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Title: Human Resources, Risk Management Division, recommending the Board approve insurance coverage and programs for an estimated total amount of \$5,942,841 and authorize the Human Resources Department, Risk Management Division, to sign and approve all documents required to secure continued insurance coverage and programs for Fiscal Year 2019-2020 in order to avoid lapse of coverage, 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; Primary Workers' Compensation; Property; Medical Malpractice; Pollution; Cyber Liability; Master Crime; Catastrophic Inmate Medical Insurance; Watercraft; Underground Storage Tank; and Optional Excess General Liability;
- 2) Airport Owners Insurance Policy participation with Alliant; and
- 3) Volunteer Blanket Accident Insurance Policy with QBE.

FUNDING: Risk Management Internal Service Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - 2019-20 Insurance Programs Cost Breakdown 7-23-19

Date	Ver.	Action By	Action	Result
7/23/2019	1	Board of Supervisors	Approved	Pass

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FUNDING: Risk Management Internal Service Fund.

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 for the Board to authorize the Risk Management Division to renew insurance coverage and programs provided by CSAC-EIA, 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 FY 2019-20 is \$5,942,841. This represents a \$632,386 increase from FY2018-19 total premium of \$5,310,455. Most of this increase is the result of the mid-year change to primary workers' compensation insurance. We paid a pro-rated share of the premium last year, as we entered the program in September of 2018. Note: 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 more than 25 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 FY 2019-20 is \$581,773. This reflects an \$111,763 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. The estimated premium for FY 2019-20 is \$1,497,269. This reflects a \$129,220 decrease from the previous fiscal year.

Primary Workers' Compensation Program - Provides "First Dollar" bodily injury and employer liability coverage for industrial-related injury and illness. Coverage also includes compensation for loss of earnings at statutory rates. The estimated premium for FY 2019-20 is \$3,279,524. The pro-rated premium for FY 2018-19 (9/2018 - 6/2019) was \$2,723,924.

Property Program - Provides coverage for physical damage to the County's property as a result of a variety of perils including flood and earthquake sub-limits. 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 FY 2019-20 is \$192,831. This reflects a \$15,069 increase 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. The estimated premium for FY 2019-20 is \$201,000. This reflects a \$68,233 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 County has a \$250,000 self-insured retention in this program. The estimated premium for FY 2019-20 is \$4,307. This reflects a \$1,042 decrease from the previous fiscal year.

Cyber Liability Program - Provides information security and privacy liability insurance with electronic media liability coverage. The County has a \$50,000 self-insured retention in this program. The estimated premium for FY 2019-20 is \$1,879. This reflects a \$91 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, and money order and counterfeit paper currency acts. The deductible is \$2,500. The estimated premium for FY 2019-20 is \$16,118. This reflects a \$1,465 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 premium for FY 2019-20 is \$120,312. This reflects a \$591 decrease 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 premium for FY 2019-20 is \$3,600. This reflects a \$625 increase from the previous fiscal year.

Optional Excess Liability Program - Provides excess insurance above the excess general liability program with identical coverage terms. The estimated premium for FY 2019-20 is \$34,327. This represents a \$9,729 increase from the previous fiscal year.

Other Insurance Programs

Airport Operations Liability - This policy is placed with Alliant. 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 FY 2019-20 is \$5,863. This reflects no change from the previous fiscal year.

Volunteer Blanket Accident Insurance - This policy is placed with QBE Insurance Corporation. 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. The estimated premium for FY 2019-20 is \$2,628. This reflects a \$117 decrease from the previous fiscal year.

ALTERNATIVES

No viable alternative recommendations are available.

PRIOR BOARD ACTION

Legistar Item 18-1036 - FY 2018-19 approval of insurance programs on 07/07/2018.

Legistar Item 17-0817 - FY 2017-18 approval of insurance programs on 06/27/2017.

Legistar Item 13-0817 - FY 2016-17 approval of insurance programs on 07/18/2016.

OTHER DEPARTMENT/AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

It is recommended that the Board approve this item.

FINANCIAL IMPACT

Funding for these insurance programs is included in the Risk Management Internal Service Fund budget for FY 2019-20, and costs are recouped from County departments through internal charges. Funding is included in the Board approved FY 2019-20 Recommended Budget.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Provide one certified minute order of the agenda item to Katie Lee in the Human Resources Department, Risk Management Division; and one certified minute order of the agenda item to the Chief Administrative Office.

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

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