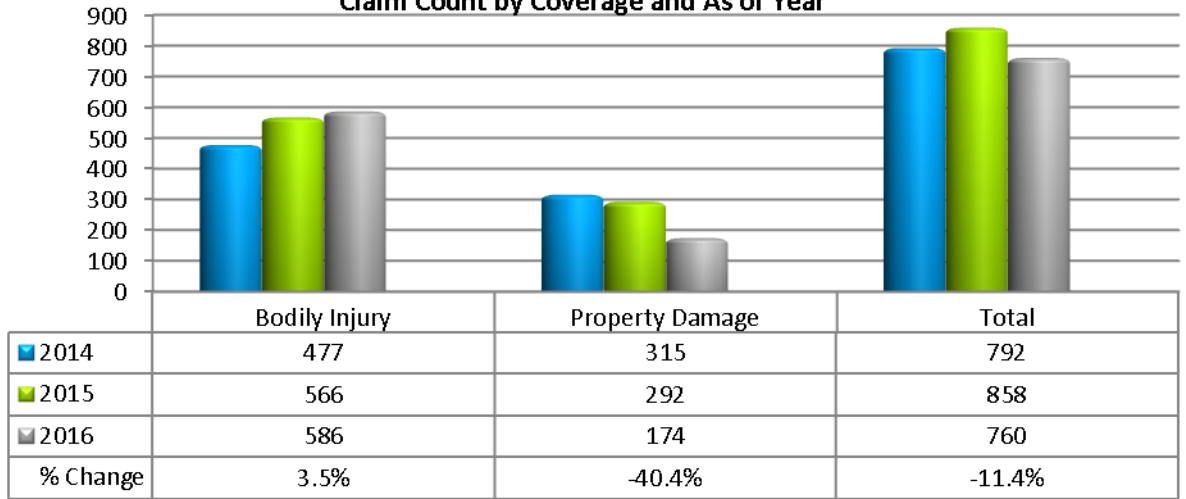
Road Hazard - New Claims
Total and Average Incurred by Year



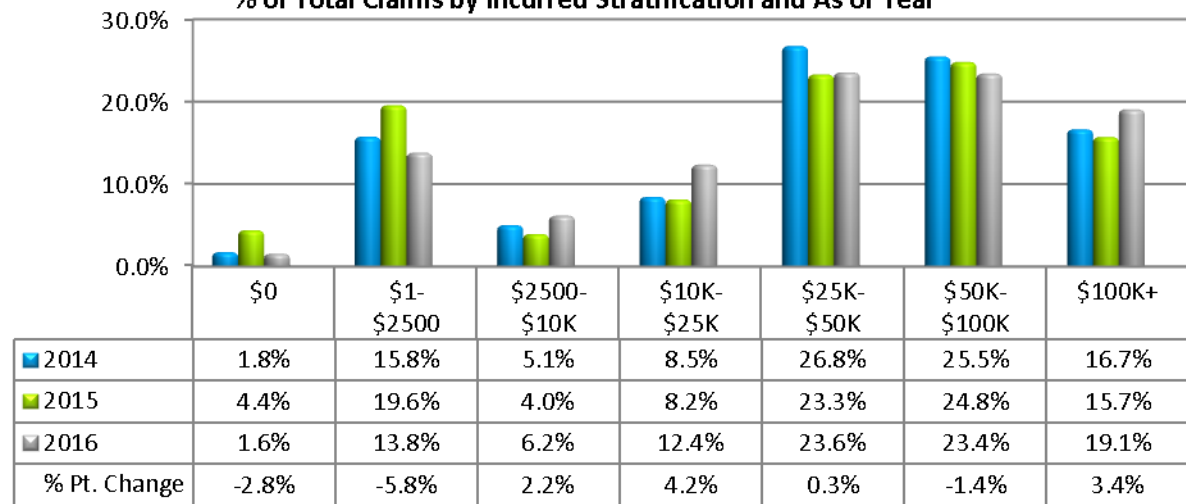


- 85% of pending claims are currently in litigation
- 480 assigned to Attorney General
- 112 assigned to Contract Counsel

Road Hazard - Pending Claims
Claim Count by Coverage and As of Year



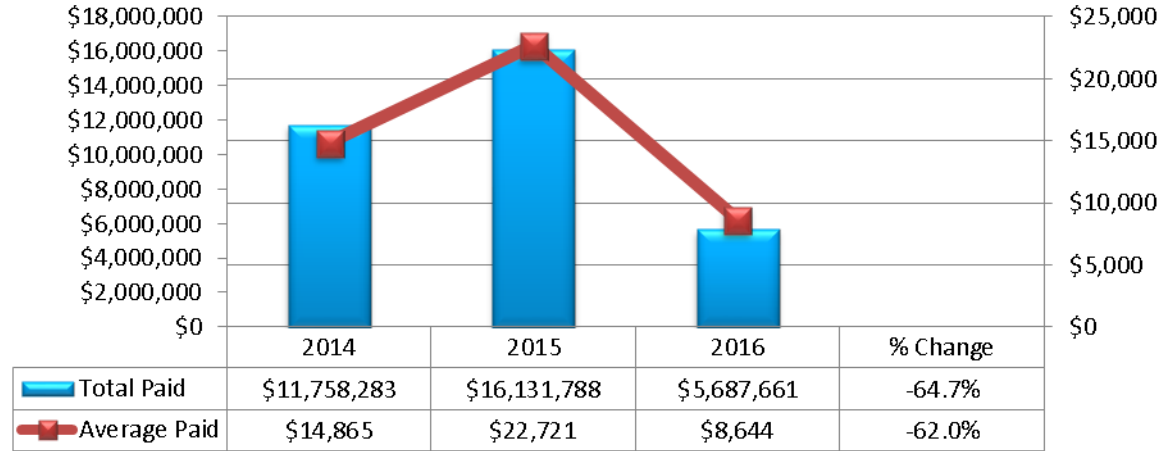
Road Hazard - Pending Claims
% of Total Claims by Incurred Stratification and As of Year



