



San Bernardino County

Legislation Text

File #: 4275, Agenda Item #: 78

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

June 8, 2021

FROM

LEANNA WILLIAMS, Director, Department of Risk Management

SUBJECT

Renewal of Primary General Liability Insurance for Specified Human Services Departments

RECOMMENDATION(S)

1. Approve the renewal of a primary general liability insurance policy for the following specified Human Services Departments, through the Public Risk Innovation, Solutions, and Management (PRISM), as recommended by Alliant Insurance Services, Inc. with \$3.0 million coverage limit, including a self-insurance retention of \$500,000, and a total premium of approximately \$2,984,000, for the period of July 1, 2021 through July 1, 2022 as follows:
 - a. Human Services Administration (Including Transitional Assistance, Children and Family Services, and Children's Network);
 - b. Aging and Adult Services;
 - c. Child Support Services;
 - d. Preschool Services;
 - e. Veterans Affairs.
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 of approximately \$2,984,000, will be paid from the Department of Risk Management's (DRM) Human Services (HS) liability insurance fund (4122), and will be recovered through Board approved rates charged to user departments. Sufficient appropriation will be included in the DRM's 2021-22 recommended budget.

BACKGROUND INFORMATION

The DRM administers the County's self-insurance programs for public liability and workers' compensation claims, as well as procures excess insurance policies to provide additional protection for the County by transferring risk at the upper limits of the programs. The specified HS departments have a separate primary general liability coverage below the County's excess program because of the high frequency and severity of

claims associated with these departments' functions. Retaining and paying losses up to the County's \$3.0 million self-insurance retention began to significantly impact the budgets of the HS departments. As a result, DRM was able to procure a buy-down option with a substantially lower self-insurance retention since 2003-04.

Currently with this insurance program, HS departments will only be obligated to pay up to \$500,000 versus \$3.0 million per claim. If a loss exceeds the limits provided under this coverage, the countywide excess general liability program will provide excess coverage up to \$50 million.

On June 2, 2020 (Item No. 37), the Board of Supervisors (Board) approved the renewal of a primary general liability insurance program, for a total premium not to exceed \$2,389,000, for the period of July 1, 2020 through July 1, 2021.

On July 14, 2020 (Item No. 46), the Board approved \$154,000 in additional premium for a total premium cost not to exceed \$2,543,000 for the period of July 1, 2020 through July 1, 2021.

The recommended renewal of the primary general liability insurance policy for specified HS departments will maintain the current coverage limits of \$3.0 million, inclusive of the \$500,000 self-insurance retention. The total premium of approximately \$2,984,000 represents an increase of \$441,399 or approximately 17.4% over last year's final premium cost of \$2,542,601, due to an increase in claim frequency, unexpected adverse claim activities, and market conditions. Public entities and the insurance industry have witnessed dramatic increases in liability loss development in recent years. In 2018-19, the CSAC-EIA GL1 Program experienced significant loss and a deterioration of surplus that caused significant rate increases in the excess insurance layers.

The DRM recommends the renewal of the primary general liability insurance policy for specified HS departments to protect the financial assets of the County from liability exposures resulting from the daily activities and services provided by the specified HS departments.

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

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 I 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.

On July 14, 2020 (Item No. 50), the Board approved a one-year extension of the contracts with insurance brokers, including Alliant Insurance Services, Inc., for the period of December 11, 2020 through December 10,

2021.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Cynthia O'Neill, Principal Assistant County Counsel, 387-5397) on April 28, 2021; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on May 7, 2021; Finance (Joon Cho, Administrative Analyst, 387-5402) on May 10, 2021; Human Resources (Diane Rundles, Human Resources Director, 387-5572) on May 10, 2021; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on May 11, 2021.