

ATTACHMENT D
2026-27 Proposed Rates
Risk Management Department

Risk Management administers the County’s workers’ compensation, public liability, property conservation, safety and risk reduction programs with a combination of self-insured and insured programs. All programs are funded by charging County departments, Board-Governed Special Districts, and other County Service Areas for their share of specific insurance coverage(s) for any loss, excess insurance premiums under the self-insured programs, and the cost to administer the insured programs.

Proposed premium rates for 2026-27 are as follows:

<u>Program Name</u>	<u>Program Type</u>	<u>2025-26 Proposed Premium</u>	<u>2026-27 Proposed Premium</u>	<u>Change</u>
Workers’ Compensation*	Self + Insured	61,302,557*	57,000,000	-4,302,557
Property	Self + Insured	24,000,000	25,920,000	1,920,000
General Liability	Self + Insured	16,387,500	13,110,000	-3,277,500
Cyber Liability	Self + Insured	-	2,850,000	2,850,000
Human Services Liability	Self + Insured	18,000,000	18,000,000	0
Surety	Insured Only	24,000	48,000	24,000
Auto Liability	Self + Insured	17,741,041	22,536,305	4,795,264
Law Enforcement Liability	Self + Insured	45,000,000	69,000,000	24,000,000
Miscellaneous Pollution	Self + Insured	39,000	39,000	0
Airport Liability	Insured Only	19,837	23,804	3,967
Medical Malpractice	Self + Insured	2,900,000	1,427,487	-1,472,513
Aircraft Liability	Self + Insured	432,347	432,347	0
Environmental Liability	Self + Insured	900,000	1,091,000	191,000
Road Design Liability	Self + Insured	2,000,000	1,000,000	-1,000,000
SD Liability	Self + Insured	1,620,000	2,025,000	405,000
JPA Workers’ Compensation*	Self + Insured	15,546,000	16,634,411	1,088,411
SD JPA Auto liability	Self + Insured	360,000	Deleted	-360,000
FC Liability	Self + Insured	190,888	113,646	-77,242
FCC Auto Liability	Self + Insured	0	Deleted	0
Total		206,463,170	231,251,000	24,787,830

*Based on year-to-date estimate through pay period 16. 2025-26 rate setting premium is \$57M.

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Workers' Compensation

Workers' Compensation (WC) premiums, collected through employer paid payroll deductions, are used to pay claims and administrative costs related to occupational injuries or illnesses sustained by County employees and volunteers in the course of their employment or volunteer activities. This program has a \$2.0 million self-insured retention (SIR). Excess insurance through Public Risk Innovation, Solutions, and Management (PRISM), formerly California State Association of Counties- Excess Insurance Authority (CSAC-EIA), covers amounts over \$2.0 million up to statutory limits.

Workers' compensation premiums are charged to departments based on a calculation of actual premiums paid versus the actual cost of claims over a rolling five-year period. This calculation, known as experience modification, is intended to help stabilize rates for departments that effectively contain their respective workers' compensation costs and penalize departments that do not; therefore, a credit or debit is applied to each department's premium based on their claims experience.

Payroll deductions for 2025-26 were calculated using a target premium of \$57 million. However, actual payroll deductions are now forecasted at \$61.3 million. Payroll reductions for 2026-27 are calculated using the same \$57 million target premium, resulting in an estimated \$1.7 million decrease in Net County Cost.

Claims administration services for the County's Board Governed Special Districts (Special Districts) and County Service Areas (JPA) WC program are also provided by Risk Management through a separate fund. This program has a \$2.0 million SIR. Excess insurance through PRISM covers amounts above \$2.0 million up to statutory limits. The 2026-27 Special Districts/JPA WC premium will increase from \$15.5 million to \$16.6 million.

Property

This program tracks and pays claims incurred by County departments for damage to County-owned facilities as well as certain leased and owned equipment. Losses may be due to fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorms, hail, vandalism, malicious mischief or leakage and accidental discharge from automatic fire protective systems, earthquake shock, boiler and machinery, and flood. This program is self-insured up to \$100,000 per occurrence on physical loss or damage, \$100,000 flood, except for critical flood deductible is \$100,000 and earthquake is subject to \$100,000 minimum per occurrence. The department premium allocations are based on current total insured values. In 2026-27, the premium will increase from \$24 million to \$25.9 million to fund the cost of excess insurance resulting in an estimated increase in the use of Net County Cost of approximately \$534,931. The cost of the property excess insurance is shared among the County, Special Districts, County Fire, and the San Bernardino County Flood Control District (Flood Control).

General Liability

This program provides coverage to County departments for personal injury to third parties, errors and omissions, and/or professional liability, property damage of third parties, libel and slander, defamation of character, and Civil Rights. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. Excess insurance is purchased for coverage over the self-insured retention. In 2026-27, premiums will decrease from \$16.4 million to \$13.1 million. Use of Net County Cost is estimated to decrease by \$1.8 million, primarily due to the removal of the Cyber Liability from this program.

