

ATTACHMENT D
2024-25
Proposed Rates Risk

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 County Service Areas for their specific coverage of the cost to pay losses and excess insurance premiums under the self-insured programs, and the cost of insurance for the insured programs.

Proposed premium rates for 2024-25 are as follows:

<u>Program Name</u>	<u>Program Type</u>	<u>2023-24 Approved Premium</u>	<u>2024-25 Proposed Premium</u>	<u>Change</u>
Workers' Compensation	Self + Insured	62,643,305*	61,000,000	-1,643,305
Property	Self + Insured	14,831,000	24,943,450	10,112,450
General Liability	Self + Insured	15,000,000	17,250,000	2,250,000
Human Services Liability	Self + Insured	11,666,000	16,382,581	4,716,581
Surety	Insured Only	6,000	12,000	6,000
Auto Liability	Self + Insured	9,834,000	14,784,201	4,950,201
Law Enforcement Liability	Self + Insured	30,000,000	35,000,000	5,000,000
Miscellaneous Pollution	Self + Insured	50,000	39,000	-11,000
Airport Liability	Insured Only	15,000	17,250	2,250
Medical Malpractice	Self + Insured	4,000,000	3,800,000	-200,000
Aircraft Liability	Self + Insured	320,000	250,000	-70,000
Environmental Liability	Self + Insured	1,200,000	1,100,000	-100,000
Road Design Liability	Self + Insured	12,000,000	4,000,000	-8,000,000
SD JPA Property	Self + Insured	450,000	459,000	9,000
SD Liability	Self + Insured	1,000,000	1,200,000	200,000
JPA Workers' Compensation	Self + Insured	11,000,000	13,650,200	2,650,200
SD JPA Auto liability	Self + Insured	350,000	450,000	100,000
FC Liability	Self + Insured	900,000	80,233	-819,767
FC Auto Liability	Self + Insured	500,000	100,000	-400,000
Total		175,765,305	194,517,915	18,752,610

*Based on year-to-date estimates.

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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. The premium for 2024-25 will decrease from \$62.6 million to \$61 million. The estimated increase in the use of Net County Cost is \$2.7 million.

Claims administrations 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 over \$2.0 million up to statutory limits. The 2024-25 Special Districts/JPA WC premium will increase from \$11 million to \$13.7 million.

Property

This program tracks and pays claims incurred by County departments for damage to County-owned facilities as well as leased and owned equipment. Losses may be due to fire, lightning, impact from aircraft, explosion, riot, civil commotion, smoke, collapse, vehicles, windstorm, 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 2024-25, the premium will increase from \$14.8 million to \$24.9 million to fund the cost of excess insurance resulting in an estimated increase in the use of Net County Cost of \$3.6 million. The cost of the property program is shared between the County, Special Districts, and County Fire.

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 2024-25, premiums will increase from \$15 million to \$17.2 million resulting in an estimated increase in the use of Net County Cost of \$1.5 million.

General liability claims administration services for the San Bernardino County Flood Control District (Flood Control), and Special Districts/JPA are also provided by Risk Management. Liabilities for their respective general liability programs and are paid from separate funds. In 2024-25, the Special Districts/JPA General Liability premium will increase from \$1.0 million to \$1.2 million. The Flood Control Liability premium will decrease from \$900,000 to \$80,233.

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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. The premium for 2024-25 will increase from \$11.7 million to \$16.4 million to fund the cost of prior claims, which will result in an estimated increase in the use of additional Net County Cost of \$228,842

Surety

This program covers departments against theft of County monies and securities. The premium for 2024-25 will increase from \$6,000 to \$12,000 with minimal impact to Net County Cost.

Auto Liability

This program provides coverage for 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 2024-25, the premium will increase from \$9.8 million to 14.8 million which results in an estimated use of additional Net County Cost of \$2.2 million.

Auto liability claims administration services for the San Bernardino County Flood Control and Special Districts/JPA are also provided by Risk Management. Liabilities for their respective auto liability programs and are paid from separate funds. The Flood Control Auto Liability premium will decrease from \$500,000 to \$100,000. Lastly, the Special Districts/JPA Auto Liability premium will increase from \$350,000 to \$450,000.

Law Enforcement Liability

This program provides coverage to the Sheriff/Coroner/Public Administrator, District Attorney and Probation departments for 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 2024-25 will increase from \$30 million to \$35 million primarily based on claims costs, which will result in an estimated increase in the use of Net County Cost of \$3 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. The premium for 2024-25 will decrease from \$50,000 to \$39,000 with minimal impact to Net County Cost.

Airport Liability

This program provides coverage for all liabilities for the six County-owned airports as well as the Sheriff/Coroner/Public Administrator's Aviation hangar. The premium for 2024-25 will increase from \$15,000 to \$17,250. 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 2024-25 will decrease from \$4.0 million to \$3.8 million, resulting in a decrease of \$40,358 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. The premium for 2024-25 will decrease from \$320,000 to \$250,000 to fund excess insurance coverage, resulting in a decrease of \$70,000 in 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 2024-25 will decrease from \$1.2 million to \$1.1 million. This program is fully funded by Solid Waste Management, thus there is no impact to Net County Cost.

Road Design Liability

This program provides road design liability coverage to DPW – 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. In 2024-25, the premium will decrease from \$12 million to \$4.0 million. This program is fully funded by Transportation, thus there is no impact to Net County Cost.

