




**EAST BAY REGIONAL PARK DISTRICT
FINANCE COMMITTEE
AGENDA STAFF REPORT**

DATE	May 14, 2025
TITLE	Authorization to Renew the East Bay Regional Park District's Insurance Program
DIVISION	Human Resources
FROM	Alma Balmes, Risk Manager Jessica Romeo, AGM Human Resources
APPROVED	Sabrina Landreth, General Manager 

RECOMMENDATION

Staff requests that the Board Finance Committee review the 2025/2026 insurance program staff report and recommend to the full Board of Directors renewal of the Park District's insurance program in an amount not to exceed \$6,267,900 including authorization of payment to the California Department of Industrial Relations for workers' compensation self-insured assessment costs in an amount not to exceed \$275,000.

BACKGROUND

The Park District purchases excess insurance coverage through Public Risk Innovation, Solutions, and Management (or PRISM), a member-directed risk sharing pool of counties, cities, special districts, and other public entities. Volume discounts and a wide variety of services provided to members are benefits of belonging to a large risk sharing pool.

ANALYSIS

The Park District continues to maintain favorable claims history and manages nearly all claims within our self-insured retention limits. Because of an overall increase in both frequency and severity of claims of public agencies that participate in the General Liability I (GLI) Program due to high jury awards and other socioeconomic factors, the Park District anticipates a thirty-four percent (34%) increase in premium costs this upcoming policy period in 2025/26, which is ten percent (10%) greater than the prior year increase.

The PRISM Property Program continues to navigate an insurance market that is significantly shaped by weather-related events like atmospheric rivers that then produce flooding events. In the first quarter of 2025, notable loss challenges include the Eaton fire in Southern California and total loss estimates impacting the risk sharing pool are yet to be determined. The Park District estimates an overall eighteen percent (18%) increase for the property program, which is a lesser increment than last year's estimated 30% increase for property insurance. Additions to the 2025/2026 property schedule include the Dumbarton Quarry service building and yard and existing property taken over by the Park District at Camp Arroyo that can be used for operational space needs.

Excess workers' compensation premium costs is anticipated to be a seven percent (7%) increase, which is a vast improvement compared to the two prior policy terms that estimated WC premiums to be a year-over-year thirty percent (30%) increase. Although the cost of future medical costs can be difficult to accurately project for more serious injuries and rising medical inflation, the Park District has reduced indemnity payments by forty percent (40%) over the last five years paying less in lost wages to employee claimants due in large part to a robust return-to-work program and opportunities for modified and light duty.

For 2025/2026, crime coverage will continue to be provided by the Alliant Crime Insurance Program (ACIP) and Western Surety Company will issue the bond as required for a lease agreement with the City and County of San Francisco. The aviation policy with STARR Companies will offer a total policy coverage limit of \$50 million for the two Park District Police Department helicopters in service, as well as a drone endorsement for several unmanned aircrafts operated by several Park District staff who are licensed by the Federal Aviation Administration to operate drones for public safety purposes and planning and geographic information systems (GIS) operational needs.

The Park District's cyber liability premium is estimated to increase just over \$15,000 or fifty-three percent (53%), which is twenty percent (20%) higher than the prior year. Public agencies in general are overwhelmed by cyber incident claims and costs associated with ransomware attacks, compromised system rebuilding, bad actors and fraudulent transactions that lead to business interruption. The Park District continues to make significant efforts to further strengthen systems in order to protect assets and information.

FISCAL IMPACT

To keep pace with baseline insurance market costs, the projection of costs used a comparison of estimates to actual premiums and increased the 2025 base budget in anticipation of a continued "hard" insurance market, where premiums are increasing and coverage is shrinking. The 2025/2026 insurance program costs have a high-end estimate of a \$1.3 million overall increase, or twenty-seven percent (27%), which is flat compared to last year's increase estimates. The table below shows the actual rates for the current year and the not-to-exceed 2025/2026 insurance cost estimates. Actuals typically come in lower than projected and premiums should be supported by the existing Risk budget. The Risk Department is monitoring the budget closely and depending on final premium costs to be released late June and early July, may return to the full Board for a mid-year budget adjustment to appropriate Risk reserves.

INSURANCE PROGRAM	ACTUAL 7/1/24 – 6/30/25	ESTIMATED* 7/1/25 – 6/30/26	CHANGE AMT 25/26 – 24/25	% CHANGE 25/26 – 24/25
General Liability	2,009,983	2,698,000	688,017	34%
Property	1,838,217	2,163,000	324,783	18%
Workers' Compensation	874,854	937,000	62,146	7%
WC Self-Insured Assessment	61,310	275,000	213,690	349%
Aircraft	104,067	127,500	23,433	23%
Crime	16,889	20,000	3,111	18%
Watercraft	2,112	2,400	288	14%
Cyber Liability	28,421	43,500	15,079	53%
Bond	1,000	1,500	500	50%
TOTAL	\$4,936,853	\$6,267,900	\$1,331,047	27%

**Estimated not-to-exceed amounts. The Park District budgets on a calendar year, while insurance policy periods run concurrently with the traditional public agency fiscal year. Cost analysis is based on budget and actuals that consider both.*

Through several years of analysis, Risk Department has determined that excess insurance secured through PRISM and participating in a large risk sharing pool as a direct member with other public agencies provides the greatest protection for the Park District. The Risk Department will continue exploring other self-insured models and risk sharing pools as the insurance market continues to evolve.

Workers' Compensation Self-Insured Assessment:

In addition to excess workers' compensation insurance premiums, the State Department of Industrial Relations assesses employers for the costs of the administration of the workers' compensation, health and safety, and labor standards enforcement programs as administered by the State Office of Self-Insured Plans (OSIP). The OSIP assessment cost is largely driven by paid indemnity cost. While the District's actual assessment for the 2024/2025 year was \$61,310—significantly lower than budgeted due to a decrease in indemnity payments—the Risk Department is recommending authorization to make this payment in a not-to-exceed amount of \$275,000.

The \$275,000 figure is within the amount adopted in the current year's budget and does not represent a true increase in planned expenditure. Rather than reduce the budget to reflect the prior-year actuals, the Risk Department recommends maintaining the original budgeted amount to account for the inherent variability in assessment calculations. The 349% change shown in the fiscal table reflects the difference between last year's unusually low actuals and this year's flat budget, not a material increase in costs.

Workers Compensation Fund proposed encumbrances are at the not-to-exceed premium estimates below:

WORKERS' COMPENSATION – FUND 552	
Workers' Compensation (552-2055-000-6801)	\$937,000
WC Self-Insured Assessment (552-2055-000-6931)	\$275,000
Total Encumbrance	\$ 1,212,000

General Liability Fund proposed encumbrances are at the not-to-exceed premium estimates below (555-2055-000-6801):

GENERAL LIABILITY – FUND 555	
General Liability	\$ 2,698,000
Property	\$ 2,163,000
Aircraft	\$ 127,500
Crime	\$ 20,000
Watercraft	\$ 2,400
Cyber Liability	\$ 43,500
Bond	\$ 1,500
Total Encumbrance	\$ 5,055,900

ATTACHMENTS

None.