

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

May 21, 2024

FROM

VICTOR TORDESILLAS, Deputy Executive Officer, Department of Risk Management

SUBJECT

Renewal of Excess General Liability Insurance Program Through Public Risk Innovation, Solutions, and Management

RECOMMENDATION(S)

1. Approve the renewal of the County's Excess General Liability Insurance program through Public Risk Innovation, Solutions, and Management, with coverage limits in excess of a \$3,000,000 self-insurance retention and a \$2,000,000 aggregated loss corridor up to \$50,000,000, for a total premium cost of approximately \$26,356,000, for the one-year period of July 1, 2024, through July 1, 2025, as follows:
 - a. \$25,000,000 limit, inclusive of the \$3,000,000 self-insurance retention and \$2,000,000 aggregated loss corridor, through the General Liability II Program of Public Risk Innovation, Solutions, and Management, for a total premium of approximately \$21,993,000.
 - b. \$50,000,000 limit in excess of \$25,000,000 through the Optional Excess Liability Program of Public Risk Innovation, Solutions, and Management, for a total premium of approximately \$4,363,000.
2. Authorize the Deputy Executive Officer or Director of the Department of Risk Management to execute the binding order on behalf of the County.

(Presenter: Victor Tordesillas, Deputy Executive Officer, 386-8621)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.

FINANCIAL IMPACT

Approval of this item will not result in the use of discretionary General Funding (Net County Cost). The total premium, which is estimated to be approximately \$26,356,000, is due in July 2024 and will be paid from the Department of Risk Management's (DRM) liability self-insurance funds. The cost of this premium will be recovered through Board of Supervisors (Board) approved rates charged to County departments and Board-Governed Special Districts. Sufficient appropriation and revenue will be included in DRM's 2024-25 Recommended Budget.

BACKGROUND INFORMATION

DRM administers the County's self-insurance programs for public liability and workers' compensation claims and procures excess insurance policies for additional protection. On May 23, 2023 (Item No. 82), the Board approved the renewal of the Excess General Liability

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Insurance Program for the one-year period of July 2, 2023 through July 1, 2024 for the total premium cost of approximately \$25,159,000.

Approval of Recommendation No. 1 will provide a new one-year coverage period from July 1, 2024 through July 1, 2025, with a total renewal premium cost of approximately \$26,356,000. This represents an increase of \$6,601,446, or 33.4% over last year's final premium cost of \$19,754,554. This year's increase is due to various factors, including a challenging insurance market for the public sector as a result of insurers leaving the market and an increase in size and frequency of claims.

On March 25, 2014 (Item No. 49), the Board approved a Joint Powers Authority Agreement (JPA) and Memorandum of Understanding (MOU) between the County and the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), which granted eligibility for the County to purchase General Liability insurance through CSAC-EIA shared limits program.

On June 28, 2016 (Item No. 68), the Board approved a MOU between the County and the CSAC-EIA, granting the County eligibility to purchase general liability coverage through the CSAC-EIA shared limits program known as the General Liability II Program. The MOU remains in effect until the County Cancels its membership or until the CSAC-EIA Board of Directors cancels County participation with a majority vote. In 2020, CSAC-EIA changed its name to Public Risk Innovation, Solutions, and Management (PRISM).

Alliant Insurance Services, Inc., the County's insurance broker, has recommended that the County renew the County's Excess General Liability Insurance Program through PRISM, the insurance carrier that provides the current coverage. The Excess General Liability Program provides coverage for all general liability exposure not covered by a separate specific policy and will maintain the current coverage limits of \$50,000,000 inclusive of the \$3,000,000 self-insurance retention (SIR) and \$2,000,000 annual aggregated loss corridor, which will be payable by the County until eroded between one or more losses that exceed the SIR, for the entire policy period.

DRM recommends the renewal of the Excess General Liability Insurance Program to protect the County's financial assets from liability arising from the daily activities and services that it provides.

A final premium amount will not be available until closer to the actual renewal date of June 30, 2024. This is due to the complexity of the negotiations PRISM engages in with multiple insurance carriers on behalf of the County and other insurance members to develop the County's Excess General Liability Insurance Program. Approval of Recommendation No. 2 will authorize the Deputy Executive Officer of Risk Management or Director of Risk Management to execute the binding order on behalf of the County, ensuring a timely renewal process with no lapse in coverage.

PROCUREMENT

As a member of the JPA, the County is eligible to purchase general liability insurance through the PRISM shared limits options. PRISM specializes in investigating and procuring insurance options on behalf of the County, resulting in cost savings through volume discounts and shielding from insurance market swings, which minimizes risk and uncertainty at renewal time. The Purchasing Department supports this non-competitive procurement based on PRISM's

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specialized credentials, including their access to multiple brokers and extensive knowledge of the County's needs.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Feingold, Chief Assistant Deputy County Counsel, 387-5455) on April 17, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on April 18, 2024; County Administrative Office (Diane Rundles, Assistant Executive Officer, 387-5572) on April 22, 2024; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on April 25, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 6, 2024.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: May 21, 2024



cc: File - Risk Management
JLL 05/23/2024