

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

May 21, 2024

FROM

VICTOR TORDESILLAS, Deputy Executive Officer, Department of Risk Management

SUBJECT

Renewal of Excess Workers' Compensation Insurance Program Through Public Risk Innovation, Solutions, and Management

RECOMMENDATION(S)

1. Approve the renewal of the County's Excess Workers' Compensation Insurance Program through Public Risk Innovation, Solutions, and Management, with statutory coverage limits in excess of a \$2,000,000 self-insurance retention and \$3,000,000 employer's liability coverage, for a total premium cost of approximately \$6,301,000, for the one-year period of July 1, 2024 through July 1, 2025.
2. Authorize the Deputy Executive Officer or Director of the Department of Risk Management to execute the binding order on behalf of the County.

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

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 approximately \$6,301,000, is due in July 2024 and will be paid from the following Department of Risk Management (DRM) workers' compensation self-insurance funds: County Workers' Compensation (4082) and JPA Workers' Compensation (4104). The cost of this premium will be recovered through the Board of Supervisors (Board) approved rates charged to County departments and Board-Governed Special Districts. Sufficient appropriation and revenue will be included in DRM's 2024-25 Recommended Budget.

BACKGROUND INFORMATION

DRM administers the County's self-insurance programs for public liability and workers' compensation claims and procures excess insurance policies for additional protection. On May 23, 2023 (Item 85), the Board approved the renewal of the Excess Workers' Compensation Insurance Program (Program) for the one-year period of July 1, 2023 through July 1, 2024 for a total premium cost of approximately \$6,053,000.

Approval of Recommendation No. 1 will provide a new one-year coverage period of July 1, 2024 through July 1, 2025, with a total renewal premium cost of approximately \$6,301,000. This represents an increase of \$941,133 or approximately 17.8%, over last year's final premium cost of \$5,359,867. This increase is due to various factors, including a challenging insurance market

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for the public sector due to many insurers leaving the market, an increase in size and frequency of claims, and an increase in employee payroll.

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 insurance through CSAC-EIA shared limits program. The MOU remains in effect until the County cancels its membership or until the CSAC-EIA Board of Directors cancels County participation with a majority vote. In 2020, CSAC-EIA changed its name to Public Risk Innovation, Solutions, and Management (PRISM).

Alliant Insurance Services, Inc., the County's insurance broker, has recommended that the County renew the Program through PRISM, the insurance carrier that provides the current coverage. The renewal maintains the Program's self-insured retention (SIR) of \$2,000,000 per occurrence, the statutory workers' compensation limits, and the \$3,000,000 employer's liability coverage. DRM recommends the renewal of the Program to protect the County's financial assets from liability arising from injuries and illnesses in the workplace.

A final premium will not be available until closer to the actual renewal date due to the complexity of the negotiations PRISM engages in with multiple insurance carriers on behalf of the County and other insurance pool members to develop the County's Excess Workers' Compensation Insurance Program. Approval of Recommendation No. 2 will authorize the Deputy Executive Officer of Risk Management or Director of Risk Management to execute the binding order on behalf of the County, ensuring a timely renewal process with no lapse in coverage.

PROCUREMENT

As a member of the JPA, the County is eligible to purchase general liability insurance through the PRISM shared limits options. PRISM specializes in investigating and procuring insurance options on behalf of the County, resulting in cost savings through volume discounts and shielding from insurance market swings, which minimizes risk and uncertainty at renewal time. The Purchasing Department 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, 387-5455) on April 17, 2024; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on April 18, 2024; County Administrative Office (Diane Rundles, Assistant Executive Officer, 387-5572) on April 25, 2024; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on April 25, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 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.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 21, 2024



cc: File - Risk Management
JLL 05/23/2024