

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

June 10, 2025

**FROM**

**VICTOR TORDESILLAS, Deputy Executive Officer, Department of Risk Management**

**SUBJECT**

Renewal of Cyber Liability Insurance, Exporters Package Portfolio, Watercraft Hull and Indemnity Insurance, and Business Auto Liability Insurance

**RECOMMENDATION(S)**

1. Approve the renewal of the County's Cyber Liability Insurance Program, which includes the following layers, with total coverage limits of \$30,000,000 in excess of \$2,000,000 self-insured retention, for a total premium of approximately \$2,688,241 for the one-year period of July 1, 2025, through July 1, 2026:
  - a. A primary layer of \$5,000,000, in excess of \$2,000,000 self-insured retention, for a premium of approximately \$850,950 with Indian Harbor Insurance Company.
  - b. A secondary layer of \$5,000,000 in excess of \$5,000,000 primary layer, for a premium of approximately \$519,858 with Starr Insurance Company.
  - c. A third layer of \$5,000,000 in excess of \$10,000,000 of underlying insurance for a premium of approximately \$415,300 with National Liability & Fire Insurance Company.
  - d. A fourth layer of \$5,000,000, in excess of \$15,000,000 of underlying insurance, for a premium of approximately \$300,541 with Ace American Insurance Company.
  - e. A fifth layer of \$10,000,000, in excess of \$20,000,000 of underlying insurance for a premium of approximately \$601,592 with Lloyds.
2. Approve the renewal of the following insurance programs and premiums for the period of July 1, 2025, through July 1, 2026:
  - a. Exporters Package Portfolio with \$1,000,000 per occurrence and aggregate limits, for a premium of approximately \$2,875 with Great Northern Insurance Co.
  - b. Watercraft Hull and Indemnity with \$1,000,000 per occurrence and aggregate limits, for a premium of approximately \$46,393 with Navigators Insurance Co.
  - c. Business Auto Liability for the San Bernardino County Fire Protection District with \$1,000,000 per occurrence and aggregate limits, for a premium of approximately \$20,115 with Columbia Insurance Company.
3. Approve the renewal of the Accidental Death and Dismemberment policy – Hazardous Workers, with \$100,000 per occurrence and \$4,000,000 aggregate limits for a premium of approximately \$5,406 with Arch Insurance Co., for the three-year period of July 1, 2025, through July 1, 2028.
4. Authorize the Chief Executive Officer or the County Chief Financial Officer to execute the initial binding orders on behalf of the County 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, per insurance program and premium, for the period of July 1, 2025, through July 1, 2026 for recommendations Nos. 1 and 2, and for the period of July 1, 2025 through July 1, 2028, for recommendation No. 3, subject to review by County Counsel.

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5. Authorize the Purchasing Agent to approve change orders to purchase orders issued for the insurance programs and premiums in Recommendations Nos. 1, 2, and 3 for mid-term changes, subject to the limits referenced in Recommendation No. 4.

(Presenter: Victor Tordesillas, Deputy Executive Officer, 387-4717)

**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 aggregate premium of approximately \$2,763,030 to be paid from the Department of Risk Management's (DRM) liability funds and will be recovered through Board of Supervisors (Board) approved rates charged to County departments and Board Governed Special Districts. Sufficient appropriation and revenue have been included in DRM's 2025-26 budget.

**BACKGROUND INFORMATION**

DRM administers the County's self-insurance programs and maintains 29 different lines of insurance policies to provide additional protection for the County. On June 25, 2024 (Item No. 99), the Board approved the renewal of the Cyber Liability, Exporters Package Portfolio, Watercraft Hull and Indemnity and Business Auto Liability Insurance programs for the period of July 1, 2024, through July 1, 2025.

The County has established contracts with four insurance brokers, including Arthur J. Gallagher. The insurance brokers are responsible for conducting a thorough analysis of all current insurance programs to identify coverage overlaps and/or coverage deficiencies, and to compare and evaluate current programs against available insurance markets to determine if the current placements are the most cost-effective alternatives.

