



EXECUTIVE SUMMARY

MEETING DATE: March 13, 2026

HCR26-013

SUBJECT: 2026 - 2027 Procurement of Property Insurance Coverage

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Financial Services

CONTACT/PHONE NUMBER: Christelle Van Der Windt (619) 578-7427

REQUESTED ACTION:

Authorize the San Diego Housing Commission to procure and bind property insurance coverage from Public Risk Innovation, Solutions, and Management (PRISM) in an amount not to exceed \$1,322,000 plus 5 percent as a contingency reserve, with effective dates of March 31, 2026, to March 31, 2027.

EXECUTIVE SUMMARY OF KEY FACTORS:

- SDHC currently procures its property insurance coverage from the Public Risk Innovation, Solutions, and Management (PRISM) insurance pool through a contract awarded based on competitive marketing of SDHC's coverage by its insurance broker, Alliant Insurance Services.
- PRISM continues to provide the most comprehensive and lowest price coverage available.
- SDHC has been a long-time member of the PRISM's Property Program, which is one of the largest public entity property placements worldwide, joining in conjunction with San Diego County on June 13, 1993.
- This group purchase program has been highly successful over the years in providing extremely broad coverage and substantial limits (including more combined California earthquake limits than purchased by any other entity).
- In January 2026, PRISM provided SDHC with a preliminary premium estimate of \$1,234,000 for the 2026 - 2027 policy year, representing a 10% premium increase.
- In addition, SDHC received an annual premium estimate for the addition of Starling Place to the property insurance for an additional premium of \$88,000 anticipated in this policy period.
- The proposed overall 18 percent estimated premium increase for SDHC corresponds to growing total insured values (TIV) and SDHC's claims experience.
- A positive for PRISM members is that the size of the program creates stability and offers economies of scale that could not be realized without being in a large pool. Because of its size, PRISM is able to leverage the volume of capacity being purchased to benefit all program members.
- As a self-insurance pooling joint powers authority, PRISM is expected to fare better than the market and public agencies trying to endure a hard market on their own. Shopping as an individual entity with large losses is extremely difficult, especially in California.
- The funding sources and uses proposed for approval by this action were approved in SDHC's Fiscal Year (FY) 2026 Housing Authority-approved Budget. Approving this action will not change the FY 2026 Total Budget. Funding sources for the portion of the policy year from July 1, 2026, to March 31, 2027, will be included in the FY 2027 Budget.



REPORT

DATE ISSUED: March 5, 2026

REPORT NO: HCR26-013

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of March 13, 2026

SUBJECT: 2026 - 2027 Procurement of Property Insurance Coverage

COUNCIL DISTRICT: Citywide

Advance notice of San Diego Housing Commission hearing of the following matter has been provided to the Housing Authority Members pursuant to the provisions of San Diego Municipal Code Section 98.0301(e)(4)(A)-(B).

REQUESTED ACTION

Authorize the San Diego Housing Commission to procure and bind property insurance coverage from Public Risk Innovation, Solutions, and Management (PRISM) in an amount not to exceed \$1,322,000 plus 5 percent as a contingency reserve, with effective dates of March 31, 2026, to March 31, 2027.

STAFF RECOMMENDATION

That the San Diego Housing Commission (SDHC) Board of Commissioners (Board) authorize the procurement and binding of property insurance coverage for SDHC from Public Risk Innovation, Solutions, and Management (PRISM) in an amount not to exceed \$1,322,000 plus 5 percent as a contingency reserve, with effective dates of March 31, 2026, to March 31, 2027.

SUMMARY

Alliant Insurance Services (Alliant) was re-selected to be SDHC's insurance broker in a comprehensive procurement process in February 2026. As the broker of record for SDHC, Alliant provides support to all facets of brokerage services for SDHC, including the marketing of all lines of insurance coverage, as well as the administrative support and servicing, loss control, and claims managements handling. Alliant ensures that SDHC has the most effective insurance program design, with the broadest terms and conditions, at the most competitive premium available. As SDHC's risk consultant, Alliant is also responsible for keeping SDHC informed of any changes, trends and emerging risks within the public entity and commercial insurance industry.

