



Risk Management Fund

Risk Advisor

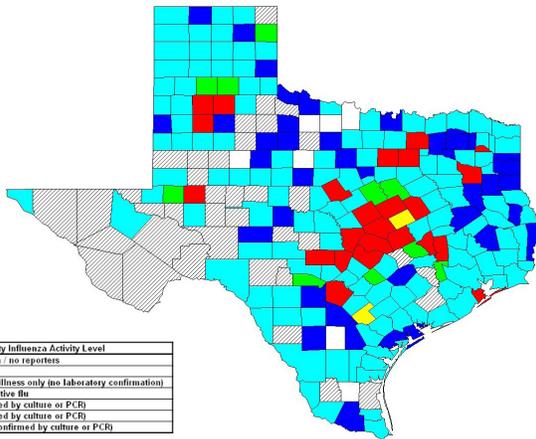


SPRING 2018

Flu Season Hit Hard this Winter and Won't Go Away

In late Fall 2017 the Centers for Disease Control and Prevention was providing information about what to do in the event of a nuclear attack. They were responding to the tensions between the United States and North Korea. However, a more direct and imminent threat changed their focus to the current flu outbreak that is the result of a more virulent strain of virus than has been seen in recent years. The current strain is H3N2, a strain of the virus that has caused bad outbreaks in previous years. So far this year the flu has been reported in all 50 states and has only recently peaked (as of February 23, 2018).

The first illustration shows flu prevalence in all Texas counties as of March 2, 2018:

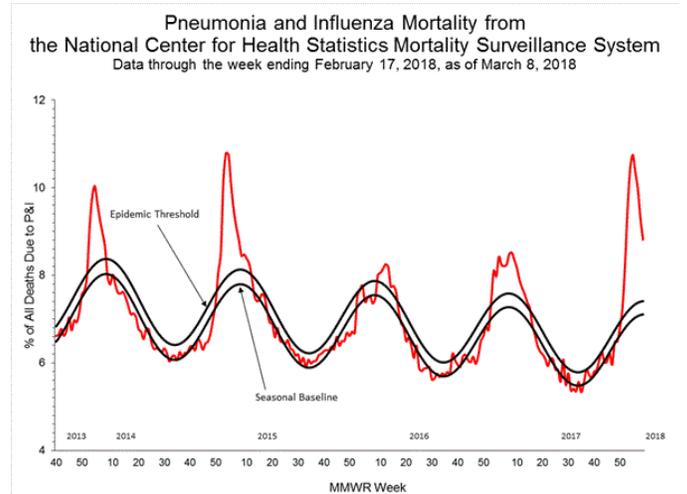


County Influenza Activity Level	
Grey	No information / no reporters
White	No activity
Blue	Influenza-like illness only (no laboratory confirmation)
Cyan	Rapid test positive flu
Yellow	Flu A (confirmed by culture or PCR)
Green	Flu B (confirmed by culture or PCR)
Red	Flu A and B (confirmed by culture or PCR)

Texas Department of State Health Services for the week ending March 2, 2018.

The next chart shows the overall death toll of this year's flu outbreak for the United States. Most reporting entities are now indicating a slight decrease in the number of reported cases.

The latest reports indicate that this strain of flu is quite serious for very young children and "baby boomers." A recent CDC report shows that the national hospitalization rate for people over 65 is 322.7/100,000 and that the H3N2 strain and H1N1 are both involved in this group. The CDC also reported February 18, 2018 that the overall hospitalization rate for all populations was now 74.5 per 100,000 and that hospitalizations



are "even higher than the 2014 – 2015 season" when 710,000 hospitalizations were reported.

The Texas Department of State Health Services also provides the following data about this season's mortality numbers for Texas and rates per 100,000 population through the end of February.

