



## Legislation Text

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**File #:** 20-0851, **Version:** 1

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Human Resources Department, Risk Management Division, recommending the Board approve insurance coverage and programs for an estimated total amount of \$7,176,731 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 2020-21 in order to avoid lapse of coverage, including the following:

- 1) PRISM - insurance and program participation in the following: Excess General Liability; Excess Workers' Compensation; Primary Workers' Compensation; Property; Medical Malpractice; Employee Assistance Program, Pollution; Cyber Liability; Master Crime; Catastrophic Inmate Medical Insurance; Underground Storage Tank; Watercraft; and Optional Excess Liability;
- 2) Special Liability Insurance with Alliant; and
- 3) Airport Operations Liability with Old Republic; and
- 4) Volunteer Blanket Insurance with WellFleet.

**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 PRISM, Alliant, Old Republic, and WellFleet. The County utilizes its participation in PRISM 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) 2020-21 is \$7,176,731. This represents a \$1,091,407 increase from FY 2019-20. The insurance market is cyclical as it fluctuates constantly between a hard market and a soft market. Currently organizations are experiencing a hard market where premiums increase and capacity for most types of insurance decreases. This can be caused by a number of factors, including falling investment returns for insurers, increases in frequency or severity of losses, and regulatory intervention deemed to be against the interests of insurers. Note: The invoiced premium amounts may differ slightly from the attached estimates, as PRISM 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.

### **PRISM Programs**

PRISM 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 PRISM 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 2020-21 is \$726,000. This reflects a \$114,227 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 2020-21 is \$1,561,689. This reflects a \$64,420 increase 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 2020-21 is \$4,002,421. This reflects a \$722,897 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 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 2020-21 is \$287,755. This reflects a \$94,923 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 2020-21 is \$237,481. This reflects a \$39,580 increase from the previous fiscal year.

**Employee Assistance Program (EAP)** - Designed to help County employees effectively manage workplace and non-workplace issues. Services 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. This program is free to our employees and provides problem-solving support, work and life services, and health and wellness resources. The

estimated premium for FY 2020-21 is \$107,577. This reflects a \$12,123 decrease 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 2020-21 is \$4,307. This premium is the same as 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 2020-21 is \$5,605. This reflects a \$3,726 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 2020-21 is \$20,000. This reflects a \$3,882 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 2020-21 is \$119,059. This reflects a \$1,253 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 2020-21 is \$6,490. This reflects a \$1,774 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 2020-21 is \$55,000. This represents a \$20,673 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. The estimated premium for FY 2020-21 is \$32,719. This reflects a \$6,544 increase from the previous fiscal year. This program renews in September.

**Airport Operations Liability** - This policy is placed with Old Republic. 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 2020-21 is \$8,000. This reflects a \$2,137 increase from the previous fiscal year.

**Volunteer Blanket Accident Insurance** - This policy is placed with WellFleet. 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 2020-21 is \$2,628. This premium is the same as the previous fiscal year.

#### **ALTERNATIVES**

No viable alternative recommendations are available.

#### **PRIOR BOARD ACTION**

FY 2019-20 Risk Insurance Renewals (Legistar #: 19-1084)

#### **OTHER DEPARTMENT/AGENCY INVOLVEMENT**

N/A

#### **CAO RECOMMENDATION**

Approve as recommended.

#### **FINANCIAL IMPACT**

Funding for these insurance programs is included in the Risk Management Internal Service Fund budget for FY 2020-21, and costs are recouped from County departments through internal charges. Funding is included in the FY 2020-21 Recommended Budget.

#### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

Provide one certified minute order of the agenda item to Robert Schroeder 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**

Tameka Usher, Director of Human Resources