

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

March 28, 2023

FROM

VICTOR TORDESILLAS, 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 \$200 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 \$15,321,757, applicable to all County properties, for the period of March 31, 2023, through March 31, 2024.
2. Authorize the Director of the Department of Risk Management to execute the binding order on behalf of the County, subject to review by County Counsel.
(Presenter: Victor Tordesillas, 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 additional Discretionary General Funding (Net County Cost). The total premium, which is estimated to be \$15,321,757, is due in July 2023 and will be paid from the following Department of Risk Management (DRM) property insurance funds: County (4080), Special Districts (4088), and Flood Control (4106). The 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 2023-24 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 Director of DRM is requesting authorization to execute the binding order on behalf of the County to expedite the time sensitive process. The renewal of property insurance through PRISM will protect the County's real property capital investments for "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

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Association of Counties – Excess Insurance Authority (CSAC-EIA), which granted eligibility for the County to purchase property insurance through CSAC-EIA shared limits program. In 2020, CSAC-EIA changed its name to PRISM.

Since approval of the JPA and MOU, the property insurance program has been renewed through PRISM annually. On March 15, 2022 (Item No. 44), 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 \$10,871,000 for coverage from March 31, 2022, through March 31, 2023. 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 \$15,321,757, is based on total insurable property values of \$3,399,320,110 as of March 2023 and includes all taxes and broker fees. The total premium estimate represents an increase of \$5,460,561 or approximately 55% over the 2022-23 final premium of \$9,861,196 (originally estimated at \$10,871,000), due to a 23% increase in the total insurable values, large wildfires, natural events, and hardening of the insurance market. A final premium amount will not be available until closer to the actual renewal date of March 31, 2023. This is 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 property insurance coverage.

Deductible changes for the March 31, 2023 renewal include an increase in the minimum all-risk deductible from \$25,000 to \$100,000, and an increase from \$10,000 to \$15,000 per occurrence for Automobile Physical Damage for vehicles with replacement cost values less than \$250,000. Deductible changes are made based on member size and loss experience.

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. Furthermore, in the event of a catastrophe, the shared limits would be supported by the Federal Emergency Management Agency reimbursements.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Crane, Supervising Deputy County Counsel, 387-5455) on March 9, 2023; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on March 9, 2023; Human Resources (Diane Rundles, Assistant Executive Officer, 387-5572) on March 9, 2023; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on March 10, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on March 13, 2023.

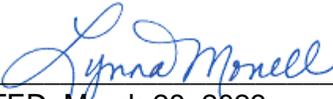
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Record of Action of the Board of Supervisors
San Bernardino County

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: March 28, 2023



cc: File - Risk Management
CCM 04/10/2023