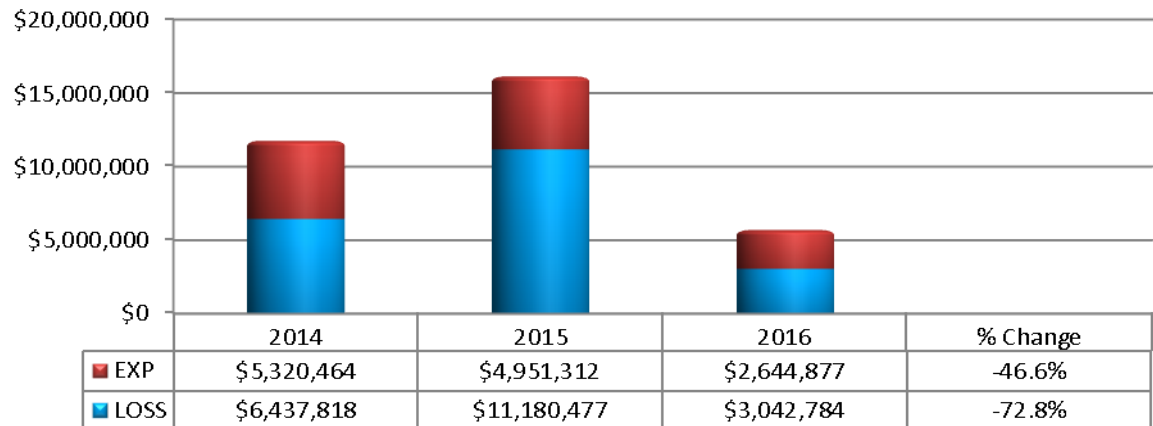


- Average paid decrease due to non funding of appropriations
- Claims greater than \$0, average paid \$24K in FY16

Road Hazard - Closed Claims
Cost of Claims by Year Closed



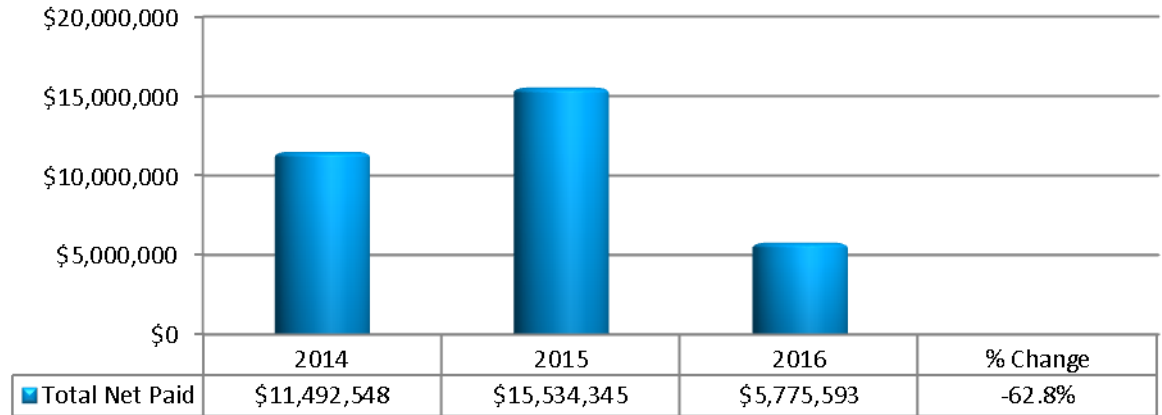
Road Hazard - Closed Claims
Total Paid by Bucket and Year Closed



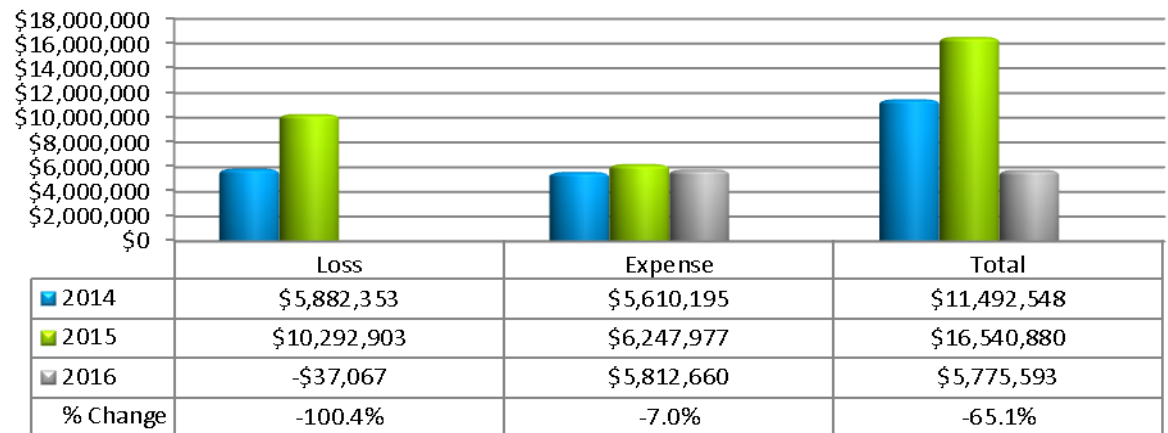


- Legal costs have decreased in the percentage of expense payments from 89.1% FY14, to 86.5% FY15, and 84.4% FY16
- Triage with claims with UIS as option to increase findings early
- Loss Payments decreased due to non funding by the legislature

Road Hazard
Total Net Paid by Year of Allocation



Road Hazard
Total Paid by Bucket and Year of Allocation





Medical Malpractice Summary

| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Total New Claims | 160 | 151 | 128 | -15.2% |
| | Total Incurred | \$14,783,598 | \$13,335,106 | \$12,196,154 | -8.5% |
| | Average Incurred | \$92,397 | \$88,312 | \$95,282 | 7.9% |
| | Total Incurred w/ Incurred >\$100K | 15.2% | 12.2% | 12.8% | 0.6% |
| | Total claims w/ Incurred >\$100K | 9.4% | 9.3% | 9.4% | 0.1% |
| Pending Claims | Total Pending Claims | 552 | 556 | 556 | 0.0% |
| | Total Incurred | \$84,557,804 | \$85,819,048 | \$86,814,546 | 1.2% |
| | Average Incurred | \$153,184 | \$154,351 | \$156,141 | 1.2% |
| | Total Incurred w/ Incurred >\$100K | 70.0% | 73.6% | 73.0% | -0.6% |
| | Total claims w/ Incurred >\$100K | 49.8% | 55.9% | 56.5% | 0.6% |
| | % Litigated | 35.7% | 29.1% | 30.9% | 1.8% |
| Closed Claims | Total Closed Claims | 168 | 159 | 134 | -15.7% |
| | Total Paid | \$18,833,838 | \$15,491,667 | \$12,617,013 | -18.6% |
| | Average Paid | \$112,106 | \$97,432 | \$94,154 | -3.4% |
| | Average Days Open | 1,321 | 1,475 | 1,380 | -6.5% |
| | Closing Ratio | 97.7% | 97.5% | 100.0% | 2.5% |
| | Total Paid w/ Paid >\$100K | 85.0% | 81.0% | 84.1% | 3.1% |
| | Total claims w/ Paid >\$100K | 25.0% | 23.9% | 26.1% | 2.2% |
| | % Litigated | 38.1% | 36.5% | 34.3% | -2.2% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$10,010,431 | \$9,649,578 | \$10,307,806 | 6.8% |
| | Total Expense Paid | \$6,506,585 | \$6,186,682 | \$6,614,545 | 6.9% |
| | Total Recoveries | \$0 | \$0 | \$0 | 0.0% |
| | Total Paid | \$16,517,016 | \$15,836,260 | \$16,922,352 | 6.9% |
| | % Loss | 60.6% | 60.9% | 60.9% | 0.0% |
| | % Expense | 39.4% | 39.1% | 39.1% | 0.0% |

