



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
 EDDIE VALERO
 District Four
 DENNIS TOWNSEND
 District Five

AGENDA DATE: June 23, 2020

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 PHONE: 559-205-1206

SUBJECT: Renewal of the County's Insurance Programs and Policies of Coverage through the Public Risk Innovation Solutions Management (PRISM) Joint Powers Authority

REQUEST(S):
 That the Board of Supervisors:

1. Authorize the Risk Manager to renew the County's Excess Workers' Compensation, General Liability I & II, Property, Medical Malpractice, Master Crime Policy, Optional Excess Liability, Airport & Aircraft Operations, Watercraft, Pollution, and Cyber Liability policies of coverage through Public Risk Innovation Solutions Management (PRISM) Joint Powers Authority for the 2020/2021 policy years.
2. Authorize the Risk Manager to renew the Excess Workers' Compensation, General Liability I & II, Property, Medical Malpractice programs and find that it is in the County's best interest to continue in these insurance programs.
3. Authorize the Risk Manager, in consultation with the CAO office, to approve the payment of insurance program costs and premiums, upon receipt.

SUMMARY:

The County of Tulare is a member CSAC Excess Insurance Authority (CSAC-EIA) Insurance program and participates in several of its mixed pool and insurance programs. On March 6, 2020, the CSAC-EIA voted to rebrand with the new name and make modifications to its joint powers agreement to be more effective in its operations. On May 5, 2020, Tulare County Board of Supervisors approved Resolution No. 2020-0219 approving the amended Joint Powers Agreement, which provides for restructuring, modification on the joint powers agreement language, and the rebranding of the name of CSAC-EIA to Public Risk Innovation

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Solutions Management (PRISM) effective June 30, 2020.

In the 2020/2021 fiscal year, the County will continue to participate in the rebranded PRISM Joint Powers Authority (JPA) and its insurance programs by utilizing self-insured retentions, pooled funds, and purchase of reinsurance through Alliant Insurance Brokers. The following is a summary of the insurance policy and program renewals for the 2020/2021 policy term. The JPA's 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, 2020

Tulare County is self-insured for its Workers' Compensation Program and utilizes a self-insured retention (SIR) of \$125,000. Coverage includes Employers' Liability and statutory limits. Excess insurance coverage is then provided through PRISM pool's excess reinsurance carriers from the County's \$125,000 SIR to \$50 million with statutory limits.

The total estimated deposit premium for 2020/2021 is \$3,622,000 based on an estimated payroll of \$261,659,910. The estimated cost increase of \$251,319 represents an estimated 7% increase in cost due to market rate increases, claim loss development, and an increase in estimated payroll.

General Liability I, II, Optional Excess Liability Program Renewal, July 1, 2020

The County participates in the PRISM General Liability Program as follows:

- Tulare County is self-insured for its General Liability with a self-insured retention (SIR) of \$250,000. The General Liability I Program provides limits of \$750,000 above the self-insured retention to \$1 million. The estimated cost for renewal is \$1,866,000.
- The General Liability II Program provides liability coverage limits of \$25 million excess of \$1 million (GL I). The estimated cost for renewal is \$3,758,000.
- The County purchases additional Optional Liability Limits of \$10 million in coverage. The estimated cost for renewal is \$132,600.

The estimated cost increase of \$1,436,337 represents up to a 33% increase over the prior premiums. PRISM's estimated renewals for liability coverages are conservative and are based on an assumed average premium increase up to 40% based on a hardening market for liability insurance and continued significant year over year adverse claims development for public agencies.

Alliant Insurance is still negotiating details for the renewal of these insurance coverages, and it is possible the terms may be adjusted before renewal.

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Property Insurance Program Renewal, March 31, 2020

The County participates in the PRISM Property Program. 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 County reported \$783,523,292 Total Insurable Value (TIV) for its current property coverage, which includes the completion of the South County Detention Center. The County's property premium is based on TIV value and loss histories. The estimated premium cost for the renewal is \$580,000.

Medical Malpractice Insurance Program Renewal, October 1, 2020

The County participates in the Medical Malpractice Program through PRISM. This program renews on October 1, 2020. The premium for the 2020/2021 policy year is estimated not to exceed \$430,000. PRISM has made changes to the allocation methodology to bring the allocations more in line with other casualty program allocations. It assumes there is up to a 20 percent increase in premium estimates. This estimate is conservative for budgeting purposes and may very well be reduced.

Aircraft and Airport Liability Insurance Program Renewal, July 1, 2020

The Aviation Insurance program will remain with Starr Indemnity and Liability Company. This is the third year of a three-year policy, and the premiums are based on a flat rate and do not reflect any changes in exposures. The estimated premium cost for the renewals of the Aircraft coverage is \$26,000, and the renewal of the Airport Liability coverage is \$7,000. Any changes to exposure will impact final premiums.

Master Crime Policy Renewal, July 1, 2020

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.

The program is in the first year of a two-year agreement with AIG. The estimated cost for renewal is expected not to exceed \$31,000. This premium estimate assumes up to a 20% increase over the expiring premium and does not contemplate any exposure changes.

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Watercraft Insurance Program Renewal, July 1, 2020

The Watercraft Program coverage 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 estimated cost of coverage for renewal is \$4,000.

Pollution Insurance Program Renewal, July 1, 2020

The Pollution Program coverage provides coverage for property damage due to covered pollution events. The program is in the third year of a three-year agreement. The final year premium installment is \$913.

Cyber Liability Insurance Program, July 1, 2020

Cyber Liability coverage protects the County from the liability associated with violations of 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. Effective July 1, 2020, the program added two additional layers of limits providing \$70 million program annual aggregate up from the current \$50 million in combined limits for all members and increased up to \$12 million from the current \$7 million per member of the program and annual aggregate. The County's self-insured retention is \$50,000 based upon reported Total Insured Value less than \$750 million. The estimated cost of coverage for renewal is \$13,300.

Approval of Insurance Program Costs

PRISM and Alliant Insurance Brokers aggressively market the programs each year, and the negotiations often continue throughout the month of June 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. It is estimated this service will cost the County \$4,500 for each actuarial study. PRISM provides an annual subsidy of up to \$2,000 for actuarial

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services through Bickmore and Associates for members in the Excess Workers' Compensation and General Liability I & II.

It should be noted that the County may only terminate coverage by providing notice of its intention at least 90 days before the end of an insurance policy year, the JPA may terminate coverage with 60 days written notice before the end of an insurance policy year.

FISCAL IMPACT/FINANCING:


The cost of insurance is planned and will be budgeted for fiscal year 2020/21. 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: County Administrative Office

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

IN THE MATTER OF RENEWAL OF THE)
COUNTY'S INSURANCE PROGRAMS AND) Resolution No. _____
POLICIES OF COVERAGE THROUGH THE) Agreement No. _____
PUBLIC RISK INNOVATION SOLUTIONS)
MANAGEMENT (PRISM) JOINT POWERS)
AUTHORITY)

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: JASON T. BRITT
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

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