



Board Agenda Item 36

DATE: September 10, 2019

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, Director of Human Resources

SUBJECT: Approval of a Master Government Crime Insurance Policy in Lieu of Bonds for Certain County Officials

RECOMMENDED ACTION(S):

Approve the use, and ratify the prior use, of a government crime insurance policy, including faithful performance, as an alternative to bonds, to be used as a master bond, for certain county officials.

ALTERNATIVE ACTION(S):

County may self-insure under California Government Code 1481 to satisfy the bonding requirement. In that case, the County would be subject to large loss exposures for minimal savings in premium. Current coverage is \$15,000,000 for \$36,000.

FISCAL IMPACT:

There is no fiscal impact with this item as it is already included in the department budget.

DISCUSSION:

Under the California Government Code, the County has several methods satisfying the requirement for official bonds. County officials may post their own bonds (Gov. Code, § 1450), the County may post a master bond (Gov. Code, § 1481), the County may adopt a program of self-insurance in lieu of bonds (Gov. Code, § 24156), or the County may purchase a government crime policy or employee dishonesty insurance policy, including faithful performance, and may use it as a master bond as though it were an official bond (Gov. Code, § 1463). Except for the first option, the Government Code requires your Board to approve the method of security.

Since 1997, the County has purchased a government crime policy to be used as a master bond as though it were an official bond. Even so, Risk Management staff reviewed County records but have not been able to locate a record of prior approval by the Board to use the government crime policy as a master bond. Approving the recommended action will ratify the prior use of the government crime policy as a master bond, and approve it going forward.

OTHER REVIEWING AGENCIES:

The use of a government crime policy as a master bond is subject to approval by the presiding judge of the Superior Court, currently the Honorable Alan Simpson. The presiding judge has previously approved the County's government crime policy.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Signed and approved copy Master Government Crime Policy
On file with Clerk - Signature Page

CAO ANALYST:

Debbie Paolinelli