



County of El Dorado

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Title: Human Resources, Risk Management Division, recommending the Board approve insurance coverage and programs for an estimated amount of \$2,055,727 and authorize the Chief Administrative Officer, or designee, to sign all documents required to bind said insurance coverage and programs for Fiscal Year 2017/18, including the following:

- 1) California State Association of Counties - Excess Insurance Authority insurance and program participation in the following: Excess General Liability; Excess Workers' Compensation; Property; Medical Malpractice; Pollution; Cyber Liability; Master Crime; Catastrophic Inmate Medical Insurance; Watercraft; Optional Excess General Liability; and Underground Storage Tank;
- 2) Employee Assistance Program participation with MHN;
- 3) Community Service Area 2 and 9 Special Liability Insurance Program participation with Alliant Insurance;
- 4) Airport Owners Insurance Policy participation with Old Republic Insurance; and
- 5) Volunteer Blanket Accident Insurance Policy participation with QBE Insurance Corporation.

FUNDING: Internal Service Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - FY 17-18 Program Premium Summary 17Jun6 6-20-17

Date	Ver.	Action By	Action	Result
6/27/2017	1	Board of Supervisors	Approved	Pass

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DEPARTMENT RECOMMENDATION

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DISCUSSION/BACKGROUND

The County faces a complex array of risks that can result in severe or catastrophic loss. Purchasing insurance helps protect the County from catastrophic general liability claims, automobile accidents, and workers' compensation injuries. Additionally, purchasing insurance protects the County from loss due to damage or destruction of County assets, pollution, crime, cyber liability, and airport operation exposures. The County procures a variety of insurance policies and programs to mitigate and transfer exposures to catastrophic loss. By securing these risk mitigating and transfer mechanisms, the County is better positioned to protect assets and personnel for the fulfillment of its services, objectives, and Strategic Plan.

This request is an annual process (see previous Legistar ID# 13-0817) for the Board to authorize the Risk Management Division to renew insurance coverage and programs provided by CSAC-EIA, Old Republic, QBE Insurance Corporation and Alliant. The County utilizes its participation in CSAC-EIA in conjunction with professional insurance brokerage services to place a variety of commercial insurance policies to protect the County. The total estimated premium for Fiscal Year (FY) 2017-18 is \$2,055,727. This represents a \$268,707 increase, primarily in worker's compensation premium (\$203,231), from FY 2016-17, which had a total premium of \$1,787,020. The increase in premium is primarily a result of loss history and the cost and capacity associated with the insurance market. The invoiced premium amounts may differ slightly from the attached estimates, as CSAC-EIA does not finalize premiums until program renewal.

The Risk Management Division has evaluated each of the insurance programs in terms of potential loss, coverage, self-insured retentions, deductibles, and policy limits, and recommends the purchase of insurance as described below.

CSAC-EIA Programs

CSAC-EIA is a Joint Powers Authority (JPA) comprised of California counties, cities and public agencies organized to jointly develop and fund insurance and related programs with the most favorable terms and costs. The County has been a CSAC-EIA Program participant for over twenty years. Current program participation includes:

Excess General Liability Program - provides coverage for claims from third parties alleging damages on the part of the member arising out of bodily injury, personal injury, property damage, public officials' errors and omissions, automobile liability and employment practices liability. The County has a \$1,000,000 self-insured retention in this program. The estimated premium for this program for FY 2017-18 is \$462,000. This reflects a \$44,286 increase from the previous fiscal year.

Excess Workers' Compensation Program - provides bodily injury and employer liability coverage for industrial related injury and illness. Coverage also includes compensation for loss of earnings at statutory rates. The County has a \$300,000 self-insured retention in this program and the estimated premium for FY 2017-18 is \$961,958. This reflects a \$203,231 increase from the previous fiscal year.

Property Program - provides coverage for physical damage to the County's property as a result of a variety of perils including flood and earthquake sublimits. The deductible for the "all risk" perils is \$25,000. Vehicles are insured at replacement cost. The deductible for values under \$250,000 is \$10,000 and \$100,000 for values over \$250,000. Contractor's equipment is covered with a \$10,000 deductible. Boiler and machinery and electronic data processing (EDP) equipment, data and media are also covered with a \$1,000 deductible. The estimated premium for this program for FY 2017-18 is \$181,353. This reflects a \$1,671 decrease from the previous fiscal year.

Medical Malpractice Program - provides coverage for alleged negligence arising from health care operations including clinics, hospitals, mental health, public health, jail clinics and coroner operations. The County has a \$10,000 deductible in this program. Premium for FY 2017-18 is estimated to be \$75,000. This program renews in October and is expected to finalize at the estimated premium amount. This reflects a \$6,000 increase from the previous fiscal year.

