SAN DIEGO HOUSING COMMISSION

SDHC

# INFORMATIONAL REPORT

**DATE ISSUED:** September 3, 2026 **REPORT NO**: HCR26-047

**ATTENTION:** Chair and Members of the San Diego Housing Commission Board of Commissioners For the Agenda of September 11, 2026

**SUBJECT:** Annual Insurance Report – Fiscal Year 2027

**COUNCIL DISTRICT:** Citywide

**NO ACTION IS REQUIRED ON THE PART OF THE SDHC BOARD OF COMMISSIONERS**


**SUMMARY**

The attached Fiscal Year (FY) 2027 Insurance Summary details the San Diego Housing Commission's (SDHC) insurance policies as of July 1, 2026. The report includes both summary and detailed information on all lines of insurance coverage for SDHC. The total insurance expense for FY 2026 was $2,987,216. The total insurance expense projected and budgeted for FY 2027 is $3,300,149.


| | FY2027 | FY2026 | Difference in $ | Difference in % |
|---|---|---|---|---|
| Total Insurance Expense | *$3,300,000 | $2,987,000 | $313,000 | 10% increase |

** Estimated/Budgeted*

The 10 percent insurance premium increase represents a net $313,000 increase in SDHC's overall policies. This is primarily related to a $365,000 reduction to the workers compensation actual expense for FY 2026 related to a multiyear calculation adjustment. Excluding employee-driven workers compensation, the overall increase is $53,000, or approximately 2 percent, providing a clearer view of the year-over-year impact.

Property insurance costs decreased by $71,000, or 6 percent, even with the addition of coverage for the Starling Place acquisition in April 2026. This reduction reflects improved market conditions after several years of increases.

In addition, in July 2026, SDHC was able to consolidate the standalone General Liability and excess policies for the former hotels now operated as affordable rental housing ("hotel policies") into SDHC's primary HARRG general liability policy. This eliminated the need for excess policies and produced a net savings of $22,000, inclusive of the added Starling Place coverage.

Increases in Directors and Officers insurance of $64,000 and its related excess policy of $67,000 are primarily attributable to expanded non-monetary defense limits—from $500,000 per occurrence and $500,000 aggregate to $750,000 per occurrence and $2.25 million aggregate—and a reduction in retention from $250,000 to $150,000, alongside continued market pressures.

SDHC's comprehensive insurance coverage contains 11 insurance programs and 20 insurance policies (Table 1). Additional details are provided in Attachment 1 - 2027 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
5. **Fiduciary Liability**
6. **General Liability**
    a. General Liability – SDHC
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
11. **Workers' Compensation**
    a. Primary Workers' Compensation Liability
    b. Excess Workers' Compensation Liability

<u>(1) Property Insurance</u>
Property insurance provides SDHC coverage for damage to real and personal property and business income as a result of a covered peril, such as a fire. SDHC currently procures its property insurance coverage from Public Risk Innovation, Solutions, and Management (PRISM). The property insurance effective date was March 31, 2026. SDHC renews its property coverage annually.

<u>(2) Master Crime Program</u>
SDHC currently procures its crime insurance coverage from PRISM. The master crime insurance effective date was July 1, 2026. SDHC 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.

<u>(3) Pollution Program</u>
SDHC currently procures its pollution insurance coverage from PRISM. This policy provides coverage for pollution conditions and includes first- and third-party coverages. The effective pollution coverage date was July 1, 2026. SDHC 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 Smart Corner liability insurance effective date was July 1, 2026, and it is renewed annually.

(5) Fiduciary Liability
Since SDHC sponsors a retirement 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 fiduciary duties. SDHC currently procures its fiduciary insurance coverage from Hudson Insurance Company (Hudson). The fiduciary insurance effective date was July 1, 2026. SDHC renews its fiduciary coverage annually.