Texas Flu Mortality October 2017 - February 2018		
Age Group	Number of Deaths	Mortality Rate per 100,000
0-4	17	0.81
5-17	10	0.15
18-49	300	2.31
50-64	815	15.93
65+	4088	111.35
overall	5230	17.8

Although recent reports indicate that the 2018 Flu season is starting to wind down, it is not over and the death numbers are still above the "Epidemic Threshold" shown in the national mortality chart.

Flu vaccines for the 2019 season are already being developed based on the observations of disease strains that are now emerging. The flu virus can develop rapidly and leave the medical system without an optimally effective vaccine as

Welcome Note

Greetings,

Welcome to the new Risk Advisor! For 30 years the TWCA Risk Management Fund (the Fund) has provided water entities in Texas with insurance related coverages and services. In the past the Fund has produced a quarterly newsletter highlighting areas of safety and risk management.

The new Risk Advisor will continue in that tradition and more! In the coming quarters we will bring you interviews with Board members, spotlights on Fund members, and articles from guest writers. We will also include FAQs and introduce ways that you, our members, can highlight your own operations with member submitted photos. And of course, we will continue bringing you the latest news and advice to help you keep your operations running safely and smoothly.

Thank you all for your continued support. We look forward to another wonderful 30 years!

Sincerely,

TWCA Risk Management Fund

About the Fund

The Fund is a self-insurance pool formed by Texas water districts and authorities to provide expert resources and access to a customized insurance program for its members.

The Fund provides workers' compensation, liability, and property coverage programs for its members. Through the Fund, members pool their risks and combine resources to obtain greater stability and economies of scale for risk management. In addition to self-insurance coverage, members receive risk management, legal, and loss prevention services tailored to meet their needs.

Fund members also have access to a wide range of risk management training including workshops, seminars, and online training, to help them manage risk. The Fund also offers leadership training, legal consultations, risk control services and risk management consultations tailored to the members' risk management needs.

TWCARMF Board of Trustees

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Risk Advisor

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Questions, comments, tips, advice, ideas, opinions, criticism, and news are welcomed and encouraged. Every effort has been made to ensure the accuracy of the information published in *Risk Advisor*.

Opinions on financial, fiscal, and legal matters are those of the editors and others. Professional counsel should be consulted before taking any action or decision based on this material.

Fund Administrator: York Risk Services Group, Inc.
800-580-8922

Would you like to receive this newsletter by e-mail?

The Fund will distribute future editions of *Risk Advisor* electronically to those who prefer a paperless version. The newsletter is provided in PDF format. To add your name to the distribution list, send your e-mail address to Kathy Hulse at the Fund (kathy.hulse@yorkrsg.com).

Safety Seminar Season Starts in May

TWCARMF Risk Control Consultants have been busy developing their presentations for the 2018 round of Safety Seminars. Topics for this year's workshops are:

- ◆ Public Railroad Safety
- ◆ Emergency Preparedness
- ◆ Falls
- ◆ Arc Flashes
- ◆ Recent Fund Claims Analysis
- ◆ Flammable Liquid Storage and Handling

As usual the workshops will be presented at several locations around the state. Members are welcome to attend any one of the workshops but we have chosen locations convenient to most members. The following are the workshop dates and locations for 2018:

- ◆ High Plains Underground Water Conservation District, Lubbock, May 16, 2018
- ◆ Galveston County Consolidated Drainage District, Friendswood, June 27, 2018
- ◆ North Texas Municipal Water District, Wylie, August 15, 2018
- ◆ San Jacinto River Authority, Conroe, October 3, 2018
- ◆ Rio Grande Managers, Edinburg, November 7, 2018

The materials presented are designed to enhance the knowledge and capabilities of any district employee who has safety or risk management responsibilities. This includes safety officers, emergency response team members, supervisors, risk managers, human resources claims coordinators and anyone who is exposed to any of the hazards being presented in the workshop. A light breakfast and hearty lunch will be served. Online registration of each attendee will insure enough workbooks and food will be available. Register at www.twcarmf.org. There is no charge for these workshops.

