



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: June 28, 2022

DATE: Thursday, June 23, 2022

TO: Board of County Commissioners

FROM: Doreen Ertell, Risk Management Division
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THROUGH: Cathy Hill, Comptroller
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SUBJECT: Recommendation to authorize the Comptroller's Office to place the Excess Liability Insurance Policy with Safety National Casualty Corporation and Safety Specialty Insurance Company for an estimated annual cost of [\$370,490] effective July 1, 2022 and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, with funding from the Risk Management Fund. (All Commission Districts).

SUMMARY

Seeking Board authorization to renew the County's Excess Liability Insurance with the recommended insurance companies. The policy is written on an annual term with an effective date of July 1, 2022.

Washoe County Strategic Objective supported by this item: Stewardship of our Community.

PREVIOUS ACTION

On June 23, 2021, the Board authorized the placement of the County's Excess Liability Insurance with Safety National & Safety Specialty Insurance Companies for an annual premium of \$310,144.

On June 23, 2020, the Board authorized the placement of the County's Excess Liability Insurance with Peleus Insurance Company for an annual premium of \$212,812.

On June 25, 2019, the Board authorized the placement of the County's Excess Liability Insurance with Peleus Insurance Company for an annual premium of \$199,380.

On June 19, 2018, the Board authorized the placement of the County's Excess Liability Insurance with Peleus Insurance Company for an annual premium of \$189,881.

On June 27, 2017, the Board authorized the placement of the County's Excess Liability Insurance with Peleus Insurance Company for an annual premium of \$189,202.

AGENDA ITEM # _____

In December 2017, USI Insurance Services (USI) acquired Wells Fargo Insurance Services. USI maintained its Reno office and the same local team which continues to serve Washoe County. USI is one of the largest insurance brokerage and consulting firms in the world with local team members in Washoe County.

On February 14, 2006, and annually thereafter, the Board authorized renewal of the Excess Liability Insurance with Insurance Company of the State of Pennsylvania for one-year terms.

On May 23, 2006, the Board approved the appointment of Acordia of Nevada, Inc., a wholly owned subsidiary of Wells Fargo, as the broker of record for the County's property, liability, and workers' compensation insurance programs. Wells Fargo subsequently changed the operating name from Acordia to Wells Fargo Insurance Services.

BACKGROUND

The Risk Management Division administers all liability claims filed against Washoe County, pursuant to Washoe County Code 65.020. Approved or settled losses, including judgments, are paid from the Risk Management Fund. To protect against large or catastrophic losses, the County purchases excess liability insurance to cover any loss exceeding a selected retention.

The County was insured by Insurance Company of the State of Pennsylvania (part of AIG) from 2003 to 2017. USI marketed the coverage in 2017 to several insurance companies and received the most competitive quote from Peleus Insurance Company. Peleus provided broad coverage including General Liability, Auto Liability, Employee Benefits Liability, Law Enforcement Liability, Public Officials (Errors & Omissions) Liability and Employment Practices Liability. USI marketed the coverage again in 2021 and received the most competitive quote from Safety National & Safety Specialty Insurance Companies. Coverage is provided with \$2,000,000 occurrence limits separately for each coverage and primary aggregate limits of \$4,000,000 for General Liability and \$2,000,000 for Public Officials/Employment Practices and Law Enforcement Liability. No aggregate limit applies to Auto Liability. Coverage is also provided with excess liability limits of \$3,000,000 per occurrence or wrongful act subject to a \$6,000,000 excess aggregate limit. Coverage continues to be subject to a \$1,500,000 self-insured retention per occurrence.

Insurance Market Updates

Excess Self-Insured Liability Insurance

Safety National Casualty Corporation provided renewal terms on an admitted basis including coverage for General Liability, Auto Liability, Employee Benefits Liability and Law Enforcement Liability. Safety Specialty Insurance Company provided renewal terms on a non-admitted, surplus lines basis for Employment Practices Liability and Public Officials (Errors & Omissions) Liability. Non-admitted insurers have more flexibility in policy wording but are not protected by the state insurance guaranty fund. Non-admitted premiums are also subject to surplus lines taxes and fees totaling 3.9%, which are included in the estimated amount. All the coverage listed above is currently written with Peleus Insurance Company on a non-admitted, surplus lines basis.

Coverage with Safety National and Safety Specialty would be subject the following limits and self-insured retentions, subject to underwriting approval and quote issuance.

Coverage	Each Occurrence/Act	Aggregate	Retention
General Liability	\$2,000,000	\$4,000,000	\$1,500,000
Employee Benefits Liability (Claims Made)	\$2,000,000	\$4,000,000	\$1,500,000
Auto Liability	\$2,000,000	N/A	\$1,500,000
Employment Practices & Public Officials	\$2,000,000	\$2,000,000	\$1,500,000
Law Enforcement Liability	\$2,000,000	\$2,000,000	\$1,500,000
Excess Liability	\$3,000,000	\$6,000,000	-

Safety National is a leading specialty insurance and reinsurance provider. With a culture built on relationships, and over 75 years of unique expertise, they specialize in providing long-term solutions to our valued customers. The insurer is rated A+ by A.M. Best with an adjusted policyholders' surplus of more than \$2 billion. Safety National is a subsidiary of Tokio Marine Holdings. With nearly \$200 billion in assets, Tokio Marine is among the top 10 insurance groups in the world and its companies are among the highest rated.

Safety National provides a suite of online risk control resources to help customers strengthen their safety and compliance programs. Safety National also currently provides excess workers compensation and employer's liability to Washoe County.

The total annual cost, including broker compensation, was \$310,143.24 for 2021/22. The annual cost for the renewal term is estimated at \$370,490 for 2022/23, an increase of 19.5%. The increase is partially due to insurance market conditions noted above and the increasing severity of claims facing governmental entities. The renewal increase is also due to increases in rating factors which include budgeted payroll, number of employees, number of vehicles and law enforcement officers.

FISCAL IMPACT

Funding for the Excess Liability Insurance Policy renewal premium estimated at \$370,490 is available within the FY23 adopted budget in the Risk Management Fund (619).

RECOMMENDATION

It is recommended that the Board of County Commissioners authorize the Comptroller's Office to place the Excess Liability Insurance Policy with Safety National Casualty Corporation and Safety Specialty Insurance Company for an estimated annual cost of [\$370,490] effective July 1, 2022, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, with funding from the Risk Management Fund.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

I move to authorize the Comptroller's Office to place the Excess Liability Insurance Policy with Safety National Casualty Corporation and Safety Specialty Insurance Company for an estimated annual cost of [\$370,490] effective July 1, 2022 and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, with funding from the Risk Management Fund.