



# WASHOE COUNTY

Integrity Communication Service

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## STAFF REPORT

BOARD MEETING DATE: June 25, 2024

**DATE:** Monday, June 10, 2024

**TO:** Board of County Commissioners

**FROM:** Doreen Ertell, Sr. Risk Management Analyst, Risk Management Division  
(775) 328-2660, [dertell@washoecounty.gov](mailto:dertell@washoecounty.gov)

**THROUGH:** Cathy Hill, Comptroller  
(775) 328-2563, [chill@washoecounty.gov](mailto:chill@washoecounty.gov)

**SUBJECT:** Recommendation to authorize the Comptroller's Office to renew the Excess Workers' Compensation Insurance Policy with Safety National for a one-year term with an estimated annual premium of [\$415,946] effective July 1, 2024, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, funding from the Risk Management Fund source. Comptroller. (All Commission Districts). FOR POSSIBLE ACTION

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### SUMMARY

Seeking Board authorization to renew the policies for Excess Workers' Compensation Insurance for an annual policy term effective date of July 1, 2024.

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

### PREVIOUS ACTION

On June 27, 2023 the Board authorized the renewal of the Excess Worker's Compensation Insurance Policy for a one-year term.

On June 28, 2022, the Board authorized the renewal of the Excess Worker's Compensation Insurance Policy for a one-year term.

On June 29, 2021, the Board authorized the renewal of the Excess Worker's Compensation Insurance Policy for a one-year term.

On June 23, 2020, the Board authorized the renewal of the Excess Worker's Compensation Insurance Policy for the second year of a two-year policy term with annual premium installments.

On June 25, 2019, the Board authorized the renewal of the Excess Worker's Compensation Insurance Policy for a two-year term with annual premium installments.

AGENDA ITEM # \_\_\_\_\_

On June 19, 2018, the Board authorized the renewal of the above referenced coverage for a one-year term.

## **BACKGROUND**

The County's broker is USI Insurance Services (USI). USI continues to provide brokerage and consulting services through its experienced, local team based in Reno. USI is one of the largest insurance brokerage and consulting firms in the world with local team members in Washoe County. They monitor changes in the marketplace and when appropriate, solicit bids from qualified insurers.

### **Insurance Market Updates**

The U.S. property/casualty (P/C) industry recorded a ten-year high underwriting loss of \$38 billion in 2023, according to AM Best. Catastrophic losses, inflation and increased reinsurance costs were all contributing factors. Commercial property/casualty premiums increased by an average of 7.73% in the first quarter, according to the Council of Insurance Agents and Brokers. Property rates increased by an average of 10.1% and commercial auto was up 9.8%.

The industry experienced \$65 billion in CAT losses in 2023, including \$35 billion due to secondary perils (hail, tornadoes, thunderstorms, wildfires). This follows several years of record and above average catastrophic losses. The overall combined ratio for the P&C industry increased from 103.1 to 103.7 from 2022 to 2023, which includes loss and expense ratios.

### **Excess Workers' Compensation Insurance.**

Washoe County has been self-insured for workers' compensation since July 1, 1981. Nevada law requires any self-insured employer for workers' compensation to maintain a policy of excess insurance to protect the employer from large or catastrophic losses (NRS 616B.300, 5).

Safety National has provided a renewal quote for Washoe County with no increase in the premium rate. The annual renewal premium is \$415,946, an increase of \$57,336 over the expiring term. The increase is due to an approximate 16% in estimated capped payroll.

The renewal policy maintains a self-insured retention of \$1.5 million per occurrence for all classes of employment, except for a self-insured retention of \$3.5 million per occurrence which applies to presumptive claims only. The lower \$1.5 million retention will continue to apply to all other non-presumptive occupational injuries.

The coverage offered by Safety National includes several important endorsements and extensions including aviation coverage, no late reporting penalty and waiver of subrogation when required by written contract or agreement.

Safety National is a leading specialty insurance and reinsurance provider. Serving thousands of customers nationwide for over 75 years, the company offers specialized expertise, flexible program and placement design, and unique claims proficiency. Safety National is a member of the Tokio Marine Group and is rated A++ (superior), with a Financial Size Category of XV by A.M. Best.

**FISCAL IMPACT**

The total annual cost for the recommended insurance renewals is:

Excess Workers' Compensation (Safety National): \$ 415,946

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**Total Annual Renewal Cost: \$415,946**

The recommended renewal results in an increase of \$57,335 from FY 2023/24 premiums, due to increased payroll estimates from the County.

Funding for the Excess Workers' Compensation Insurance Policy renewal premium of [\$415,946] is available within the FY2025 adopted budget in the Risk Management Fund (619).

**RECOMMENDATION**

It is recommended that the Board of County Commissioners authorize the Comptroller's Office to renew the Excess Workers' Compensation Insurance Policy with Safety National for one year at a premium of [\$415,946] effective July 1, 2024, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, funding from the Risk Management Fund source.

**POSSIBLE MOTION**

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

I move to authorize the Comptroller's Office to renew the Excess Workers' Compensation Insurance Policy with Safety National for one year at a premium of [\$415,946] effective July 1, 2024, and authorize the Comptroller's Office to sign the applications and agreements necessary to bind coverage, funding from the Risk Management Fund source.