

ATTACHMENT D
2020-21 Proposed Rates
Risk Management

Risk Management administers the County's workers' compensation, public liability, property conservation, safety and risk reduction programs with a combination of self-insured and insured programs. All programs are funded by charging County departments, Board Governed Special Districts and County Service Areas for their specific coverage of the cost to pay losses and excess insurance premiums under the self-insured programs, and the cost of insurance for the insured programs.

Proposed premium rates for 2020-21 are as follows:

<u>Program Name</u>	<u>Program Type</u>	<u>2020-21 Premium</u>
Workers' Compensation	Self + Insured	\$46,000,000
Property	Self + Insured	\$8,000,000
General Liability	Self + Insured	\$15,000,000
Human Services Liability	Self + Insured	\$8,000,000
Surety	Insured Only	\$5,000
Auto Liability	Self + Insured	\$8,000,000
Law Enforcement Liability	Self + Insured	\$25,000,000
Miscellaneous Pollution	Insured Only	\$50,000
Airport Liability	Insured Only	\$0
Medical Malpractice	Self + Insured	\$7,000,000
Aircraft Liability	Self + Insured	\$250,000
Environmental Liability	Self + Insured	\$300,000
Road Design Liability	Self + Insured	\$2,000,000
Total		\$119,605,000

Workers' Compensation

Workers' Compensation premiums, collected through payroll deductions, are used to pay claims and administrative costs related to occupational injuries or illnesses sustained by County employees and volunteers in the course of their employment or volunteer activities. This program has a \$2.0 million self-insured retention (SIR). Excess insurance through California State Association of Counties-Excess Insurance Authority (CSAC-EIA) covers amounts over \$2.0 million up to statutory limits.

Workers' compensation premiums are charged to departments based on a calculation of actual premiums paid versus the actual cost of claims over a rolling five-year period. This calculation, known as experience modification, is intended to help stabilize rates for departments that effectively contain their respective workers' compensation costs and penalize departments that do not; therefore, a credit or debit is applied to each department's premium based on their claims experience. The premium for 2020-21 will decrease from \$47.0 million to \$46.0 million resulting in an estimated decrease in the use of Discretionary General Funding (Net County Cost) of \$160,000 based on current payroll and claims.

Property

This program tracks and pays claims incurred by County departments for damage to County-owned facilities as well as leased and owned equipment. Damages may be due to fire, vandalism, or malicious mischief. In some instances, there is extended all-risk coverage for earthquake, flood, lightning, windstorm, theft, and burglary. This program is self-insured up to \$5.0 million and department premium allocations are based on current total insured values. In 2020-21, the premium will increase from \$6.0 million to \$8.0 million to fund the cost of excess insurance resulting in an estimated increase in the use of Net County Cost of \$1.19 million.

ATTACHMENT D
2020-21 Proposed Rates
Risk Management

General Liability

This program provides coverage to County departments for personal injury to third parties, errors and omissions and/or professional liability, property damage of third parties, libel and slander, defamation of character, and Civil Rights. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. Excess insurance is purchased for coverage over the self-insured retention. In 2020-21, premiums will remain at \$15.0 million with a minimal change in the use of Net County Cost of \$0.

Human Services Liability

This program provides general liability coverage for the following Human Services departments: Aging and Adult Services, Child Support Services, Human Services, Preschool Services, Public Guardian, and Veterans Affairs. This program is currently self-insured up to \$500,000. The premium for 2020-21 will increase from \$7.0 million to \$8.0 million to fund the cost of prior claims, which will result in an estimated increase in the use of Net County Cost of \$140,000.

Surety

This program covers departments against theft of County monies and securities. The premium for 2020-21 will remain at \$5,000 with a minimal impact to Net County Cost.

Auto Liability

This program provides coverage for all liabilities arising out of the use of vehicles owned or leased by the County. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. In 2020-21, the premium will decrease from \$9.5 million to \$8.0 million which results in an estimated decrease in the use of Net County Cost of \$540,000. The recommended reduction in premiums is needed to meet the confidence level as recommended by annual actuarial review and estimated claims costs.

