

ATTACHMENT D
2025-26
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 other County Service Areas for their share of specific insurance coverage(s) for any loss, excess insurance premiums under the self-insured programs, and the cost to administer the insured programs.

Proposed premium rates for 2025-26 are as follows:

Program Name	Program Type	2024-25 Approved Premium	2025-26 Proposed Premium	Change
Workers' Compensation	Self + Insured	64,744,446*	57,000,000	-7,744,446
Property	Self + Insured	24,943,450	24,000,000	-943,450
General Liability	Self + Insured	17,250,000	16,387,500	-862,500
Human Services Liability	Self + Insured	16,382,581	18,000,000	1,617,419
Surety	Insured Only	12,000	24,000	12,000
Auto Liability	Self + Insured	14,784,201	17,741,041	2,956,840
Law Enforcement Liability	Self + Insured	35,000,000	45,000,000	10,000,000
Miscellaneous Pollution	Self + Insured	39,000	39,000	0
Airport Liability	Insured Only	17,250	19,837	2,587
Medical Malpractice	Self + Insured	3,800,000	2,900,000	-900,000
Aircraft Liability	Self + Insured	250,000	432,347	182,347
Environmental Liability	Self + Insured	1,100,000	900,000	-200,000
Road Design Liability	Self + Insured	4,000,000	2,000,000	-2,000,000
SD JPA Property	Self + Insured	459,000	Delete	-459,000
SD Liability	Self + Insured	1,200,000	1,620,000	420,000
JPA Workers' Compensation	Self + Insured	13,650,200	15,546,000	1,895,800
SD JPA Auto liability	Self + Insured	450,000	360,000	-90,000
FC Liability	Self + Insured	80,233	190,888	110,655
FC Auto Liability	Self + Insured	100,000	0	-100,000
Total		198,262,361	202,160,613	3,898,252

*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) 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 2025-26 will decrease from \$64.7 million to \$57 million. There is no estimated increase to Net County Cost.

Claims administration 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 2025-26 Special Districts/JPA WC premium will increase from \$13.7 million to \$15.5 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, windstorms, 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 2025-26, the premium will decrease from \$24.9 million to \$24 million to fund the cost of excess insurance resulting in an estimated decrease in the use of Net County Cost of \$1.3 million. The cost of the property excess insurance is shared among the County, Special Districts, County Fire, and the San Bernardino County Flood Control District (Flood Control). Beginning in 2025-26, the property funds for these entities have been consolidated into a single insurance program fund. This change was made to allow for a more efficient and transparent approach to managing the property insurance programs across all participating agencies which effectively operate under a single pooled insurance structure. Maintaining separate funds for what is effectively one pooled insured program created additional complexities with no added benefits. Additionally, consolidation will streamline administration of the program, eliminate unnecessary fund splits, and simplify the premium allocation and reporting processes.

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 2025-26, premiums will decrease from \$17.3 million to \$16.4 million. Use of Net County Cost is estimated to increase by \$1.5 million, primarily due to an increase in claim activity for the Sheriff/Coroner/Public Administrator.

General liability claims administration services for Flood Control, Special Districts, and County Fire are also provided by Risk Management. Liabilities for their respective general liability programs are paid from

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separate funds. In 2025-26, the Special Districts/County Fire General Liability premium will increase from \$1.2 million to \$1.6 million. The Flood Control Liability premium will increase from \$80,233 to \$190,888.

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 2025-26 will increase from \$16.4 million to \$18 million to fund the cost of prior claims, resulting in an estimated increase in the use of additional Net County Cost of \$85,640.

Surety

This program covers departments against theft of County monies and securities. The premium for 2025-26 will increase from \$12,000 to \$24,000 with minimal impact to Net County Cost.

Auto Liability

This program covers 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 2025-26, the premium will increase from \$14.8 million to 17.7 million resulting in an estimated use of additional Net County Cost of \$2.5 million.

Auto liability claims administration services for Flood Control, Special Districts, and County Fire are also provided by Risk Management. Liabilities for their respective auto liability programs are paid from separate funds. The Flood Control Auto Liability premium will decrease from \$100,000 to \$0, and the Special Districts/County Fire Auto Liability premium will decrease from \$450,000 to \$360,000.

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 2025-26 will increase from \$35 million to \$45 million primarily based on claims costs, resulting in an estimated increase in the use of Net County Cost of \$8 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. No change is recommended to the current premium of \$39,000 for 2025-26. Minor shifts in the allocation of this premium between departments will result in minimal impact to Net County Cost.

Airport Liability

This program covers all liabilities for the six County-owned airports as well as the Sheriff/Coroner/Public Administrator's Aviation hangar. The premium for 2025-26 will increase from \$17,250 to \$19,837. 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 2025-26 will decrease from \$3.8 million to \$2.9 million, resulting in a decrease of \$379,157 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 2025-26 will increase from \$250,000 to \$432,347 to fund excess insurance coverage, resulting in an increase of \$182,347 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 2025-26 will decrease from \$1.1 million to \$900,000. 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 the Department of Public Works – 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 2025-26, the premium will decrease from \$4 million to \$2 million. This program is fully funded by Transportation, thus there is no impact to Net County Cost.

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Approval of the 2025-26 premiums will result in an overall cost increase of \$3.9 million. This increase results in an overall net increase in the use of Net County Cost of \$10.7 million. Impacts by insurance program fund are shown below.