(6) General Liability
General liability provides third-party coverage for SDHC liabilities that occur as a result of alleged negligence or omissions. Coverage includes bodily injury, physical damage and personal injury. SDHC currently procures its general liability insurance coverage from the Housing Authority Risk Retention Group, Inc. (HARRG). SDHC renews the general liability coverages annually.

(7) Auto Liability Program
SDHC procures its auto insurance coverage from Liberty Mutual Fire Insurance Company. Excess coverage policies are with Liberty Mutual Fire Insurance Company. The effective date of auto insurance was July 1, 2026. SDHC 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
SDHC procures its cyber insurance coverage from PRISM. The cyber insurance effective date was July 1, 2026. SDHC renews coverage annually. The cyber insurance program is composed of two insurance policies: a) cyber primary and b) cyber Beazley breach response (BBR). 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 Beazley breach response 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.

(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 SDHC properties located in zoned flood prone areas. SDHC 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.). SDHC renews its flood coverage annually.

(10) Directors & Officers’ Liability
SDHC procures its primary directors’ and officers’ liability insurance coverage from the ACE American Insurance Company and excess liabilities from Ascot Apex Insurance. The directors’ and officers’ liability insurance effective date was December 8, 2025. SDHC restricted these policies to include increased limits for non-monetary defense and decreased the retention. 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 provide excess coverage following the primary directors and officer's placement.

(11) Workers' Compensation
Workers' Compensation provides wage replacement and medical benefits for employees who are injured during the course of employment. SDHC 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. SDHC renews this coverage annually.

**Insurance Broker:**

Alliant Insurance Services
Alliant was re-selected to be SDHC's insurance broker in a comprehensive procurement process in January 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 management. Alliant ensures that SDHC 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 2026 Stewardship Report. 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.

## FISCAL CONSIDERATIONS

The FY 2026 funding sources and uses were approved by the Housing Authority in the FY 2026 Budget. The FY 2027 funding sources and uses were approved by the Housing Authority in the FY 2027 Budget.

| Program | FY2027 Premium | FY2026 Premium | Inc/(dec) $ | Inc/(dec) % |
|---|---|---|---|---|
| | | | | |
| Property | 1,045,816 | 1,116,960 | (71,144) | -6% |
| Master Crime (Primary & Excess) | 14,210 | 14,812 | (602) | -4% |
| Fiduciary Liability | 7,388 | 7,141 | 247 | 3% |
| General Liability | 444,655 | 356,447 | 88,208 | 25% |
| Smart Corner - Premises Liability | 48,559 | 44,328 | 4,231 | 10% |
| Smart Corner - Excess Liability & Auto Liability | 70,694 | 61,602 | 9,092 | 15% |
| Commercial Auto | 68,416 | 65,116 | 3,300 | 5% |
| Additional Excess Auto & Smart Corner (5x5x5) | 58,815 | 51,077 | 7,738 | 15% |
| Cyber | 25,345 | 20,385 | 4,960 | 24% |
| Cyber Buy Up Option - BBR | 60,332 | 81,787 | (21,455) | -26% |
| Pollution | 26,179 | 19,017 | 7,162 | 38% |
| Flood NFIP (multiple locations) | 13,403 | 11,873 | 1,530 | 13% |
| Directors & Officers | 182,563 | 118,795 | 63,768 | 54% |
| Excess Directors & Officers | 147,517 | 80,775 | 66,742 | 83% |
| General & Excess Liability - Hotels | - | 110,342 | (110,342) | -100% |
| Workers Compensation (1) | 1,011,257 | 751,759 | 259,498 | 35% |
| Broker Fee | 75,000 | 75,000 | - | 0% |
| | | | | |
| **Total** | **3,300,149** | **2,987,216** | **312,933** | **10%** |
| (1) WC FY26 actual, FY27 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 Years 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 to 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.