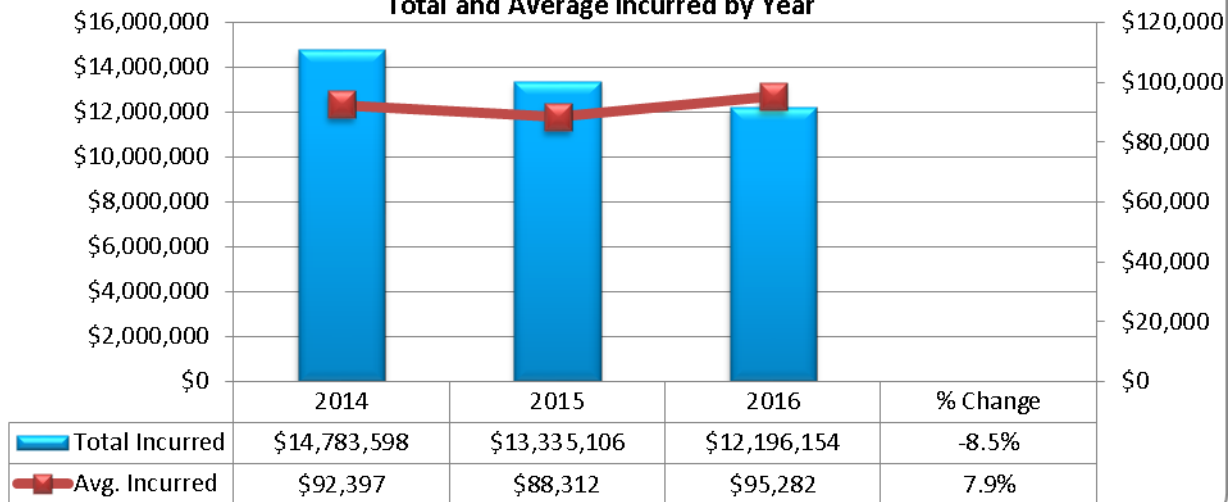




- Surgery related Cause codes are the most frequent with 36 claims and 26% of Total Incurred
- LSU Medical School in New Orleans has 55 claims, while Shreveport has 33

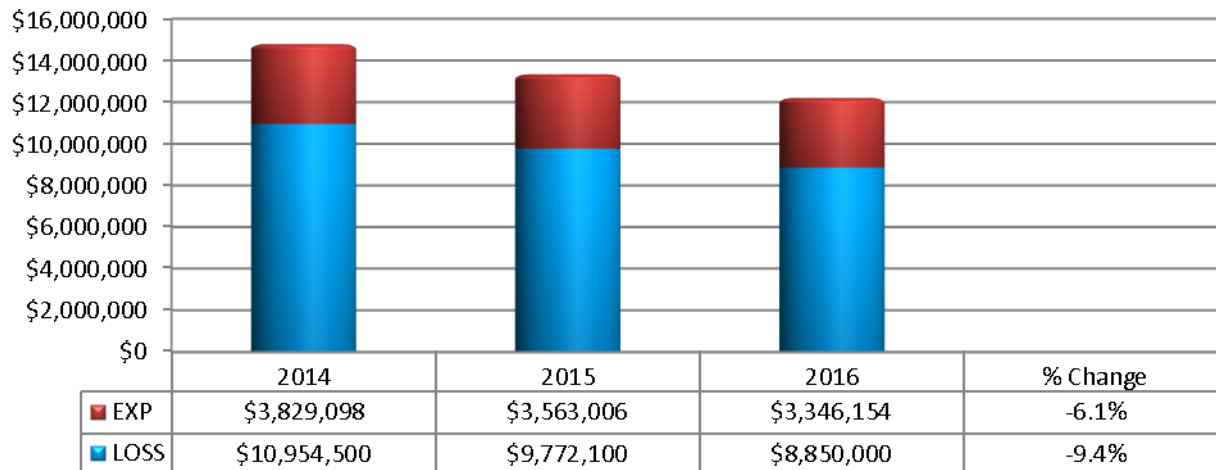
Medical Malpractice - New Claims

Total and Average Incurred by Year



Medical Malpractice - New Claims

Total Incurred by Bucket and Year

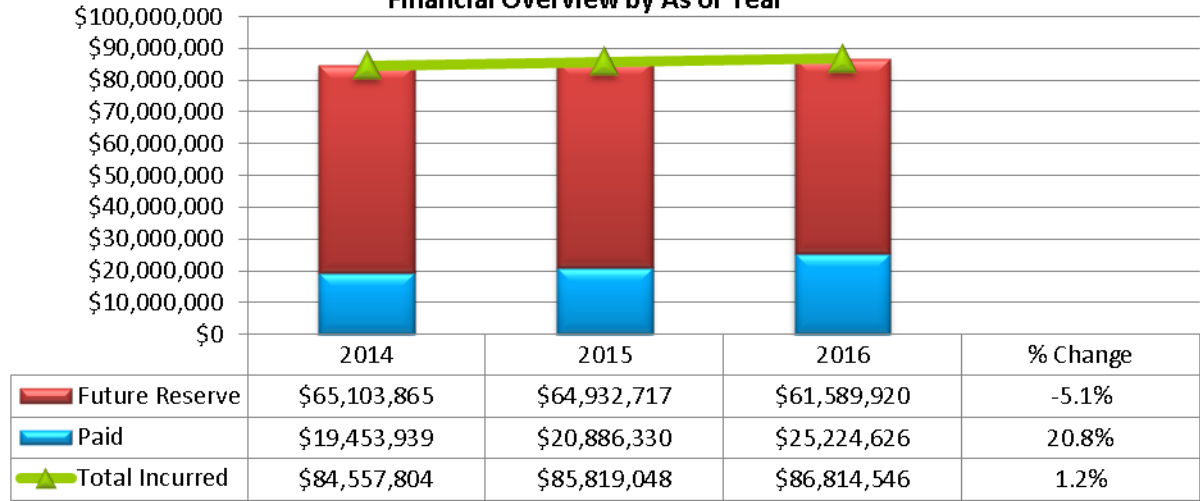




- 97% of all claims are in some stage of litigation or attorney involvement
- AG has 277 pending claims while Contract Counsel accounts for 249 claims
- 38% of claims are 3 years and older

