



# REPORT

**DATE ISSUED:** July 11, 2003

**ITEM 100**

**REPORT NO.:** HCR03-047  
For the Agenda of July 18, 2003

**SUBJECT:** California State Association of Counties (CSAC) Excess Insurance Authority

## SUMMARY

**Issue:** Should the Housing Commission ratify a sole source contract with Driver/Alliant Insurance Services for the purpose of procuring CSAC Excess Insurance Authority with an effective date of March 31, 2003 through March 31, 2004?

**Recommendation:** Ratify a sole source contract in the amount of \$112,713 with Driver/Alliant Insurance Services for the purpose of procuring CSAC Excess Insurance Authority with an effective date of March 31, 2003 through March 31, 2004 with annual payments due July 31, 2003.

**Fiscal Impact:** Approval of this action will result in an expenditure of \$112,713. The current budget for this item is \$118,429 that provides the necessary resources for this procurement.

### Certificate of Funding Availability:

Certificate No:	04-021
Amount:	\$112,173
Revenue Source:	Various

## BACKGROUND

The California State Association of Counties (CSAC) created a risk retention group to insure California counties against first party losses (property insurance). The CSAC subsequently created the California Public Entities Insurance Authority (CPEIA) in order to allow other

California public agencies to participate in the risk retention group administered by the CSAC.

Risk retention groups can provide more competitive insurance rates because the risk of loss is spread among only the members of the risk retention group. Members of the same risk retention group often share common business characteristics.

The Housing Commission currently participates in the CSAC Excess Insurance Authority Property Insurance Program through the CPEIA. Driver/Alliant Insurance Services is the exclusive agent for the CSAC Excess Insurance Authority Property Insurance Program, whose membership includes the City of San Diego, the County of San Diego, the San Diego Transit Corporation, and other public agencies.

The Housing Commission is participating in a multi-year CSAC policy covering the period December 31, 2001 through March 31, 2005. The Housing Commission did not publish a request for qualifications in connection with its current participation in the CSAC Excess Insurance Authority Property Insurance Program since Driver/Alliant Services is the exclusive agent for this program.

This item is being brought before the Housing Commission at this time because the total cost exceeds the \$100,000 threshold of the Chief Executive Officer's signature authority. This is the first time this policy has exceeded the \$100,000 amount, which is due to the revaluation of the Housing Commission's assets. The increase in the value of Housing Commission assets is the direct cause for the increased premium amount from the prior year's amount of \$87,016.

## **DISCUSSION**

Housing Commission administrative regulation 203.100 authorizes the sole sourcing of contracts in accordance with established criteria. Among the criteria justifying the sole sourcing of a contract is: "the item is available only from a single source, based on a good faith review of available sources."

Driver/Alliant Insurance Services is the exclusive agent for the CSAC Excess Insurance Authority Property Insurance Program. This program offers good coverage at competitive rates, and is the insurance program of choice for the City of San Diego, the County of San Diego, the San Diego Transit Corporation, and numerous other public agencies.

## **ALTERNATIVE**

Pay the minimum premiums necessary to enable the Housing Commission to continue coverage pending preparation of a request for qualifications for first party insurance services.

For the Agenda of July 18, 2003

HCR03-047

Page 3 of 3

Respectfully submitted,

Approved by,

**Signature on File with Original Document**

Edward P. Mauk  
Director of Financial Services

Elizabeth C. Morris  
Chief Executive Officer

Information: E. Mauk (619) 578-7711

Attachments: 1. Justification for Sole Source Contract with Driver/Alliant Insurance Services  
2. Agreement For Insurance Services with Driver/Alliant Insurance Services