TWCA Risk Management Fund Board Member Spotlight

TWCA Risk Management Fund is governed by an eleven member Board of Trustees that are elected by the Fund's members. These dedicated individuals are also employees of a Fund member. The Board meets four times per year and conducts a strategic planning session once a year. In the coming months we will sit down with each Board member for a brief Q&A in order to learn a little more about why they serve and what has helped them stay a part of the Risk Management Fund.



Sonny Hinojosa

This quarter we are featuring two veterans in the Texas water industry, Sonia Lambert and Sonny Hinojosa. Sonia is the General Manager of Cameron County Irrigation District #2 and Cameron County Drainage District #3 in San Benito, Texas. Sonny is the General Manager for Hidalgo County Irrigation District #2 in San Juan, Texas.



Sonia Lambert

How long have you been in the industry and how did you start in the industry?

Sonia Lambert (SL): My employment with the Irrigation District started off as a part time and temporary position. I never even filled out an application for employment. After 40 years of employment I think I can be considered full time now.

Sonny Hinojosa (SH): I graduated from Texas A&I University with a degree in Agriculture. For the ensuing 5 years I was a Soil & Range Conservationist with the U.S.D.A. - Soil Conservation Service. After the USDA, I went to work for the Texas Water Commission (now TCEQ) as Assistant Rio Grande Watermaster for 8 years. Since then, I've been the GM at the HCID #2 for the past 22 years. I've been involved in agriculture all of my professional career and have focused on Rio Grande water the past 30 years.

What has kept you serving on the TWCARMF board? What do you enjoy the most?

SL: I enjoy having an input on decisions made regarding

insurance coverages for our members. I feel members in this area depend on our ability to view things from a broad prospective and relay that view to further advance coverages and reduce liability.

SH: I enjoy continuing the practice of “doing the right thing!” At my first week at the District, my predecessor educated me on how and why the Risk Management Fund came about. The Rio Grande Valley was a plaintiff’s paradise. Lawsuit abuse was rampant. Hidalgo County developed a reputation for outrageous jury awards. If there was an irrigation canal, drainage ditch, or standpipe within sight of any accident scene, irrigation districts were named in lawsuits. Other utility companies found it cheaper to settle lawsuits than to go to court. We knew we had to take a stand and fight these types of frivolous claims. We also knew it would be expensive to do so at first, but we hoped it would pay off in the long run – and it has. Our District has been a member of the Fund since its inception and wouldn’t consider going elsewhere for our coverage.

What do you see as the top benefits of the Fund for members?

SL: A key and top benefit to our members is in all the trainings made available to all members. This significantly assists in the reduction of exposure, which can translate into reduced premiums.

SH: The strongest selling point the Risk Management Fund has is that it is our Fund! The TWCA created it for the benefit of the membership. We know water! No other insurance pool in the state specializes in and understands the type of work we do. I encourage our members to participate in the Fund’s Regional Safety and/or Leadership Trainings. The risk management consulting, visits and recommendations from loss control personnel, the worker’s compensation alliance, review of contracts and building plans and specifications, are all benefits that each member enjoys.

2018 marks the Fund’s 30th year, what challenges do you see members facing in the future and how can the Fund continue to help for another 30 years?

SL: As the cost of living goes up, members face the challenge of remaining fully insured while keeping costs down. The fund, through safety and other trainings, provides an excellent opportunity for its members to take advantage of a free service provided, in an effort to reduce exposure.

SH: The Risk Management Fund continues to evolve with and for the needs of the members. The Board of Trustees is the voice of the membership. As long as we continue to manage water, there will be challenges and the Fund will continue to address those challenges as they arise.

Contact the Fund

www.twcarmf.org

Program Director Jacob Moreno

at 512-427-2312 jacob.moreno@yorkrsg.com

1-800-580-8922, extension 12312

TWCA Risk Management Fund

10535 Boyer Blvd., Suite 100

Austin, Texas 78758

Jacob is responsible for the oversight of the Fund’s operations and services. He leads marketing efforts for prospective members and reviews coverage and claims issues. He also assists members in understanding coverage needs and promotes all lines of the Fund’s loss control services.