**CONCLUSION**

The Stewardship Report (Attachment 2) outlines Alliant's continued partnership with SDHC, emphasizing the brokerage team's role in protecting SDHC's people, assets, and operations. It highlights Alliant's commitment to ongoing service, strategic guidance, and responsive risk advisory support. The report also serves as a performance review, offering transparency on completed work, areas for improvement, and alignment with SDHC's evolving risk management priorities.

A major focus of the report is the shifting 2026 Property & Casualty insurance marketplace. Property insurance conditions have improved considerably due to increased carrier capacity, stronger competition, and more favorable reinsurance pricing. These changes create opportunities for SDHC to evaluate potential enhancements in pricing, limits, coverage, and program structure. However, catastrophe-exposed organizations — including those facing California wildfire and earthquake risks, continue to require detailed exposure data and proactive market engagement to maintain carrier interest and favorable terms.

Conversely, Casualty lines remain challenged. Automobile Liability and Umbrella/Excess Liability continue to be heavily influenced by social inflation, litigation trends, and rising claim severity. Public entities are subject to heightened underwriting scrutiny, making SDHC's operational narrative, claims management strength, and risk-control practices essential in retaining capacity and achieving optimal renewal outcomes. Cyber insurance conditions have also stabilized, with improved capacity for organizations demonstrating strong cybersecurity controls, though emerging technology-related risks continue to evolve.

Looking ahead, Alliant's strategy centers on leveraging improving Property conditions while maintaining disciplined execution in more difficult Liability segments. Their approach prioritizes early renewal planning, accurate exposure data, comprehensive market outreach, catastrophe modeling where relevant, and evaluation of alternative program structures and retentions. Alliant reaffirms its commitment to serving as an extension of SDHC's team, encouraging open communication and collaboration as both organizations prepare for the remainder of 2026 and the next renewal cycle.

Respectfully submitted,

*Tracy Bryson*

Tracy Bryson
Manager of Finance – Audit & Reporting
Financial Services Department

Approved by,

*Azucena Valladolid*

Azucena Valladolid
Chief Operating Officer
San Diego Housing Commission

Attachments: 1) 2027 Insurance Summary
2) Alliant 2026 Stewardship Report

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.

**Attachment 1**

# 2027 Insurance Summary

| Policy | Carrier | Effective Date | Premium | Limits | Deductibles/Retention | Description of Coverage |
|---|---|---|---|---|---|---|
| Property | PRISM | 3/31/2026 | $1,045,816 | $25 million | $25,000-All Risk; $1,000-Boiler & Machinery | Provides coverage up to total insured value (TIV) for damage to real estate and personal property, and business income because of a covered peril such as a fire for scheduled locations. PRISM Self Insured up to $7,500,000 |
| Fiduciary Liability | Alliant-Hudson Ins. Co. | 7/1/2026 | $7,388 | $2 million | $25,000/Indemnifiable $100,000/Class Action | Provides coverage for losses that arise because of alleged errors or omissions or breach of fiduciary duties related to pension and 457 plans. |
| Pollution | PRISM | 7/1/2026 | $26,179 | $10 million | $250,000 | Provides coverage for pollution conditions and includes 1st and 3rd party coverages. |
| Master Crime | PRISM | 7/1/2026 | $14,210 | $10 million per occurence; $5 million Excess per occurrence | $2,500 | Coverage that manages the loss exposures resulting from criminal acts such as robbery, burglary and other forms of theft. |
| General Liability | HARRG | 7/1/2026 | $444,655 | $15 million | $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. Effective 7/1/2026 consolidated coverage for what was previously know as "Hotel Policy". Continue to have separate policy for Smart Corner. |
| Smart Corner--Commercial General Liability | Liberty Mutual Fire Ins. Co. | 7/1/2026 | $48,559 | $1 million per occurrence; $2 million aggregate | $5,000 | Provides coverage for claims from SDHC's liability to damage or injury during performance of business at Smart Corner office location. Premises liability coverage only, as operations are excluded. |
| Commercial Auto | The First Liberty Ins. Corp. | 7/1/2026 | $68,416 | $1 million liability; $5,000- Medical | $5,000 | Provides comprehensive and collision. Liability and all other coverages such as medical payments and physical damage. |
| Smart Corner & Auto - Umbrella Liability | Liberty Ins. Corp. | 7/1/2026 | $70,694 | $4 million | $10,000 Deductible at $1 million attachment point | Provides excess auto coverage and Smart Corner liability following the primary Liberty Mutual policy. |
| Smart Corner--Excess Liability 5Mx5M | Liberty-Palomar Excess & Surplus Ins | 7/1/2026 | $38,961 | $5 million | $0 at $5 million 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 | Liberty-Burlington Ins. | 7/1/2026 | $11,158 | $5 million | $0 at $10 million attachment point | Provides excess coverage specific to the Smart Corner location and follows the primary liability placement. |
| Smart Corner--Excess Liability 5Mx15M | Liberty-Capital Specialty | 7/1/2026 | $8,697 | $5 million | $0 at $15 million attachment point | Provides excess coverage specific to the Smart Corner location and follows the primary liability placement. |
| Cyber | PRISM | 7/1/2026 | $25,345 | $2 million-aggregate for all coverages combined | $100,000 per claim. 8 hour waiting period for 1st 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- BBR (Beazley Breach Response) | PRISM | 7/1/2026 | $60,332 | 1 million 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. |