Pollution Program - provides first and third-party coverage for bodily injury, property damage and clean-up costs caused by pollution conditions at scheduled owned or leased sites or arising from certain operations. The self-insured retention is \$250,000 and the estimated coverage premium for FY 2017-18 is \$6,196, which is the same amount that was paid in the previous fiscal year.

Cyber Liability Program - provides information security and privacy liability insurance with electronic media liability coverage with a self-insured retention level of \$50,000. The FY 2017-18 premium is estimated at \$2,000. This reflects a \$370 increase from the previous fiscal year.

Master Crime Program - provides coverage for illegal acts committed by employees while on the job. Coverage includes, but is not limited to, employee theft including failure of faithful performance of duty, forgery or alteration, computer fraud and funds transfer fraud, money order and counterfeit paper currency acts. The deductible is \$2,500. The estimated premium for FY 2017-18 is \$14,000. This reflects a \$65 increase from the previous fiscal year.

Catastrophic Inmate Medical Insurance Program - provides medical expense coverage for inmates requiring off-site inpatient hospital services, outpatient surgical and associated physician services. There is no aggregate limit of liability cap and the program can be excess of coverage provided under an existing contract or placed as primary. The County has a \$75,000 deductible. The estimated FY 2017-18 premium at renewal is \$158,600. This reflects a \$7,600 increase from the previous fiscal

year.

Watercraft Program - provides property coverage as well as third party bodily injury for all owned watercraft operations including watercraft trailers. This is a fully insured program and the deductible is \$1,000. The estimated FY 2017-18 premium for this program is \$3,700. This reflects a \$316 increase from the previous fiscal year.

Optional Excess General Liability Program - provides excess insurance above the excess general liability program with identical coverage terms. The estimated premium for this program for FY 2017-18 is \$23,200. This represents a \$2,199 increase from the previous fiscal year.

UST Program (Underground Storage Tank) - designed to satisfy the dedicated limits requirement for the State of California for all USTs. This supplemental UST program offers dedicated annual \$1,000,000 limits per pool member. The UST program will renew on July 1 and is open to all current pollution program members. Deductibles under this program range on a per tank basis from \$50,000 to \$100,000 depending on tank age. The estimated FY 2017-18 premium is \$720, which is the same amount paid as the previous fiscal year.

Employee Assistance Program (EAP) - designed to help County employees effectively manage workplace and non-workplace issues. Services are offered through Managed Health Network (MHN) and include face-to-face clinical counseling, telephonic assessments and consultation, work and life services, online member services and employer services. Also available are financial and legal services. A review of program utilization indicates only 3% of employees use the maximum amount of sessions and the average usage is five. The FY 2017-18 estimated premium for this program is \$114,000 based on 1,747 employees at a monthly rate of \$5.44 per employee. This reflects a \$2,000 increase from the previous fiscal year.

Other Insurance Programs

Special Liability Insurance Program - The County purchases insurance for Community Service Area 2 and 9 Road Maintenance Zone of Benefit in a Special Liability Insurance Program (SLIP) offered through Alliant. The SLIP program is a unique liability program developed specifically for small public entities and not-for-profit organizations. This program renews in September and the premium for FY 2017-18 is estimated at \$44,000. This reflects a \$4,000 increase from the previous fiscal year.

Airport Operations Liability - This policy is placed with Old Republic through CALIP. This program provides liability and property coverage for Placerville and Georgetown Airport operations. This is a fully insured program with no deductible. The estimated premium for this program for FY 2017-18 is \$6,200. This reflects a \$337 increase from the previous fiscal year.

Volunteer Blanket Accident Insurance - This policy is placed with QBE Insurance Corporation. The County does not cover volunteers through Workers' Compensation. The County provides all volunteers with Accident Medical Expense Benefits of \$50,000 on an excess basis. There is a \$100 per accident deductible that is the responsibility of the volunteer, an additional Accidental Death Benefit of \$10,000 and an Accidental Dismemberment benefit up to \$10,000. The premium for this

fully insured program is based on the number of volunteers and total volunteer hours. For FY 2017-18, the estimated premium is \$2,800. This reflects a \$26 decrease from the previous fiscal year.

ALTERNATIVES

N/A

OTHER DEPARTMENT/AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

The Chief Administrative Office recommends approving the Division's recommendation.

FINANCIAL IMPACT

Funding for these insurance programs is included in the Risk Management Internal Service Fund budget for FY 2017-18, and costs are recouped from County Departments through internal charges. Appropriate costs are included in the FY 2017-18 Recommended Budget.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Provide a certified minute order of the agenda item to Risk Management and Chief Administrative Office.

STRATEGIC PLAN COMPONENT

Good governance

CONTACT

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