SDHC currently procures its property insurance coverage from PRISM insurance pool through a contract awarded based on competitive marketing of SDHC's coverage by its insurance broker, Alliant. PRISM continues to provide the most comprehensive and lowest price coverage available.

In 1979, 29 California counties formed PRISM, previously known as the California State Association of Counties Excess Insurance Authority, for the sole purpose of finding cost-effective insurance and risk management solutions. Today, 51 of the 58 counties in California participate. Later, membership was offered to cities and to other non-county public entities, such as housing

authorities, public authorities, educational organizations, fire districts, etc., tasked with supporting the public.

SDHC has been a long-time member of the PRISM’s Property Program, which is one of the largest public entity property placements worldwide, joining in conjunction with San Diego County on June 13, 1993. This group purchase program has been highly successful over the years in providing extremely broad coverage and substantial limits (including more combined California earthquake limits than purchased by any other entity). The PRISM Program is summarized in Table 1 below.

Table 1:

PROPERTY PROGRAM SUMMARY

Program	Public Risk Innovation, Solutions, and Management (PRISM)
Type of Insurance	All Risk, including Flood, Earthquake and Boiler & Machinery
Members	118 members, including 51 counties in California and other public entities
Policy Period	March 31, 2025, to March 31, 2026
Excess All Risk Limit	\$700 Million
Total Insured Values	\$101.4 Billion

PRISM CEO Gina Dean indicated in her January 21, 2026, Property Market Update that the commercial property insurance market is at “an important inflection point.” She noted, “After many years of sustained hard-market conditions, the market environment has shifted meaningfully. Capacity has returned, pricing pressure has eased, and competition among carriers has increased which all serve to provide improved renewals for insureds.” The property insurance market has softened from the hard cycle that began in 2017 due to “large hurricane losses, perpetuated by world events and frequent large losses across the industry,” according to PRISM.

In January 2026, PRISM provided SDHC with a preliminary premium estimate of \$1,234,000 for the 2026 - 2027 policy year, representing a 10% premium increase. Most members with a history of low loss ratios were estimated to have between a 5% decrease up to a 10% increase. In addition, SDHC received an annual premium estimate for the addition of Starling Place to the property insurance for an additional premium of \$88,000 anticipated in this policy period. The proposed overall 18 percent estimated premium increase for SDHC corresponds to growing total insured values (TIV) and SDHC’s claims experience.

Businesses, organizations and public entities with commercial property and liability policies are expected to maintain adequate loss ratios. Otherwise, they may face premium increases and cancellations. To determine if and for what amount a premium increase is warranted, carriers review claims history and loss ratios for the current year plus the past five years. In general, for PRISM’s Property Program, loss ratio below 55 percent means low future risk. Loss ratio above 55 percent means high future risk. SDHC’s five-year loss ratio is 144 percent; therefore, SDHC is considered to be a high-risk entity with a significantly unfavorable loss ratio. The growing total insured values and rate/loss ratios are summarized in Table 2 and Table 3 below.

Table 2:

TOTAL INSURED VALUES SUMMARY

	2025 - 2026	2026 – 2027*	Change
SDHC’s Total Insured Values	\$556.9 M	\$570.4 M	\$13.5 M
PRISM’s Total Insured Values	\$101.4 B	\$122.4 B	\$21.0 B

**Values as of February 17, 2026*

Table 3:

CURRENT YEAR + FIVE YEAR RATE / LOSS RATIO SUMMARY

Policy year	Premium	Claim	Difference	Loss ratio
2020 - 2021	429,320	269,013	160,307	63%
2021 - 2022	720,226	1,944,384	(1,224,158)	270%
2022 - 2023	809,897	802,643	7,254	99%
2023 - 2024	1,028,569	2,611,109	(1,582,540)	254%
2024 - 2025	1,408,280	1,703,262	(294,982)	121%
* 2025 - 2026	1,116,960	625,000	491,960	56%
Total	\$5,513,252	\$7,955,411	(2,442,159)	144%

** Claim estimate as of January 31, 2026*

SDHC’s five-year loss ratio is attributable to a significant number of water damage incidents and fires occurring at SDHC-owned properties in the last five years as well as damage related to the January 2024 winter storm. Reviews of many of these incidents have demonstrated that they were not caused by structural issues with the properties; however, the majority involved situations specific to the tenants at the properties at the time of the incidents.

