



INFORMATIONAL REPORT

DATE ISSUED: October 3, 2024

REPORT NO: HCR24-074

ATTENTION: Chair and Members of the San Diego Housing Commission Board of Commissioners
For the Agenda of October 10, 2024

SUBJECT: Annual Insurance Report – Fiscal Year 2025

COUNCIL DISTRICT: Citywide

NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION

SUMMARY

The attached Fiscal Year (FY) 2025 Insurance Summary details the San Diego Housing Commission’s (Housing Commission) insurance policies as of July 1, 2024. The report includes both summary and detailed information on all lines of insurance coverage for the Housing Commission. The total insurance expense for FY 2024 was \$3,133,154. The total insurance expense projected and budgeted for FY 2025 is \$3,493,134.

	<u>FY 2024</u>	<u>FY 2025</u>	<u>Difference in \$</u>	<u>Difference in %</u>
Total Insurance Expense	\$3,133,000	*\$3,493,000	\$360,000	11%

* Estimated/Budgeted

The 11 percent insurance premium increase represents a \$360,000 increase in the Housing Commission’s overall policies. This is primarily related to an increase in property insurance impacted by continued challenging market conditions as well as the addition of coverage for the Pacific Village property, which the Housing Commission acquired in January 2024.

The Housing Commission’s comprehensive insurance coverage contains 11 insurance programs and 27 insurance policies (Table 1). Additional details are provided in Attachment 1 - 2025 Insurance Summary.

Table 1:

- 1. Property Insurance**
- 2. Master Crime Program**
- 3. Pollution Program**
- 4. Smart Corner Liability**
 - a. Smart Corner - Premises Liability
 - b. Smart Corner - Excess Liability #1

- c. Smart Corner - Excess Liability #2
- d. Smart Corner - Excess Liability #3
- e. Smart Corner - Excess Liability #4

5. Fiduciary Liability

6. General Liability

- a. General Liability – Housing Commission
- b. General Liability – Kearny Vista, Valley Vista and Pacific Village Apartments
- c. Excess General Liability – Kearny Vista, Valley Vista and Pacific Village Apartments
- d. General Liability – Homelessness Response Center

7. Auto Liability Program

- a. Primary Auto
- b. Excess Auto
- c. Excess Auto

8. Cyber Insurance Program

- a. Cyber Primary
- b. Cyber Buy-up Options - BRB and BOOST

9. Flood Insurance (NFIP)

- a. Flood - 5077 1/2 Muir Ave.
- b. Flood - 5071 Muir Ave.
- c. Flood - 351 S. 33rd St.
- d. Flood – 355 S. 33rd St.

10. Directors & Officers Liability

- a. Primary Directors & Officers
- b. Excess Directors & Officers #1
- c. Excess Directors & Officers #2

11. Workers' Compensation

- a. Primary Workers' Compensation Liability
- b. Excess Workers' Compensation Liability

(1) Property Insurance

Property insurance provides the Housing Commission coverage for damage to real and personal property and business income as a result of a covered peril, such as a fire. The Housing Commission currently procures its property insurance coverage from Public Risk Innovation, Solutions, and Management (PRISM). The property insurance effective date was March 31, 2024. The Housing Commission renews its property coverage annually.

(2) Master Crime Program

The Housing Commission currently procures its crime insurance coverage from PRISM. The master crime insurance effective date was July 1, 2024. The Housing Commission renews its crime coverage annually. The master crime program manages the loss exposures resulting from criminal acts, such as robbery, burglary and other forms of theft.

(3) Pollution Program

The Housing Commission currently procures its pollution insurance coverage from PRISM. This policy provides coverage for pollution conditions and includes first- and third-party coverages. The pollution coverage effective date was July 1, 2024. The Housing Commission renews its pollution coverage annually.

(4) Smart Corner Liability

The Smart Corner liability program is composed of five insurance policies: a) Smart Corner premises liability and b) four Smart Corner excess liabilities. Premises liability provides coverage for claims for damage or injury (caused by negligence or acts of omission) at the Smart Corner location. An example would be a “slip and fall” at the Smart Corner premises. Excess liabilities insurance provides excess coverage specific to the Smart Corner location and follows the primary liability placement. The Housing Commission currently procures its Smart Corner liability insurance coverage from Liberty Mutual Fire Insurance Company. Excess coverage policies are with Liberty Mutual Fire Insurance Company, Trisura Specialty Insurance Company, Burlington Insurance and Capitol Specialty. The Smart Corner liability insurance effective date was July 1, 2024, and it is renewed annually.

