



# County of San Bernardino

## Legislation Text

**File #: 2436, Agenda Item #: 76**

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

**June 23, 2020**

#### **FROM**

**LEANNA WILLIAMS, Director, Department of Risk Management**

#### **SUBJECT**

Renewal of Pollution Liability Insurance Program

#### **RECOMMENDATION(S)**

1. Approve the renewal of the County's pollution liability insurance program, as recommended by Willis Towers Watson Insurance Services West, Inc., formerly known as Willis Insurance Services of California, Inc., to provide \$50 million in coverage limits for each pollution condition and aggregated limits, in excess of a \$500,000 self-insurance retention, for a total premium not to exceed \$1.5 million, for the period of July 1, 2020 through July 1, 2023 as follows:
  - a. \$25 million limit in excess of \$500,000 self-insurance retention, for a premium not to exceed \$1 million with Chubb Insurance.
  - b. \$25 million limit in excess of \$25 million primary layer, for a premium not to exceed \$500,000 with Philadelphia Insurance Co.
2. Authorize the Director of the Department 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.**

#### **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 \$1.5 million, will be paid from the Department of Risk Management's (DRM) pollution liability insurance funds (4110 and 4124), and will be recovered through Board approved rates charged to County departments and Special Districts. Sufficient appropriation is included in the DRM's 2020-21 recommended budget.

#### **BACKGROUND INFORMATION**

The recommended renewal of the pollution liability insurance program will maintain the same coverage limits of \$50 million and a self-insurance retention (SIR) of \$500,000 as the previous policy. Limits are for a three-year term and do not reinstate on an annual basis. The total triannual premium of \$1.5 million represents an increase of \$285,782, or approximately 23.54% over the previous policy premium of \$1,214,218, mainly due to an increase in claim losses and hardening of the insurance market for public entities.

The DRM recommends the renewal of the pollution liability insurance program to protect the financial assets of the County from pollution exposures resulting from the daily activities and services that the County provides; thus, meeting the County goals of operating in a fiscally-responsible and business-like manner.

**PROCUREMENT**

On June 13, 2017 (Item No. 91), the Board approved the renewal of a pollution liability insurance program, for a total premium not to exceed \$1,214,218, for the period of July 1, 2017 through July 1, 2020.

On December 5, 2017 (Item No. 55), the Board approved contracts with insurance brokers, including Willis Insurance Services of California, Inc., for the period of December 11, 2017 through December 10, 2020. Willis Towers Watson Insurance Services West, Inc. f/k/a Willis Insurance Services of California, Inc., successfully marketed the pollution liability program and approached new and existing markets for quotes, as follows:

Insurance Co.	Response	
	Primary	Excess
Allianz	Declined - 3 Year Term	Quoting
Allied World	Declined - Water Products	Considering
Ascot	Declined - 3 Year Term	Quoting
Aspen	Declined to Quote - Term & Cover	Considering
AXA XL (Catlin)	Declined to Quote - Class	Quoting
Axis	Soft Declined - Appetite	Soft Declined - Appetite
Beazley	Declined - Water Products	Declined - Water Products
Berkley	Declined - Water Products	Declined - Water Products
Berkshire	No Reply	No Reply
<b>CHUBB (ACE)</b>	Quoted - Incumbent	N/A
GAIC	Declined - Water Products & Term	Considering

Ironshore/Liberty	Verbal Decline - Term & Water Products	Silent
Nautilus/Sompo	Declined - Water Products & Term	Declined - Water Products & Term
Navigators/Hartford	Declined - Products & Term	Declined - Products & Term
One Beacon	Declined - Products & Term	Declined - Products & Term
Philadelphia / Tokio Marine	Declined - Incumbent	Quoting with Options
Starr	No Reply	No Reply
Zurich	Declined	Quoting
Everest	Waiting	Waiting
Evanston/Markel	Considering	Considering
Freberg	Declined	Declined
Argo / Colony	Waiting	Waiting

Willis Towers Watson Insurance Services West, Inc. were able to present a proposal from the existing insurance carriers as follows:

Policy	Insurance Co.	Limits	Premium (Including terrorism, taxes & fees)
Primary Layer	CHUBB (ACE)	\$25M xs \$500,000 SIR	\$1,000,000
Excess Layer	Philadelphia/Tokio Marine	\$25M xs \$25M Primary Layer	\$ 500,000
		<b>TOTAL</b>	<b>\$1,500,000</b>

The DRM recommends the renewal of the pollution liability insurance program with above-listed existing carriers as they are the only proposers to meet the County's multi-year term and coverage requirements.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Teresa McGowan, Principal Assistant County Counsel, 387-5283) on May, 21, 2020; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on May 19, 2020; Finance (Joon Cho, Administrative Analyst, 387-5402) on June 3, 2020; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on June 3, 2020.