



County Counsel
Risk Management Division
COUNTY OF TULARE
AGENDA ITEM

BOARD OF SUPERVISORS

KUYLER CROCKER
 District One
 PETE VANDER POEL
 District Two
 AMY SHUKLIAN
 District Three
 J. STEVEN WORTHLEY
 District Four
 MIKE ENNIS
 District Five

AGENDA DATE: May 22, 2018

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
CONTACT PERSON: Susan L. Cox, Risk Manager PHONE: 559 205-1206				

SUBJECT: Renewal of the County’s Insurance Programs through the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) and authorization to contract for actuarial services.

REQUEST(S):

That the Board of Supervisors:

1. Authorize the Risk Manager to renew the County’s Excess Workers’ Compensation, General Liability and Optional Excess Liability, Aviation, Master Crime Policy, Watercraft, Property and Cyber Liability Insurance Programs through CSAC-EIA for the 2018/2019 policy years.
2. Ratify the renewal of the following Programs: General Liability I & II, Excess Workers’ Compensation, Property, Master Crime Policy, Medical Malpractice, Aircraft and Airport Operations and find that it is in the County’s best interest to enter into these programs.
3. Authorize the Risk Manager, in consultation with the CAO office, to approve the payment of insurance program costs and premiums, upon receipt, unless directed otherwise by the Board of Supervisors.
4. Authorize the Risk Manager to enter into an agreement with Bickmore and Associates for General Liability, Workers’ Compensation and Medical Malpractice actuarial services. CSAC-EIA contracts with Bickmore and

SUBJECT: Renewal of the County's Insurance Programs through the California State
DATE: May 22, 2018 Association of Counties-Excess Insurance Authority (CSAC-EIA).

Associates to provide low cost actuarial services.

SUMMARY:

The County of Tulare is a member of CSAC-EIA and participates in its insurance programs by utilizing self-insured retentions, pooled funds and purchase of re-insurance through Alliant Insurance Brokers. The following is a summary of the insurance program renewals for 2018/2019 policy term. The CSAC-EIA insurance programs have consistently provided broad coverage designed specifically for public entities at competitive prices. This is true again this year.

Excess Workers' Compensation Program Renewal, July 1, 2018

Tulare County is self-insured for its Workers' Compensation Program and utilizes a self-insured retention of \$125,000. Coverage includes Employers' Liability and statutory limits.

Coverage is provided by the CSAC-EIA pool from the retention to \$5 million and is reinsured by Ace American Insurance Company (Chubb) for excess of \$5 million to \$50 million. Liberty Insurance Corporation provides excess of \$50 million with statutory limits.

The total estimated deposit premium for 2018/2019 is \$3,314,000 based on an estimated payroll of \$253,365,578. The cost of the expiring coverage is \$3,105,192. The estimated increase in cost of \$208,808 is due to rate increases, loss development and an increase in estimated payroll.

General Liability I, II, Optional Excess Liability Program Renewal, July 1, 2018

The County participates in the CSAC-EIA General Liability Program as follows:

Tulare County is self-insured for its General Liability with a self-insured retention of \$250,000. The General Liability I Program provides limits of \$750,000 above the self-insured retention and the estimated premium for the renewal is \$1,280,000. The cost of expiring coverage is \$1,166,899. The estimated increase of \$113,101 is due to market fluctuations.

The General Liability II Program provides liability coverage limits of \$25 million excess of \$1 million (GL I). Alliant Insurance is still negotiating details for the renewal and it is possible the terms may be adjusted before renewal. It is anticipated the premium will not exceed \$2,204,962. The premium for the expiring coverage is \$1,633,305.

The County purchases Optional Liability Limits of \$10 million. The premium projections anticipate an increase between 10 to 20 percent over the expiring premium. The cost to renew limits as expiring will not exceed \$70,100.

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Property Insurance Program Renewal, March 31, 2018

The County participates in the CSAC-EIA Property Program. The County reported \$713,813,717 Total Insurable Value (TIV) for the renewal term. TIV's have increased about 1.6 percent over last year. In addition to the TIV, the premium is based on loss histories.

The County's coverage includes 600 million in all risk limits, 300 million in flood limits and \$25 million in shared limits for Earthquake. The following are some deductibles that apply to the County's program: \$10,000 for all risk; \$10,000 for vehicles at replacement cost coverage; \$5,000 for boiler and machinery. Other deductibles apply to other property loss exposures. The estimated premium cost for the renewal is \$371,168 and the cost of the expiring coverage is \$372,170 which is a slight reduction.

