

East Bay Regional Park District Board Finance Committee Agenda Item 4.b

Insurance Program Renewal

May 22, 2024

Alma Balmes, Risk Manager



Park District's Insurance Program

PRISM

*(Public Risk Innovation,
Solutions & Management)*

- General Liability
- Property | Cyber | Watercraft
- Excess Workers' Compensation
- Aircraft with Drone Endorsement

Other Coverages

- Crime (Alliant)
- Bond (Western Surety)

Insurance Program Overview



Favorable claims history and ability to manage claims; strong majority controlled within our self-insured retention limits



California market challenges and reinsurer departures from the risk pool



Liability Trend: US claims climbed on average 16% each year over 2018-2022 and continues. “New Normal”

California Insurance Landscape

- **Distressed auto insurance market**
 - 2020-21: Auto accidents on the rise 25% (Premiums increased 4.5%)
 - CA froze rates during the pandemic to protect the insured
 - Exited: GEICO, Allstate, Liberty Mutual
- **Property/homeowner dropped coverages**
 - July 2024: State Farm – residences (30,000)
 - Aug 2024: State Farm – commercial apartment properties (42,000)
 - June 2025: Nationwide Insurance Co. – will stop renewing all policies (20,275)
 - Other large insurers have stopped renewals
 - Limited options for California residents and businesses

Property Program

- \$25,000 Self-Insured Retention (SIR) Limit
- Estimated premium increase from prior year ~30%
- Prior Losses: 2017 storms; 2020 Vasco Hills ranch fire; 2020 COVID-19 business interruption; 2021 Miller Knox Ferry Point pier collapse; 2023-24 Heavy equipment and vehicle losses; 2023 winter storms (PRISM pool = \$70M+ and growing; California = \$1B+ estimate)
- **Added to the 2024/25 Policy Period**
 - Contra Loma north and south docks
 - Coyote Hills entry kiosk, observation decks, restrooms
 - Del Valle West Shore restrooms
 - Sibley Pinehurst pedestrian-vehicle bridges
 - Sunol Pleasanton Ridge Tyler Ranch Staging Area restroom
 - Police/Air Support Unit leased hangars and offices



General Liability Program

- Driven by socioeconomic inflation
- US Liability costs have risen an average of 16% over the last 5 years (2018-2022)
- PRISM: Since 2013/14 GL claims resolved an average \$20-30M (prior \$5-10M)
- Reducing capacity: how much risk carriers are willing to assume
- Holding aggregate limits: capped coverage for multiple losses in a policy period
- Dramatically increasing rates



2024-2025 Insurance Premiums

INSURANCE PROGRAM	ACTUAL	ESTIMATED*	CHANGE AMT	% CHANGE
	7/1/23 – 6/30/24	7/1/24 – 6/30/25	24/25 – 23/24	24/25 -23/24
General Liability	\$1,932,919	\$2,551,000	\$618,081	24.2%
Property	\$1,478,806	\$2,110,000	\$631,194	29.9%
Workers' Compensation	\$651,054	\$932,000	\$280,946	30.1%
WC Self-Insured Assessment	\$266,968	\$275,000	\$8,032	2.9%
Aircraft	\$102,026	\$117,300	\$15,274	13.0%
Crime	\$9,000	\$9,000	\$0	0.0%
Watercraft	\$2,071	\$2,300	\$229	10.0%
Cyber Liability	\$30,988	\$46,500	\$15,512	33.4%
Bond	\$1,000	\$1,000	\$0	0.0%
TOTAL	\$4,474,832	\$6,044,100	\$1,569,268	26.0%

Note: Policies run traditional fiscal year (FY); Park District runs on calendar FY. Estimates are not-to-exceed amounts based on both prior year actuals and projections.

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General Liability (Revised)	\$1,932,919	\$2,067,000	\$134,081	6.5%
Property	\$1,478,806	\$2,110,000	\$631,194	29.9%
Workers' Compensation	\$651,054	\$932,000	\$280,946	30.1%
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Bond	\$1,000	\$1,000	\$0	0.0%
TOTAL	\$4,474,832	\$5,560,100	\$1,085,268	19.5%

Note: Policies run traditional fiscal year (FY); Park District runs on calendar FY. Estimates are not-to-exceed amounts based on both prior year actuals and projections.

Looking Forward

State of the insurance market

THEN → frequency or severity

NOW → frequency of severity

- **2024/2025 Policy Period:**

- Maintain stability
- Revisit self-insured retention (SIR) limits
- Continue participation in the PRISM pool/JPA
- Continue to implement loss control strategies to reduce losses and exposures



Recommendation

Review the Park District insurance program and recommend that the full Board of Directors:

- (1) Renew the general liability, property, aircraft, excess workers' compensation, watercraft, crime, and cyber liability policies for the 2024/2025 policy period; and
- (2) Authorize the self-insured assessment payment to the California Department of Industrial Relations in an amount not to exceed \$275,000.