<u>Program Name</u>	<u>2024-25 Approved Premium</u>	<u>2025-26 Proposed Premium</u>	<u>Change</u>	<u>User Department</u>	<u>Estimated Total Net County Cost Impact</u>
Workers' Compensation	\$64.7	\$57.0	-\$7.7	Total all departments	-\$0.0
Property	\$24.9	\$24.0	-\$0.9	Total all departments	-\$1.3
General Liability	\$17.3	\$16.4	-\$0.9	Total all departments	\$1.5
Human Services Liability	\$16.4	\$18.0	\$1.6	Human Services Departments****	\$0.1
Surety	\$0.0	\$0.0	\$0.01	Total all departments	\$0.0
Auto Liability	\$14.8	\$17.7	\$3.0	Total all departments	\$2.5
Law Enforcement Liability	\$35.0	\$45.0	\$10.0	Total all departments	\$8.0
Miscellaneous Pollution	\$0.0	\$0.0	\$0.00	Total all departments	\$0.0
Airport Liability	\$0.0	\$0.0	\$0.00	Total all departments	\$0.0
Medical Malpractice	\$3.8	\$2.9	-\$0.9	Total all departments	-\$0.4
Aircraft Liability	\$0.3	\$0.4	\$0.2	Sheriff-Operations	\$0.2
Environmental Liability	\$1.1	\$0.9	-\$0.2	Solid Waste Management	N/A
Road Design Liability	\$4.0	\$2.0	-\$2.0	Public Works Road Operations	N/A
Special Districts/JPA Property	\$0.5	Delete	-\$0.46	Special Districts and County Fire	N/A
Special Districts/JPA General Liability	\$1.2	\$1.6	\$0.4	Special Districts and County Fire	N/A
Special Districts/JPA Worker's Compensation	\$13.7	\$15.5	\$1.9	Special Districts and County Fire	N/A
Special Districts Auto Liability	\$0.5	\$0.4	-\$0.1	Special Districts and County Fire	N/A
Flood Control Liability	\$0.1	\$0.2	\$0.1	Flood Control	N/A
Flood Control Auto Liability	\$0.1	\$0.0	-\$0.1	Flood Control	N/A
Total	\$198.3	\$202.2	\$3.9		\$10.7

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

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		Current 2024-25	Proposed 2025-26	Increase/ Decrease
Property *	per \$1 of insured value, increased/decreased by Experience Modification	\$0.00789	\$0.00689	Decrease
Workers' Compensation **	per \$100 of payroll increased/ decreased by Experience Modification			
Safety employees		\$8.31	\$7.63	Decrease
Clerical employees		\$0.60	\$0.51	Decrease
Museum curators		\$2.78	\$2.67	Decrease
Institutional employees		\$4.05	\$3.71	Decrease
All other		\$2.48	\$2.18	Decrease
Laborers		\$27.04	\$22.03	Decrease
Road workers		\$5.26	\$4.54	Decrease
Probation employees		\$9.67	\$9.58	Decrease
Pre-School		\$5.53	\$4.62	Decrease
Sanitary employees		\$3.63	\$3.78	Increase
Fire Fighters (Non Volunteer)		\$9.29	\$10.00	Increase
Fire Fighters (Volunteer)		\$472.51	\$480.86	Increase
All Other Special Districts		\$0.29	\$0.28	Decrease
Other Public Agency Professionals		\$1.21	\$1.20	Decrease
Other Public Agency - Mechanics		\$13.17	\$12.14	Decrease
Road design liability	per program	\$4,000,000	\$2,000,000	Decrease
Automobile liability ***	per vehicle increased/ decreased by Experience Modification			
Passenger car		\$3,370.17	\$3,235.13	Decrease
Light truck		\$3,430.57	\$3,293.11	Decrease
Medium truck		\$4,562.68	\$4,379.85	Decrease
Heavy truck		\$6,189.31	\$5,941.30	Decrease
Heavy equipment		\$3,427.07	\$3,116.96	Decrease
Patrol vehicle		\$10,448.82	\$10,030.14	Decrease
Fire Trucks		\$9,890.58	\$9,494.27	Decrease
Ambulance		\$5,246.86	\$5,036.62	Decrease
Bus		\$5,122.72	\$4,917.45	Decrease
Rescue/ Paramedics		\$11,813.31	\$11,339.96	Decrease
Boat		\$3,247.07	\$3,116.96	Decrease
Snowblower/ Yardlift		\$3,247.07	\$3,116.96	Decrease
Law enforcement liability ***	per sworn personnel or peace officers and payroll, increased/ decreased by Experience Modification	\$11,808.37	\$15,146.00	Increase
Other general liability ***	per budgeted employee, and payroll increased/ decreased by Experience Modification	\$737.24	\$876.99	Increase
Surety bonds/crime ***	per budgeted employee increased/ decreased by Experience Modification	\$0.51	\$0.95	Increase

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Miscellaneous Pollution **	per budgeted employees (all)	\$1.67	\$1.54	Decrease
Airport liability	per program	\$17,250	\$19,837	Increase
Medical malpractice ***	per \$100 of payroll increased/decreased by Experience Modification	\$0.78	\$0.50	Decrease
HS Liability **	per \$100 of payroll	\$4.82	\$4.06	Decrease
Environmental liability	per program	\$1,100,000	\$900,000	Decrease
Aircraft liability	per program	\$250,000	\$432,347	Increase

* Weighted average rate, calculated using the total premium divided by total insured values. Does not reflect the portion of the premium based on experience.

** Base rates used to calculate the manual premium. Does not reflect the portion of the premium calculated based on experience.

***Weighted average rates, calculated using the total premium divided by total payroll. Does not reflect the portion of the premium calculated based on experience and a second manual component based on full time positions.