In summary, the PRISM Property Program has had a tough few years. PRISM’s sophistication and robust net position have allowed the program to absorb these losses and remain in a positive funding position. In addition, the program structure has prevented negative loss experience to most of the long-term carrier partners. Finally, PRISM provides members the most comprehensive coverage at a more favorable price than any member could obtain on their own.

PRISM’s Property Program size is an advantage. A positive for PRISM members is that the size of the program creates stability and offers economies of scale that could not be realized without being in a large pool. Because of its size, PRISM is able to leverage the volume of capacity being purchased to benefit all program members.

As a self-insurance pooling joint powers authority, PRISM is expected to fare better than the market and public agencies trying to endure a hard market on their own. Shopping as an individual entity with large losses is extremely difficult, especially in California.

While PRISM attempts to be conservative with preliminary premium estimates, the number on the estimate is not a not-to-exceed amount. Therefore, SDHC staff added 5 percent as a potential contingency reserve because the amount to be approved by the proposed action is defined as a not-to-exceed amount.

PRISM will be providing their final premiums after mid-March 2026. The premiums are not expected to exceed the amounts provided in Table 4 below. However, large catastrophic events or economic downturn before the March 31, 2026, renewal could impact the property insurance marketplace, resulting in further hardening of the market and potentially resulting in premiums that vary from this estimate.

Table 4:

	2025 -2026 Actual	2026- 2027 Estimated	Inc. /Dec. (%)
Premium	\$1,117,000	\$1,322,000	18%
5 percent Contingency Reserve		\$66,100	
Total		\$1,388,100	

FISCAL CONSIDERATIONS

The funding sources and uses proposed for approval by this action were approved in SDHC’s Fiscal Year (FY) 2026 Housing Authority-approved Budget. Approving this action will not change the FY 2026 Total Budget. Funding sources for the portion of the policy year from July 1, 2026, to March 31, 2027, will be included in the FY 2027 Budget.

SDHC STRATEGIC PLAN

This item relates to the Core Value “Commit to transparency and being strong financial stewards” in SDHC’s Strategic Plan for Fiscal Year (FY) 2026 - 2030.

NONDISCRIMINATION ASSURANCE

At SDHC, we’re about people. We are committed to ensuring a compassionate, person-centered approach to SDHC’s programs, policies, projects and activities and serving our community impartially, fairly and without bias. We are also committed to ensuring compliance with all applicable federal, state and local laws and protections to the extent that they affect this action relative to nondiscrimination.

PRISM is a nonprofit, member-directed, risk-sharing pool of public agencies and is not subject to the requirement to submit a Workforce Report. PRISM has indicated they do not discriminate based on race, color, religion, national origin, ancestry, gender, age, medical condition, sexual orientation, marital status, domestic partnership status, physical or mental disabilities, veterans, or any other consideration made unlawful by federal, state, or local laws. Staff has requested their non-discrimination policy document.

PREVIOUS COUNCIL and/or COMMITTEE ACTION

On March 14, 2025, the SDHC Board of Commissioners unanimously authorized SDHC to procure and bind property insurance coverage with PRISM for the period of March 31, 2025, to March 31, 2026 (Report No. HCR25-012).

ENVIRONMENTAL REVIEW

California Environmental Quality Act

The purchase of insurance is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the

environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal (NORA) the environmental determination is not required.

National Environmental Policy Act

The parties agree that the provision of any federal funds as the result of this action is conditioned on the City of San Diego's final NEPA review and approval.

Respectfully submitted,

Tracy Bryson

Tracy Bryson
Manager of Finance - Audit & Reporting
Finance Division

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachment: PRISM Property Market Update

A printed copy is available for review during business hours at the information desk in the main lobby of SDHC's offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of SDHC's website at www.sdhc.org.