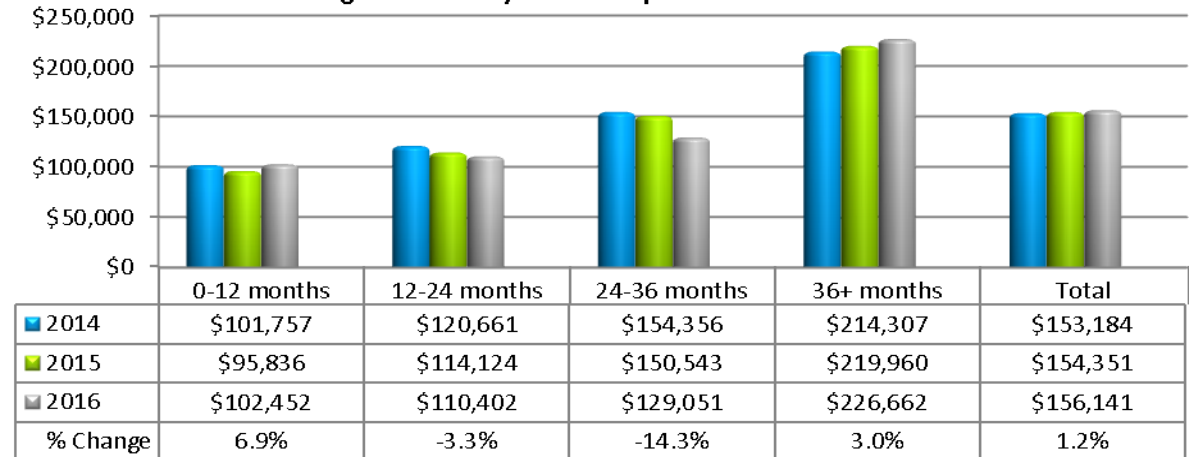
Medical Malpractice - Pending Claims

Financial Overview by As of Year



Medical Malpractice - Pending Claims

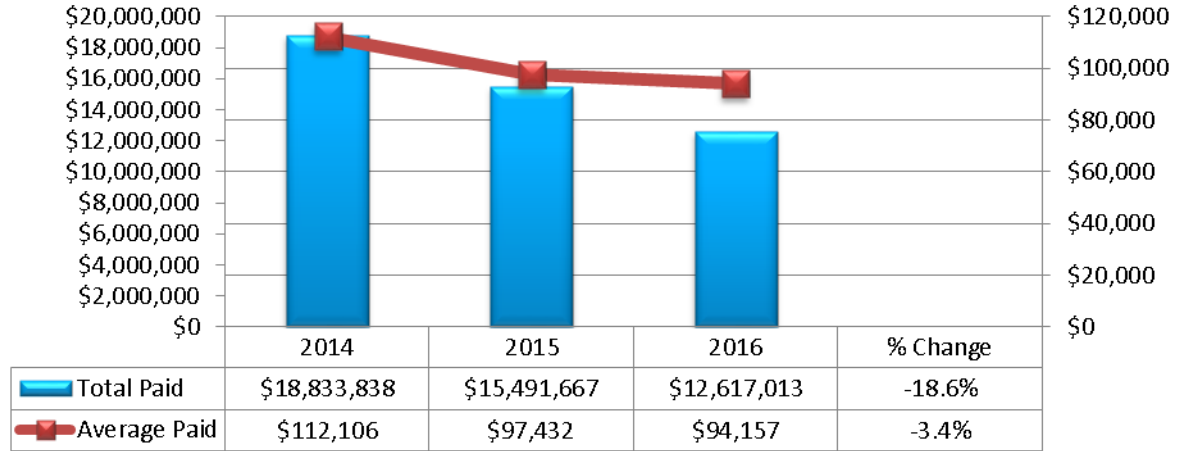
Average Incurred by Months Opened and As of Year



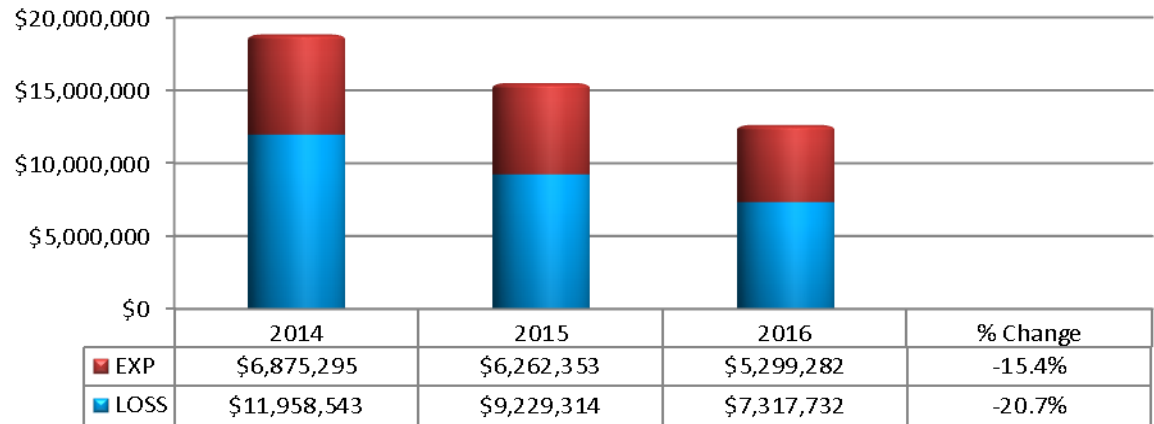
Medical Malpractice – Closed Claims

- Average claim duration - 3.5 years
- Non Zero claims average \$101K
- “Surgery Related NOC” average paid \$88K in FY16

