

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

February 27, 2024

FROM

VICTOR TORDESILLAS, Deputy Executive Officer, 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 damage, \$665 million for earthquake damage, and \$750 million for terrorism damage, for a total premium of approximately \$26,930,360 applicable to all County properties, for the period of March 31, 2024 through March 31, 2025.
2. Authorize the Deputy Executive Officer of the Department of Risk Management to receive and accept the insurance binder, on behalf of the County, subject to review by County Counsel.

(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 result in the use of Discretionary General Funding (Net County Cost). The total premium, which is estimated to be \$26,930,360, is due in July 2024 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 the Board of Supervisors' (Board) approved rates charged to County departments and Board Governed Special Districts. A future item that will include the 2024-25 Internal Service Fund Rate and Department Recharge adjustments (rates charged to departments) will be presented to the Board at a later date, which will include the detailed impact to the Discretionary General Funding associated with this item. Sufficient appropriation and revenue will be included in DRM's 2024-25 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 renewal of property insurance through PRISM will protect the County's real property capital

**Renewal of Property Insurance Coverage for County Buildings Through
Public Risk Innovation, Solutions, and Management
February 27, 2024**

investments for all property losses, including earthquake and flood damages (all-risk exposures), or catastrophes.

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 property insurance through the CSAC-EIA shared limits option. In 2020, CSAC-EIA changed its name to PRISM.

Since approval of the JPA and MOU, the property insurance program has been renewed through PRISM annually. On March 28, 2023 (Item No. 50), the Board approved the renewal of property insurance through PRISM's shared limits option, which shares the same coverage limits with other members of the JPA, for a total premium of approximately \$15,321,757 for coverage from March 31, 2023, through March 31, 2024. Currently, 55 of California's 58 Counties are members of the JPA.

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 \$26,930,360, is based on total insurable property values of \$3,603,037,813 as of November 2023 and includes all taxes and broker fees. The total premium estimate represents an increase of \$11,533,383 or approximately 74% over the 2023-24 final premium of \$15,396,977 due to a 6% increase in total insurable values, the frequency and severity of natural events such as fires, floods, and storm damage affecting the members of the JPA, and fewer carriers in the market willing to accept the heightened risk associated with insuring public entities.

A final premium amount will not be available until closer to the actual renewal date of March 31, 2024. DRM is requesting authorization to execute the agreement, and any non-substantive amendments on behalf of the County, to expedite the time sensitive process. 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 property insurance coverage.

PROCUREMENT

As a member of the JPA, the 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 and shielding from insurance market swings, which minimizes risk and uncertainty at renewal time. PRISM combines the financial strength of public entities within the JPA to offset the heightened risk inherent in these policies to obtain excess coverage that would not be available at a similar cost to individual entities.

**Renewal of Property Insurance Coverage for County Buildings Through
Public Risk Innovation, Solutions, and Management
February 27, 2024**

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Feingold, Principal Assistant County Counsel, and Laurel A. Hoehn, Supervising Deputy County Counsel, 387-5455) on February 14, 2024; Purchasing Department (Jessica Barajas, Supervising Buyer, 387-2065) on January 24, 2024; Risk Management (Diane Rundles, Assistant Executive Officer, 387-5572) on February 2, 2024; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on February 2, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on February 15, 2024.

**Renewal of Property Insurance Coverage for County Buildings Through
Public Risk Innovation, Solutions, and Management
February 27, 2024**


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: February 27, 2024



cc: File - Risk Management
JLL 02/29/2024