Law Enforcement Liability

This program provides coverage to the Sheriff/Coroner/Public Administrator, District Attorney and Probation departments for false arrest, invasion of privacy, wrongful entry, wrongful detention or imprisonment, police brutality, malicious prosecutions, wrongful death and Civil Rights violations. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. The premium for 2020-21 will increase from \$22.0 million to \$25.0 million primarily based on claims costs, which will result in an estimated increase in the use of Net County Cost of \$810,000.

Miscellaneous Pollution

This program provides coverage for County operations other than landfills (covered under the Environmental Liability program) against all types of pollution risk including irritants and contaminants. The premium for 2020-21 will decrease from \$75,000 to \$50,000 resulting in an estimated decrease in the use of Net County Cost of \$10,000.

Airport Liability

This program provides coverage for all liabilities for the six County-owned airports as well as the Sheriff/Coroner/Public Administrator's Aviation hangar. The premium for 2020-21 will remain at \$0 with no impact to Net County Cost.

ATTACHMENT D
2020-21 Proposed Rates
Risk Management

Medical Malpractice

This program provides hospital liability for the Arrowhead Regional Medical Center (ARMC) and professional liability for the medical professionals at ARMC, Public Health, Behavioral Health, Aging and Adult Services, Human Resources' Center for Employee Health and Wellness, Probation, and the Sheriff/Coroner/Public Administrator. This program is currently self-insured up to \$1.0 million. The premium for 2020-21 will remain at \$7.0 million and any impact to Net County Cost is expected to be minimal.

Aircraft Liability

This insured program provides hull coverage for the Sheriff/Coroner/Public Administrator's aircraft fleet and purchases insurance for the accidental death or dismemberment of County employees or guests traveling in County aircraft or on commercial flights. The premium for 2020-21 will increase from \$100,000 to \$250,000 to fund excess insurance coverage, which results in an increase in the use of Net County Cost of \$150,000.

Environmental Liability

This program provides pollution liability coverage for the County's landfills and the Public Work's Solid Waste Management Division. This program is currently self-insured up to \$500,000. Given that this liability is an extremely volatile coverage, being very low frequency and high severity, \$10.0 million is actuarially recommended set-aside amount, of which \$5.0 million is for claims under the current claims-made insurance policy for loss dates July 1, 2003 or later, and \$5.0 million is for potentially unlimited late reports for loss prior to July 1, 2003. The premium for 2020-21 will decrease from \$450,000 to \$300,000 based on current net position. This program is fully funded by Solid Waste Management, so there is no impact to Net County Cost.

Road Design Liability

This program provides road design liability coverage to the Public Works Department for road design maintenance and construction of County-owned and maintained roads. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. In 2020-21, the premium will decrease from \$3.0 million to \$2.0 million due to recent claims history. This program is fully funded by the Public Works Department, so there is no impact to Net County Cost.

ATTACHMENT D
2020-21 Proposed Rates
Risk Management

Approval of the 2020-21 premiums will result in an overall cost increase of \$2.5 million. This increase results in an overall net increase in the use of Net County Cost of \$1.6 million. Departmental impacts are shown below.

Program	2019-20 premium*	2020-21 premiums*	Change*	Estimated Change Impact*	User Department	Estimated Total Net County Cost Impact*
Workers Compensation	\$47.0	\$46.0	(\$1.0)	NA	Total all departments	(\$0.16)
Property	\$6.0	\$8.0	\$2.0	NA	Total all departments	\$1.19
General Liability	\$15.0	\$15.0	\$0.0	NA	Total all departments	\$0.00
Human Services Liability	\$7.0	\$8.0	\$1.0	\$1.0	Human Services Departments****	\$0.14
Surety	\$0.005	\$0.005	\$0.0	\$0.0	Total all departments	\$0.00
Auto Liability	\$9.5	\$8.0	(\$1.5)	NA	Total all departments	(\$0.54)
Law Enforcement Liability**	\$22.0	\$25.0	\$3.0	NA	Total all departments	\$0.81
Miscellaneous Pollution	\$0.075	\$0.050	(\$0.025)	\$0.025	Total all departments	(\$0.01)
Airport Liability	\$0.00	\$0.00	\$0.0	\$0.0	Total all departments	\$0.00
Medical Malpractice***	\$7.0	\$7.0	\$0.0	NA	Total all departments	\$0.00
Aircraft Liability	\$0.1	\$0.25	\$0.15	\$0.15	Sheriff – Operations	\$0.15
Environmental Liability	\$0.45	\$0.30	(\$0.15)	\$0.2	Solid Waste Management	\$0.00
Road Design Liability	\$3.0	\$2.0	(\$1.0)	\$1.0	Public Works Road Operations	\$0.00
Total	\$117.130	\$119.605	\$2.475			\$1.58

