



EXECUTIVE SUMMARY

MEETING DATE: June 21, 2024

HCR24-048

SUBJECT: 2024-2025 Procurement of General Liability Insurance Coverage

COUNCIL DISTRICT: Citywide

ORIGINATING DEPARTMENT: Financial Services

CONTACT/PHONE NUMBER: Suket Dayal (619) 578-7608

REQUESTED ACTION:

Authorize the Housing Commission to procure and bind general liability insurance coverage from Housing Authority Risk Retention Group, Inc., (HARRG) in an amount not to exceed \$316,551 plus a 5 percent contingency reserve, with effective dates of July 1, 2024, to July 1, 2025.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The San Diego Housing Commission procures its general liability insurance coverage from HARRG insurance pool through a contract awarded based on competitive marketing of the Housing Commission's coverage by its insurance broker, Alliant Insurance Services, Inc. (Alliant).
- HARRG provides liability insurance to public housing authorities. Available coverages include general liability, public officials' errors and omissions, employment practices, law enforcement, lead-based paint, employee benefit, auto, hired and non-owned auto, mold, and terrorism.
- In May, HARRG provided the Housing Commission with an estimated renewal proposal of \$316,551 for the 2024-2025 policy year. The 11 percent premium decrease corresponds to changes in the General Liability limits.
- In prior years, the Limits of Coverage was \$20 million. The proposal for the 2024 – 2025 policy year now offers a General Liability Limit of \$15 million. In addition, HARRG no longer offers coverage for the Housing Commission's ground-leased locations under this policy. However, such general liability coverage is provided by the lessee as the Housing Commission is required to be an additional named insured on their policy.
- A benefit of Joint Powers Authorities (also known as self-insurance pooling) is that they have provided stability in turbulent markets. Therefore, the HARRG Program is expected to fare better than the market and better than public agencies trying to endure a hard market on their own. Shopping as an individual entity is extremely difficult, especially in California.
- The proposed funding sources and uses approved by this action are included in the Housing Commission's Fiscal Year (FY) 2025 Budget, which the Housing Authority of the City of San Diego approved on June 11, 2024. Approving this action will not change the FY 2025 Total Budget.



REPORT

DATE ISSUED: June 13, 2024

REPORT NO: HCR24-048

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of June 21, 2024

SUBJECT: 2024-2025 Procurement of General Liability Insurance Coverage

COUNCIL DISTRICT: Citywide

REQUESTED ACTION

Authorize the Housing Commission to procure and bind general liability insurance coverage from Housing Authority Risk Retention Group, Inc., (HARRG) in an amount not to exceed \$316,551 plus a 5 percent contingency reserve, with effective dates of July 1, 2024, to July 1, 2025.

STAFF RECOMMENDATION

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) approve the procurement and binding of general liability insurance coverage from Housing Authority Risk Retention Group, Inc., (HARRG) in an amount not to exceed \$316,551 plus a 5 percent contingency reserve with effective dates of July 1, 2024, to July 1, 2025.

SUMMARY

The Housing Commission procures its general liability insurance coverage from HARRG insurance pool through a contract awarded based on competitive marketing of the Housing Commission's coverage by its insurance broker, Alliant Insurance Services, Inc. (Alliant).

Alliant was re-selected to be the Housing Commission's insurance broker in a comprehensive procurement process in January 2022. As the broker of record for the Housing Commission, Alliant provides support to all facets of brokerage services for the Housing Commission, 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 the Housing Commission has the most effective insurance program design, with the broadest terms and conditions, at the most competitive premium available. As the Housing Commission's risk consultant, Alliant is also responsible for keeping the Housing Commission informed of any changes, trends and emerging risks within the public entity and commercial insurance industry.

The best practice is to market insurance coverage every four to five years to maintain bidding interest from insurance company underwriters. In 2024, Alliant marketed the general liability policy. Once again, HARRG was identified as the best option for the Housing Commission, meeting our policy requirements and competitive insurance premium.