Medical Malpractice Insurance Program Renewal, October 1, 2018

The County participates in the Medical Malpractice Program through CSAC-EIA. This program renews on October 1, 2018. Last year's premium was \$427,588 and it is anticipated that the premium for the 2018/2019 policy year will be between \$444,000 and \$507,000. CSAC-EIA has made changes to the allocation methodology to bring the allocation more in line with other casualty program allocations. In addition, there is a 5 to 20 percent increase in premium estimates. CSAC-EIA indicates that this estimate is for budgeting purposes and may very well be reduced as it is early in the renewal process.

Aircraft and Airport Liability Insurance Program Renewal, July 1, 2018

The Aviation Insurance program will remain with Starr Indemnity and Liability Company and is the second of a three year policy. The estimated premium cost for the renewal of the Aircraft Liability shall not exceed \$33,700. The cost of the expiring coverage is \$24,208. The sizable increase is due to the purchase of new aircraft and an addition of 7 drones.

The estimated premium cost for the renewal of the Airport Liability coverage will not exceed \$5,000. The cost of the expiring coverage is \$4,734. CSAC-EIA estimates a 5% rate increase.

Master Crime Policy Renewal, July 1, 2018

The Master Crime Policy protects the County against financial loss as a result of employee theft, forgery, robbery, computer fraud, fund transfer fraud, money orders and counterfeit paper currency. The County utilizes a \$25,000 deductible and the current coverage limit is \$15 million. The policy is a government crime policy that covers all agencies, authorities, and districts governed by your Board. The program includes coverage for elected and appointed officials.

SUBJECT: Renewal of the County's Insurance Programs through the California State Association of Counties-Excess Insurance Authority (CSAC-EIA).
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The policy for renewal includes \$15 million in coverage limits. The cost for renewal is estimated to not exceed \$25,400. The expiring premium is \$20,300.

Watercraft Insurance Program Renewal, July 1, 2018

The Watercraft Program coverage is provided by Navigators Insurance Company and provides coverage for property damage and bodily injury caused by the County's vessels. The liability limit is \$1 million and a \$1,000 deductible applies. The cost of coverage for renewal will not exceed \$2,600 and the cost of the expiring coverage is \$2,441.

Cyber Liability Insurance Program, July 1, 2018

Cyber Liability coverage protects the County from the liability associated with violations of a privacy law, theft or loss of personal non-public information and computer data breach. The coverage includes reimbursement for privacy notification costs, claim expense and penalties the insured may become legally obligated to pay resulting from a violation of a privacy law and website media content liability. The program includes \$20 million in combined limits for all members and a sublimit of \$2,000,000 per member of the program. The County's self-insured retention is \$100,000 based upon reported Total Insured Value over \$500 million. The cost of coverage for the renewal will be no more than \$5,100.

Approval of Insurance Program Costs

CSAC-EIA and Alliant Insurance Brokers aggressively market the programs each year and the negotiations often continue throughout the month of June in order to obtain the best coverage option for its membership. To improve operating efficiency and effectiveness, it is requested that the Risk Manager be authorized to approve payments of insurance program costs and premiums unless otherwise directed by the Board. This request is consistent with the trend of other public entities and the Risk Manager will continue to survey the market to identify the best available coverage options on behalf of the County.

Approval of Actuarial Services

The Actuarial Services provide an assessment of the County's financial condition as it relates to the self-insured programs. Such assessments contribute to the financial stability of the County through risk control analysis, benchmarking and forecasting. CSAC-EIA provides an annual subsidy of up to \$2,000 for actuarial services through Bickmore and Associates for members in the Excess Workers' Compensation and General Liability I & II. It is estimated this service will cost the County \$4,500, which is \$8,178 less than a quote from the current actuarial company we use. In addition, Bickmore has quoted \$3,000 to complete a Medical Malpractice actuarial.

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FISCAL IMPACT/FINANCING:

The cost of insurance is planned for and budgeted. Approval of this request contributes to the financial stability of the County and protects the County's assets.

The Actuarial Services provide an assessment of the County's financial condition as it relates to the self-insured programs.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

1. Organizational Performance: To continuously improved organizational effectiveness and fiscal stability.
2. Provide for the stability of County operations through periods of economic fluctuations, changing priorities and service demands.

ADMINISTRATIVE SIGN-OFF:

Susan L. Cox
Risk Manager

Cc: Auditor-Controller
County Counsel
County Administrative Office (2)

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF (Renewal of the)
County's Insurance Programs through the) Resolution No. _____
California State Association of Counties-) Agreement No. _____
Excess Insurance Authority CSAC-EIA))

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

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