General liability claims administration services for Flood Control, Special Districts, and County Fire are also provided by Risk Management. Liabilities for their respective general liability programs are paid from separate funds. In 2026-27, the Special Districts/County Fire General Liability premium will increase from \$1.6 million to \$2 million. The Flood Control Liability premium will decrease from \$190,888 to \$113,646.

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Human Services Liability

This program provides general liability coverage for the following Human Services departments: Aging and Adult Services, Child Support Services, Human Services, Preschool Services, Public Guardian, and Veterans Affairs. This program is currently self-insured up to \$500,000. No change is recommended to the current premium of \$18 million for 2026-27 resulting in no change to Net County Cost.

Surety

This program covers departments against theft of County monies and securities. The premium for 2026-27 will increase from \$24,000 to \$48,000 with minimal impact on Net County Cost.

Auto Liability

This program covers all liabilities arising out of the use of vehicles owned or leased by the County. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. In 2026-27, the premium will increase from \$17.7 million to 22.2 million.

Auto liability claims administration services for Flood Control, Special Districts, and County Fire are also provided by Risk Management. Liabilities for their respective auto liability programs are paid from separate funds. However, beginning in 2026-27, all auto liability self-insurance funds have been consolidated into a single self-insurance program fund. This change was made to allow for a more efficient and transparent approach to managing the auto liability insurance programs across all participating agencies, which effectively operate under a single pooled insurance structure. Maintaining separate funds for what is effectively one pooled insured program created additional complexities with no added benefits. Additionally, consolidation will streamline administration of the program, eliminate unnecessary fund splits, and simplify the premium allocation and reporting process.

Law Enforcement Liability

This program provides coverage to the Sheriff/Coroner/Public Administrator, District Attorney and Probation departments for liability arising from law enforcement operations, including but not limited to false arrest, detention or imprisonment or malicious prosecution, libel or slander, violation of rights of privacy, wrongful entry or eviction or other invasion of the right of private occupancy, assault and battery, unless committed or directed for the purpose of protecting persons or property from injury or death, and Civil Rights violations. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. The premium for 2026-27 will increase from \$45.0 million to \$69.0 million primarily due to anticipated claims costs, resulting in an estimated increase in the use of Net County Cost of \$11.5 million.

Miscellaneous Pollution

This program provides coverage for County operations other than landfills (covered under the Environmental Liability program) against all types of pollution risk including irritants and contaminants. No change is recommended to the current premium of \$39,000 for 2026-27. Minor shifts in the allocation of this premium between departments will result in minimal impact on Net County Cost.

Airport Liability

This program covers all liabilities for the six County-owned airports as well as the Sheriff/Coroner/Public Administrator's Aviation hangar. The premium for 2026-27 will increase from \$19,837 to \$23,804. This premium is fully funded by San Bernardino County Airports, thus there is no impact to Net County Cost.

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Medical Malpractice

This program provides hospital liability for the Arrowhead Regional Medical Center (ARMC) and professional liability for the medical professionals at ARMC, Public Health, Behavioral Health, Aging and Adult Services, Human Resources' Center for Employee Health and Wellness, Probation, and the Sheriff/Coroner/Public Administrator. This program is currently self-insured up to \$1.0 million per claim up to an \$8.0 million aggregate per contract period. The premium for 2026-27 will decrease from \$2.9 million to \$1.4 million, resulting in a decrease of approximately \$100,000 in Net County Cost.

Aircraft Liability

This insured program provides hull coverage for the Sheriff/Coroner/Public Administrator's aircraft fleet and purchases insurance for the accidental death or dismemberment of County employees or guests traveling in County aircraft or on commercial flights. No change is recommended to the current premium of \$432,347 for 2026-27 resulting in no change to the Net County Cost.

Environmental Liability

This program provides pollution liability coverage for the County's landfills and the Department of Public Work's (DPW) – Solid Waste Management Division. This program is currently self-insured up to \$1 million, with excess insurance provided through a combination of policies up to \$50 million each claim and limits up to \$50 million. Given that this liability is an extremely volatile coverage, being very low frequency and high severity, \$10.0 million is actuarially recommended set-aside amount, of which \$5.0 million is for claims under the current claims-made insurance policy for loss dates July 1, 2003, or later, and \$5.0 million is for potentially unlimited late reports for loss prior to July 1, 2003. The premium for 2026-27 will increase from \$900,000 to \$1.1 million. This program is fully funded by Solid Waste Management, thus there is no impact on Net County Cost.

Road Design Liability

This program provides road design liability coverage to the Department of Public Works – Transportation for road design maintenance and construction of County-owned and maintained roads. This program is currently self-insured up to \$3.0 million with a \$2.0 million corridor. The premium for 2026-27 will decrease from \$2 million to \$1 million. This program is fully funded by Transportation, thus there is no impact to Net County Cost.