Data as of 8.18.2025

SAN DIEGO HOUSING COMMISSION SDHC

# 2027 Insurance Summary

Attachment 1

| Policy | Carrier | Effective Date | Premium | Limits | Deductibles/Retention | Description of Coverage |
|---|---|---|---|---|---|---|
| Director's & Officers-Primary | Alliant-ACE | 12/8/2025 | $182,563 | $3 million | $0 Coverage A<br>$150,000 Coverage A.2<br>$150,000 Coverage B<br>$150,000 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. |
| Director's & Officers-Excess 1st Layer | Alliant-Ascot Apex Insurance | 12/8/2025 | $147,517 | $5 million | $0 retention; $3 million attachment point | Provides excess coverage following the primary Director's & Officers placement. |
| Flood - 351 S. 33rd Street | Wright Flood | 2/21/2026 | $3,430 | $500,000 building $100,000 contents | $10,000 building and contents | Provides mandated flood (NFIP) coverage for the 351 S. 33rd Street location. |
| Flood - 355 S. 33rd Street | Wright Flood | 2/21/2026 | $6,509 | $500,000 building $100,000 contents | $10,000 building and contents | Provides mandated flood (NFIP) coverage for the 355 S. 33rd Street location. |
| Flood - 5071 Muir Ave | Hartford Ins. Co. | 11/30/2025 | $1,713 | $250,000 building $16,000 contents | $2,000 building and contents | Provides mandated flood (NFIP) coverage for the 5071 Muir Ave location. |
| Flood - 5077 1/2 Muir Ave | Hartford Ins. Co. | 10/4/2025 | $1,751 | $250,000 building N/A contents | $2,000 building N/A contents | Provides mandated flood (NFIP) coverage for the 5077 ½ Muir Ave location. |
| Workers' Compensation | CHWCA | 1/1/2026 | $1,011,257 | $5 million | First Dollar | Form of insurance that provides wage replacement and medical benefits for employees that are injured during employment. |

Data as of 8.18.2025

Attachment 2

# 2026 Stewardship Report

FOR

## San Diego Housing Commission

**August 2026**

**PRESENTED BY**

ALLIANT INSURANCE SERVICES, INC.
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Insurance License No. 0C36861

# EXECUTIVE SUMMARY

We are honored to continue serving **San Diego Housing Commission (SDHC)** as your insurance broker and trusted risk advisor. We greatly value our longstanding relationship and appreciate the continued confidence SDHC places in Alliant to help protect its people, assets, operations, and financial resources.

