

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

July 14, 2020

FROM

LEANNA WILLIAMS, Director, Department of Risk Management

SUBJECT

Renewal of Primary General Liability Insurance for specified Human Services Departments at Higher Premium

RECOMMENDATION(S)

Approve \$154,000 in additional premium for the renewal of a primary general liability insurance policy for the following specified Human Services departments, through the Public Risk Innovation, Solutions, and Management, as recommended by Alliant Insurance Services, Inc., with \$3 million coverage limit, including a self-insurance retention of \$500,000, increasing the amount by \$154,000, from \$2,389,000 to a total premium cost not to exceed \$2,543,000, for the period of July 1, 2020 through July 1, 2021 as follows:

1. Human Services Administration (Including Transitional Assistance, Children and Family Services, and Children's Network);
2. Aging and Adult Services;
3. Child Support Services;
4. Preschool Services; and
5. Veterans Affairs.

(Presenter: LeAnna Williams, 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.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The additional \$154,000 will supplement the \$2,389,000 previously approved by the Board of Supervisors (Board). The total premium, not to exceed \$2,543,000, will be paid from the Department of Risk Management's (DRM) Human Services (HS) Liability insurance fund (4122), and will be recovered through Board approved rates charged to user departments. Sufficient appropriation is included in the DRM's 2020-21 recommended budget.

BACKGROUND INFORMATION

The DRM administers the County's self-insurance programs for public liability and workers' compensation claims, as well as procures excess insurance policies to provide additional protection for the County by transferring risk at the upper limits of the programs. The specified HS departments have separated primary general liability coverage below the County's excess program because there is a high volume of claims and high severity associated with these departments' functions. Paying and retaining losses up to the County's \$3 million self-insurance

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retention began to significantly impact the budgets of the HS departments. As a result, DRM was able to procure a buy-down option with a substantially lower self-insurance retention of \$500,000.

With this insurance program, HS departments will only be obligated to pay up to \$500,000 versus \$3 million per claim. If a loss exceeds the limits provided under this coverage, the countywide excess general liability program will provide excess coverage up to \$50 million.

The renewal of the primary general liability insurance policy for specified HS departments will maintain the current coverage limits of \$3 million, inclusive of the \$500,000 self-insurance retention. The total premium not to exceed \$2,543,000 represents an increase of \$1,119,342 or approximately 78.62% over last year's final premium cost of \$1,423,658, mainly due to an increase in claim losses and market conditions. Public entities and the insurance industry have witnessed dramatic increases in liability loss development in recent years. In 2018-19, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA) General Liability I (GL1) Program began to experience significant loss and a deterioration of surplus that caused significant rate increases in the excess insurance layers. The additional premium increase is a direct result of last minute adverse claims development immediately prior to binding the excess insurance layers.

On June 2, 2020 (Item No. 37) the Board approved the renewal of the primary general liability insurance policy for specified HS departments, for an amount not to exceed \$2,389,000, for the period of July 1, 2020 through July 1, 2021. But due to the loss experience of the County in 2018-19, a surcharge to the original premium was generated and will be included in the final estimated premium of \$2,543,000.

The DRM recommends approval of \$154,000 in additional premium for the renewal of the primary general liability insurance policy for specified HS departments to protect the financial assets of the County from liability exposures resulting from the daily activities and services provided by the specified HS departments.

PROCUREMENT

On March 25, 2014 (Item No. 49), the Board approved a Joint Powers Authority Agreement (JPA) between the County and CSAC-EIA, allowing the County to join the CSAC-EIA as a public entity member.

On June 28, 2016 (Item No. 68), the Board approved a Memorandum of Understanding (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 GL1 Program.

On December 5, 2017 (Item No. 55), the Board approved contracts with insurance brokers, including Alliant Insurance Services, Inc., for the period of December 11, 2017 through December 10, 2020.

On May 19, 2020 (Item No. 87), the Board approved an amendment to the CSAC-EIA Joint Powers Authority Agreement to change its name to Public Risk Innovation, Solutions, and Management (PRISM). As a member of the JPA, the County of San Bernardino is eligible to purchase general liability insurance for specified departments through the PRISM General Liability I Program shared limits option. This eliminates the need for a County facilitated procurement process, resulting in financial savings to the County through volume discounts,

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shielding from insurance market swings, and minimizing risk and uncertainty at renewal time. PRISM also provides legislative advocacy and other risk control tools.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Teresa McGowan, Principal Assistant County Counsel, 387-5283) on June 16, 2020; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on June 9, 2020; Finance (Joon Cho, Administrative Analyst, 387-5402) on June 17, 2020; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on June 17, 2020.

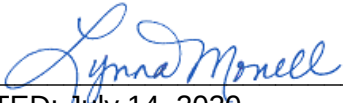
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Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales
Ayes: Robert A. Lovingood, Janice Rutherford, Curt Hagman, Josie Gonzales
Absent: Dawn Rowe

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 14, 2020



cc: File- Risk Management
la 07/20/2020