Medical Malpractice - Closed Claims
Cost of Claims by Year Closed



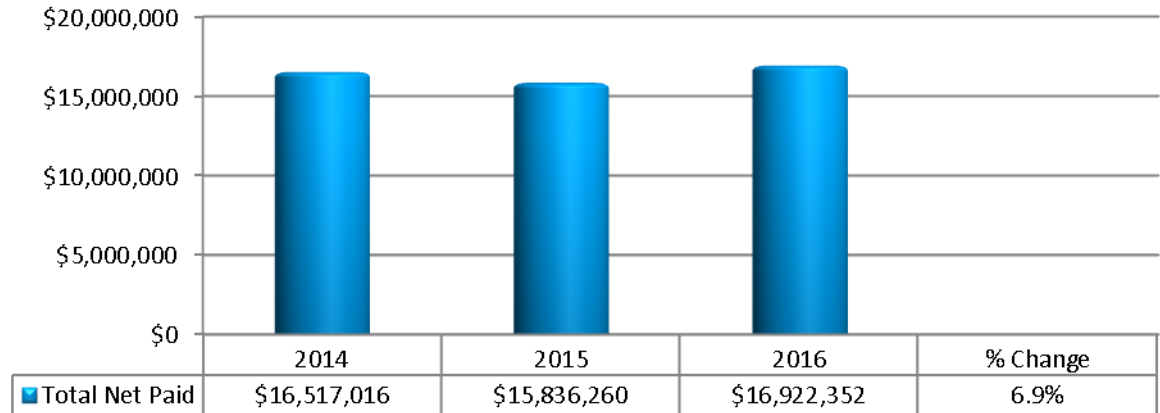
Medical Malpractice - Closed Claims
Total Paid by Bucket and Year Closed



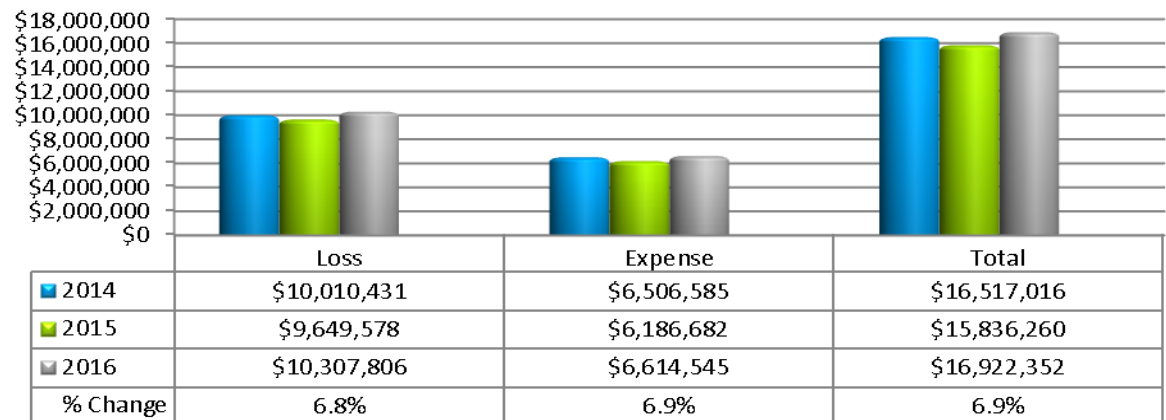


- Payments increased by \$1M - Loss payments in settlements within the New Orleans area is key driver
- AG paid \$3M while Contract Counsel paid \$2.4M which driver of the increase in Expense

Medical Malpractice
Total Net Paid by Year of Allocation



Medical Malpractice
Total Paid by Bucket and Year of Allocation





Future Medical - Med Mal Summary

| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Total New Claims | 1 | 1 | 1 | 0.0% |
| | Total Incurred | \$489,487 | \$4,900 | \$415,513 | 8379.9% |
| | Average Incurred | \$489,487 | \$4,900 | \$415,513 | 8379.9% |
| | Total Incurred w/ Incurred >\$100K | 100.0% | 0.0% | 100.0% | 100.0% |
| | Total claims w/ Incurred >\$100K | 100.0% | 0.0% | 100.0% | 100.0% |
| Pending Claims | Total Pending Claims | 42 | 44 | 45 | 2.3% |
| | Total Incurred | \$26,414,404 | \$27,324,915 | \$30,554,344 | 11.8% |
| | Average Incurred | \$628,914 | \$621,021 | \$678,985 | 9.3% |
| | Total Incurred w/ Incurred >\$100K | 98.0% | 98.1% | 98.2% | 0.1% |
| | Total claims w/ Incurred >\$100K | 76.2% | 77.3% | 77.8% | 0.5% |
| | % Litigated | 11.9% | 11.4% | 13.3% | 1.9% |
| Closed Claims | Total Closed Claims | 2 | 1 | 0 | -100.0% |
| | Total Paid | \$17,008 | \$4,900 | \$0 | -100.0% |
| | Average Paid | \$8,504 | \$4,900 | \$0 | -100.0% |
| | Average Days Open | 1,452 | 114 | 0 | -100.0% |
| | Closing Ratio | 66.7% | 33.3% | 0.0% | -33.3% |
| | Total Paid w/ Paid >\$100K | 0.0% | 0.0% | 0.0% | 0.0% |
| | Total claims w/ Paid >\$100K | 0.0% | 0.0% | 0.0% | 0.0% |
| | % Litigated | 100.0% | 100.0% | 0.0% | 0.0% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$1,614,906 | \$995,631 | \$1,507,189 | 51.4% |
| | Total Expense Paid | \$0 | \$398 | \$12,362 | 3007.3% |
| | Total Recoveries | \$0 | \$0 | \$0 | 0.0% |
| | Total Paid | \$1,614,906 | \$996,029 | \$1,519,551 | 52.6% |
| | % Loss | 100.0% | 100.0% | 99.2% | -0.8% |
| | % Expense | 0.0% | 0.0% | 0.8% | 0.8% |





