



Consulting Division Newsletter

Thank you for your attention to this 4-part weekly Litigation update by Joel Romero of Consulting. This series will consist of the following:

1. Litigation NorCal v SoCal – who is the real winner
2. Reasons for litigation
3. Costs & Mitigation
4. Future – Trends/Factors & Consulting

Part 1 Litigation – Northern California v Southern California.

Have you ever wondered why clients in one location have more litigated Workers Compensation claims than others? If the entire state operates on the same Labor Code, why do certain regions have more litigation than others?

The litigation rates in Southern California are much higher than the rest of the state, accounting for a majority of the total court opening filings statewide. Southern California, particularly the LA/Long Beach and Orange County regions, have much higher litigation rates compared to the rest of the state.

The information from the California Coalition on Workers' Compensation Annual Conference and the WCIRB 2024 report highlights significant regional disparities in litigated workers' compensation claims between Northern and Southern California.

A Key Finding noted - The LA/Long Beach and Orange County regions have the highest share of litigated indemnity claims, exceeding the statewide average by more than 12%. The far north and Sonoma/Napa regions have the lowest share of litigated indemnity claims.

Workers' compensation claim litigation can differ between Northern and Southern California due to various factors, including regional legal practices, economic conditions, and industry presence. Here are some potential differences:

1. Legal Practices and Culture:

1. Northern California, with cities like San Francisco and Sacramento, may have a different legal culture compared to Southern California, which includes Los Angeles and San Diego. The approach to litigation, negotiation, and settlement can vary based on local legal traditions and the influence of prominent law firms in the area.

2. Judicial Variations:

1. The Workers' Compensation Appeals Board (WCAB) offices in different regions may have varying caseloads, which can affect the speed and efficiency of claim processing and litigation. Some offices may have more experience with certain types of claims based on regional industry presence.

3. Industry Influence:

1. Northern California's economy is heavily influenced by technology and agriculture, which might lead to more claims related to repetitive strain injuries or agricultural accidents.
2. Southern California has a diverse economy with entertainment, manufacturing, and tourism, potentially leading to a broader range of claim types.

4. Settlement Trends:

1. Settlement amounts and strategies might differ between the regions due to differences in cost of living, economic conditions, and the typical jury awards in civil cases, which can influence settlement negotiations of the inexperienced claimant.

5. Access to Legal Resources:

1. Both regions have access to experienced workers' compensation attorneys, but the concentration and specialization of legal professionals might vary, affecting the litigation process.

6. Regulatory and Administrative Differences:

1. While state laws govern workers' compensation, local administrative practices and the interpretation of regulations can vary, potentially impacting litigation outcomes.

Overall, while the legal framework for workers' compensation is consistent across California based on the Labor Code, these regional factors may contribute to differences in how claims may move to litigation and require management in Northern and Southern California.

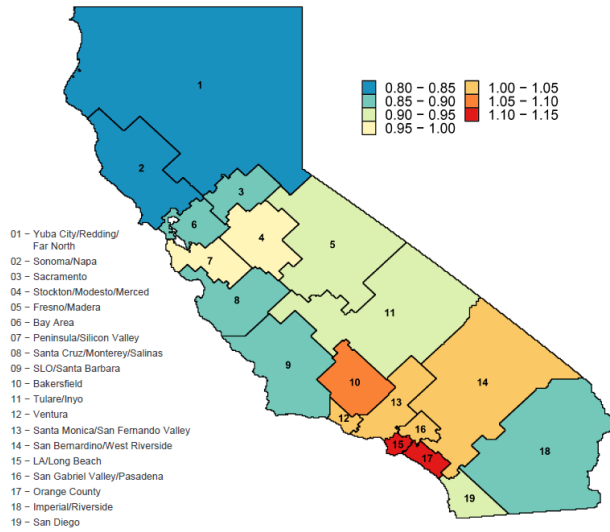
Why is this important to you and your clients? Heffernan Claims Consulting has the ability and tools to assist our clients to adapt to whatever environment that they are doing business.

For additional information or support please reach out to any Claims Consultant on our team or go to <https://hibconsulting.hgitservices.com/>

If you wish to review the WCIRB study access via link:

<https://www.wcirb.com/research-and-education/research-studies-and-reports/geo-study-report/geocoding-2024-interactive-map>

Share of Litigated Indemnity Claims Relative to Statewide



Insights

- Litigation rates vary significantly throughout the state. This drives patterns of ALAE costs by region as well as overall costs.
- The LA/Long Beach (15) and Orange County (17) regions had the highest share of litigated indemnity claims, at more than 12% above the statewide average.
- The Yuba City/Redding/Far North (01) and Sonoma/Napa (02) regions had the lowest shares of litigated indemnity claims, at more than 17% below the statewide average.



Meet the Author: Joel has been in the Insurance Industry for more than 25 years. He has experience as an adjuster and supervisor with different carriers handling Workers' Compensation Claims. He also has experience as an outside Investigator. His experience includes claim investigations, catastrophic injuries, and handling complex claims for multiple dedicated accounts.

He started at Heffernan Insurance Brokers in 2015 as a Claims Consultant. In this role he now devotes his expertise to helping Heffernan clients. He uses his experience and works closely with carriers to facilitate proactive claims handling. His overall goal as an Executive Claims Consultant is to review open claims and look for

opportunities to reduce reserves and close claims.

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