This **Stewardship Report** summarizes the work performed by Alliant on behalf of SDHC, the impact of our efforts on the Commission's insurance program and total cost of risk, and the key accomplishments achieved throughout our partnership. Just as importantly, the stewardship process provides an opportunity to evaluate our performance, identify areas for continued improvement, and align our service strategy with SDHC's evolving priorities and risk management objectives.

**An Evolving Insurance Marketplace**

The Property & Casualty insurance marketplace has shifted meaningfully over the past year. After several years of widespread rate increases, constrained capacity, and increasingly restrictive underwriting, **2026 is presenting a more balanced environment for insurance buyers—although conditions vary considerably by coverage line and individual risk profile.**

The **Property market has experienced the most notable improvement**, supported by increased carrier capacity, greater competition, and more favorable reinsurance conditions. These trends are creating opportunities for well-positioned organizations to pursue improved pricing, coverage enhancements, and alternative program structures. However, catastrophe-exposed organizations—particularly those with **California wildfire and earthquake exposures**—continue to face underwriting scrutiny, making accurate exposure data, property valuations, catastrophe modeling, and proactive market engagement essential.

The **Casualty market remains more challenging**, particularly within Automobile Liability and Umbrella/Excess Liability. Rising claim severity, litigation trends, social inflation, nuclear verdicts, and jurisdictional considerations continue to influence carrier appetite and pricing. Public entities and organizations with significant public-facing operations remain subject to careful underwriting evaluation.

**Cyber insurance conditions have also evolved considerably.** Increased market capacity and competition have created a more favorable purchasing environment for organizations demonstrating strong cybersecurity controls. At the same time, ransomware, privacy events, business interruption, third-party technology dependencies, and emerging artificial intelligence-related exposures continue to evolve, requiring ongoing attention to both insurance protection and cybersecurity preparedness.

Against this backdrop, Alliant's strategy for SDHC remains focused on **creating competition, identifying opportunities for program improvement, protecting critical coverage, and positioning the Commission's risk favorably with the insurance marketplace.** Rather than applying a single market trend across the entire portfolio, we evaluate each coverage independently to determine where market conditions can be leveraged and where a more defensive strategy may be appropriate.

**This Stewardship Report Provides:**

- An overview of the **current Property & Casualty insurance marketplace** and the trends most relevant to SDHC;
- Updated information regarding the **insurance programs Alliant manages on behalf of the Commission**;
- A review of **key accomplishments, program enhancements, and milestones** achieved during our partnership;

- An outline of **Alliant's goals, objectives, and renewal strategy** for the remainder of 2026 and the upcoming insurance cycle; and
- An opportunity to discuss **SDHC's priorities, emerging exposures, and risk management objectives** so our service strategy remains aligned with the Commission's needs.

Throughout this report, we will expand upon these areas and identify key issues, opportunities, and forward-looking strategies for discussion.

**Our Continued Commitment to SDHC**

Alliant remains committed to continually strengthening our risk advisory and insurance brokerage partnership with San Diego Housing Commission. Our goal extends beyond the annual placement of insurance. We seek to serve as an extension of SDHC's team by providing responsive service, proactive market intelligence, claims advocacy, risk management resources, and strategic guidance throughout the year.

Open communication remains fundamental to that partnership. We encourage SDHC to provide candid feedback regarding what is working well, where additional support may be beneficial, and how the Commission's priorities are evolving. **Our approach is flexible, and our service model should continue to evolve alongside SDHC.**

We appreciate the opportunity to serve San Diego Housing Commission and look forward to building upon our partnership throughout the **remainder of 2026 and into 2027**.

## 2026 PROPERTY & CASUALTY INSURANCE MARKET UPDATE

### Market Overview

The first half of 2026 has brought a meaningful shift in the Property & Casualty insurance marketplace. Increased capacity and competition across many commercial lines are creating opportunities for buyers; however, results continue to vary significantly by coverage, geography, loss experience and individual risk profile.