Other Important Contacts

- ◆ **Ancillary Insurance products** not provided by the Fund are available by contacting Shela Ferrell at York, 512-427-2487, 800-580-8922 extension 12487 and shela.ferrell@yorkrsg.com. Fax #: 512-427-2343 Fax #: 512-427-2343. She places cyber liability, director’s bonds and specialty coverages like railroad protective, aircraft and environmental impairment liability and
 - ◆ Public Employee Dishonesty Bonds
 - ◆ Public Officials Bond/Director’s Bond/Tax Collector Bond
 - ◆ Notary Bonds
 - ◆ Windstorm coverage for Tier 1 counties
 - ◆ Travel/Accident Policy
 - ◆ Flood Coverage
- ◆ **Loss Prevention** services are provided by highly qualified Loss Control Consultants who visit members for facility safety inspections, direct consultations regarding specific safety issues, conduct safety training, coach safety committees and investigate serious accidents. For additional information about loss control services, including surveys and consultations, training, and property appraisals, contact Regan Rychetsky at 800-580-8922, extension 12305, direct at 512-427-2305 and e-mail at regan.rychetsky@yorkrsg.com. For safety resources (literature and training videos), information regarding seminars, loss reports, and surveys contact Kathy Hulse, Communications and Client Services Specialist email: kathy.hulse@yorkrsg.com
- ◆ **Risk Management Consultations** provided by the staff risk management consultant address contract issues, claim analysis, policies and procedures designed

to improve risk management. He also conducts comprehensive on site risk management reviews for members resulting in a report to management and recommendations for improvements. Richard Wigzell provides risk management consulting that looks at risk issues in all areas of district operations and policies. He can be reached at the same 800 number, extension 12438, direct at 512-427-2438 or by e-mail at richard.wigzell@yorkrsg.com.

- ◆ Leadership Training for managers and supervisors is provided through three courses of significant learning:
 - ◆ Retaining, Encouraging and Developing Employees for Success,
 - ◆ Leadership Training II and
 - ◆ Respect in the Workplace

Courses are taught either at the district or in a regional setting without cost to the member. For information and scheduling for Leadership Training contact Dan Hernandez at 800-580-8922, extension 12427, direct at 512-427-2427 or e-mail at dan.hernandez@yorkrsg.com.

◆ Customer Service

For questions concerning your coverage or to make property or vehicle changes:

Ernest Garcia, Customer Service Associate

Email: Ernest.Garcia@yorkrsg.com

For motor vehicle reports:

Email: MVRs@yorkrsg.com

Fax #512-427-2343

- ◆ Claims should be reported by line, workers compensation, liability or property. To report

Workers' Compensation Claims:

Our online workers' compensation claims reporting tool Claims Opening Wizard (iCOW) gives Fund members an easy way to submit workers' compensation claims (DWC-1's only). YCEa is the Fund Administrator's claim system which can be used to electronically submit Employer's Wage Statement (DWC Form-3) and Supplemental Report of Injury (DWC Form-6).

For information on an existing claim:

Alyssa Call, Medical Only Adjuster and Donna Smith, Indemnity Adjuster

Email: alyssa.call@yorkrsg.com

Email: donna.smith@yorkrsg.com

All Property & Liability Claims:

Loss Notices can be found at <https://www.twcarmf.org/> under the Resources tab. Send loss notices or information to: OSCTexas@yorkrsg.com

Velvet Dixon, Adjuster, Karyn Bartels, Adjuster

Email: velvet.dixon@yorkrsg.com Email: Karyn.bartels@yorkrsg.com

Employer Liability or Errors & Omissions Claims

Report to Tyler Wolkenhauer Director of Complex Casualty Claims at 800-580-8922, extension 12316, direct at 512.427.2316 office or 512.346.9321 fax or e-mail at Tyler.Wolkenhauer@yorkrsg.com

Flu Season, continued from page 1

happened this year. Latest incidence figures indicate that this year's vaccine was only about 25% effective with almost no effect in the 9 years old to 17 age bracket and the over 50 group. The World Health Organization's current vaccine recommendation for the 2018 – 2019 season includes four strains of flu virus with a change to the H3N2 type that was predominant in the 2017 – 2018 flu season.