(5) Fiduciary Liability

Since the Housing Commission sponsors a retirement and health plan for its employees and is involved with the management of those plans, it is considered a "Fiduciary" and can be held personally liable for what happens to the plan. This insurance provides coverage for losses that arise as a result of alleged errors or omissions or breach of the fiduciary duties. The Housing Commission currently procures its fiduciary insurance coverage from Hudson Insurance Company (Hudson). The fiduciary insurance effective date was July 1, 2024. The Housing Commission renews its fiduciary coverage annually.

(6) General Liability

General liability provides third-party coverage for Housing Commission liabilities that occur as a result of alleged negligence or omissions. Coverage includes bodily injury, physical damage and personal injury. The Housing Commission currently procures its general liability insurance coverage from the Housing Authority Risk Retention Group, Inc. (HARRG). In addition, the Housing Commission also procures several separate insurance policies from HARRG, Ascot Insurance Company and Kinsale Insurance Company for Kearny Vista, Valley Vista and Pacific Village Apartments and the Homelessness Response Center. The Housing Commission renews its general liability coverages annually.

(7) Auto Liability Program

The Housing Commission currently procures its auto insurance coverage from Liberty Mutual Fire Insurance Company. Excess coverage policies are with Liberty Mutual Fire Insurance Company and Trisura Specialty Insurance Company. The auto insurance effective date was July 1, 2024. The Housing Commission renews its auto insurance coverage annually. The auto liability program is composed of three insurance policies: one primary auto and two excess auto policies. Primary coverage provides comprehensive and collision. “Any auto” applies to the Liability and “Owned auto” applies to all other coverages, such as medical payments and physical damage. Excess coverage provides excess auto coverage following the primary auto placement.

(8) Cyber Insurance Program

The Housing Commission procures its cyber insurance coverage from PRISM. The cyber insurance effective date was July 1, 2024. The Housing Commission renews coverage annually. The cyber insurance program is composed of two insurance policies: a) cyber primary and b) cyber buy-up option. The cyber primary provides first- and third-party coverage for cyber incidents, such as liabilities that arise from, but not limited to, a breach of secured data, the notification costs associated with a breach, and taxes and penalties. The cyber buy-up option provides dedicated “per life” coverage for notification costs associated to a cyber breach, and this coverage does not erode the limit of liability or program aggregate associated to the primary cyber placement. For example, if the Housing Commission experienced a data breach and 900,000 individuals were affected, the cost to notify the individuals would be covered by this buy-up option.

(9) Flood Insurance - National Flood Insurance Program (NFIP)

The National Flood Insurance Program (NFIP), managed by the Federal Emergency Management Agency (FEMA), provides flood coverage for four Housing Commission properties located in zoned flood prone areas. The Housing Commission procures its flood insurance coverage for two of its properties from The Hartford Services Group, Inc. (5077 1/2 Muir Ave. and 5071 Muir Ave.) and two from Wright National Insurance Company (351 S 33rd St. and 355 S 33rd St.). The Housing Commission renews its flood coverage annually.

(10) Directors & Officers' Liability

The Housing Commission procures its primary directors' and officers' liability insurance coverage from the ACE American Insurance Company and excess liabilities from Ironshore Indemnity Inc. and Indian Harbor Insurance Company. The directors' and officers' liability insurance effective date was December 8, 2023. The Housing Commission renews this coverage annually. This program is composed of two insurance policies: a) primary directors and officers and b) excess directors and officers. Primary liability insurance is payable to the directors and officers of a company as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers a loss such as a legal action brought for alleged wrongful acts in their capacity as directors and officers. Examples could include liabilities that arise from allegations of poor management decisions. Excess directors' and officers' insurance provides excess coverage following the primary directors' and officers' placement.

(11) Workers' Compensation

Workers' Compensation provides wage replacement and medical benefits for employees who are injured during the course of employment. It also provides coverage for Employment Practice Liability, which includes wrongful termination. The Housing Commission procures its primary workers' compensation insurance coverage from the California Housing Workers' Compensation Authority (CHWCA) and its excess coverage from Local Agency Workers' Compensation Excess Joint Powers Authority. The Housing Commission renews this coverage annually.

Insurance Broker:

Alliant Insurance Services

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 management. 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. Additional details are provided in Attachment 2 - Alliant 2024 Stewardship Report. 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.

FISCAL CONSIDERATIONS

The FY2024 funding sources and uses were approved by the Housing Authority in the FY2024 Budget. The FY2025 funding sources and uses were approved by the Housing Authority in the FY2025 Budget.