For **San Diego Housing Commission (SDHC)**, the market is increasingly divided between an improving **Property market** and a more challenging **Casualty market**. This environment creates opportunities to leverage competition on Property while maintaining a disciplined, proactive strategy on Liability and Excess placements.

### PROPERTY | Improving Conditions & Increased Competition

Property market conditions have improved more than anticipated as additional capacity and competition have entered the marketplace. Well-positioned public entities are seeing greater carrier appetite, creating opportunities to improve pricing and, in certain cases, coverage terms and program structure.

For SDHC, this represents an opportunity to continue evaluating:

- **Competitive pricing and available capacity** across the property program;
- Opportunities to enhance **limits, sublimits and coverage terms** where economically feasible;
- Appropriate protection for **California catastrophe exposures**, including earthquake and wildfire;
- Property values and replacement costs to ensure reported values remain aligned with current construction and reconstruction costs; and
- Alternative program structures and deductible options that may improve SDHC's overall cost of risk.

While the broader Property market has softened, catastrophe-exposed risks remain highly dependent upon location, modeling, construction, loss history and quality of exposure data. Maintaining detailed and accurate property information remains critical to maximizing carrier competition.

### CASUALTY | Continued Pressure on Liability

Casualty remains considerably more challenging. Loss severity, litigation trends, nuclear verdicts, social inflation and jurisdictional considerations continue to influence underwriting, particularly for **Automobile Liability and Umbrella/Excess Liability**.

Public entities remain an area of heightened underwriting attention. Carriers are increasingly focused on an organization's loss history, claims-management practices, risk controls, contractual risk transfer and the quality of information presented during the renewal process.

For SDHC, maintaining a strong underwriting narrative around its operations, claims management and risk-control practices will remain important in protecting capacity and achieving the most favorable available terms.

**OUR STRATEGY FOR SDHC**

Alliant's strategy is to take advantage of favorable conditions where they exist while remaining proactive in areas where the market remains challenging. For SDHC, our focus will continue to include **early renewal planning, comprehensive market engagement, accurate exposure data, loss and claims analysis, catastrophe modeling where appropriate, and evaluating alternative program structures and retentions**.

The current marketplace reinforces the importance of approaching each coverage independently rather than expecting a single market trend across the entire insurance portfolio. Our objective is to use SDHC's risk profile, data and market relationships to create competition, identify opportunities for program improvement and position SDHC for the strongest possible long-term results.

# PREMIUM COMPARISON

Alliant reviewed the coverage placed for the San Diego Housing Commission in 2024 and determined that remarketing the program was not necessary for the 2025 renewal. Instead, our focus was on working with the incumbent carriers to enhance coverage terms and conditions and secure the most favorable renewal outcome for the Housing Commission.

