

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

March 11, 2025

FROM

WHITNEY J. FIELDS, 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 \$400 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 \$24,400,000 applicable to all County and Board Governed Special Districts properties, for the period of March 31, 2025 through March 31, 2026.
2. Authorize the Chief Executive Officer or the County Chief Financial Officer to execute the initial binding order 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, for the period of March 31, 2025, through March 31, 2026, on behalf of the County, subject to County Counsel review.
3. Authorize the Purchasing Agent to approve change orders to purchase orders issued for the insurance program and premium in Recommendation No. 1 for mid-term changes, subject to the limits referenced in Recommendation No. 2.

(Presenter: Whitney J. Fields, 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 Discretionary General Funding (Net County Cost). The total premium, which is estimated to be \$24,400,000, is due in July 2025 and will be paid from the following Department of Risk Management (DRM) property insurance funds: County (4080), Special Districts (4088), and Food 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 2025-26 Internal Service Fund Rate and Department Recharge adjustments, which are 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

**Renewal of Property Insurance Coverage for County Buildings Through
Public Risk Innovation, Solutions, and Management
March 11, 2025**

and revenue are included in the current budget and will be included in DRM's 2025-26 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 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 the approval of the JPA and MOU, the property insurance program has been renewed through PRISM annually. On February 27, 2024 (Item No. 52), 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 \$26,930,360 for coverage from March 31, 2024, through March 31, 2025. 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 \$24,400,000, is based on total insurable property values of \$3,881,325,416 as of November 2024 and includes all taxes and broker fees. The total premium estimate represents an increase of \$3,602,571 or approximately 17.4% increase over the 2024-25 final premium of \$20,797,429 due to a 3% 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. The 2024 final premium amount was reduced because the County's insurance brokers continued to negotiate this amount with the insurance carriers up until the renewal date of the policy. The negotiated amount included an increase from \$200 million to \$400 million in the all-risk coverage at Arrowhead Regional Medical Center.

A final premium amount will not be available until closer to the actual renewal date of March 31, 2025. Approval of Recommendation No. 2 will authorize the Chief Executive Officer or the County Chief Financial Officer 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 Chief Executive Officer or the County Chief Financial Officer to execute any subsequent binding orders, documents, or quotes necessary to approve mid-term changes to the policy referenced in Recommendation No. 1 for additional coverages, subject to a not-to-exceed limit of 10% over the total actual renewal cost. Authorizing the Chief Executive Officer or the County Chief Financial Officer 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 for

**Renewal of Property Insurance Coverage for County Buildings Through
Public Risk Innovation, Solutions, and Management
March 11, 2025**

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

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. Purchasing supports this non-competitive procurement based on PRISM's specialized credentials, including their access to multiple brokers and extensive knowledge of the County's needs.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Feingold, Chief Assistant County Counsel, 387-5449) on January 8, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on January 14, 2025; County Administrative Office (Diane Rundles, Assistant Executive Officer, 387-5575) on January 27, 2025; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on January 28, 2025; and County Finance and Administration (Paloma Hernandez-Baker, Deputy Executive Officer, 387-5423) on February 10, 2025.

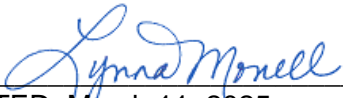
**Renewal of Property Insurance Coverage for County Buildings Through
Public Risk Innovation, Solutions, and Management
March 11, 2025**

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: March 11, 2025



cc: File - Risk Management
MBA 03/13/2025