

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

May 24, 2022

FROM

VICTOR TORDESILLAS, Director, Department of Risk Management

SUBJECT

Renewal of Excess General Liability Insurance Program

RECOMMENDATION(S)

1. Approve the renewal of the County's Excess General Liability Insurance Program through Public Risk Innovation, Solutions, and Management, as recommended by Alliant Insurance Services, Inc., with coverage limits of \$50 million, for a total premium cost of approximately \$19,569,000, for the period of July 1, 2022 through July 1, 2023 as follows:
 - a. \$25 million limit, inclusive of \$3 million self-insurance retention and \$2 million aggregated loss corridor, through the General Liability II Program of Public Risk Innovation, Solutions, and Management, for a total premium of approximately \$17,169,000.
 - b. \$25 million limit in excess of \$25 million underlying General Liability II Program, through the Optional Excess Liability Program of Public Risk Innovation, Solutions, and Management, for a total premium of approximately \$2,400,000.
2. Authorize the Director of Risk Management to execute the binding order on behalf of the County.

(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 of approximately \$19,569,000 will be paid from the Department of Risk Management's (DRM) liability self-insurance funds, and will be recovered through Board of Supervisors (Board) approved rates charged to County departments and Special Districts. Sufficient appropriation and revenue will be included in DRM's 2022-23 recommended budget.

BACKGROUND INFORMATION

The DRM administers the County's self-insurance programs for public liability and worker's compensation claims and procures excess insurance policies to provide additional protection for the County by transferring risk at the upper limits of the programs. Alliant Insurance Services, Inc., the County's insurance broker, has recommended that the County renew the County's Excess General Liability Insurance Program through Public Risk Innovation, Solutions, and Management (PRISM), the insurance carrier that provides coverage. The recommended

**Renewal of Excess General Liability Insurance Program
May 24, 2022**

renewal of the Excess General Liability Program, which provides coverage for all general liability exposure not covered by a separate specific policy, will maintain the current coverage limits of \$50 million inclusive of the \$3 million self-insurance retention (SIR) and \$2 million annual aggregated loss corridor, which will be payable by the County until eroded, between one or more losses that exceed the SIR, for the entire policy period. The total premium of approximately \$19,569,000 represents an increase of \$5,186,445 or approximately 36% over last year's final premium cost of \$14,382,555, due to a continued difficult insurance market for the public sector overall, frequent and large jury verdicts, and year-over-year increases in losses within the pooled insurance group. This is a trend being experienced by many of the members in the General Liability II Program.

DRM is partnering closely with Human Resources, County Counsel, and County departments to evaluate liability with each case and either appropriately defend the case or attempt to reach a mutually agreeable settlement.

In 2014 and in 2016, the Board approved a Joint Powers Authority (JPA) Agreement and a Memorandum of Understanding, respectively, between the County and California State Association of Counties – Excess Insurance Authority (CSAC-EIA), which granted eligibility for the County to purchase excess general liability insurance through CSAC-EIA shared limits program known as the General Liability II Program. In 2020, CSAC-EIA changed its name to PRISM.

On June 8, 2021 (Item No. 80), the Board approved the renewal of the Excess General Liability Insurance Program, for a total premium of approximately \$15,550,000, for the period of July 1, 2021 through July 1, 2022. The DRM recommends the renewal of the Excess General Liability Insurance Program to protect the financial assets of the County from exposures resulting from the daily activities and services that the County provides.

Recommendation No. 2 will authorize the Director of Risk Management to execute the binding order on behalf of the County to expedite the process to set in place the renewed coverage, without any lapse in coverage or the need to go back to the Board for additional signatures.

PROCUREMENT

As a member of the JPA, the County is eligible to purchase general liability 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, shielding from insurance market swings, minimizing risk and uncertainty at renewal time. PRISM also provides legislative advocacy and other risk control tools to all its members.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Crane, Principal Assistant County Counsel, 387-5455) on April 28, 2022; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on April 27, 2022; Human Resources (Diane Rundles, Director, 387-5572) on April 28, 2022; Finance (Sofia Almeida, Administrative Analyst, 387-4378) on May 7, 2022; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 7, 2022.

**Renewal of Excess General Liability Insurance Program
May 24, 2022**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 24, 2022



cc: File - Risk Management
CCM 06/1/2022