January 21, 2026

To: Property Program Members

From: Gina Dean, CEO

Re: Property Market Update

As we reflect on 2025 and look ahead to 2026, we find ourselves at an important inflection point in the commercial property insurance market. After many years of sustained hard-market conditions, the market environment has shifted meaningfully. Capacity has returned, pricing pressure has eased, and competition among carriers has increased which all serve to provide improved renewals for insureds. Despite the unprecedented Palisades and Eaton wildfires only a year ago in January 2025, we expect that the current market conditions will allow for a rate decrease for the PRISM members at the upcoming renewal. This expectation is contingent upon no market changing events occurring prior to the renewal.

Insurance Market Background

The property insurance market has undergone a significant shift over the past year and has finally softened from the hard cycle that began in 2017. The hard market cycle was due to large hurricane losses, perpetuated by world events and frequent large losses across the industry. In response to a sustained challenging insurance market, PRISM made the strategic decision to retain the primary \$10M of the Program effective 3/31/22 to better manage pricing and coverage. While PRISM provides capacity with superior terms and pricing than the open market in the primary layer, we continue to leverage our size and relationships to negotiate favorable terms on the excess layers. This balance provides the best program possible for members, especially considering carriers' continued concern about climate-related risks in California.

A major concern of carriers is the continued increase in extreme weather events in California, including wildfires, winter storms, and floods. Wildfires have long been a key concern, with Atmospheric Rivers becoming an emerging risk. Between the January 2025 wildfires and extreme rain events in recent years, the escalating risk is being carefully monitored. Thankfully PRISM's design has effectively managed these exposures, but discussion of these risks is expected to be a key part of negotiations for the 2026 renewal.

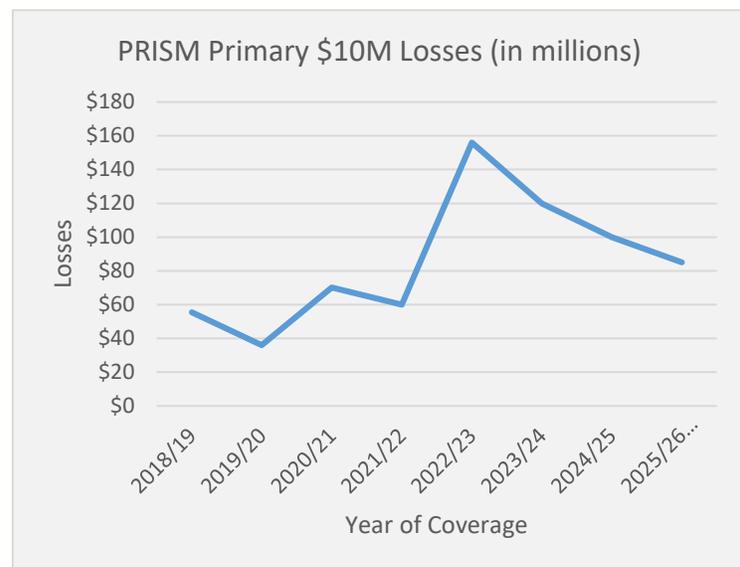
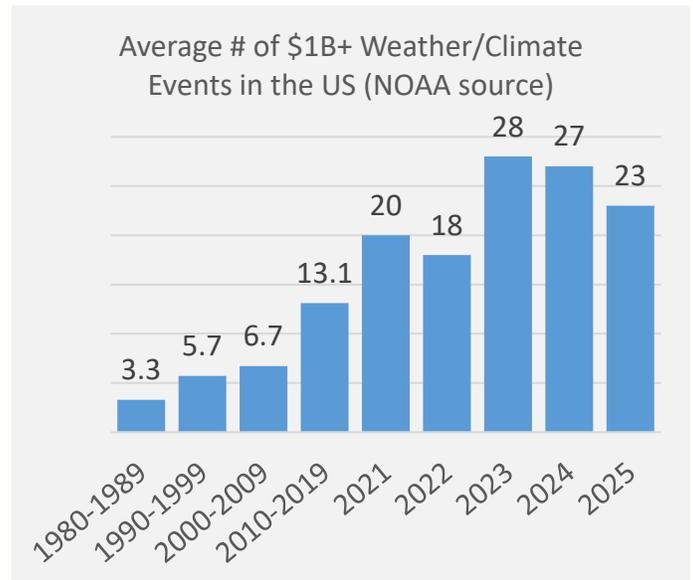
Excess Capacity Renewal

