



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: 12/13/16
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department: Mona Miyasato, County Executive Officer, 568-3400
Director(s)
Contact Info: Tom Alvarez, Budget Director, 568-3432
Ray Aromatorio, Risk Manager, 884-6865
SUBJECT: Delegation of Authority to Risk Manager for Insurance and Ancillary Risk Services

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Delegate, to the extent not previously delegated, and confirm, to the extent not previously delegated, authority for the Risk Manager to:
 - i) Purchase, through the California State Association of Counties Excess Insurance Authority Excess Insurance Authority (CSAC EIA), with funds approved in the adopted annual budget, insurance necessary to protect the County against risks and liabilities, including, but not limited to, coverage for workers' compensation, property damage (including flood and earthquake damage), general liability, and medical malpractice;
 - ii) Participate in other programs and ancillary services offered through CSAC EIA, as needed;
 - iii) Provide insurance waivers in accordance with County policy;
 - iv) Provide proof of insurance to vendors and other entities when necessary;
 - v) Provide for the consistency and adequacy of indemnification agreements with parties contracting for the delivery of services to the County;

- vi) Handle claims both against and on behalf of the County, including conducting investigations, signing proof of loss and other claim-related documents, and settling claims within the settlement authority expressly granted by the Board; and,
- vii) Perform other acts consistent with the prudent management of County risks and liabilities.

Summary Text: The Board's approval of the recommended action will clarify Risk Management's authority to manage the County's risk and insurance programs consistently with current County policies and budgetary limitations, as well as industry "best practices." The primary reason for requesting clarification is that, due to the passage of time, documentation of the Board's prior delegation of authority either no longer exists or cannot be located.

Background: County employees have for many years administered the County's public liability and workers' compensation claims and purchased insurance to protect the County against risks through its Risk Management Division. The County's Risk Management Division has been administering various claims and insurance programs since the late 1970's. Risk Management has been active in protecting the County against risks and has been a division within a number of County departments for almost 40 years, beginning with the Personnel Department (Risk Management was then called "Special Services), moving to County Counsel, General Services and now as a division of the County Executive Office. Through those years, Risk Management has been self-administering public liability, workers' compensation, medical malpractice and property claims, contracting at times with third party administrators, but continuously overseeing all of the County's risk and insurance programs. In the mid 1990's, the Risk Management Evaluation Team (RMET) was formed to oversee and advise Risk Management on actuarial reports, rate setting, targeted fund balance levels and other decision making functions. The RMET is comprised of the County Executive Officer, County Counsel, the Auditor Controller and the Budget Director.

On November 1, 1979, the County became a founding member of CSAC EIA. CSAC EIA is a member-directed risk-sharing pool, which includes counties and other public entity members, which are committed to providing risk coverage programs and risk management services. CSAC EIA is the largest public entity insurer in California, insuring 55 California counties, 121 California towns and cities, including Goleta and Lompoc, numerous school districts, special districts, fire districts, housing authorities, joint powers authorities and other districts and entities throughout California, including the Santa Barbara County Superior Court. CSAC EIA also provides an array of member services including risk management, loss prevention and claims handling services.

As one of the founding members of CSAC EIA, the County, through its Risk Management Division, has been actively involved in self-insuring County risks, participating in risk-sharing pools, purchasing insurance, and participating and utilizing ancillary risk management services through the various programs available through CSAC EIA. Tom Alvarez, Budget Director and Ray Aromatorio, Risk Manager, represent the County as a director and alternate director, respectively, on the CSAC EIA Board of Directors

As the largest public entity insurer in California and one of the largest in the United States, CSAC EIA has leveraged its volume and leadership position to secure more cost-effective coverage than could be achieved on a stand-alone basis and has gained preferential pricing in the insurance marketplace. As a CSAC EIA member, the County has benefited from this preferential pricing in purchasing insurance. Risk Management has been responsible for navigating the insurance markets as a member of CSAC EIA and the County has benefitted from that relationship.

Since the County's membership in CSAC EIA, your Board has regularly been advised of the financial benefits of participation in CSAC EIA and its various programs. Major changes in the County's participation in various CSAC EIA program have been presented to your Board.

Risk Management is requesting that your Board clarify Risk Management's authority to manage the County's risk and insurance programs consistently with current County policies and budgetary limitations, as well as industry "best practices." The primary reason for requesting clarification is that, due to the passage of time, documentation of the Board's prior delegation of authority either no longer exists or cannot be located.

Fiscal and Facilities Impacts: None

Staffing Impacts: None

Special Instructions:

Send approved minute order and 2 copies of the certified resolution to Tom Alvarez, County Executive Office.

Attachments: None

Authored by:

Ray Aromatorio