

**County Counsel  
Risk Management  
COUNTY OF TULARE  
AGENDA ITEM  
REVISED**

**BOARD OF SUPERVISORS**

ALLEN ISHIDA  
District One

PETE VANDER POEL  
District Two

PHILLIP A. COX  
District Three

J. STEVEN WORTHLEY  
District Four

MIKE ENNIS  
District Five

**AGENDA DATE:** June 21, 2011

Public Hearing Required	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)						
	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

CONTACT PERSON: Robyn Henry    PHONE: 559-623-0290

**SUBJECT:**                      Renewal of the County's Insurance Programs through the California State Association of Counties (CSAC-EIA).

**REQUEST(S):**

That the Board of Supervisors:

1. Authorize the Risk Manager to bind coverage to renew the County's Workers' Compensation, General Liability, Aviation and Marine Insurance Programs through CSAC-EIA and authorize the Risk Manager to pay the premium invoices.
2. Ratify the renewal of the Property Insurance program and authorize the Risk Manager to pay the premium invoice.
3. Find that the Risk Manager had authority to renew the Property Insurance Program as of March 31, 2011 and that it was in the County's best interest to enter into the agreement on that date.

**SUMMARY:**

The County of Tulare participates in various insurance programs through CSAC-EIA (California State Association of Counties - Excess Insurance Authority). The Workers' Compensation, General Liability, Aviation and Marine Program renewal date is July 1, 2011. The property program renewal date is March 31, 2011. The premium invoices for all insurance programs will be received and due for payment sometime on or after July 1, 2011. Below is a summary of the programs that will expire on June 30, 2011.

**SUBJECT:** Renewal of the County's Insurance Programs through the California State Association of Counties (CSAC-EIA).  
**DATE:** June 21, 2011

### **Workers Compensation Insurance Program**

The current program utilizes a \$125 thousand Self Insured Retention (SIR) and includes statutory coverage limits. The structure for the proposed renewal is the same as the expiring.

Castle Point National Insurance Company provides limits of \$875 Thousand Excess a \$125 Thousand SIR. A CSAC-EIA pool provides coverage limits from \$1 Mil to \$5 Mil. ACE American Insurance Company provides \$45 mil in limits excess \$5 Mil. CHARTIS Insurance Company provides Statutory Limits Excess \$50 Mil. For the past three years the County has purchased optional L.C. 4850 coverage. This coverage has not proven to be economically beneficial to the County and will not be renewed this year.

The County paid \$1,696,428 in premium for this program last year. The indication for the 2011/12 coverage year is \$2,099,436. The increase in the premium amount is due to the County's loss development since the program inception in 2009/10. Since that time the County has had several serious workers' compensation injuries that have resulted in substantial reserve amounts. This is the final year of a three year coverage program that has been overall cost effective for the County.

### **General Liability Insurance Program**

The County has used a \$250,000 SIR for its General Liability Insurance Program since July of 2003. The General Liability I Program includes coverage Excess the County's \$250,000 SIR up to \$1 Mil. The County participates in the General Liability II Program which when combined with General Liability I Program provides the County with \$25 Mil in coverage limits. The County also purchases Optional Excess limits of \$10 Mil. Currently total General Liability coverage limits are \$36 Mil.

The General Liability I and II Programs have been aggressively marketed by Alliant Specialty Insurance Services for the 2011/12 term. For the renewal a new carrier will provide the \$15 mil Excess \$10 Mil layer as Torus non-renewed the program due to a change in marketing strategy. The total limits for General Liability I and II programs at renewal will be \$24 Mil excess \$1 Mil, the same as expiring. Marketing efforts will continue this month. The final indication reveals premium will not exceed \$2,100,000 for the General Liability I, II and Optional Excess coverage. Total coverage limits for renewal are expected to remain at \$36 Mil.

### **Property Insurance Program**

The County's Property Program has been insured through CSAC-EIA since 1988. The CSAC program offers the most comprehensive coverage available and meets the needs of the County as a public entity. Coverage includes replacement cost coverage for County automobiles subject to a \$15,000 deductible. The deductible

**SUBJECT:** Renewal of the County's Insurance Programs through the California State Association of Counties (CSAC-EIA).  
**DATE:** June 21, 2011

for automobile losses was increased this year from \$10,000 to \$15,000 each loss due to adverse loss history for the program as a whole.

The coverage through CSAC-EIA includes the provision of loss prevention services, a yearly \$1000 loss prevention subsidy and a property appraisal service every five years for all buildings over \$250 thousand at no cost and at a low cost for buildings under \$250 thousand. The property program premium for the 2011/12 renewal is \$303,694. The County paid \$299,753 last year. The County completed a property appraisal in 2009/10. The appraisal resulted in an increase of \$3.5 Mil in the County's total insurable values and this accounts for the increase in the premium amount for the renewal.

### **Aviation Insurance Program**

The County of Tulare currently participates in the California Airport Liability Insurance Program (CALIP) and the California Municipal Aircraft Insurance Program (CAMP) through Phoenix Aviation Managers, Inc. These programs provide insurance coverage to protect the County against losses arising from the County's owned airport and aircraft activities.

The existing coverage will expire on 06/30/2011 and is due for renewal on 07/1/2011. A new aircraft was added to the policy with coverage beginning June 6, 2011. The additional aircraft is responsible for an increase in the annual premium of \$4,521. Total Aircraft premium with the new aircraft will be \$15,549. The airport premium is \$4,734 and the combined total Aviation Program premium is \$20,283. The County's overall premium rate was reduced by 14.6%. The carrier for the aviation program is Old Republic and provides \$5 Mil in combined Single Limit bodily Injury coverage including passengers and property damage each aircraft as well as other coverages.

