



San Bernardino County

Legislation Text

File #: 8044, Agenda Item #: 82

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

May 23, 2023

FROM

VICTOR TORDESILLAS, Director, Department of Risk Management

SUBJECT

Renewal of Excess General Liability Insurance Program

RECOMMENDATION(S)

1. Approve the renewal of the County's Excess General Liability Insurance Program through Public Risk Innovation, Solutions, and Management, with coverage limits of \$50,000,000, for a total premium cost of approximately \$25,159,000, for the one-year period of July 1, 2023, through July 1, 2024 as follows:
 - a. \$25,000,000 limit, inclusive of \$3,000,000 self-insurance retention and \$2,000,000 aggregated loss corridor, through the General Liability II Program of Public Risk Innovation, Solutions, and Management, for a total premium of approximately \$21,743,000.
 - b. \$25,000,000 limit in excess of \$25,000,000 underlying General Liability II Program, through the Optional Excess Liability Program of Public Risk Innovation, Solutions, and Management, for a total premium of approximately \$3,416,000.
2. Authorize the Director of Risk Management to execute the binding order on behalf of the County.
(Presenter: Victor Tordesillas, 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 and Stakeholders.

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 \$25,159,000 will be paid from the Department of Risk Management's (DRM) liability self-insurance funds and will be recovered through Board of Supervisors (Board) approved rates charged to County departments and Special Districts. Sufficient appropriation and revenue will be included in DRM's 2023-24 Recommended Budget.

BACKGROUND INFORMATION

DRM administers the County's self-insurance programs for public liability and worker's compensation claims and procures excess insurance policies for additional protection. On May 24, 2022 (Item No. 94), the Board approved the renewal of the Excess General Liability Insurance Program, for a total estimated premium of approximately \$19,569,000, for the one-year period of July 1, 2022, through July 1, 2023.

Approval of Recommendation No. 1 will provide a new one-year coverage period of July 1, 2023, through July

1, 2024, with a total renewal premium cost of approximately \$25,159,000. This represents an increase of \$7,673,349, or 43.8%, over last year's final premium cost of \$17,485,651. This year's increase is due to various factors, including a challenging insurance market for the public sector as a result of insurers leaving the market and an increase in size and frequency of claims.

On March 25, 2014 (Item No. 49), the Board approved a Joint Powers Authority Agreement (JPA) and Memorandum of Understanding (MOU), between the County and the California State Association of Counties - Excess Insurance Authority (CSAC-EIA), which granted eligibility for the County to purchase insurance through CSAC-EIA shared limits program. The MOU remains in effect until the County cancels its membership or until the Board of Directors cancels County participation with a majority vote.

On June 28, 2016 (Item No. 68), the Board approved a MOU between the County and the CSAC-EIA, granting the County eligibility to purchase general liability coverage through the CSAC-EIA shared limits program known as the General Liability II Program. The MOU remains in effect until the County cancels its membership or until the Board of Directors cancels County participation with a majority vote. In 2020, CSAC-EIA changed its name to Public Risk Innovation, Solutions, and Management (PRISM).

Alliant Insurance Services, Inc., the County's insurance broker, has recommended that the County renew the County's Excess General Liability Insurance Program through PRISM, the insurance carrier that provides the current coverage. The Excess General Liability Program provides coverage for all general liability exposure not covered by a separate specific policy and will maintain the current coverage limits of \$50,000,000 inclusive of the \$3,000,000 self-insurance retention (SIR) and \$2,000,000 annual aggregated loss corridor, which will be payable by the County until eroded, between one or more losses that exceed the SIR, for the entire policy period.

DRM recommends the renewal of the Excess General Liability Insurance Program to protect the County's financial assets from liability arising from the daily activities and services that it provides.

A final premium amount will not be available until closer to the actual renewal date due to the complexity of the negotiations PRISM engages in with multiple insurance carriers on behalf of the County and other insurance pool members to develop the County's Excess General Liability Insurance Program. Approval of Recommendation No. 2 will authorize the Director of Risk Management to execute the binding order on behalf of the County, ensuring a timely renewal process with no lapse in coverage to ensure continuous coverage for the County's Excess General Liability Insurance Program.

PROCUREMENT

As a member of the JPA, the County is eligible to purchase general liability insurance through the PRISM shared limits options. This eliminates the need for a County-facilitated procurement process, resulting in cost savings to the County through volume discounts and shielding from insurance market swings, which minimizes risk and uncertainty at renewal time.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Crane, Principal Assistant County Counsel, 387-5455) on April 11, 2023; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on April 11, 2023; Human Resources (Diane Rundles, Assistant Executive Officer, 387-5572) on April 24, 2023; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on April 26, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 6, 2023.