

OVERVIEW

CALIFORNIA LIVESTOCK PRODUCERS (CLP) SELF INSURED GROUP A WORKERS' COMPENSATION PROGRAM

Formed in 2006, this self insured group (SIG) was organized and is administered by **Self Insured Solutions LLC of Las Vegas** with offices in Ontario (www.selfinsuredsolutions.com). It is the only self insured group available to California dairymen in the marketplace. The group is a non-profit mutual benefit corporation owned by the members. It is governed by the California Department of Industrial Relations and the Office of Self Insurance Plans (www.dir.ca.gov/sip). Owner/members are legally and financially liable for group costs of workers' comp claims.

The intent is to pool cost conscious and progressive livestock producers who believe that over time they can profit by experiencing lower loss ratios than average i.e. $(50\% \text{ losses} + 40\% \text{ admin}) * -100 = 10\%$ potential profit dividends. There are about 135 policy holders in the group most of whom are dairymen. The current president is Bob Kelly (209.634.4908) of James J. Stevinson Corp.

SIG HISTORY

- California's 2005 workers' comp reform legislation was the catalyst for Self Insurance Groups (SIG). There are now 25 in California.
- California Self-Insurers' Security Fund (SISF) covers SIG insolvencies
- 25% of California Employees are covered by self-insurance plans
- over 7,000 California employers are active self-insurers

LIVESTOCK PROGRAM FEATURES

- dairy contribution rates (premiums) are competitive
- group responsible for \$500K in losses followed by re-insurance cover of \$5 million
- "joint & several" group liability exposure mitigated by re-insurance
- \$2 million employer liability coverage
- both claims and safety services are contracted out to third parties
- OSHA compliance and employee handbook services are included

MEMBERSHIP QUALIFICATIONS

- prospects must exhibit a history of low losses <30%
- successful safety inspection
- financials exhibiting a profit must be submitted
- acceptance of aggressive loss control required

* data provided by DIR/Office of Self Insurance Plans and represents a typical SIG program in California
01/17