Program	FY2025 Premium	FY2024 Premium	Inc/(dec) \$	Inc/(dec) %
Property	1,408,280	1,028,569	379,711	37%
Master Crime (Primary & Excess)	15,703	15,621	82	1%
Fiduciary Liability	6,943	6,849	94	1%
General Liability	316,551	359,180	(42,629)	-12%
Smart Corner - Premises Liability	39,668	34,530	5,138	15%
Smart Corner - Excess Liability & Auto Liability	53,796	39,187	14,609	37%
Commercial Auto	55,180	50,443	4,737	9%
Additional Excess Auto & Smart Corner (5x5x5)	44,628	47,757	(3,129)	-7%
Cyber	20,211	27,609	(7,398)	-27%
Cyber Buy Up Option - BBR + BOOST	81,787	68,873	12,914	19%
Pollution	21,512	18,694	2,818	15%
Flood NFIP (multiple locations)	10,624	9,930	694	7%
Directors & Officers	95,149	108,190	(13,041)	-12%
Excess Directors & Officers	65,912	68,811	(2,899)	-4%
General & Excess Liability - Kearny Vista & Valley Vista - added Pacific Village 1.25.2024	84,875	61,177	23,698	39%
* Workers Compensation	1,097,315	1,112,734	(15,419)	-1%
Broker Fee	75,000	75,000	-	0%
Total	3,493,134	3,133,154	359,980	11%
* WC - FY24 actual, FY25 budget				

EQUAL OPPORTUNITY CONTRACTING AND EQUITY ASSURANCE

Alliant provided their DEI Policy statements that demonstrate an understanding of the value of diversity, equity and inclusion within the organization. They have taken positive steps to promote and support a diverse, equitable and collaborative work environment.

HOUSING COMMISSION STRATEGIC PLAN

This item relates to the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024 Core Value: Believe in transparency and being good financial stewards. The Housing Commission is in the process of developing a new Strategic Plan.

CONCLUSION

The market for insurance is cyclical. It fluctuates between the soft market (when premiums hold steady or decrease) and the hard market (when rates increase and coverage is more difficult to find). Unprecedented world events, in tandem with carriers not turning a profit, has resulted in the market remaining hard.

Prior to 2020, rate increases were largely tied to a soft market correction while factoring in increased attritional loss and adverse catastrophe loss development. In 2020, the pandemic, social unrest, rising reinsurance costs, financial market volatility, global recession, and more frequent and severe catastrophes greatly exacerbated the situation. Unlike previous hard markets, restricted capacity offered by carriers is a result of a reduced appetite rather than capital reduction. Lack of significant new capital flowing into the market (which would help drive competition) points to a sustained hard market.

Property insurance is one of the Housing Commission’s most significant insurance expenses. The property insurance market is challenging and has been for the past several years. Catastrophic local, regional and worldwide events, such as wildfires and weather events, have driven reinsurance markets to double-digit rate increases and reduced capacity with the market. While the size of the PRISM Property Program brings leverage to negotiate with reinsurers, and the Housing Commission’s long-term relationships keep underwriters at the table, Housing Commission losses, like the rest of the industries, are also part of a renewal conversation. To keep increases manageable, Housing Commission staff make every effort to obtain the most comprehensive and lowest-price coverage available for the agency. The Housing Commission is a member of several directed insurance risk-sharing pools, and with its insurance broker, Alliant, has developed effective risk management solutions to help proactively control losses and prepare for different exposures.

Respectfully submitted,



Suket Dayal
Executive Vice President of Administration &
Chief Financial Officer
San Diego Housing Commission

Approved by,



Jeff Davis
Deputy Chief Executive Officer
San Diego Housing Commission

Attachments:

1. 2025 Insurance Summary
2. Alliant 2024 Stewardship Report

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 available in the “Governance & Legislative Affairs” section of the San Diego Housing Commission website at www.sdhc.org



2025 INSURANCE SUMMARY

Policy	Carrier	Effective Date	Premium	Limits	Deductible/Retention	Description of Coverage
Property	PRISM	03/31/2024	\$1,408,280	\$10,000,000	\$25,000	Provides coverage for damage to real estate and personal property, and business income because of a covered peril such as a fire for scheduled locations.
Fiduciary Liability	Hudson Insurance Company	07/01/2024	\$6,943	\$2,000,000	\$25,000/Indemnifiable \$100,000/Class Action	Provides coverage for losses that arise because of alleged errors or omissions or breach of fiduciary duties.
Pollution	PRISM	07/01/2024	\$21,512	\$10,000,000	\$250,000	Provides coverage for pollution conditions and includes 1st and 3rd party coverages.
Master Crime	PRISM	07/01/2024	\$15,704	\$10M/Occurrence \$5M Excess/Occurrence	\$2,500	Coverage that manages the loss exposures resulting from criminal acts such as robbery, burglary and other forms of theft.
Smart Corner – Commercial General Liability	Liberty Mutual Fire Ins. Company	07/01/2024	\$39,668	\$2,000,000	\$5,000	Provides coverage for claims from SDHC’s liability to damage or injury during performance of business. Premises liability coverage only, as operations are excluded.
Smart Corner & Auto - Umbrella Liability	Liberty Ins. Corporation	07/01/2024	\$53,796	\$4,000,000	\$10,000 Deductible at \$1,000,000 attachment point	Provides excess auto coverage and Smart Corner liability following the primary Liberty Mutual policy.
Smart Corner - Excess Liability 5Mx5M	Trisura Specialty Ins. Company	07/01/2024	\$30,016	\$5,000,000	\$0 at \$5,000,000 attachment point	Provides excess coverage to auto and specific to the Smart Corner location and follows the primary liability placement.
Smart Corner - Excess Liability 5Mx10M	Burlington Insurance	07/01/2024	\$9,293	\$5,000,000	\$0 at \$10,000,000 attachment point	Provides excess coverage specific to the Smart Corner location and follows the primary liability placement.
Smart Corner - Excess Liability 5Mx15M	Capital Specialty	07/01/2024	\$5,319	\$5,000,000	\$0 at \$15,000,000 attachment point	Provides excess coverage specific to the Smart Corner location and follows the primary liability placement.