### **Marine Insurance Program**

The County of Tulare currently participates in the Watercraft Program through CSAC-EIA. This program provides insurance coverage to protect the County against losses incurred from the operation of the County's owned watercraft.

The current coverage will expire on 6/30/11. The Watercraft program renewal term is 07/1/11 through 6/30/12. A review of the County's overall insurance coverage indicates watercraft are not excluded from the County's General Liability Insurance Program and the General Liability Program will cover losses over and above the \$300,000 watercraft limit, greatly reducing the County's premium. Additionally, three water craft were surplus, resulting in an overall premium total premium reduction of 82.9% with no reduction in coverage or limits.

**SUBJECT:** Renewal of the County's Insurance Programs through the California State Association of Counties (CSAC-EIA).  
**DATE:** June 21, 2011

**FISCAL IMPACT/FINANCING:**

Insurance costs are planned for and budgeted. Approval of this recommendation will not have an adverse financial impact.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

**Strategic Initiative 4.2**

1. Organizational Performance - Continuously improve organizational effectiveness and fiscal stability.
2. Provide for the stability of County operations through periods of economic fluctuations, changing priorities and service demands.

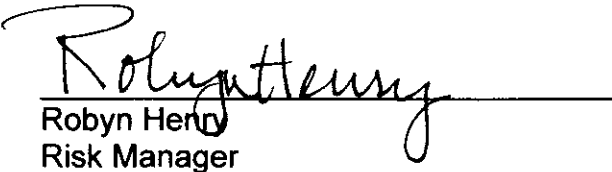
**ALTERNATIVES:**

1. Do not approve renewal of the County's Insurance Programs through CSAC-EIA. This is not recommended as the proposed renewal provides coverage specifically designed for public entities such as the County and is economically feasible.

**INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:**

This recommendation provides financial protection for the physical, financial and human resource assets of all County Agencies.

**ADMINISTRATIVE SIGN-OFF:**

  
Robyn Henry  
Risk Manager

Cc: Auditor/Controller  
County Counsel  
County Administrative Office (3)

Attachment(s)

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

**IN THE MATTER OF** Renewal of the )  
County's Insurance Programs through )  
the California State Association of )  
Counties (CSAC-EIA). )

**RESOLUTION NO.** \_\_\_\_\_  
**AGREEMENT NO.** \_\_\_\_\_

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: JEAN M. ROUSSEAU  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

\* \* \* \* \*

1. Authorized the Risk Manager to bind coverage to renew the County's Workers' Compensation, General Liability, Aviation and Marine Insurance Programs through CSAC-EIA and authorize the Risk Manager to pay the premium invoices.
2. Ratified the renewal of the Property Insurance program on March 31, 2011 and authorized the Risk Manager to pay the premium invoice.
3. Found that the Risk Manager had authority to renew the Property Insurance Program as of March 31, 2011 and that it was in the County's best interest to enter into the agreement on that date.

# COMMUNITY INSURANCE POLICY PROGRAMS

Coverage Period	Program Name	Self Insured Retention/Deductible	Member Since	Memorandum/ Policy Number	Premium	Limits
7/1/2010 - 7/1/2011 7/1/2011 - 7/1/2012	<b>Excess Workers' Compensation</b>	125 THOU	7/1/2008	EIA 10 EWC-48	\$1,696,428 \$2,099,436	Statutory
7/1/2010 - 7/1/2011 7/1/2011 - 7/1/2012	<b>General Liability I</b>	250 THOU	7/1/2003	EIA 10 EL-50	\$1,138,716 \$925,813	1 MIL
7/1/2010 - 7/1/2011 7/1/2011 - 7/1/2012	<b>General Liability II</b>	1 MIL	2/15/1991	EIA 10 GL2-12	\$1,198,456 \$1,062,341	25 MIL
7/1/2010 - 7/1/2011 7/1/2011 - 7/1/2012	<b>Optional Excess Liability</b>	25 MIL	1/22/2003	FF0320100003	\$36,580 \$42,000 - \$46,000	10 MIL xs 25 MIL
10/1/2008 - 10/1/2011 10/1/2011 - 10/1/2012	<b>Medical Malpractice</b>	10 THOU	1/1/1991	EIA 07 MP 12	\$406,468 \$275,000 - \$291,000	21 MIL xs 10 THOU Deductible
3/31/2010 - 3/31/2011 3/31/2011 - 3/31/2012	<b>Property</b>	10 THOU - Vehicles 15 THOU - Vehicles	6/30/1998	EIA PPR10-13	\$299,753 \$303,694	\$602 MIL all risks, flood and combined EQ limits of 25 MIL in Tower VI
7/1/2010 - 6/30/2011 7/1/2011 - 6/30/2012	<b>Aircraft</b>	5 THOU - In Motion 1 THOU - Not in Motion	6/30/2010	HL000070807	\$11,028 \$15,549	5 MIL
7/1/2010 - 6/30-2011 7/1/2011 - 6/30/2012	<b>Airport Liability</b>	None	6/30/2010	PR00230907	\$5,260 \$4,734	10 MIL
6/30/2010 - 6/30/2011 6/30/2011 - 6/30/2012	<b>Watercraft</b>	1 THOU	6/30/2010	SF10CFT338141	\$9,416 \$1,608	2 MIL 25 MIL xs 300 THOU