Recommendations to slow the spread of the disease include:

- ◆ Wash hands frequently,
- ◆ Cover coughs and sneezes so the highly contagious aerosols are contained,
- ◆ Limit physical contact with others,
- ◆ Get vaccinated (25% protection is better than nothing.)
- ◆ An early dose of Tamiflu has been effective this year in reducing symptoms and limiting the period of illness and
- ◆ If you are sick, stay home.
- ◆ Don't go to work. Your co-workers and employer will thank you.

Take precautions and stay healthy. Anything you learn this year will also be applicable when the next flu season rolls around. Whatever happens next year, we know there will be a flu season and it will have a strong impact on personal health and the productivity of water districts and authorities. Additional information about this year's flu outbreak is available at the Centers for Disease Control and Prevention at www.cdc.gov and from the Texas Department of State Health Services at www.dshs.texas.gov.

Sources: Washington Times, January 29, 2018, Centers for Disease Control and Prevention website, Texas Department of State Health Services website, Avian Flu Diary, "WHO Recommended Composition of 2018-2019 Northern Hemisphere Flu Vaccine," February 22, 2018

Richard Wigzell, Risk Management and Program Analyst, The Texas Water Conservation Association Risk Management Fund

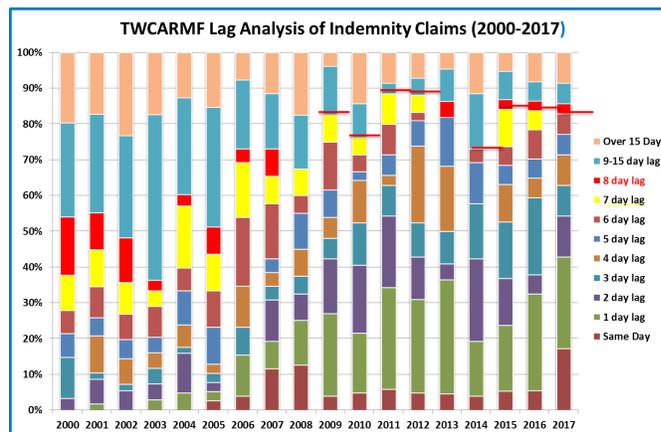
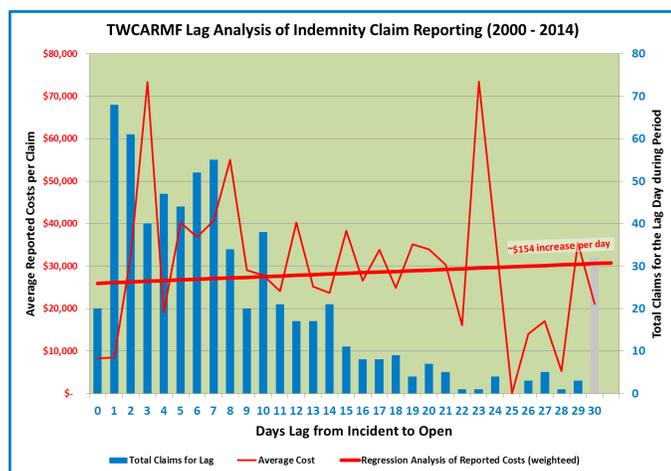
The Cost of Delay in Workers' Compensation Claim Reporting

Does it make a financial difference how fast a Fund member reports their workers' compensation claims? In a recent study of the Fund's indemnity claims the answer is an emphatic YES! The study showed an increase of \$154 per day of delay in reporting. And studies of other pools demonstrate similar results ranging from \$122 to over \$250 per day.