Policy	Carrier	Effective Date	Premium	Limits	Deductible/Retention	Description of Coverage
Commercial Auto	The First Liberty Insurance Corp	07/01/2024	\$55,180	\$1,000,000 \$5,000- Medical	\$5,000	Provides comprehensive and collision. Liability and all other coverages such as medical payments and physical damage.
General Liability	HARRG	07/01/2024	\$316,477	\$15,000,000 (reduced from \$20m to \$15m 7.1.2024)	\$10,000	Provides third party coverage for SDHC liabilities that occur as a result of negligence or omissions. Coverage includes bodily injury, physical damage and personal injury.
Cyber	PRISM	07/01/2024	\$20,211	\$2,000,000- Aggregate for all coverages combined	\$100,000 per claim. 8 hour waiting period for 1 st party claims	Provides first and third-party coverage for cyber incidents such as liabilities that arise from but not limited to a breach of secured data, taxes and penalties.
Cyber Buy Up Option – BBR + BOOST	PRISM	07/01/2024	\$81,787	1M Notified Individuals	100 Notified Individuals	Provides dedicated “per life” coverage for notification costs associated to a cyber-breach, and this coverage does not erode the limit of liability or program aggregate associated to the primary cyber placement.
Director's & Officers-Primary	ACE American Ins. Company	12/08/2023	\$95,149	\$3,000,000	\$0 Coverage A \$250,000 Coverage B \$250,000 Coverage C	Liability insurance payable to the directors and officers of a company as indemnification (reimbursement) for losses or advancement of defense costs in the event an insured suffers such a loss because of a legal action brought for alleged wrongful acts in their capacity as directors and officers.
Excess Director's & Officers-1st Layer	Indian Harbor Ins Co.	12/08/2023	\$54,938	\$4,000,000	\$0 Deductible at \$3,000,000 attachment point	Provides excess coverage following the primary Director's & Officers placement.

Policy	Carrier	Effective Date	Premium	Limits	Deductible/Retention	Description of Coverage
Excess Director's & Officers-2nd Layer	Ironshore Indemnity	12/08/2023	\$10,982	\$1,000,000	\$0 Deductible at \$7,000,000 attachment point	Provides excess coverage following the primary Director's & Officers placement.
Flood - 355 S. 33rd Street	Wright Flood	02/21/2024	\$4,757	\$500,000 building \$100,000 contents	\$10,000 building and contents	Provides mandated flood (NFIP) coverage for the 355 S. 33rd Street location.
Flood - 351 S. 33rd Street	Wright Flood	02/21/2024	\$2,547	\$500,000 building \$100,000 contents	\$10,000 building and contents	Provides mandated flood (NFIP) coverage for the 351 S. 33rd Street location.
Flood - 5071 Muir Ave	Hartford Insurance Company	11/30/2023	\$1,642	\$250,000 building \$14,000 contents	\$2,000 building and contents	Provides mandated flood (NFIP) coverage for the 5071 Muir Ave location.
Flood - 5077 1/2 Muir Ave	Hartford Insurance Company	10/04/2023	\$1,678	\$250,000 building N/A contents	\$2,000 building N/A contents	Provides mandated flood (NFIP) coverage for the 5077 ½ Muir Ave location.
General Liability – Kearny Vista & Valley Vista & Pacific Village-Midway	HARRG	11/24/2023 01/25/2024	\$25,691 \$3,983	\$1M Coverage A & B \$500,000 3 rd party discrimination	\$15,000 Deductible Coverage A, B & 3 rd party discrimination	Provides general liability insurance for the locations of Kearny Vista & Valley Vista & Pacific Village-Midway
Excess General Liability – Kearny Vista & Valley Vista Pacific Village-Midway	Kinsale Ins. Company	11/24/2023 01/25/2024	\$46,751 \$5,952	\$5,000,000	\$0 Deductible at \$1,000,000 attachment point	Provides excess coverage following the primary general liability placement for the locations of Kearny Vista & Valley Vista & Pacific Village-Midway
General Liability – Homelessness Response Center (HRC)	HARRG	2/18/2024	\$5,050	\$2,000,000	\$10,000	Provides general liability insurance for the Homelessness Response Center.
Workers' Compensation	CHWCA	01/01/2024	\$1,112,734	\$5,000,000	First Dollar	Form of insurance that provides wage replacement and medical benefits for employees that are injured during employment. Also provides coverage for Employment Practice Liability to include wrongful termination.