Cyber Liability

This program provides cyber liability coverage to County departments for Media, Privacy and Cyber Security, Privacy Regulatory Defense, Awards and Fines, Business interruption and extra expense, Data recovery, Cyber-extortion and ransomware, Data breach response and crisis management coverage. Coverage is split into multiple policies to provide the highest coverage limits at the lowest premium rates. This program is currently self-insured up to \$1.5 million, with excess insurance provided through a combination of policies up to \$30 million each claim and limits up to \$30 million. This premium will no longer be under the General Liability program and is being established as a separate insurance fund beginning 2026-27, resulting in an estimated use of additional Net County Cost of \$1 million.

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Approval of the 2026-27 premiums will result in an overall cost increase of \$24.8 million. This increase results in an overall net increase in the use of Net County Cost of \$7.9 million. Fund impacts are shown below.

<u>Program Name</u>	<u>2025-26 Approved Premium</u>	<u>2026-27 Proposed Premium</u>	<u>Change</u>	<u>User Department</u>	<u>Estimated Total Net County Cost Impact</u>
Workers' Compensation	\$61.3	\$57.00	-\$1.7	Total all departments	-\$1.7
Property	\$24.00	\$25.92	\$1.9	Total all departments	\$0.5
General Liability	\$16.4	\$13.1	-\$3.3	Total all departments	-\$1.8
Cyber Liability	\$0.00	\$2.9	\$2.9	Total all departments	\$1.0
Human Services Liability	\$18.00	\$18.00	\$0.00	Human Services Departments	\$0.0
Surety	\$0.02	\$0.05	\$0.02	Total all departments	\$0.0
Auto Liability	\$17.7	\$22.2	\$4.8	Total all departments	-\$1.6
Law Enforcement Liability	\$45.00	\$69.00	\$24.0	Total all departments	\$11.5
Miscellaneous Pollution	\$0.04	\$0.04	\$0.00	Total all departments	\$0.0
Airport Liability	\$0.02	\$0.02	\$0.00	Total all departments	\$0.0
Medical Malpractice	\$2.9	\$1.4	-\$1.5	Total all departments	-\$0.1
Aircraft Liability	\$0.4	\$0.4	\$0.00	Sheriff-Operations	\$0.0
Environmental Liability	\$0.90	\$1.09	\$0.19	Solid Waste Management	N/A
Road Design Liability	\$2.00	\$1.00	-\$1.00	Public Works Road Operations	N/A
Special Districts/JPA General Liability	\$1.6	\$2.0	\$0.4	Special Districts and County Fire	N/A
Special Districts/JPA Worker's Compensation	\$15.5	\$16.6	\$1.1	Special Districts and County Fire	N/A
Special Districts Auto Liability	\$0.4	Deleted	Deleted	Special Districts and County Fire	N/A
Flood Control Liability	\$0.2	\$0.1	-\$0.1	Flood Control	N/A
Flood Control Comp Auto Liability	\$0.00	Deleted	Deleted	Flood Control	N/A
Total	\$206.5	\$231.3	\$24.8		\$7.9

Note: In Millions. Totals may not add up due to rounding.

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COUNTY WORKERS' COMPENSATION RATES – Per \$100 of Pay Roll				
Description	2025-26 Approved Rates	2026-27 Proposed Rates	\$ Rate Change	% Rate Change
Safety — Sheriff, DA Fraud Investigators	7.63	6.09	-1.54	-20%
All Clerical — except ARMC, and Museum Employees	0.51	0.45	-0.06	-11%
All Museum Employees	2.67	2.36	-0.30	-11%
Institutional Employees — All ARMC Employees, all Behavioral Health Employees at ARMC	3.71	3.11	-0.60	-16%
All other County employees not otherwise classified, not engaged in manual labor, clerical office duties or immediate charge of construction or erection work (i.e. Lab Work, Inspectors, Attorneys, Engineers, Elected Officials)	2.18	1.82	-0.37	-17%
Laborers, Mechanics, Storekeepers	22.03	18.11	-3.92	-18%
Roads	4.54	4.79	0.26	6%
Probation — Probation Officers, Juvenile Counselors	9.58	9.29	-0.29	-3%
Daycare Centers — Child — Not Residential Care Facilities	4.62	4.18	-0.44	-10%

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SPECIAL DISTRICTS WORKERS' COMPENSATION RATES - Per \$100 of Pay Roll				
Description	2025-26 Approved Rates	2026-27 Proposed Rates	\$ Rate Change	% Rate Change
Sanitary or Sanitation Districts Operation — All Employees	3.63	4.28	0.65	18%
Fire Fighters — not volunteers — including all employees of Fire Department	9.29	9.87	0.59	6%
Fire Fighters — volunteers, serving with or without remuneration (per capita exposure)	472.51	533.32	60.81	13%
All Clerical — Except Sanitation Districts and Fire Department employees	0.29	0.29	-0.01	-2%
Municipal, State or Other Public Agency Employees — not engaged in manual labor	1.21	1.16	-0.05	-4%
All other municipal, state or Public Agency Employees including Laborers, Mechanics, and Storekeepers	13.17	11.56	-1.61	-12%