The "Lag in Days from Incident to Open" is the number of days between the date the injury occurred until the date it was actually reported to the Fund. The last bar at the 30 day mark includes all claims 30 days or more late in reporting. The "Average costs for Lag Period" is the average cost of claims that were reported to the Fund that number of days late shown at the bottom of the chart. The light blue bars indicate the number of claims reported for each number of lag days.

Regardless of the financial impact illustrated above, employee injuries need to be reported to the Fund immediately. No one benefits from late reporting. The primary reason for prompt claim reporting is to provide the injured worker the quickest and best possible medical attention to their injury. Immediate and appropriate medical care also helps bring the worker back to work more quickly. This benefits the worker, his or her family and the employer. Another major reason to avoid late reporting is that it could cause the denial of the injured workers' claim. Workers' compensation claims can be denied by the Division of Workers' Compensation (DWC) if not reported within eight days.

The next chart illustrates the delay in reporting claims over time. There has certainly been improvement since 2003 but there is room for more.



A higher percentage of claims are being reported in less than 8 days. (7 days is highlighted in yellow which has moved up over time.)

Prompt claim reporting improved slightly this past year. During the current year about 83% of incidents have been reported in less than seven days. The Fund would like to see that same percentage for number of claims reported in less than three days (currently about 62%). A closer examination of the specific reasons Fund members reported later than expected revealed the following reasons:

- ◆ The employee minimized the incident and thought they would heal or get better, only to find the injury continued to linger and reported it late to the employer after they realized they needed to seek medical attention. This is a prime reason to report even incidents when there is no immediate medical treatment beyond first aid. The incident report establishes when and where removing any doubt about the legitimacy of the original injury.
- ◆ The employee, usually new employees, did not understand the difference between an on the job injury and any other non-work related injury and sought medical treatment from their health care provider. This highlights the importance of orienting new employees to the requirements to report on the job injuries immediately and the benefit to them of treatment under the workers' compensation system.
- ◆ In a few situations the supervisor did not know that they were to report the incident. Ensure that supervisors understand they are responsible for reporting incidents immediately.
- ◆ In some instances the staff members involved in the district's reporting chain did not understand fully the importance of prompt reporting.

Prompt reporting of workers' compensation injuries also has benefits to the injured worker and the Fund

member. The most important benefit, mentioned above is a quicker medical response. The goal of the Fund is to provide the best possible medical care at the earliest moment to help the injured worker return to their job. This benefits the employee, his or her family and the Fund member. Prompt reporting also alerts the member to any safety deficiencies revealed by the incident and allows a quick response to remedy a problem. This can help prevent other employees from suffering a similar injury.

Your claims adjuster can help you with any questions about the reporting process or about what injuries should be reported. In general, the Fund recommends that you report all injuries even if no medical attention is required immediately. This costs the member nothing and the Fund creates an “incident only” file in case the claim opens later if medical attention becomes necessary. Having a record from when the injury actually occurred can be very helpful because it records the information needed and removes any doubt about the legitimacy of the claim. It also provides information about claim causes that can be used to improve safety.

Best practices for claim reporting establish a 24 hour window for contacting the Fund and sending notice to the Department of Workers’ Compensation (DWC). This gives the adjuster a chance to contact the injured employee and medical provider very early in the development of the claim. The adjuster is able to help make sure the worker gets immediate and appropriate care for an injury. Districts should make prompt reporting a priority for all staff involved in the workers’ compensation reporting process including supervisors and managers.

Source: Analysis of TWCARMF Workers’ Compensation claim database for lag time between date of accident and date reported.