2024 Stewardship Report

FOR

San Diego Housing Commission

June 2024



SAN DIEGO

H O U S I N G

COMMISSION

PRESENTED BY

ALLIANT INSURANCE SERVICES, INC.

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Insurance License No. 0C36861

EXECUTIVE SUMMARY

We are honored to have served San Diego Housing Commission as your broker and risk advisor for the many years and look forward to expanding upon our partnership.

Per the request of your scope of work and as part of our normal servicing platform, we have formulated a Stewardship Report summarizing the brokerage service activities and accomplishments Alliant has performed over the last year. This stewardship report offers Alliant the opportunity to reflect on areas for improvement in providing program management services for San Diego Housing Commission.

As we reflect on the last year, we have seen significant changes with the marketplace with regards to Cyber, Property and Excess Casualty markets. Due to an influx of claims from Public entities, CAT Losses including Hurricane Ian and following a pandemic, claims surged which resulted in markets increasing their overall prices for insurance which has yet to be seen in many years. Overall we had a very good renewal compared to many other clients in the Public Entity Sector which we will discuss in this letter further.

Overall, this stewardship report provides:

- Overview of the Property and Casualty Market as it stands today
- San Diego Housing Commission with updated information pertaining to your insurance program which we service
- An overview of key accomplishments and milestones within the last several years
- An outline of Alliant's goals and objectives for the remainder of the year and strategy to better serve the Commission
- An opportunity for Alliant to learn about San Diego Housing Commission's goals and objectives for the remainder of the year.

Throughout this report we will elaborate on the above points, and address various pertinent key issues, future ideas and objectives for discussion.

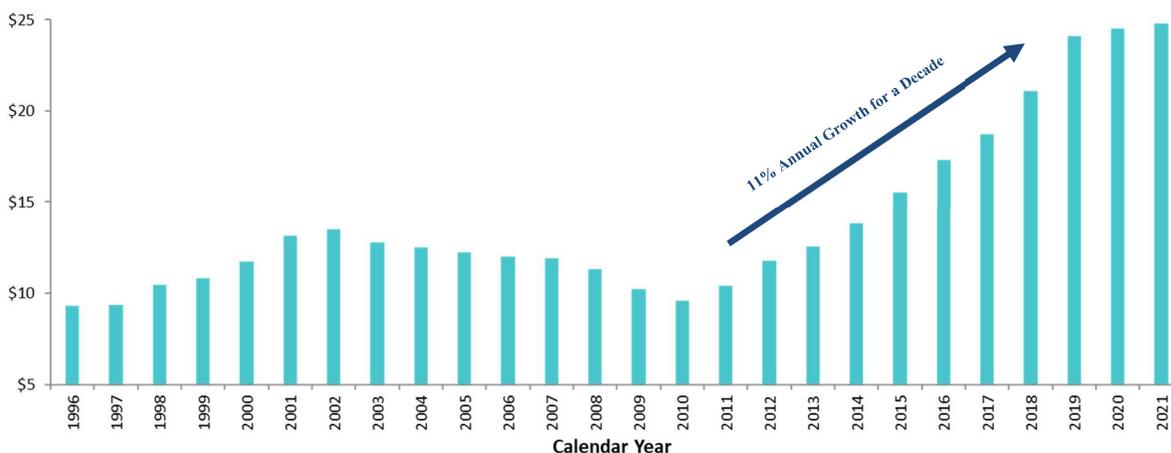
Alliant remains committed to further enhancing our risk advisory and insurance brokerage relationship with San Diego Housing Commission. We intend to accomplish this through our continued responsiveness to San Diego Housing Commission's diverse insurance requirements and risk management objectives. Our objective is to further solidify our partnership with your team through our on-going service related to your risk management and insurance program. The best way we can do this is by maintaining a strong line of communication between the Housing Commission, your professional advisor(s), and Alliant. We want to know whether something is or is not working for you. We are flexible in our approach and can make the necessary modifications to best serve the Housing Commission and look forward to expanding upon our partnership in the second half of 2024.

MARKET UPDATE

Current insurance market conditions continue to drive increases in insurance premiums.

