



San Bernardino County

Legislation Text

File #: 4276, Agenda Item #: 79

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 Excess Workers' Compensation Insurance

RECOMMENDATION(S)

1. Approve the renewal of the County's excess workers' compensation insurance program through Public Risk Innovation, Solutions, and Management (PRISM), as recommended by Alliant Insurance Services, Inc., with statutory coverage limits in excess of \$2.0 million self-insurance retention, and \$5.0 million employer's liability coverage, for a total premium of approximately \$3,684,000, for the period of July 1, 2021 through July 1, 2022.
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 \$3,684,000, will be paid from the Department of Risk Management's (DRM) workers' compensation self-insurance funds (4082 and 4104), and will be recovered through Board of Supervisors (Board) approved rates charged to County departments and Special Districts. 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 recommended renewal of the excess workers' compensation insurance program will maintain a self-insured retention (SIR) of \$2.0 million per occurrence, the statutory workers' compensation limits, and \$5.0 million employer's liability inclusive of the SIR of \$2.0 million. The total premium cost of approximately \$3,684,000 represents an increase of \$1,203,757 or approximately 48.5% over last year's final premium cost of \$2,480,243, due to an increase in claim frequency and severity, and employee payroll, as well as the hardening of the insurance market and increased medical costs.

On June 2, 2020 (Item No. 35), the Board approved the renewal of an excess workers' compensation insurance program, for a total premium not to exceed \$2,696,000, for the period of July 1, 2020 through July 1, 2021. The DRM recommends the renewal of the Excess Workers' Compensation Insurance Program to protect the financial assets of the County from exposures resulting from injuries and illnesses in the workplace, and employer's liability from any County department or Special District.

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 workers' compensation insurance coverage through the CSAC-EIA shared limits 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 4, 2021; Finance (Joon Cho, Administrative Analyst, 387-5402) on May 11, 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.