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Approval of the 2024-25 premiums will result in an overall cost increase of \$18.8 million. This increase results in an overall net increase in the use of Net County Cost of \$13.1 million. Fund impacts are shown below.

<u>Program Name</u>	<u>2023-24 Approved Premium</u>	<u>2024-25 Proposed Premium</u>	<u>Change</u>	<u>User Department</u>	<u>Estimated Total Net County Cost Impact</u>
Workers' Compensation	\$62.6	\$61.0	-\$1.6	Total all departments	\$2.7
Property	\$14.8	\$24.9	\$10.1	Total all departments	\$3.6
General Liability	\$15.0	\$17.3	\$2.3	Total all departments	\$1.5
Human Services Liability	\$11.7	\$16.4	\$4.7	Human Services Departments	\$0.2
Surety	\$0.01	\$0.01	\$0.01	Total all departments	\$0.0
Auto Liability	\$9.8	\$14.8	\$5.0	Total all departments	\$2.2
Law Enforcement Liability	\$30.0	\$35.0	\$5.0	Select departments	\$3.0
Miscellaneous Pollution	\$0.1	\$0.04	-\$0.01	Total all departments	\$0.0
Airport Liability	\$0.02	\$0.02	\$0.00	Total all departments	N/A
Medical Malpractice	\$4.0	\$3.8	-\$0.2	Select departments	\$0.0
Aircraft Liability	\$0.3	\$0.3	-\$0.1	Sheriff-Operations	\$0.0
Environmental Liability	\$1.2	\$1.1	-\$0.1	Solid Waste Management	N/A
Road Design Liability	\$12.0	\$4.0	-\$8.0	Public Works Road Operations	N/A
Special Districts/JPA Property	\$0.45	\$0.46	\$0.01	Special Districts and County Fire	N/A
Special Districts/JPA General Liability	\$1.0	\$1.2	\$0.2	Special Districts and County Fire	N/A
Special Districts/JPA Worker's Compensation	\$11.0	\$13.7	\$2.7	Special Districts and County Fire	N/A
Special Districts Auto Liability	\$0.4	\$0.5	\$0.1	Special Districts and County Fire	N/A
Flood Control Liability	\$0.9	\$0.1	-\$0.8	Flood Control	N/A

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Flood Control Auto Liability	\$0.5	\$0.1	-\$0.4	Flood Control	N/A
Total	\$175.8	\$194.5	\$18.8		\$13.1

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

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		Current 2023-24	Proposed 2024-25	Increase/ Decrease
Property	per \$1 of insured value	\$0.55550	\$0.78860	Increase
Workers' Compensation	per \$100 of payroll increased/ decreased by Experience Modification			
Safety employees		\$8.88	\$8.31	Decrease
Clerical employees		\$0.73	\$0.60	Decrease
Museum curators		\$3.07	\$2.78	Decrease
Institutional employees		\$4.32	\$4.05	Decrease
All other		\$2.94	\$2.48	Decrease
Laborers		\$27.46	\$27.04	Decrease
Road workers		\$5.97	\$5.26	Decrease
Probation employees		\$9.70	\$9.67	Decrease
Pre-School		\$6.07	\$5.53	Decrease
Sanitary employees		\$4.22	\$3.63	Decrease
Fire Fighters (Non Volunteer)		\$9.02	\$9.29	Increase
Fire Fighters (Volunteer)		\$422.77	\$472.51	Increase
All Other Special Districts		\$0.33	\$0.29	Decrease
Other Public Agency Professionals		\$1.33	\$1.21	Decrease
Other Public Agency - Mechanics		\$12.45	\$13.17	Increase
Road design liability		\$12,000,000	\$4,000,000	Decrease
Automobile liability	per vehicle increased/ decreased by Experience Modification			
Passenger car		\$2,209.83	\$3,370.17	Increase
Light truck		\$2,249.43	\$3,430.57	Increase
Medium truck		\$2,991.76	\$4,562.68	Increase
Heavy truck		\$4,058.34	\$6,189.31	Increase
Heavy equipment		\$2,129.11	\$3,427.07	Increase
Patrol vehicle		\$6,851.32	\$10,448.82	Increase
Fire Trucks		\$6,485.28	\$9,890.58	Increase
Ambulance		\$3,440.38	\$5,246.86	Increase
Bus		\$3,358.98	\$5,122.72	Increase
Rescue/ Paramedics		\$7,746.02	\$11,813.31	Increase
Boat		\$2,129.11	\$3,247.07	Increase
Snowblower/ Yardlift		\$2,129.11	\$3,247.07	Increase
Law enforcement liability	per sworn personnel or peace officers increased/ decreased by Experience Modification	\$8,603.38	\$11,808.37	Increase
Other general liability	per budgeted employee increased/ decreased by Experience Modification	\$653.94	\$737.24	Increase
Surety bonds/crime	per budgeted employee increased/ decreased by Experience Modification	\$0.26	\$0.51	Increase

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Miscellaneous Pollution	per budgeted employees (all	\$2.18	\$1.67	Decrease
Airport liability	per program	\$15,000	\$17,250	Increase
Medical malpractice	per \$100 of payroll increased/decreased by Experience Modification	\$0.93	\$0.78	Decrease
HS Liability	per \$100 of payroll	\$3.68	\$4.82	Increase
Environmental liability	per program	\$1,200,000	\$1,100,000	Decrease
Aircraft liability	per program	\$320,000	\$250,000	Decrease