

Public Works Liability Insurance Costs



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Why Does This Impact Me?



History of Liability for California Public Entities



- Early concept: Sovereign immunity – “The King can do no wrong”
- 1963: California Tort Claims Act establishes rules for suing public entities
- Creates a significant insurance crisis
- Late 1970s / Early 1980s: Counties explore Joint Powers Authorities (JPAs) to pool risk

Public Risk Innovation, Solutions, and Management (PRISM)



- Formed in 1979 by 29 counties to provide cost-effective insurance and risk management solutions
- 55 of 58 counties and 70% of cities participate
- Membership extends to over 2,100 public agencies:
 - Counties
 - Cities
 - School districts
 - Special districts
 - Housing authorities
 - Fire districts
 - Other JPAs

Trends Driving Liability Cost Increases



- High-risk exposure: Public Works faces frequent claims from dangerous infrastructure conditions
- Since 2019: Significant rises in:
 - Plaintiff demands
 - Jury verdicts
 - High-dollar liability claims
- Judgments and settlements over \$1 million have more than doubled over the last 5 years
- “Frequency of severity” has become the new normal

Butte County Claims – FY 19 thru FY 23



DEPARTMENT	TOTAL CLAIMS
Public Works	94
Sheriff	86
Non-County	21
Employment and Social Services	12
Behavioral Health	10
Probation	6
Public Health	6
Fire	5
All others	17
TOTAL	257

Public Works-Specific Claims



Cause	Total Claims	Total Incurred
Improper Road Maintenance - Potholes	33%	0%
Trees	22%	1%
Property Damage	17%	1%
Improper Road Maintenance – Construction	10%	0%
Dangerous Road Conditions	7%	98%
Auto Liability	6%	0%
All others	5%	0%

How Butte County Costs Determined



- Step 1 – Determine costs for the Fiscal Year
- Step 2 – Determine each Department's allocation of the total costs:
 - 80% experience (claim costs for prior 6 years)
 - 20% exposure (# of FTE's and autos)
 - Disproportionately impacts Public Works and Public Safety

Cost by Department – FY 25/26



DEPARTMENT	Cost	Percentage
Public Works	\$3,161,738	46%
Sheriff	\$1,823,581	24%
Probation	\$962,535	13%
Behavioral Health	\$414,767	5%
Employment and Social Services	\$389,272	5%
District Attorney	\$336,134	4%
All others	\$604,971	
TOTAL	\$7,692,998	

Cost by Funding Source – FY 25/26



DEPARTMENT	Cost	Percentage
General Fund	\$3,502,187	46%
Road Fund*	\$3,161,738	41%
Behavioral Health*	\$414,767	5%
Employment and Social Services*	\$389,272	5%
All others *	\$225,034	3%
TOTAL	\$7,692,998	

* Restricted Funds

Butte County Liability Costs – 2015 to 2026



Year	Cost	Annual Increase
2015	\$38,498	
2016	\$45,951	19%
2017	\$61,741	34%
2018	\$316,283	412%
2019	\$822,324	160%
2020	\$976,437	19%
2021	\$869,714	-11%
2022	\$889,410	2%
2023	\$1,868,519	110%
2024	\$1,712,214	-8%
2025	\$2,618,109	53%
2026	\$3,161,738	21%
Diff – 2015 to 2026	\$3,123,240	8,113%

CEAC Outreach



- Curious on how other county road funds were impacted by increasing liability insurance
- Contacted counties in early May to conduct survey
- Liability insurance costs from FY 15/16 to FY 25/26
- 69% county response rate
 - Two counties (Los Angeles, Santa Clara) are self-insured
 - One county stated that the data wasn't available
 - Some counties could not provide data for all FY

CEAC Outreach



- Utilized most recent road fund (HUTA and RMRA) projections to compare liability insurance to road fund revenues

Findings – Highest Percentage



County	FY 24/25	FY 25/26
Contra Costa	17.44%	21.35%
Santa Barbara	14.37%	19.95%
Butte	16.12%	19.13%
Napa	16.85%	17.92%
Santa Cruz	16.45%	15.92%
Sonoma	6.92%	15.48%
Yuba	10.31%	13.34%
Fresno	8.81%	10.36%
Average	6.12%	6.99%

Findings – Lowest Percentage



County	FY 24/25	FY 25/26
San Mateo	1.27%	1.58%
Placer	1.81%	2.05%
Plumas	2.51%	n/a
San Diego	2.20%	2.63%
Glenn	2.78%	n/a
Colusa	2.77%	3.27%
Ventura	3.08%	3.55%
San Joaquin	3.10%	3.99%
Average	6.12%	6.99%

Combined 36 County Liability Costs – 15/16 to 24/25



Year	Annual % Increase
2015-16	
2016-17	8.3%
2017-18	3.6%
2018-19	12.4%
2019-20	19.7%
2020-21	58.7%
2021-22	16.0%
2022-23	7.6%
2023-24	-5.5%
2024-25	12.6%
Diff – 15-16 to 24-25	218%

Takeaways



- Costs have risen significantly
- Insurance impacting counties differently
- Rural counties seem somewhat less affected than more urbanized counties
- Difficult to advocate for changes county by county
- Interest in pursuing legislation to limit road fund use on liability insurance?
- Other ideas – or is there a need to pursue further?

Questions and Discussion



- [LINK](#) to Liability Insurance Information