



San Bernardino County

Legislation Text

File #: 8048, Agenda Item #: 86

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 Primary General Liability Insurance for Specified Human Services Departments

RECOMMENDATION(S)

1. Approve the renewal of a primary general insurance policy with Public Risk Innovation, Solutions, and Management, with \$3,000,000 coverage limit, inclusive of \$500,000 self-insurance retention, for a premium cost of approximately \$4,606,000, for the one-year period of July 1, 2023, through July 1, 2024, for the following specified Human Services Departments:
 - a. Human Services Administration, including Transitional Assistance, Children and Family Services, and Children's Network
 - b. Department of Aging and Adult Services
 - c. Department of Child Support Services
 - d. Preschool Services Department
 - e. Veterans Affairs
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 additional Discretionary General Funding (Net County Cost). The total premium of approximately \$4,606,000 will be paid from the Department of Risk Management's (DRM) Human Services (HS) liability self-insurance fund (4122) and will be recovered through Board of Supervisors (Board) approved rates charged to the specified County departments. 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 workers' compensation claims and procures excess insurance policies for additional protection. DRM maintains a separate primary general liability policy for the specified HS departments due to high frequency and severity of claims that may arise from the services they provide. On May 24, 2022 (Item No. 92), the Board approved the renewal of an HS primary general liability insurance program, for a total premium of approximately \$4,452,401, 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 \$4,606,000. This represents an increase of \$1,185,897, approximately 34.6%, over last year's final premium cost of \$3,420,103. The increase is due to various factors, including a challenging insurance market for the public sector due to many insurers leaving the market, an increase in the frequency and size of claims, and an increase in losses within the pooled insurance group the County participates in.

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 Memorandum of Understanding (MOU) between the County and the CSAC-EIA, granting the County eligibility to purchase general liability coverage for specified HS departments through the CSAC-EIA shared limits program known as the General Liability I (GL1) 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 its HS general liability insurance policy for specified HS departments through PRISM, the insurance carrier that provides the current coverage. DRM recommends the renewal of the HS general liability insurance program to protect the County's financial assets from liability arising from services provided by the specified HS departments.

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 HS general liability insurance coverage. 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.

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 10, 2023; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on April 10, 2023; Human Resources (Diane Rundles, Assistant Executive Officer, 387-5572) on April 18, 2023; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on April 20, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 6, 2023.