The liability market continues to experience upward pressure due to a number of factors, particularly “social inflation”; the rising costs of insurance claims that are being fueled by trends in society such as significantly increased jury awards. Economic inflation, increased frequency and severity of auto liability losses and litigation financing are factors contributing to the challenges in the liability market. Loss costs continue to increase double digits for insurance companies.

Upward Trend in Liability Claims



The Property market had been in an unprecedented hard cycle since 2017. Although we are seeing a slowing of pricing increases, we are still in an environment of continued increases for 2024, particularly for insured’s that have experienced losses and/or those with Natural Catastrophe exposure (wildfire, windstorm, hail, flooding, etc.).

The Making of a Hard Market - Timeline

2016 is the height of a soft market.
Buyers and producers are happy, prices are low and companies compete to pay producers commission.

2022 we are in a hard market.
There is high demand for insurance coverage and low appetite to insure. Rates are high and coverage is difficult to find.

2017
 - **Costliest Year on Record for Natural Disasters**: 16 separate events, each causing damages in excess of \$1B.
 - **2017 Hurricane Season Ranks as Costliest Ever for U.S.**
 - **California Wildfires**
 - **8/17/2017 Hurricane Harvey**: 2nd costliest storm on record (\$12.5B). Dumped approximately 29 trillion gallons of water on Texas and Louisiana. *Harvey The "Most Significant Tropical Cyclone Related Event" in U.S. History.*
 - **8/30/2017 Hurricane Irma**: Category 5 - 5th costliest storm on record (\$50B).
 - **9/16/2017 Hurricane Maria**: Category 5 - 3rd costliest storm on record (\$90B).

2018
 - **Market Starts to Harden Due to Catastrophes**: The market begins to harden and capacity contracts causing supply and demand issues for insurers.
 - **10/17/2018 Hurricane Michael**: Category 5 - 9th most costly storm on record (\$25B). *Hurricane Michael is the Most Powerful Storm to Hit the Florida Panhandle on Record.*
 - **California Wildfires**
 - **8/23/2018 Hurricane Florence**

2019
 - **The Rise of Social Inflation**: The rising cost of insurance claims due to the impact of societal factors such as:
 - An increase in litigated claims and larger jury awards
 - Broader definitions of coverage by the legal system, such as pandemic insurance
 - Use of Public Adjusters in the claims process
 - Changing views of social responsibility
 - This all caused the losses from the 2017 and 2018 seasons to be much bigger than anticipated.
 - **COVID-19 Global Pandemic**: Bigger losses than 9/11. Uncertainty around full impact to the industry and the world.

2020
 - **Rising Reinsurance Costs**: Florida insurers seeing rate increases of at least 20% and as high as 60%.
 - **Very Low Interest Rates**: Very difficult to earn the investment return many carriers are dependent on, causing reduced risk appetite.
 - **2020 California Wildfires**
 - **Colorado Wildfires**
 - **Active Catastrophe Season**: Most active storm season on record. Cost estimated to be over \$30B for Hurricanes Isaias, Laura and Sally alone!
 - **2020 Hurricane Season Breaks All-Time Record while Leaving the Gulf Coast Behind**
 - **Global Insurance Market Starts to Harden**

2021
 - **Another Active Catastrophe Season** with the second most disasters in a calendar year, behind 2020.
 - **Winter storm event in the deep south**
 - **Extreme heat, drought and wildfires across western U.S.**
 - **Hurricane Ida**

2022
 - **Rising Costs**: Due to inflation, social inflation, undervaluation, and a lack of insurance capacity, creating a hard market.
 - **Hurricane Ian**: Category 4 - Estimated to exceed \$50B in insured and uninsured losses. *Aftermath of Hurricane Ian, Gulf States, FL.*

2017-2022 Natural Disaster Locations

TIMELINE KEY
 - Nationwide (and worldwide)
 - 2019-2022 Hardening Markets
 - 2020-2022 COVID-19

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a VICTOR company

Non-catastrophe exposed accounts are seeing rate changes range from -5% to +5% while catastrophe exposed accounts are seeing changes in the -5% to +10% range across all property buyers. Accounts with poor loss experience are seeing 10% - 20% increases and higher

PREMIUM COMPARISON

Alliant reviewed the coverage that we had placed in 2021 and felt that the best decision for the Housing Commission was to market several lines of insurance for San Diego Housing Commission's 2022 renewal. This was due to a hardening market and continued impacts of a global pandemic and catastrophic losses.

