



San Bernardino County

Legislation Text

File #: 2304, Agenda Item #: 52

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

June 9, 2020

FROM

LEANNA WILLIAMS, Director, Department of Risk Management

SUBJECT

Renewal of Excess General Liability Insurance

RECOMMENDATION(S)

1. Approve the renewal of the County's Excess General Liability Insurance Program through the Public Risk Innovation, Solutions, and Management, as recommended by Alliant Insurance Services, Inc., with shared coverage limits of \$50 million inclusive of \$3 million self-insurance retention and \$2 million corridor, for a total premium cost not to exceed \$13,050,000, for the period of July 1, 2020 through July 1, 2021 as follows:
 - a. \$25 million, inclusive of \$3 million self-insurance retention, through the General Liability II Program of the Public Risk Innovation, Solutions, and Management, for a total premium of \$12,068,000.
 - b. \$25 million limit in excess of \$25 million underlying General Liability II layer, through the Optional Excess Liability Program of the Public Risk Innovation, Solutions, and Management, for a total premium of \$982,000.
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 \$13,050,000 will be paid from the Department of Risk Management's (DRM) liability self-insurance funds, and will be recovered through Board approved rates charged to County departments and Special Districts. 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 and procures excess insurance policies to provide additional protection for the County by transferring risk at the upper limits of the programs. The recommended renewal of the excess general liability program will maintain the current coverage limits of \$50 million, inclusive of the \$3 million self-insurance retention (SIR) and \$2 million annual aggregate loss corridor, which will be payable by the County only once for the entire policy

period, if there is one or more losses that reach or exceed the SIR. The total premium not to exceed \$13,050,000 represents an increase of \$3,384,198 or approximately 35% over last year's final premium cost of \$9,665,802, mainly due to the hardening of the insurance market for public entities, insurance carrier's uncertainty concerning the level of high severity cases and increase in number of claims filed in the last few years, which is a trend seen among many members of the General Liability II Program.

On May 21, 2019 (Item No. 102), the Board approved the purchase of the Excess General Liability Program for a total premium not to exceed \$9.4 million for the period of July 1, 2019 through July 1, 2020. On July 23, 2019 (Item No. 41), the Board approved an additional \$270,000 to fund the final insurance premium increase, due to the volatility of the insurance market and the final structure of the program reached on June 27, 2019.

The DRM recommends the renewal of the Excess General Liability Insurance Program to protect the financial assets of the County from exposure resulting from the daily activities and services that the County provides.

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 excess liability coverage through the CSAC-EIA shared limits program known as the General Liability II 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 is eligible to purchase excess general liability insurance through the PRISM 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.