Despite continued severe natural catastrophes at unprecedented levels, the minimal coastal hurricane activity over the last 2 years has resulted in carriers generating profits. This profitability has resulted in improved pricing and a desire to grow, which we have not seen in many years. Though carriers continue to carefully consider the exposure, the favorable insurance market is expected to result in improved pricing and additional capacity for increased limits.

Primary Capacity Renewal

While loss experience for carriers excess of \$25M has been minimal (except for the recent Eaton wildfire loss), the primary \$10M layer has experienced significant loss traffic since self-funding. More frequent claims, severe winter storms, wildfires and inflation are key drivers of this increase. In the 5 years leading up to PRISM self-insuring the primary \$10M, the average annual loss for this layer was \$60M. Since self-insuring the primary \$10M layer the average has nearly doubled.

- 2022/23: \$160M (approximately \$70M of this was due to winter storms)
- 2023/24: \$120M
- 2024/25: \$100M
- 2025/26: \$85M (estimated total based on current losses)

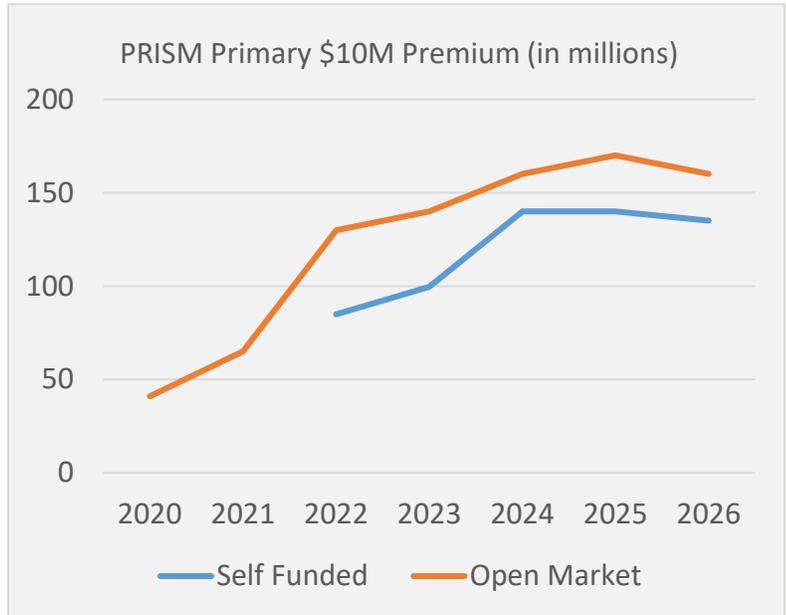


Fortunately, the PRISM exposure to losses in the primary layer is limited by purchase of reinsurance and the exposure is fully funded, meaning there is minimal risk to PRISM surplus. While this on its own would lead to a stable primary renewal, we intend to improve it further by taking advantage of the favorable open market pricing and capacity. To accomplish this, the primary layer design is expected to be modified slightly. This shift will reduce pricing and exposure to PRISM while maintaining stability with self-insurance.

PRISM's retention of the primary layer has shielded members from gaps in coverage, restrictive renewal terms and exorbitant pricing increases. It is estimated that the Program will have saved more than \$150M in premium by self-funding following the upcoming renewal.

In summary, although the PRISM Property Program has had a few difficult years, PRISM's sophistication and robust Net Position has allowed the Program to absorb these significant losses and still remain in a positive funding position. In addition, the Program structure has prevented

negative loss experience to most of the long-term carrier partners which improves the open market pricing. Finally, PRISM provides members the most comprehensive coverage at a more favorable price than members could obtain on their own. PRISM's power is in pooling, and together with the members the Program will be able to work through the challenges resulting from unforeseen events and continue to provide the lowest cost to members for the foreseeable future.



Sincerely,

Gina Dean