| | 2024-2025 | 2025-2026 | |
|---|---|---|---|
| **Coverage** | **Annual** | **Annual** | **% Change in Premium** |
| **Flood- 355 33rd Street** | $ 3,780 | $ 4,461 | 15.27% |
| **Flood- 351 33rd Street** | $ 1,907 | $ 2,250 | 15.24% |
| **Property** | $ 1,408,280 | $ 1,116,960 | -26.08% |
| **Master Crime (Primary & Excess)** | $ 12,470 | $14,812 | 15.81% |
| **Fiduciary Liability** | $ 6,943 | $ 7,141 | 2.77% |
| **Master General Liability** | $ 316,477 | $ 356,447 | 11.21% |
| **Premises Liability- Smart Corner** | $ 39,668 | $ 44,328 | 10.51% |
| **Auto Liability** | $ 55,180 | $ 65,116 | 15.26% |
| **Excess Auto & Smart Corner Liability** | $ 53,796 | $ 61,602 | 12.67% |
| **Excess Auto & Smart Corner Liability (5x5)** | $ 30,625 | $ 35,000 | 12.50% |
| **Excess Auto & Smart Corner Liability (5x10)** | $ 9,750 | $ 10,878 | 10.37% |
| **Excess Auto & Smart Corner Liability (5x15)** | $ 5,470 | $ 6,715 | 18.54% |
| **Cyber Liability** | $ 20,211 | $ 20,385 | .85% |
| **Cyber- Breach Response** | $ 81,787 | $ 81,787 | Flat |
| **Pollution Liability** | $ 21,512 | $ 19,678 | -9.32% |
| **Flood- 5077 ½ Muir** | $ 1,198 | $ 1,233 | 2.84% |
| **General Liability- Hotels** | $ 47,337 | $ 49,811 | 4.97% |
| **Excess Liability- Hotels** | $ 65,828 | $ 77,250 | 14.79% |
| **Excess Liability- Hotels** | $ 0 | $ 41,620 | N/A |
| **Flood- 5071 Muir** | $ 1,198 | $ 1,200 | .17% |
| **Director's & Officers** | $ 118,795 | $ 182,563 | 34.93% |
| **Excess Director's & Officers** | $ 81,311 | $ 147,517 | 44.88% |
| **Broker Fee** (less commissions received) | $73,422.40 | $73,213.98 | -.28% |
| **Total** | $2,456,945 | $2,380,348 | -3.22% |

*Premiums include Surplus Lines Taxes where applicable*

# INSURANCE PROGRAM

## 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.

## 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.

Effective 7/1/26, added the Hotel locations (Kearny Vista, Valley Vista, Pacific Village and Presidio Palms) to the Master policy where most locations are subject to the full $20M limit. Total premium to add these locations to the Master policy was approximately $47,485; previously written Hotel policies (including Primary HARRG policy and two Excess policies) totaled $168,681. That's an approximate premium savings of $122K.

Marketed in 2024 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. 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

Placed with Liberty Mutual in 2022. 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- Hotels

Cancelled pro-rata effective 7/1/26, when all Hotel locations were added to the Master GL policy. See above.

## Directors & Officers Liability & Excess

Comprised of two (2) policies: primary written with ACE American Insurance Company (incumbent) and excess policy with Ascot. Negotiated and re-structured these policies effective 12/8/25 to include increased limits for increased non-monetary defense and a lower retention. Dropped from three policies down to two policies and decreased the retention from $250K to $150K. Combined policy limits remain the same as expiring at $8M. Increased the combined non-monetary defense limit from $500K per occurrence and $500K aggregate to $750K per occurrence and $2.25M aggregate.

## Workers' Compensation

Coverage effective 1/1/25 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 2026/2027

Our primary goal for going into 2027 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 2027 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
- 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.
- Claims Management and Support
  - Assist the Commission in the management of insurance claims, including reporting, documentation, and negotiation with insurers
  - Oversee the submission of claims to ensure accurate and timely processing
  - Develop and maintain a claims tracking report for each appropriate line of coverage to include the matter information, claims adjustor and contact information, status of claim, anticipated coverage, track fees paid and incurred towards retention, and other relevant information
  - Coordinate and attend claim review meetings as needed to provide guidance on the claims process and advocate on behalf of the Commission to ensure fair and timely resolution of claims
  - Track and analyze claims data to identify trends and recommend preventive measures
  - Prepare and present quarterly reports on all lines of coverage, detailing claims activity, status, potential loss exposure and any outstanding issues
- Certificates of Insurance
  - Provide certificates of insurance as required by the Commission directly to requesting parties in a timely manner for all required lines of coverage
  - Maintain an organized system for tracking and managing certificates of insurance
  - Ensure that all certificates of insurance are accurate and up-to-date
- 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 continued trust and partnership of the San Diego Housing Commission and look forward to delivering ongoing value and support in the year ahead."