Coverage	2022-2023	2023-2024	% Change in Premium
	Annual	Annual	
General Liability- HRC	\$ 2,525	\$ 5,050	50%
Flood- 355 33 rd Street	\$ 2,714	\$ 3,203	15.27%
Flood- 351 33 rd Street	\$ 1,369	\$ 1,615	15.23%
Property	\$ 809,897	\$ 1,028,569	21.26%
Master Crime (Primary & Excess)	\$ 15,332	\$ 15,620	1.84%
Fiduciary Liability	\$ 6,737	\$ 6,894	2.28%
Master General Liability	\$ 331,407	\$ 354,130	6.42%
Premises Liability- Smart Corner	\$ 24,999	\$ 34,530	27.60%
Auto Liability	\$ 43,242	\$ 50,443	14.28%
Excess Auto & Smart Corner Liability	\$ 40,185	\$ 47,757	15.86%
Excess Auto & Smart Corner Liability (5x5)	\$ 22,550	\$ 27,250	17.25%
Excess Auto & Smart Corner Liability (5x10)	\$ 7,000	\$ 9,000	22.22%
Excess Auto & Smart Corner Liability (5x15)	\$ 3,500	\$ 4,285	18.32%
Cyber Liability	\$ 29,490	\$ 27,609	-6.81%
Cyber- Breach Response	\$ 66,750	\$ 68,873	3.08%
Pollution Liability	\$ 11,815	\$ 18,694	36.80%
Flood- 5077 ½ Muir	\$ 1,271	\$ 1,170	-8.63%
General Liability- Kearny Vista & Valley Vista	\$ 23,870	\$ 25,691	7.09%
Excess Liability- Kearny Vista & Valley Vista	\$ 38,588	\$ 48,762	20.86%
Flood- 5071 Muir	\$ 1,234	\$ 1,170	-5.47%
Director's & Officers	\$ 98,390	\$ 95,149	-3.41%
Excess Director's & Officers	\$ 55,000	\$ 53,000	-3.77%
Excess Director's & Officers	\$ 13,811	\$ 13,311	-3.76%
Broker Fee (less commissions received)	\$73,698.18	\$73,593.18	Flat
Total	\$1,725,374	\$2,015,368	16.80%

Premiums include Surplus Lines Taxes where applicable

INSURANCE PROGRAM

General Liability- Homeless Response Center (HRC)

Written with HARRG in 2021 on a stand-alone basis since it could not be added to the Master General Liability policy. This policy is subject to minimum premium with an aggregate policy limit of \$4,000,00. No other policies are Excess over this policy.

Flood/NFIP- 4 Standalone Policies

NFIP policies for the following locations: 355 33rd Street, 351 33Rd Street, 5077 ½ Muir, 5071 Muir; written with the Hartford and Wright Flood. Policies are contractually required by the lenders which is why they have been written on a stand-alone basis. Lender (Midland) advised that PRISM's deductible is higher the maximum allowable deductible.

PRISM Property Program

Property coverage is placed through Public Risk Innovation, Solutions, and Management (PRISM). With over the past 40+ years, PRISM is a recognized pioneer in the pooling and risk management community in California and nationwide. The sole purpose of this JPA is finding cost-effective insurance solutions and risk management services for members.

We submitted the marketing to AmWins for renewal as promised last year. We received a rough indication that the rate would be more than double with an AOP deductible of \$100K.

PRISM Master Crime Program

Crime coverage is placed in the PRISM Master Crime Program. The program provides blanket employee theft coverage, including faithful performance at \$15M limit. On average, housing authorities purchase between \$2,000,000 to \$5,000,000 and coverage and the Commission's program exceeds the average. However, we are seeing a lot of criminal activities among public agencies and always encourage our clients to invest in greater limits to reduce this costly exposure.

PRISM markets the Master Crime Program to ensure they remain competitive. AIG, who is their current insurer, maintains the title of the top insurer for crime coverage across the country. In fact, some of Alliant's largest crime programs are with AIG including our master crime program called the Alliant Crime Insurance Program.

Fiduciary Liability

San Diego Housing Commission participates in Alliant's Fiduciary Liability Insurance Program (FLIP). Coverage is written through Hudson Insurance Company. Unlike Property and Crime, FLIP is a group purchase and not a pool thus participants do not share risk. Each participating entity has its own limits of liability and choices of deductibles or self-insured retentions. This is not a policy that is readily procured as many public entities are not aware that they have fiduciary exposures that are uncovered.

Last marketed in 2017 where Alliant negotiated favorable terms with Hudson Insurance (Euclid) for that renewal. Hudson's form provided term and coverage enhancements compared to what RLI provided. Hudson provides \$2,000,000 in limits subject to a \$25,000 retention.

Master General Liability

The above policy is placed through HARRG. Established in 1987, HARRG is a nonprofit, tax-exempt captive mutual risk retention group that provides liability insurance to public housing authorities. SDHC has participated in this program for over twenty-nine (29) years and has benefited from HARRG's dividend program which has returned over \$760,000 in dividends since 1991. A significant amount of housing

authorities participate in the HAI Group programs (including HARRG) and limits and coverage types are standardized as well.

Marketed in 2023 but did not return any competitive options so coverage was renewed with HARRG.

