

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

June 2, 2020

FROM

LEANNA WILLIAMS, Director, Department of Risk Management

SUBJECT

Renewal of Primary General Liability Insurance for specified Human Services Departments

RECOMMENDATION(S)

1. Approve the renewal of a primary general liability insurance policy for the following specified Human Services Departments, through the Public Risk Innovation, Solutions, and Management, as recommended by Alliant Insurance Services, Inc., with \$3 million coverage limit, including a self-insurance retention of \$500,000, for a premium cost not to exceed \$2,389,000, for the period of July 1, 2020 through July 1, 2021 as follows:
 - a. Human Services Administration (Including Transitional Assistance, Children and Family Services, and Children's Network);
 - b. Aging and Adult Services;
 - c. Child Support Services;
 - d. Preschool Services; and
 - e. Veterans Affairs.
2. Authorize the Director of Risk Management to execute the binding order on behalf of the County.

(Presenter: LeAnna Williams, 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.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The total premium, not to exceed \$2,389,000, will be paid from the Department of Risk Management's (DRM) Human Services (HS) liability insurance fund (4122), and will be recovered through Board approved rates charged to user departments. Sufficient appropriation will be included in the DRM's 2020-21 recommended budget.

BACKGROUND INFORMATION

The DRM administers the County's self-insurance programs for public liability and workers' compensation claims, as well as procures excess insurance policies to provide additional protection for the County by transferring risk at the upper limits of the programs. The specified HS departments have separated primary general liability coverage below the County's excess program because there is a high volume of claims and high severity associated with these departments' functions. Paying and retaining losses up to the County's \$3 million self-insurance retention began to significantly impact the budgets of the HS departments. As a result, DRM

**Renewal of Primary General Liability Insurance for specified Human Services Departments
June 2, 2020**

was able to procure a buy-down option with a substantially lower self-insurance retention of \$500,000.

With this insurance program, HS departments will only be obligated to pay up to \$500,000 versus \$3 million per claim. If a loss exceeds the limits provided under this coverage, the countywide excess general liability program will provide excess coverage up to \$50 million.

On May 21, 2019 (Item No. 107), the Board approved the renewal of a primary general liability insurance program, for a total premium not to exceed \$1,843,000, for the period of July 1, 2019 through July 1, 2020.

The recommended renewal of the primary general liability insurance policy for specified HS departments will maintain the current coverage limits of \$3 million, inclusive of the \$500,000 self-insurance retention. The total premium not to exceed \$2,389,000 represents an increase of \$965,342 or approximately 67.81% over last year's final premium cost of \$1,423,658, mainly due to an increase in claim losses and market conditions. Public entities and the insurance industry have witnessed dramatic increases in liability loss development in recent years. In 2018-19, the CSAC-EIA GL1 Program experienced significant loss and a deterioration of surplus that caused significant rate increases in the excess insurance layers.

The DRM recommends the renewal of the primary general liability insurance policy for specified HS departments to protect the financial assets of the County from liability exposures resulting from the daily activities and services provided by the specified HS departments.

PROCUREMENT

On March 25, 2014 (Item No. 49), the Board approved a Joint Powers Authority Agreement (JPA) between the County and California State Association of Counties – Excess Insurance Authority (CSAC-EIA), allowing the County to join the CSAC-EIA as a public entity member.

On June 28, 2016 (Item No. 68), the Board approved a Memorandum of Understanding (MOU) between the County and the CSAC-EIA, granting the County eligibility to purchase general liability coverage through the CSAC-EIA shared limits program known as the General Liability I (GL1) Program.

On December 5, 2017 (Item No. 55), the Board approved contracts with insurance brokers, including Alliant Insurance Services, Inc., for the period of December 11, 2017 through December 10, 2020.

On May 19, 2020 (Item No. 87), the Board approved an amendment to the CSAC-EIA Joint Powers Authority Agreement to change its name to Public Risk Innovation, Solutions, and Management (PRISM). As a member of the JPA, the County of San Bernardino is eligible to purchase general liability insurance for specified departments through the PRISM General Liability I Program shared limits option. This eliminates the need for a County facilitated procurement process, resulting in financial savings to the County through volume discounts, shielding from insurance market swings, and minimizing risk and uncertainty at renewal time. PRISM also provides legislative advocacy and other risk control tools.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Teresa McGowan, Principal Assistant County Counsel, 387-5283) on May 1, 2020; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on April 24, 2020; Finance (Joon Cho, Administrative Analyst, 387-5402) on May 14, 2020; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on May 15, 2020.

**Renewal of Primary General Liability Insurance for specified Human Services Departments
June 2, 2020**

Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Dawn Rowe Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: June 2, 2020



cc: File- Risk Management
la 06/9/2020