HARRG provides liability insurance to public housing authorities. Available coverages include general liability, public officials' errors and omissions, employment practices, law enforcement, lead-based paint, employee benefit, auto, hired and non-owned auto, mold, and terrorism.

The HARRG Program is summarized below.

Commercial Liability Declarations

Limits of Coverage _____	\$15,000,000
General Aggregate (each Policy Year) _____	\$15,000,000
Deductible (Per Occurrence) _____	\$10,000

HAI Group is the marketing name for a family of companies including HARRG

- Began operation on June 1, 1987, and was incorporated on March 20, 1987
- A nonprofit, tax-exempt captive mutual risk retention group, operating under the Federal Risk Retention Act, licensed and domiciled in Vermont
- Owned by the members it insures
- Long-time advocate for member housing agencies, their affiliates, and the housing industry as a whole
- Rated A (Excellent) by A.M. Best Company
- More than \$82 billion in property values insured
- \$131 million in dividends declared
- Available in 48 states and the District of Columbia
- In-house claims handling and risk-control services
- Competitive pricing with flexible coverage options
- Hassle-free procurement with bid waiver from the US Department of Housing and Urban Development (HUD)

In May, HARRG provided the Housing Commission with an estimated renewal proposal of \$316,551 for the 2024-2025 policy year. The 11 percent premium decrease corresponds to changes in the General Liability limits. In prior years, the Limits of Coverage was \$20 million. The proposal for the 2024 – 2025 policy year now offers a General Liability Limit of \$15 million. In addition, HARRG no longer offers coverage for the Housing Commission's ground-leased locations under this policy. However, such general liability coverage is provided by the lessee as the Housing Commission is required to be an additional named insured on their policy.

The HARRG's Commercial General Liability Renewal Proposal is summarized in Table 1, and the five-year premium trend in Table 2 below.

Table 1:

Commercial Liability Renewal Proposal	2024 - 2025
Commercial Liability	\$293,990
Mold, Other Fungi or Bacteria Liability -	14,973
Terrorism Insurance Coverage	2,588
Third-Party Discrimination	5,000
Total Premium	\$316,551

Table 2:

Policy year	Premium	Inc./Dec. (\$)	Inc./Dec. (%)
2020 - 2021	\$208,368	\$1,480	1%
2021 - 2022	\$284,985	\$76,617	37%
2022 - 2023	\$347,681	\$62,696	22%
2023 - 2024	\$354,130	\$22,723	7%
2024 - 2025	\$316,551	(\$37,579)	-11%

A benefit of Joint Powers Authorities (also known as self-insurance pooling) is that they have provided stability in turbulent markets. Therefore, the HARRG Program is expected to fare better than the market and better than public agencies trying to endure a hard market on their own. Shopping as an individual entity is extremely difficult, especially in California.

FISCAL CONSIDERATIONS

The proposed funding sources and uses approved by this action are included in the Housing Commission’s Fiscal Year (FY) 2025 Budget, which the Housing Authority of the City of San Diego approved on June 11, 2024. Approving this action will not change the FY 2025 Total Budget.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to the Core Value “Believe in transparency and being good financial stewards” in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024.

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

HARRG is a nonprofit, member-directed, risk-sharing pool of public agencies and is not subject to the requirement to submit a Workforce Report. Staff has requested HARRG’s DEI Plan/Policy Statement that demonstrates their commitment to equity and inclusion efforts and that it does 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 for review. The Equity Assurance team will work with HARRG should there be any issues

and/or concerns.

ENVIRONMENTAL REVIEW

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. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

Respectfully submitted,

Suket Dayal

Suket Dayal
Executive Vice President of Business Administration
San Diego Housing Commission

Approved by,

Jeff Davis

Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Hard copies are available for review during business hours at the information desk in the main lobby of the San Diego Housing Commission offices at 1122 Broadway, San Diego, CA 92101. Docket materials are also available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.