Recent Cyber Incidents and Beazley Cyber Insurance

Cyber incidents have occurred recently at numerous Texas public and private entities. One incident was caused by a phishing scheme and another by a stolen laptop, two of the most common kinds of incidents. Both events could have serious privacy violation consequences and financial impacts. The phishing scheme resulted in a loss of over \$600,000 through a fraudulent wire instruction targeting the entity’s banking relationship. The stolen laptop crated a breach of thou-

sands of clients’ personal information. Both incidents are exactly what the TWCA Risk Management Fund’s cyber liability coverage was designed to address.

In an annual report, Beazley a Lloyd’s of London provider of Cyber Liability coverage provides a **Beazley 2018 Breach Briefing** that recaps major breach categories and incidents they have responded to in 2017. In the report they describe breaches as a result of:

- ◆ Payroll diversion phishing attacks
- ◆ Cyber extortion
- ◆ Fraudulent wire instruction attacks
- ◆ W-2 e-mail phishing scams
- ◆ Attacks focused on retail and hospitality
- ◆ Attacks on the healthcare industry

The types of attacks occurring in 2017 included

- ◆ Hack or malware – 36%
- ◆ Accidental disclosure – 28%
- ◆ Insider – 10%
- ◆ Social engineering – 10%
- ◆ Portable device – 7%

In the last couple of years public entities in Texas have been victimized by fraudulent wire instruction attacks, attempts at W-2 phishing scams and cyber extortion (ransomware). In two of the cases with Beazley coverage, staff involved in the incidents were not fully aware of the Breach Response services that are part of the Beazley policy. When the capability was brought to their attention and Beazley was notified their Breach Response team took action to assist in the breach notification process, engage legal counsel experienced in breach response and conduct forensic evaluation to determine the source and extent of the attack. Beazley also helped in the breach notification process including mailing notices, providing a call center if required by the extent of the breach and engaging public relations and crisis management services.

Currently, very few of the Fund’s members carry Cyber Liability insurance. The policy available from the Fund is provided by Beazley, a Lloyds of London syndicate that specializes in Cyber Liability coverage. The policy provides several areas of coverage including incident response. Beazley’s Incident Response describes its service as being:

unique among insurers in having a dedicated business unit, BBR Services, which focuses exclusively on help-

Cyber Incidents, continued on back cover



P.O. Box 26655
Austin, Texas 78755-0655

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ing clients manage cyber incidents successfully.

BBR Services is a dedicated team of cyber incident professionals who assist BBR policyholders at every stage of incident investigation and incident response. They coordinate the carefully vetted forensics experts and specialized lawyers to help you establish what's been compromised; assess your responsibility; and notify those individuals affected. In addition, BBR Services coordinates credit or identity monitoring for your customers and PR advice to help you safeguard your reputation.

We also, of course, indemnify your losses from lawsuits or regulatory actions, the risk of which may be reduced by a well-coordinated incident response but can never be completely eliminated. Beazley's claims team has been at the forefront of defending clients in the developing and evolving legal arena of privacy class actions and regulatory investigations arising from cyber incidents.

The policy, provided by Beazley, contains coverage for damage to equipment, regulatory fines, consequential loss from service interruption and liability damages to

members of the public or clients and several other provisions and limits of liability that benefit members and extend very broad coverage in addition to the breach response.

So, if you would like the Fund to provide you with additional information or a quote for Cyber Liability coverage, contact Shela Ferrell at the Fund at 512-427-2487, 800-580-8922 extension 12487 and shela.ferrell@yorkrsg.com. She can also help you request a copy of the **Beazley 2018 Breach Briefing** for more information about the extent of your exposure to cyber liability.

Reminder about Online Resources of the Fund

The Fund has been upgrading the resources included on its website, www.twcarmf.org. Some of the recent additions include a searchable archive of all quarterly newsletters back through 2007, ability to register online for workshops and seminars, 26 online safety courses and the old standbys of online claim filing and online confidential access to a member's workers' compensation claim history. In addition, recent annual reports and audited financial statements are also available on the site. Updated loss prevention resources include recent risk management bulletins, checklists and guidelines.