Property Claims – Excluding CAT claims Summary

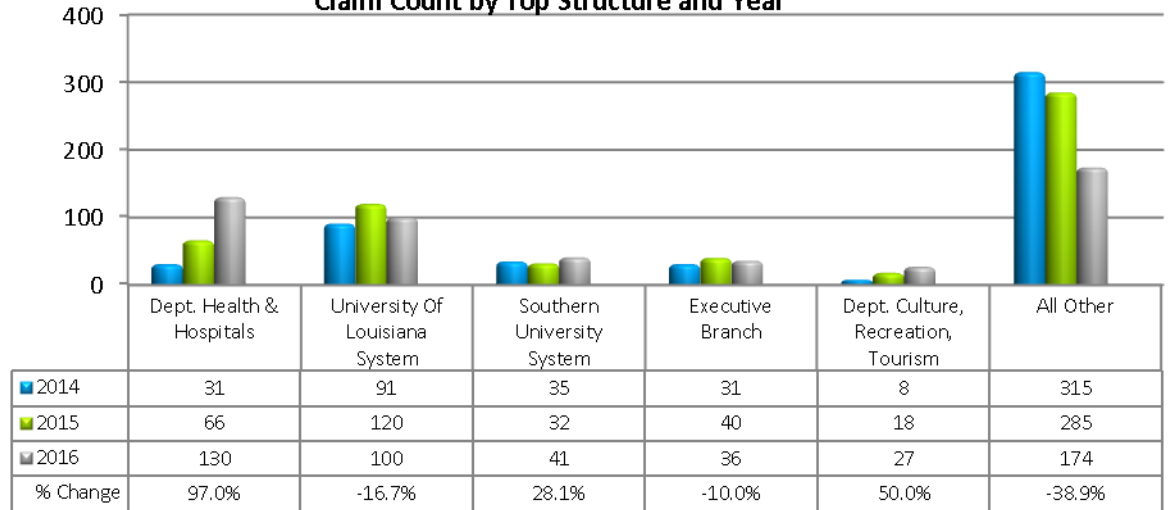
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|--------------|--------------|--------------|---------|
| New Claims | Total New Claims | 511 | 561 | 508 | -9.4% |
| | Total Incurred | \$5,536,888 | \$4,132,985 | \$4,693,200 | 13.6% |
| | Average Incurred | \$10,835 | \$7,367 | \$9,239 | 25.4% |
| | Total Incurred w/ Incurred >\$100K | 37.2% | 19.1% | 41.2% | 22.1% |
| | Total claims w/ Incurred >\$100K | 1.2% | 0.5% | 1.4% | 0.9% |
| Pending Claims | Total Pending Claims | 455 | 359 | 350 | -2.5% |
| | Total Incurred | \$30,403,617 | \$27,567,873 | \$12,167,165 | -55.9% |
| | Average Incurred | \$66,821 | \$76,791 | \$34,763 | -54.7% |
| | Total Incurred w/ Incurred >\$100K | 80.3% | 83.8% | 67.6% | -16.2% |
| | Total claims w/ Incurred >\$100K | 5.5% | 6.7% | 8.0% | 1.3% |
| | % Litigated | 3.3% | 4.5% | 3.7% | -0.8% |
| Closed Claims | Total Closed Claims | 536 | 666 | 524 | -21.3% |
| | Total Paid | \$6,960,201 | \$7,937,126 | \$17,963,899 | 126.3% |
| | Average Paid | \$12,363 | \$11,918 | \$34,282 | 187.7% |
| | Average Days Open | 324 | 341 | 265 | -22.3% |
| | Closing Ratio | 100.2% | 114.2% | 99.6% | -14.6% |
| | Total Paid w/ Paid >\$100K | 46.9% | 46.3% | 84.3% | 38.0% |
| | Total claims w/ Paid >\$100K | 2.1% | 1.4% | 1.1% | -0.3% |
| | % Litigated | 0.0% | 0.2% | 0.6% | 0.4% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$9,339,985 | \$7,268,503 | \$4,465,483 | -38.6% |
| | Total Expense Paid | \$542,536 | \$309,665 | \$116,271 | -62.5% |
| | Total Recoveries | \$564,088 | \$5,641,195 | \$179,116 | -96.8% |
| | Total Paid | \$9,882,521 | \$7,578,168 | \$4,581,754 | -39.5% |
| | % Loss | 94.5% | 95.9% | 97.5% | 1.6% |
| | % Expense | 5.5% | 4.1% | 2.5% | -1.6% |



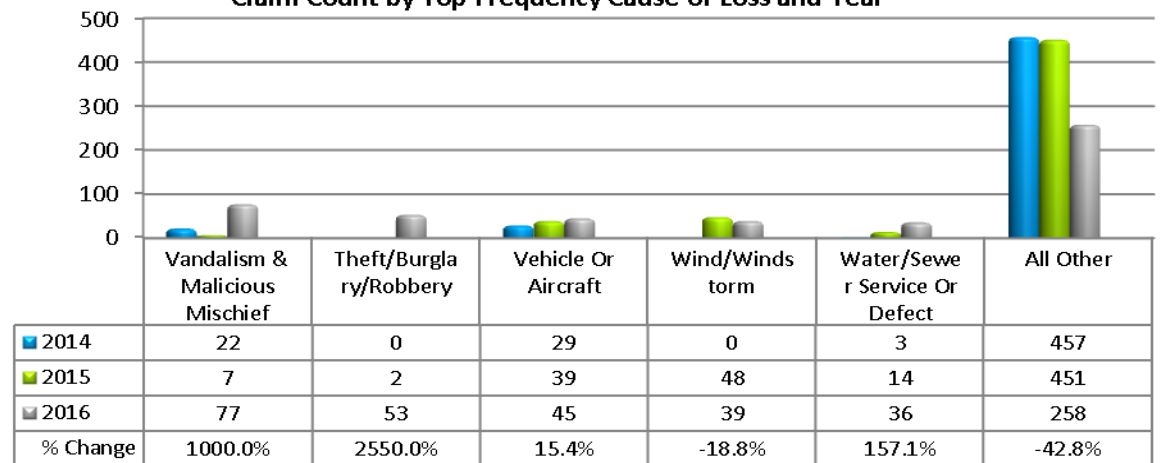


- Dept. of Health and Hosp. Pinecrest location reported 110 new claims
- University of LA Systems, ULL reported 37 claims
- Most Expensive claim was a fire in the Presbytere' in the French Quarter

