



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

F-2

For the meeting of: August 2, 2005

Date: July 18, 2005

To: Board of Supervisors

From: Kimberly A. Kerr, Director of Risk Management/Deputy CAO *KA*

Subject: Workers' Compensation Coverage - Fire Districts

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt the Memorandum of Understanding (Attachment A) for adding fire districts to the program and require that the fire district join the program for at least three years;
2. Approve the attached Resolution (Attachment B) as the template for adding any Humboldt County Fire District to the County's primary and excess workers' compensation policies as a covered party/named insured;
3. Adopt the policy that a fire district can withdraw from the program at the end of a fiscal year with twelve-month notice unless the Board of Supervisors authorizes an earlier withdrawal date;
4. Adopt the rate of \$200.00 per volunteer for FY 2005-06 or the increase in the County's insurance premium for adding the fire district whichever is higher;

Prepared by Kim Kerr, Risk Management Director

CAO Approval *[Signature]*

REVIEW:

Auditor _____ County Counsel *[Signature]* Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:

☐ Consent
☐ Departmental
☐ Public Hearing
☐ Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor

SMITH

Seconded by Supervisor

GEIST

And unanimously carried by those members present,

The Board hereby adopts the recommended action contained in this report.

AUG 16 2005

Dated: _____

Lora Canzoneri, Clerk of the Board

[Signature: Lora Canzoneri]

5. Authorize Risk Manager to send out notices to the Humboldt County Fire District #1 that they are eligible to participate in the County's primary and excess workers' compensation policies;
6. Authorize Risk Manager to provide quotes and information to the Humboldt County Fire Districts on participating in the County's primary and excess workers' compensation policies;
7. Direct Risk Manager to return to the Board for approval of a Memorandum of Understanding and enabling Resolution for any Humboldt County Fire District that elects to participate; and
8. Direct Risk Manager to work with fire districts that join the program to ensure they have an effective loss prevention program.

SOURCE OF FUNDING:

Internal Service Funds – Risk Management to gather information and provide support to the fire districts. Each Fire District is responsible to pay their own cost to participate in the County's insurance programs.

DISCUSSION:

Local fire districts have sustained significant increases in their workers' compensation insurance coverage. The County is in a position to offer a less expensive insurance option to the Fire Districts, through the County in the California State Association of Counties Excess Insurance Authority (CSAC EIA). Initial conversations with local Fire Chiefs have indicated a strong interest in partnering with the county to lower their current insurance rates.

As per your Board's direction that staff look into this matter, we are pleased to report today that it is possible to add Fire Districts to the County's Insurance Policy. To provide coverage, the Board of Supervisors must agree to add each fire district to the County's primary and excess workers' compensation policies. Each fire district is considered a separate public entity. Staff recommends that each interested and eligible district be added to the County's insurance policies as a "named insured" upon a written request from each fire district's governing board.

The County charges all County departments based on their experience (claims) at 75% and exposures (# of employees) at 25% of the overall rates. The County charge for County departments with no claims is approximately \$923.25 per employee. The County does not charge County departments for their volunteers, but the ratio of volunteers to employees is lower than a volunteer fire department. Based on an analysis of County charges, and conversations with CSAC EIA and the Fire Chiefs, it is recommended that the County charge \$200 per volunteer, when a district has no workers' compensation claims and minimal salary. If a district does have claims then the rate would be the volunteer rate multiplied by the number of volunteers or the rate due to losses and salary, whichever is larger. For example, Shelter Cove Improvement District, fire personnel only, has twelve

volunteers and no payroll. Their projected rate for 2004 would have been \$7,254 based on their claims compared to \$2400 on the number of volunteers only. This would establish the initial rate, which can be reviewed annually based on the experience and exposures for each fire district. The number of volunteers would be as determined on July 1 of each year. The Risk Management Division would invoice each district on July 1st with a due date as of August 1st each year.

To participate in the County's workers' compensation programs, each fire district will be required to provide training to their volunteers and employees through an approved safety program. Fire Districts will also need to adopt an Injury and Illness Prevention Program (IIPP), if they haven't already done so.

The attached Memorandum of Understanding (MOU) and Resolution will need to be approved and executed by both parties to add a fire district to the County plan. A fire district interested in participating will complete an application and provide a copy of their workers' compensation claims for the past 10 years (see Attachment C). After the fire district submits the application, the Risk Management Division will review and forward information to CSAC EIA. CSAC EIA will complete the underwriting process and provide a written quote to the Risk Management Division. Risk Management Division will send a letter to the fire district indicating that they are eligible to participate in the insurance program, and notifying them of their insurance premium. The Fire District's Board would need to sign the MOU and return it to the County for final approval. Upon receipt of the executed MOU and first month's premium, the Risk Manager will return to the Board for final approval.

FINANCIAL IMPACT:

There is no impact to the General Fund. There is a cost for the Risk Management Division's time and resources expended to obtain information from the fire districts and work with the County's insurer to obtain the necessary quotes for adding the fire districts. The fire districts will pay all costs associated with their coverage for being added to the County's workers' compensation programs to the Workers Compensation Fund.

OTHER AGENCY INVOLVEMENT:

CSAC Excess Insurance Authority, Board of Supervisors and Humboldt County Fire Chiefs Association

ALTERNATIVES TO STAFF RECOMMENDATION:

1. The Board can elect not to add the fire districts to the insurance policies.
2. The Board could elect to modify the requirements and terms for a fire district to participate in the County's insurance programs.