Approval of Recommendation No. 1 will provide a new one-year coverage period of July 1, 2025, through July 1, 2026, for the Cyber Liability Insurance program for a total premium of approximately \$2,688,241. This represents an increase of \$350,642, or approximately 15%, over last year's final premium of \$2,337,599. Several factors contributed to this increase including an increase in the frequency, severity and complexity of ransomware incidents, and breaches affecting private and public entities during the previous year. The County has implemented several cyber security measures to mitigate these risks due to the increased cyber threat landscape. These measures include conducting and measuring workforce training annually for cyber security awareness, including continuous training for new employees, monthly Phishing Simulation Awareness Exercises, and implementation of a Phish Alert Report button in the email client, and management of cyber threat intelligence with various partners including at the federal government level.

The recommended renewal of the Cyber Liability Insurance Program will provide terms similar to last year's policies with total coverage limits of \$30,000,000 and a self-insured retention of (SIR) of \$2,000,000. The DRM recommends the renewal of the County's Cyber Liability Insurance program to provide coverage for the following risks: third party liability, media, privacy and cyber-security, privacy regulatory defense, awards and fines, first-party business

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interruption and extra expenses, data recovery, cyber extortion and/or ransomware, data breach response, and crisis management.

Approval of Recommendation No. 2 will provide a new one-year coverage period of July 1, 2025, through July 1, 2026, for the various insurance programs listed, maintaining the same coverage limits as the expiring policies. The total aggregate premium cost of approximately \$69,383 represents an increase of \$9,051, or approximately 15%, over last year's final premium cost of \$60,332. The DRM recommends the renewal of these insurance programs to protect the County's financial assets from liability arising from the daily activities and services that the County provides.

The final premium amounts will not be available until closer to the actual renewal date due to the complexity of the negotiations the County's broker engages in with multiple insurance carriers on behalf of the County to develop the insurance coverage. Recommendation No. 4 will authorize the Chief Executive Officer or the County Chief Financial Officer to execute the binding order on behalf of the County, ensuring a timely renewal of process with no lapse in coverage. Additionally, Recommendation No. 4 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 policies referenced in Recommendations Nos. 1, 2, and 3 for additional coverage, subject to a not-to-exceed limit of 10% over the total actual renewal cost, per insurance program and premium. Recommendation Nos 1 and 2 are for the period of July 1, 2025 through July 1, 2026, and Recommendation No. 3 is for the period of July 1, 2025 through July 1, 2028.

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

**PROCUREMENT**

On November 16, 2021 (Item No. 62) the Board approved contract with insurance brokers including Arthur J. Gallagher & Co. Insurance Brokers of California Inc. (Arthur J. Gallagher & Co.), for the period of December 11, 2021 through December 10, 2026. The DRM contracts with multiple brokers to leverage the experience each holds in a specific market. Arthur J. Gallagher & Co. approached new and existing markets for quotes, successfully obtaining a proposal for the Cyber Liability Insurance Program, Exporters Package Portfolio, Watercraft Hull and Indemnity Insurance, and Business Auto Liability Insurance for the period of July 1, 2025 through July 1, 2026. The Purchasing Department supports this non-competitive procurement based on the specialized credentials of the insurance brokers selected.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Laura Feingold, Chief Assistant Deputy County Counsel, 387-5455) on May 2, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on May 5, 2025; County Administrative Office (Victor Tordesillas, Deputy Executive Officer, 387-4717, and Anja Jacobsen, Executive Administrative Analyst, 387-9647) on May 5, 2025; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on May 7, 2025; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 23, 2025.

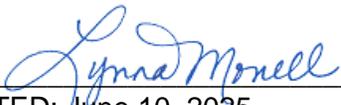
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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Joe Baca, Jr. Seconded: Curt Hagman  
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: June 10, 2025



cc: File - Risk Management  
JM 06/17/2025