Property - New Claims
Claim Count by Top Structure and Year



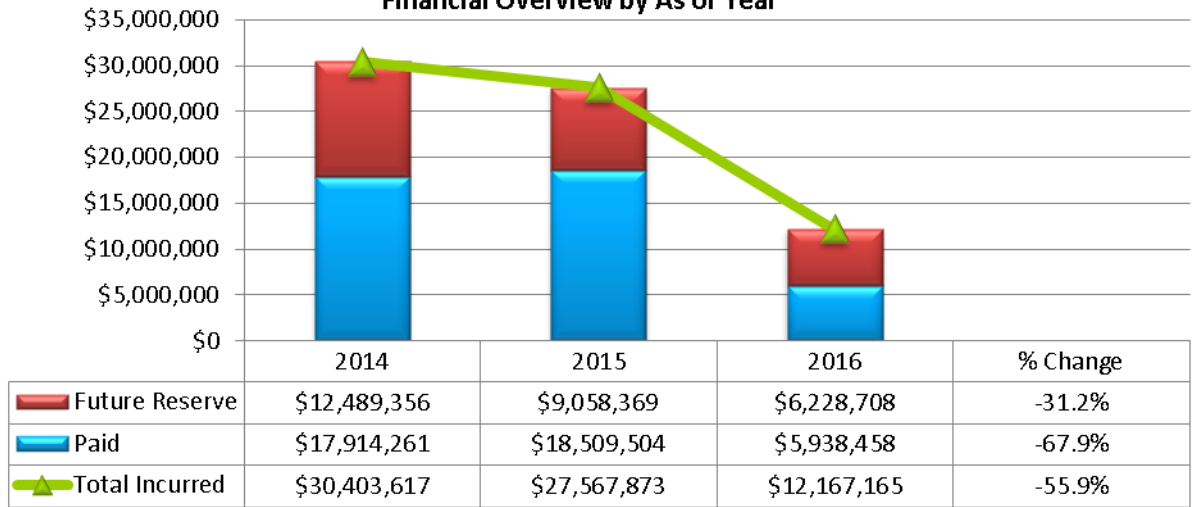
Property - New Claims
Claim Count by Top Frequency Cause of Loss and Year



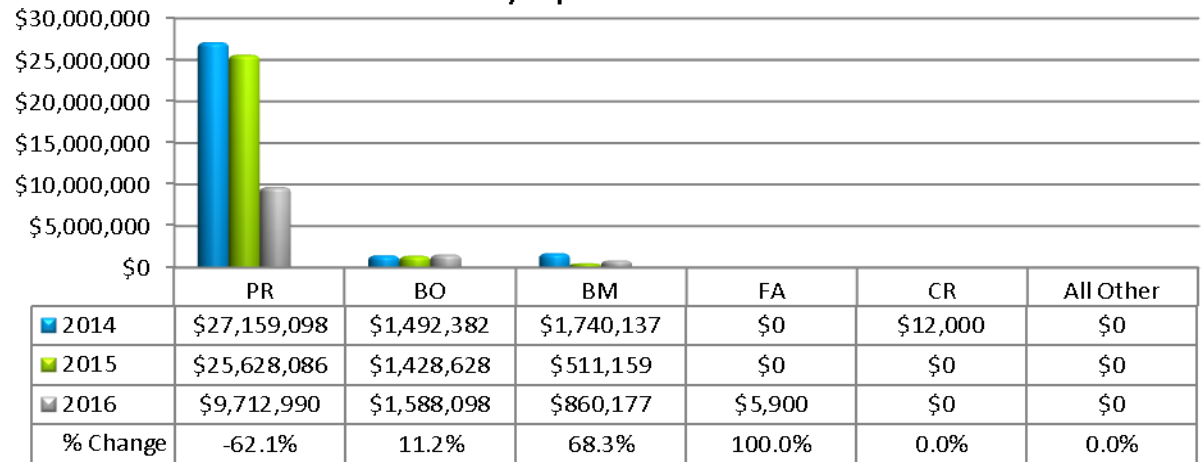


- Pending 350, down from 455 mainly due to the closure LSP Angola claims
- Two large claims closed in FY16 that accounted for \$14.5M
- Universities across the state account for 40% of current open claims, with 37% of the Total Incurred

Property - Pending Claims
Financial Overview by As of Year



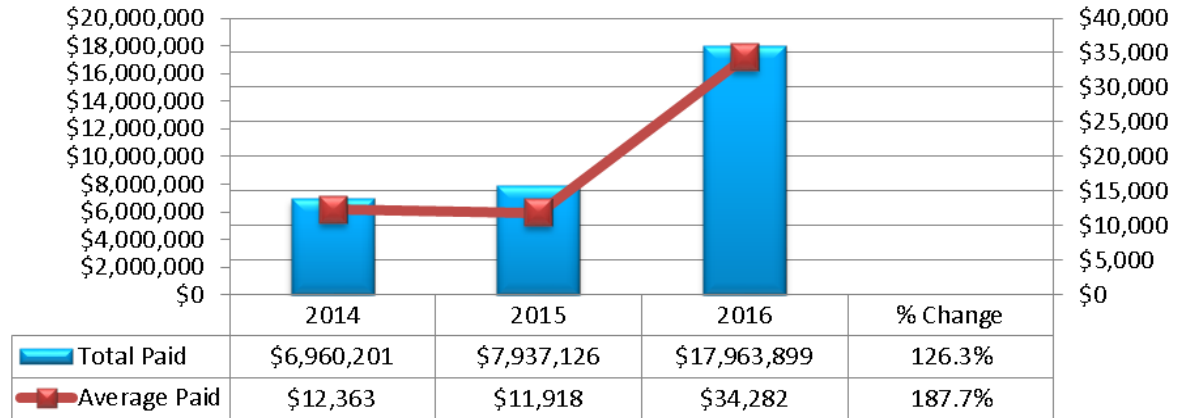
Property - Pending Claims
Total Incurred by Top Line Code and As of Year



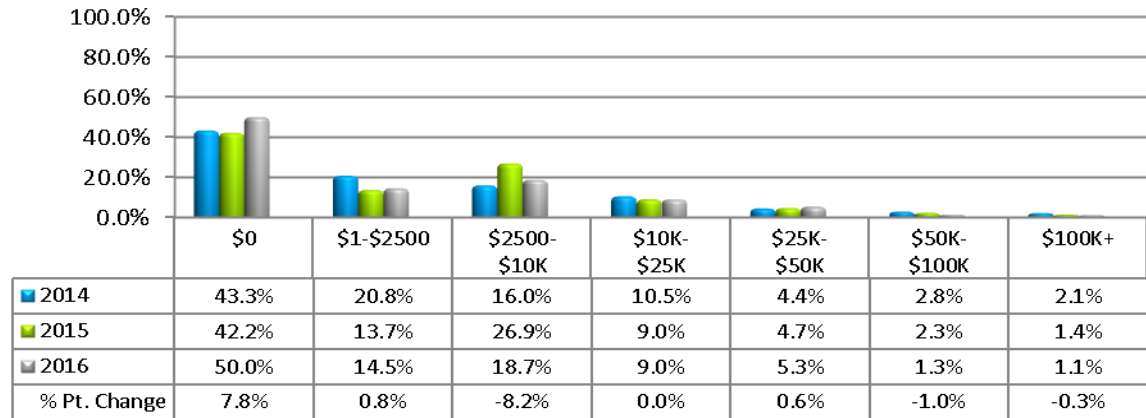


- Two large claims mentioned on slide 41 closed in FY16 accounting for \$14.2M
- Excluding these two claims, \$7,100 is the average paid
- 6 claims over \$100K, represent 84% of total paid on closed claims in FY16