General Liability & Excess- Smart Corner

Premises only Liability policy for 1122 Broadway. Coverage placed with Liberty Mutual in 2022 and renewed with Liberty in 2023. Due to the Trolley exposure and Easement Agreement, it was a difficult risk to find a new home for this risk in 2022. The policy is written with a \$1,000,000 per occurrence limit and \$2,000,000 aggregate on the primary layer and an Excess policy with a \$4,000,000 limit.

Auto Liability & Excess

Places Liberty Mutual in 2022 and the continue to provide good coverage terms and premium. The primary policy carries a limit of \$1,000,000 and the Excess policy has an additional \$4,000,000 limit.

PRISM Cyber Liability Program & Beazley Breach Response

The Housing Commission participates in the PRISM Cyber Program and the program provides “Information Security & Privacy” insurance with electronic media liability in the amount of \$2,000,000 with several sublimits. However, the Commission also has dedicated coverage for Breach Response Services through the CEO 1 program and have 1,000,000 in notified lives coverage. This coverage fits in line with what other housing authorities purchase. The policy ranges from \$2,000,000 to \$5,000,000 and we would like the Commission to consider increasing this figure in the next renewal.

The CSAC EIA Cyber programs with Beazley continue to be the best option for Cyber risk. We market the program every couple of years and no other market has been able to provide similar coverage at the current premium, especially because of the “notified lives” structure and dedicated breach services offered by the “Buy Up Option” with the SDHC is a participant of.

Given the soft state of the cyber market, we regularly market the Master Cyber Program in the CSAC EIA. This program continuously proves to provide the broadest coverage (such as providing notified live coverage for first party breach response), competitive pricing and effective pre and post mitigation services. In fact, the Commission has access to a library of loss control resources specific to privacy and security as well as assistance by a dedicated team of cyber experts known as the BBR team.

PRISM Pollution Program

Pollution coverage is placed with PRISM. The program provides public entities with \$5M per pollution incident; \$10M aggregate sublimit; and \$50M program aggregate for bodily injury, property damage and cleanup costs caused by pollution conditions at scheduled sites, owned or leased, or arising from certain operations. Pollution is a necessary coverage for housing authorities and the amount purchased by the Commission fits in line with other entities across the country. Limits purchased differ based on the size of the organization but on average range between \$1,000,000 and \$10,000,000.

PRISM markets the Master Pollution Program to ensure they remain competitive.

General Liability & Excess Liability- Kearny Vista & Valley Vista

Primary Liability was written with HARRG in 2020 on a stand-alone basis since it could not be added to the Master General Liability policy. The primary GL policy is written with a \$1,000,000 per occurrence limit and \$2,000,000 aggregate with one Excess policy over it. The Excess policy is written with Kinsale Insurance Company with a \$5,000,000 policy limit.

Directors & Officers Liability & Excess

Comprised of three (3) policies: primary written with ACE American Insurance Company and excess policies with Indian Harbor Insurance Company and Ironshore Indemnity Inc. Combined policies provide a total limit of \$8,000,000. Modified the primary and first excess layer to increase sublimits for non-monetary defense and breach of contract.

Workers' Compensation

Coverage effective 1/1/24 with CHWCA. Performed due diligence marketing in 2023 which resulted in staying with the incumbent. Most of the markets declined to quote due to class code 9033. Alliant approached: Liberty, AmTrust, KeyRisk, Bitco, Chubb, Applied Underwriters, Zurich and CNA.

GOALS & OBJECTIVES FOR 2024/2025

Our primary goal for going into 2025 is to ensure that we continue to provide SDHC with the necessary guidance and resources to meet your needs and fulfill the necessary scope of work. With respect to this, we will do the following:

- Maintain Open Communication with regards to our marketing strategy that addresses the following:
 - Which programs, if any, should be marketed for the 2025 renewals
 - A set timeline with deliverables including the renewal meeting
 - Give expectations of Renewal rates and expected premium increases
- Provide timely Administrative Services such as responding to a Certificate of Insurance request within 24 hours from receipt
- Review loss experience and determine whether alternative deductible structures will bring value to SDHC's risk transfer program
- Provide SDHC with a clear renewal narrative that summarizes all renewal options and our recommendations (in the case there are more favorable alternative options). Per the scope of work, Alliant will provide this report at least 60 days prior to the renewal dates
- Continue to monitor carrier ratings to ensure they have a strong financial position.
- Continue to report claims when needed
- Continue to properly serve and advise SDHC with respect to risk management including emerging risks and insurance requirements in contracts
- Provide SDHC with state of the market reports
- Host necessary meetings with insurers when necessary
- Strive to continuously improve and evolve as needs change for the SDHC

We appreciate the opportunity to expand upon our partnership and look forward to an impactful 2025 year.