



Legislation Text

File #: 21-1266, **Version:** 1

Human Resources, Risk Management Division, recommending the Board:

- 1) Approve Pollution Extended Benefit Period insurance coverage for a total amount of \$25,270; and
- 2) Authorize the Human Resources Department, Risk Management Division, to sign and approve binding documents.

FUNDING: Risk Management Internal Service Fund.

DISCUSSION/BACKGROUND

The 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.

Pollution/Remediation Legal Liability policies are written on a "Claims Made and Reported" coverage form, which means that all claims and all known incidents that could give rise to a claim must be reported to the company during the policy period or back to its retroactive date an extended reporting period (ERP), also known as tail coverage, in order for coverage to apply. This is important in that the County's Prism partners have had some unfortunate circumstances in the past where incidents or claims that would likely have otherwise been covered, however were not, because the reporting requirement of known circumstances or incidents was overlooked.

Alliant sent a communication on April 27, 2021 notifying members that the current carrier, Illinois Union (Chubb), was non-renewing. With this change, came a loss of retroactive coverage, effective July 1, 2021, which triggered action required by each member to report any known pollution incidents. The change in the retroactive date removes coverage for any known and unknown conditions and provides new conditions coverage only for claims involving mold, restoration costs and legionella and sewage backup claims.

On July 20, 2021 with Legistar item 21-1065, the Board approved a renewal policy with Ironshore totaling \$15,904. The renewal carrier, Ironshore, excludes all pollution conditions that occurred prior to the renewal policy's inception and any known or pre-existing pollution conditions will not be covered by the renewal policy. PRISM (formerly CSAC EIA) staff and Alliant recommended purchasing the three-year option of the ERP. Risk has received the invoice for the three-year ERP policy which is \$25,270, bringing the total cost of the Pollution Program to \$41,174. This represents a \$36,867 increase from the prior carrier without the ERP. This policy will cover known and unknown claims prior to July 1, 2021 for 3 years.

ALTERNATIVES

The Board could not purchase the Extended Reporting Period coverage and pay for any unknown pollution claim from County reserves.

PRIOR BOARD ACTION

07/21/2021 Legistar 21-1065 - Approval of Fiscal Year 2021-22 Insurance Program

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 2021-22, and costs are recouped from County departments through internal charges. Funding is included in the FY 2021-22 Recommended Budget.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Provide one certified minute order of the agenda item to Michael Andersen/Joseph Carruesco 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

Joseph Carruesco, Director of Human Resources