

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

June 25, 2024

FROM

VICTOR TORDESILLAS, Deputy Executive Officer, Department of Risk Management

SUBJECT

Renewal of Various Insurance Programs

RECOMMENDATION(S)

1. Approve the renewal of the following insurance programs and premiums:
 - a. Aircraft Hull & Liability, with \$100,000,000 per occurrence and aggregate limits, for a premium of approximately \$629,500 with Starr Indemnity & Liability Co for the period of June 30, 2024 through June 30, 2025.
 - b. Airport Liability, with \$100,000,000 per occurrence and aggregate limits, for a premium of approximately \$35,500 with Starr Indemnity & Liability Co for the period of June 30, 2024 through June 30, 2025.
 - c. Inland Marine and Heavy equipment, with \$25,000,000 per occurrence and aggregate limits, for a premium of approximately \$260,144 with CNA Insurance Company for the period of July 1, 2024 through July 1, 2025.
 - d. Fiduciary Liability, with \$10,000,000 per occurrence and aggregate limits, for a premium of approximately \$90,240 with National Union Fire Insurance Company of Pittsburgh (first \$5,000,000 layer) and Hudson Insurance Group (\$5,000,000 in excess of the first layer) for the period of July 1, 2024 through July 1, 2025.
 - e. Government Crime, with \$15,000,000 per occurrence and aggregate limits for a premium of approximately \$84,355 with AIG Insurance Company (first \$5,000,000 layer), and Hanover Insurance Group (\$10,000,000 in excess of the first layer) for the period of July 1, 2024 through July 1, 2025.
 - f. Museum Fine Arts, with \$3,000,000 per occurrence and aggregate limits, for a premium of approximately \$4,332, with Liberty Mutual Insurance Company for the period of July 1, 2024 through July 1, 2025.
2. Authorize the Deputy Executive Officer or Director of Risk Management to execute the initial binding orders on behalf of the County and any subsequent binding orders, documents, or quotes necessary to approve mid-term change orders for additional coverage, not-to-exceed 10% over the actual renewal cost, per insurance program and premium, for the period of June 30, 2024 through July 1, 2025.
3. Authorize the Purchasing Agent to approve change orders to purchase orders issued for the insurance programs and premiums in Recommendation No. 1 for mid-term changes, subject to the limits referenced in Recommendation No. 2.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

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FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The total aggregate premium of approximately \$1,104,071 will be paid from the Department of Risk Management's (DRM) liability funds and will be recovered through Board of Supervisors (Board) approved rates charged to County departments and Board-Governed Special Districts. Sufficient appropriation and revenue are included in DRM's 2024-25 Budget.

BACKGROUND INFORMATION

DRM administers the County's self-insurance programs and maintains 30 different lines of insurance policies to provide additional protection for the County. On June 27, 2023 (Item No. 103), the Board approved the renewal of ten insurance programs, six of which are listed in Recommendation No. 1, for a total premium of approximately \$766,476 for the period of July 1, 2023 through July 1, 2024. This year, due to the timing of the insurance renewals, the DRM will request approval for the following four programs separately: Business Auto Liability for the San Bernardino County Fire Protection District, Business Auto Liability (Category 1), Watercraft Hull and Indemnity, and Exporters Package Portfolio. The current Board approved premium amount for the policies listed in Recommendation No.1 totals \$672,736.

The County has established contracts with four insurance brokers: Alliant Insurance Services, Inc, Arthur J. Gallagher & Co., James & Gable Insurance Brokers, and Willis Towers Watson Insurance Services. The insurance brokers are responsible for conducting a thorough analysis of all current insurance programs to identify coverage overlaps and/or coverage deficiencies, and to compare and evaluate current programs against available insurance markets to determine if the current placements are the most cost-effective alternatives.

Approval of Recommendation No. 1 will provide a new one-year coverage period of June 30, 2024 through June 30, 2025 and July 1, 2024 through July 1, 2025, for the various insurance programs listed in Recommendation No. 1, maintaining the same coverage limits as the expiring policies. The total aggregate premium cost of approximately \$1,104,071 represents an increase of \$431,335 or approximately 64% over last year's final premium cost of \$672,736 for the listed policies. The increased premium cost is primarily due to the addition of two new helicopters to the Aircraft Hull & Liability insurance policy, which increased the premium by \$362,651 or approximately 136%. The DRM recommends the renewal of these insurance programs to protect the County's financial assets from liability arising from the daily activities and services that the County provides.

The final premium amount will not be available until closer to the actual renewal date due to the complexity of negotiations that the County's brokers engage in with multiple insurance carriers on behalf of the County. Approval of Recommendation No. 2 will authorize the Deputy Executive Director or the Director of Risk Management to execute the binding orders on behalf of the County to ensure a timely renewal process with no lapse in coverage. Additionally, Recommendation No. 2 will authorize the Deputy Executive Officer or the Director of Risk Management to execute any subsequent binding orders, documents, or quotes necessary to approve mid-term changes to the policies referenced in Recommendation No. 1 for additional coverages, subject to a not-to-exceed limit of 10% over the total actual renewal cost, per insurance program and premium, for the period of June 30, 2024 through July 1, 2025. Authorizing the Deputy Executive Officer or Director of Risk Management to approve mid-term changes for additional coverage will allow the DRM to provide insurance coverage for any additional assets the County may acquire mid-term. Failure to provide insurance coverage

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assets acquired mid-term may leave certain assets uninsured and expose the County to significant risk.

PROCUREMENT

On November 16, 2021 (Item No. 62), the Board approved contracts with insurance brokers including Alliant Insurance Services, Inc., Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., and Willis Towers Watson Insurance Services, Inc., (Brokers), for the period of December 11, 2021, through December 10, 2026. DRM contracts with multiple Brokers to leverage the experience each holds in specific markets. The Brokers were selected to be the County's insurance Brokers for these various insurance programs due to their experience and expertise in their respective markets. The Brokers marketed the various insurance programs for 2024-25, and approached new and existing markets for quotes, successfully obtaining proposals for these insurance programs for the coverage period of June 30, 2024 through June 30, 2025 and July 1, 2024, through July 1, 2025. The Purchasing Department supports this non-competitive procurement based on the specialized credentials of the insurance brokers selected.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Feingold, Chief Assistant County Counsel, 387-5455) on May 28, 2024; Purchasing (Leo Gomez, Purchasing Manager, 387-2063) on May 29, 2024; County Administrative Office (Diane Rundles, Assistant Executive Officer, 387-5572) on May 29, 2024; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on May 31, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on June 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.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 25, 2024



cc: File - Risk Management
JLL 07/11/2024