

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

March 15, 2022

FROM

VICTOR TORDESILLAS, Director, Department of Risk Management

SUBJECT

Renewal of Property Insurance Coverage for County Buildings Through Public Risk Innovation, Solutions, and Management

RECOMMENDATION(S)

1. Approve the renewal of the County's Property Insurance coverage through Public Risk Innovation, Solutions, and Management, as recommended by Alliant Insurance Services, Inc., with shared coverage limits of \$600 million for "all risk" exposures and \$200 million in excess of \$600 million for all risk for Arrowhead Regional Medical Center, \$300 million for flood, \$665 million for earthquake, and \$750 million for terrorism, applicable to all County properties, for the period of March 31, 2022 through March 31, 2023, for a total premium of approximately \$10,871,000, which is due in July 2022.
2. Authorize the Director of the Department of Risk Management to execute the binding order on behalf of the County, subject to review by County Counsel.
(Presenter: Victor Tordesillas, Director, 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 additional Discretionary General Funding (Net County Cost). The total premium of approximately \$10,871,000, is due in July of 2022, and will be paid from the following Department of Risk Management (DRM) property insurance funds: County (4080), Special Districts (4088), and Flood Control (4106). The 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 2022-23 recommended budget.

BACKGROUND INFORMATION

DRM seeks to renew the County's property insurance through Public Risk Innovation, Solutions, and Management (PRISM) shared limits option, maintaining the same coverage limits. The Director of DRM is requesting authorization to execute the binding order on behalf of the County to expedite the process. The renewal of property insurance through PRISM will protect the County's capital investments for "all risk" exposures or catastrophes.

In 2014 the Board approved a Joint Powers Authority Agreement (JPA) and Memorandum of Understanding (MOU), between the County and California State Association of Counties –

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Excess Insurance Authority (CSAC-EIA), which granted eligibility for the County to purchase property insurance through CSAC-EIA shared limits program. In 2020, CSAC-EIA changed its name to PRISM.

After approval of the JPA and MOU by the Board in 2014, the property insurance program has been renewed annually. Most recently, on March 23, 2021 (Item No. 61), the Board approved the renewal of property insurance through PRISM shared limits option, which shares the same coverage limits with other members of the JPA, for a total premium of approximately \$9,443,000, for the period of March 31, 2021 through March 31, 2022.

PRISM's property coverage renews automatically on March 31st of each year and will not expire until a member leaves the program. The total premium for the proposed annual renewal, approximately \$10,871,000, is based on total insurable values of \$2,763,387,620 as of November 2021, and includes all taxes and broker fees. The total premium estimate represents an increase of \$2,548,703 or approximately 31% over 2021-22 final premium of \$8,322,297, due to increase in the total insurable values, large wildfires, natural events, and hardening of the insurance market. Large catastrophic events prior to the March 31, 2022 renewal could impact the property insurance marketplace, potentially impacting the premium estimate.

PROCUREMENT

As a member of the JPA, San Bernardino County is eligible to purchase property insurance through the PRISM shared limits options. This eliminates the need for a County-facilitated procurement process, resulting in financial savings to the County through volume discounts, shielding from insurance market swings, minimizing risk and uncertainty at renewal time, and providing legislative advocacy. Furthermore, in the event of a catastrophe, the shared limits would be supported by the Federal Emergency Management Agency reimbursements.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Crane, Supervising Deputy County Counsel, 387-5455) on February 4, 2022; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on February 4, 2022; Human Resources (Diane Rundles, Human Resources Director, 387-5572) on February 17, 2022; Finance (Sofia Almeida, Administrative Analyst, 387-4378) on February 28, 2022; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on February 28, 2022.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Janice Rutherford Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 15, 2022



cc: File - Risk Management
CCM 03/21/2022