Property - Closed Claims
Cost of Claims by Year Closed



Property - Closed Claims
% of Total Claims by Paid Stratification and Year Closed





Property Claims – 1617 Summary

| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|------|------|--------------|---------|
| New Claims | Total New Claims | 0 | 0 | 245 | 100.0% |
| | Total Incurred | \$0 | \$0 | \$15,201,871 | 100.0% |
| | Average Incurred | \$0 | \$0 | \$62,048 | 100.0% |
| | Total Incurred w/ Incurred >\$100K | 0.0% | 0.0% | 85.2% | 85.2% |
| | Total claims w/ Incurred >\$100K | 0.0% | 0.0% | 4.1% | 4.1% |
| Pending Claims | Total Pending Claims | 0 | 0 | 173 | 100.0% |
| | Total Incurred | \$0 | \$0 | \$15,201,626 | 100.0% |
| | Average Incurred | \$0 | \$0 | \$87,871 | 100.0% |
| | Total Incurred w/ Incurred >\$100K | 0.0% | 0.0% | 85.2% | 85.2% |
| | Total claims w/ Incurred >\$100K | 0.0% | 0.0% | 5.8% | 5.8% |
| | % Litigated | 0.0% | 0.0% | 0.0% | 0.0% |
| Closed Claims | Total Closed Claims | 0 | 0 | 72 | 100.0% |
| | Total Paid | \$0 | \$0 | \$245 | 0.0% |
| | Average Paid | \$0 | \$0 | \$3 | 0.0% |
| | Average Days Open | 0 | 0 | 52 | 0.0% |
| | Closing Ratio | 0.0% | 0.0% | 29.4% | 29.4% |
| | Total Paid w/ Paid >\$100K | 0.0% | 0.0% | 0.0% | 0.0% |
| | Total claims w/ Paid >\$100K | 0.0% | 0.0% | 0.0% | 0.0% |
| | % Litigated | 0.0% | 0.0% | 0.0% | 0.0% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | \$0 | \$0 | \$1,948,474 | 100.0% |
| | Total Expense Paid | \$0 | \$0 | \$0 | 0.0% |
| | Total Recoveries | \$0 | \$0 | \$0 | 0.0% |
| | Total Paid | \$0 | \$0 | \$1,948,474 | 100.0% |
| | % Loss | 0.0% | 0.0% | 100.0% | 100.0% |
| | % Expense | 0.0% | 0.0% | 0.0% | 0.0% |





Property Claims – 49, 58, 60, 87 Summary

| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
|---------------------------|------------------------------------|----------------|---------------|---------------|---------|
| New Claims | Total New Claims | 57 | 3 | 0 | -100.0% |
| | Total Incurred | \$238,094 | \$610 | \$0 | -100.0% |
| | Average Incurred | \$4,177 | \$203 | \$0 | -100.0% |
| | Total Incurred w/ Incurred >\$100K | 0.0% | 0.0% | 0.0% | 0.0% |
| | Total claims w/ Incurred >\$100K | 0.0% | 0.0% | 0.0% | 0.0% |
| Pending Claims | Total Pending Claims | 1287 | 1496 | 1170 | -21.8% |
| | Total Incurred | \$704,618,480 | \$568,479,829 | \$522,847,757 | -8.0% |
| | Average Incurred | \$385,670 | \$380,000 | \$446,878 | 17.6% |
| | Total Incurred w/ Incurred >\$100K | 96.9% | 96.8% | 97.2% | 0.4% |
| | Total claims w/ Incurred >\$100K | 10.1% | 12.7% | 13.8% | 1.1% |
| | % Litigated | 0.1% | 0.1% | 0.2% | 0.1% |
| Closed Claims | Total Closed Claims | 1340 | 425 | 396 | -6.8% |
| | Total Paid | \$60,951,708 | \$36,970,754 | \$45,219,251 | 22.3% |
| | Average Paid | \$45,486 | \$86,990 | \$114,190 | 31.3% |
| | Average Days Open | 1514 | 1826 | 2414 | 32.2% |
| | Closing Ratio | 859.0% | 393.5% | 591.0% | 197.5% |
| | Total Paid w/ Paid >\$100K | 86.8% | 93.4% | 93.9% | 0.5% |
| | Total claims w/ Paid >\$100K | 7.1% | 4.9% | 8.1% | 3.2% |
| | % Litigated | 0.0% | 0.0% | 0.0% | 0.0% |
| State of Louisiana Metric | | 2014 | 2015 | 2016 | % (-/+) |
| Paid Claims | Total Loss Paid | (\$15,655,242) | \$10,094,752 | \$3,722,907 | -63.1% |
| | Total Expense Paid | \$494,195 | \$115,873 | \$54,431 | -53.0% |
| | Total Recoveries | \$25,140,898 | \$579,803 | \$4,492,656 | 752.5% |
| | Total Paid | (\$15,161,047) | \$10,210,626 | \$3,777,337 | -63.0% |
| | % Loss | 103.3% | 98.9% | 98.6% | -0.3% |
| | % Expense | -3.3% | 1.1% | 1.4% | 0.3% |





| Highlights | Comments |
|--|--|
| Loss Prevention Audit System | <i>Completed in May 2016</i> |
| 1176 audits | 100% completed |
| Recommendations from results | <i>More emphasis on record keeping, emergency preparedness programs, distribute safety rules, training new employees, and supervisors inspections of vehicle</i> |
| 1439 - Building Appraisals | 88% completed |
| Train the Trainer | <i>Blood borne Pathogen</i> |
| 60 - Specialized training sessions/topics - 7 topics | <i>Accident Investigations, various Safety Related topics, forklift</i> |
| www.larom.com | <i>Awareness to Agencies</i> |