*In millions

**Premium applies to District Attorney, Probation, and Sheriff/Coroner/Public Administrator Departments.

*** Premium applies to Aging and Adult Services, Behavioral Health, Human Resources-Center for Employee Health and Wellness, Public Health-California Children's Services (CCS), Public Health, Probation, Sheriff/Coroner/Public Administrator, and Arrowhead Regional Medical Center (ARMC).

**** Human Services Departments include Aging and Adult Services, Child Support Services, Human Services, Preschool Services, Public Guardian, and Veterans Affairs.

ATTACHMENT D
2020-21 Proposed Rates
Risk Management

		<u>Current 2019-20</u>	<u>Proposed 2020-21</u>	<u>Increase/ Decrease</u>
<u>Property</u>	per \$1 of insured value	\$0.266100	\$0.342900	Increase
<u>Workers' Compensation</u>	per \$100 of payroll increased/ decreased by Experience Modification			
Safety employees		\$7.56	\$7.20	Decrease
Probation employees		9.28	8.81	Decrease
Clerical employees		0.76	0.64	Decrease
Institutional employees		3.91	3.76	Decrease
Museum curators		2.79	2.88	Increase
Laborers		17.18	17.04	Decrease
Road workers		5.08	4.41	Decrease
Pre-School		6.31	6.02	Decrease
All others		3.99	3.63	Decrease
<u>Road design liability</u>		\$3,000,000	\$2,000,000	Decrease
<u>Automobile liability</u>	per vehicle increased/decreased by Experience Modification			
Passenger car		\$1,637.38	\$1,813.64	Increase
Light truck		\$1,666.72	\$1,846.14	Increase
Medium truck		\$2,216.75	\$2,455.38	Increase
Heavy truck		\$3,007.04	\$3,330.75	Increase
Heavy equipment		\$1,577.57	\$1,747.40	Increase
Patrol vehicle		\$5,076.50	\$5,622.58	Increase
Fire Trucks		\$4,805.29	\$5,322.58	Increase
Ambulance		\$2,549.16	\$2,823.58	Increase
Bus		\$2,488.84	\$2,756.76	Increase
Rescue/ Paramedics		\$5,739.43	\$6,357.28	Increase
Boat		\$1,577.57	\$1,747.40	Increase
Snowblower/ Yardlift		\$1,577.57	\$1,747.40	Increase
<u>Law enforcement liability</u>	per sworn personnel or peace officers increased/decreased by Experience Modification	7,267.92	7,802.75	Increase
<u>Other general liability</u>	per budgeted employee increased/decreased by Experience Modification	\$701.82	\$694.80	Decrease
	per budgeted employee	0.23	0.23	No change

ATTACHMENT D
2020-21 Proposed Rates
Risk Management

Surety bonds / crime

increased/decreased by Experience Modification

Miscellaneous Pollution

per budgeted employee

\$3.51

\$2.31

Decrease

(switched from full time equivalent (FTE) to Head Count)

Airport liability

per location

-

-

No change

Medical malpractice

per \$100 of payroll

2.68

2.48

Decrease

increased/decreased by Experience Modification

HS Liability

per \$100 of payroll

\$1.8199

\$1.9697

Increase

Environmental liability

per program

\$450,000

\$300,000

Decrease

Aircraft liability

per program

\$100,000

\$250,000

Increase