



San Bernardino County

Legislation Text

File #: 3008, Agenda Item #: 39

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

October 6, 2020

FROM

LEANNA WILLIAMS, Director, Department of Risk Management

SUBJECT

Renewal of Contractor's Pollution Liability Insurance Program for the Department of Public Works, Solid Waste Management Division

RECOMMENDATION(S)

Approve the renewal of contractor's pollution liability insurance program, as recommended by Willis Towers Watson Insurance Services West, Inc., to provide \$25 million in coverage limits for each pollution condition and aggregate limits, with a \$100,000 deductible, for a total premium not-to-exceed \$360,388, for a five-year term from October 8, 2020 through October 7, 2025.

(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 \$360,388, will be paid from the Department of Risk Management's (DRM) pollution liability insurance fund (4110), and will be recovered from the Department of Public Works, Solid Waste Management Division (SWMD). Sufficient appropriation is included in the DRM's 2020-21 budget.

BACKGROUND INFORMATION

DRM requires that all contractors working on SWMD sites secure pollution insurance coverage. This requirement has been problematic for some contractors and has limited the number of available contractors to provide professional engineering and construction services. To remedy this problem, the DRM's contracted insurance broker, Willis Towers Watson Insurance Services West, Inc., has marketed this program and provided a quote to renew the program for an additional five years.

Through this program, the DRM will secure pollution insurance coverage on behalf of all contractors working on SWMD sites. The price of the coverage can be amortized by SWMD over all projects performed in the policy period. This methodology assures that the required coverage is secured, increases the potential number of contractors to bid on projects, and reduces the cost of each contract since the contractor is not required to purchase pollution coverage independently. The purchase of a master policy such as this reduces the amount that would otherwise have been paid for individual policies.

PROCUREMENT

On September 15, 2015 (Item No. 58), the Board of Supervisors approved the purchase of a five-year term owner-controlled contractor's pollution insurance program for SWMD, in an amount of \$310,879, for a period of October 8, 2015 through October 7, 2020.

On August 17, 2020, the County's Broker, Willis Towers Watson Insurance Services West, Inc., marketed the program to 11 carriers - AIG, Tokio Marine, Zurich, Beazley, AWAC, Ironshore, Ascot, Aspen, Axaxl, GAIC, and AGCS, with 10 declining to quote and receiving only the following quote:

Carrier Name	5 Year Premium	Terrorism	Surplus Lines Taxes & Fees	Total Cost	Quote Expiration Date
Tokio Marine Specialty Insurance Company	\$343,670	\$ 3,437	\$13,281	\$360,388	10/08/2020

Staff from DRM and SWMD evaluated the quote and the Broker's proposal based on coverage and costs, and agreed with their recommendation to purchase coverage through Tokio Marine Specialty Insurance Company. The recommended coverage is competitively priced in the market and represents a total increase of \$49,509 or approximately 15.92% over the previous five-year policy, primarily due to higher value of construction projects.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bart W. Brizzee, Principal Assistant County Counsel, 387-5455) on September 4, 2020; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on September 10, 2020; Finance (Joon Cho, Administrative Analyst, 387-5402) on September 18, 2020; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on September 21, 2020.