Attachments

Attachment A – Memorandum of Understanding
Attachment B – Resolution
Attachment C - Application

DRAFT
MEMORANDUM OF UNDERSTANDING
BETWEEN THE _____ FIRE DISTRICT
AND THE COUNTY OF HUMBOLDT

WHEREAS, the County of Humboldt obtains various forms of insurance coverage from California Association of Counties Excess Insurance Authority ("CSAC-EIA"); and

WHEREAS, the _____ Fire District ("Fire District") desires to participate in the County's insurance programs for workers' compensation.

NOW, THEREFORE, the parties agree as follows:

This Memorandum of Understanding (MOU) is entered into by and between the County of Humboldt and the Fire District.

1. The County will extend coverage in CSAC Excess Insurance Authority's programs for workers' compensation (primary and excess) contingent upon acceptance and approval by CSAC Excess Insurance Authority, on the terms and conditions provided in this memorandum of understanding.
2. The Fire District will pay its pro rata share for coverage. The County will determine the Fire District's pro rata share of cost using the same methodology used in allocating costs among County departments. Notwithstanding the foregoing, any additional premium cost to the County as a result of the Fire District's participation in the programs for workers' compensation while participating in the program shall be borne by the Fire District. If no additional premium is required, then Fire District will pay \$200.00 per volunteer as determined by the number of volunteers on July 1 of each year.
3. In the event the County discontinues providing insurance coverage for the Fire District or the Fire District elects to discontinue participation in the County's insurance programs, the Fire District will not be entitled to receive any dividend, but the Fire District may be subject to its pro rata share of any subsequent premium assessments for any prior program year of coverage in which the Fire District participated.
4. Notice shall be given, in writing, to:

COUNTY:

Risk Manager
County of Humboldt
825 Fifth Street, Room 131
Eureka, CA 95501

The waiver by County of any breach of any term or promise contained in this MOU shall not be deemed to be a waiver of such term or promise or any subsequent breach of the same of another term or promise contained in this MOU.

14. Applicable Law and Forum:

This MOU shall be construed and interpreted according to California law and any action to enforce the terms of this MOU or for the breach thereof shall be brought and tried in the County of Humboldt.

15. Nuclear Free Clause:

Fire Department certifies by its signature below that Fire District is not a Nuclear Weapons Contractor, in that Fire District is not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. Fire District agrees to notify County immediately if it becomes a nuclear weapons contractor, as defined above. County may immediately terminate this MOU if it determines that the foregoing certification is false or if Fire District becomes a nuclear weapons contractor.

16. The County shall have the right to cancel the Fire District's coverage for failure to pay the required premium upon a resolution by the Board of Supervisors.

17. The term of this memorandum of understanding shall commence _____ and terminate _____.

Fire District Board Chair

Chair, BOS

DRAFT
RESOLUTIONS NO. 05-__

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF HUMBOLDT

RESOLUTION TO EXTEND CSAC EXCESS INSURANCE AUTHORITY
INSURANCE PROGRAMS TO THE _____ AND AUTHORIZING
EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH THE
_____ PERTAINING TO INSURANCE COVERAGE

WHEREAS, the County obtains various forms of insurance coverage from California State Association of Counties Excess Insurance Authority (CSAC-EIA); and

WHEREAS, the cost of insurance for the fire districts is high and the coverage through the County could be a better option at a lower rate for the district; and

WHEREAS, it is imperative that insurance coverage be in place for operation of the fire districts; and

WHEREAS, the fire district does not automatically qualify for said coverage, and it is necessary to make applications to, and request approval from, the CSAC-EIA for the coverage; and

WHEREAS, the County of Humboldt desires, for insurance purposes, to consider fire districts and its activities in a manner equal to other County activities.

NOW, THEREFORE, BE IT RESOLVED that the Humboldt County Board of Supervisors approves the addition of the fire district and its activities to the County's Primary and Excess Workers' Compensation programs; and

BE IT FURTHER RESOLVED that the County does accept responsibility for any applicable self-insured retention obligation; and

BE IT FURTHER RESOLVED, that the Chair of the Board of Supervisors is authorized to execute the Memorandum of Understanding between the County and the fire district attached hereto specifying the terms and conditions for extending said coverage; and

BE IT FURTHER RESOLVED that this commitment is effective _____.

Attachment B

Workers' Compensation Program
Request to Add Coverage For Public Entity

Public Entity Requesting Coverage: _____

Desired Effective Date: _____

1. Describe the relationship public entity has with County: _____

2. Describe operations of public entity: _____

3. Please **provide** us with a loss run with the **last 10 years of loss history**. Loss runs should include paid claims, reserves, and total incurred for each year, as well as a listing of large losses over \$50,000.

4. Please report payroll information for the fiscal years indicated below. Salaries and wages are to be reported, but do not include benefits. In the calculation of the payroll information, the following should be included: 1) Salary/Wages - Regular; 2) Salary/Wages - Extra Help; 3) Two-thirds of the total for Salary/Wages for Overtime and Call-backs. Please provide the following information:

1. Total Actual Payroll FY 2003/04: \$ _____

2. Total Budgeted Payroll FY 2004/05: \$ _____

3. Estimated Payroll for FY 2005/06: \$ _____

5. Number of Employees (FTE's): _____

Provided by: _____
Contact Phone: _____

Date: _____

Attachment C