


RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO PURCHASE PUBLIC OFFICIALS LIABILITY AND EMPLOYMENT PRACTICES LIABILITY INSURANCE FROM IRONSHORE SPECIALTY INSURANCE COMPANY, ALLIED WORLD SURPLUS LINES INSURANCE, INDIAN HARBOR INSURANCE AND RSUI INDEMNITY COMPANY, EXCESS WORKERS' COMPENSATION INSURANCE FROM STAR INSURANCE, AND TO EXECUTE RELATED ACTIONS



Douglas Guthrie,
President and CEO



Annie Markarian,
Director of Labor & Employee Relations

Purpose: The purpose of this item is to authorize the Housing Authority of the City of Los Angeles' ("HACLA") President and CEO, or his designee, to purchase insurance policies and execute related actions as follows: (1) Public Officials Liability Insurance for an annual premium (including surplus taxes and broker of record (BOR) fees) of \$478,694 from Ironshore Specialty Insurance Company, Allied World Surplus Lines Insurance, Indian Harbor Insurance & RSUI Indemnity; (2) Employment Practice Liability Insurance ("EPLI") for an annual premium (including surplus taxes and BOR fees) of \$456,037 from Ironshore Specialty Insurance Company and Allied World Surplus Lines Insurance; and (3) Excess Workers Compensation Insurance from Star Insurance Company for an annual premium (including BOR fees) of \$160,131.

Regarding: On January 28, 2021, pursuant to Board Resolution No 9677, the Board of Commissioners authorized the purchase of Public Official Liability, EPLI and Excess Workers Compensation Insurance for a one-year term.

Issues: HACLA maintains Public Officials Liability Insurance, EPLI, and Excess Workers Compensation Insurance to protect against potential lawsuits and claims arising out of the acts of employees, executives, Board of Commissioners, and employment related claims. The three current policies will expire on January 31, 2022.

On October 31, 2019, pursuant to board Resolution No. 9540, HACLA executed a contract with AON Risk Services West, Inc. (AON), to provide Broker of Record ("BOR") services for insurance procurement. The BOR is authorized to find a competitive and reasonable rate to purchase coverage for Public Officials Liability Insurance, EPLI, and Excess Workers Compensation Insurance on behalf of HACLA.

In consideration of the difficult market environment and consistent with prior years, for the upcoming renewal of 2022-2023, AON performed a thorough marketing for the public officials' liability and employment liability renewals. AON requested proposals from the following insurers: AIG, Allianz, Allied World, Argo, Ascot, Balanced Partners, Beazley, Berkshire Hathaway, Bowhead, Chubb, Euclid, Great American, Hiscox, Ironshore, Nationwide, PGUI, RSUI, Starr and Travelers as well as the incumbent carriers.

Most of the insurers declined to quote due to HACLA’s class of business (public entity) and geographical location. Others indicated they could not be competitive with HACLA’s current pricing or coverage.

Due to the current litigation environment, including increased exposure related to potential COVID-19 claims, the industry is seeing significant increase in premiums and retentions, and decrease in coverage limits for both EPLI and Public Officials policies. AON has successfully secured renewal proposals from the incumbent carriers with no changes to HACLA’s existing coverage limits. The proposed renewal by Ironshore Specialty Insurance Company, World Allied Surplus Lines Insurance, Indian Harbor Insurance, RSUI, and Star Insurance provides HACLA with the appropriate level of protection at the most competitive cost.

The total premium for Public Officials, primary coverage is up by approximately seven percent (7.17%), over the prior year. The premium for EPLI is up by approximately five percent (4.88%). The premium increase is driven primarily by an increase in employee count, assets and revenues.

The excess workers’ compensation premium for this renewal has increased from \$0.1627 per \$100 payroll to \$0.2044 per \$100 payroll, a 25.63% increase from the prior year. The Self-Insured Retention for the excess workers’ compensation remains \$5 million. All other terms remain unchanged.

The following chart shows a comparison of coverages and cost between 2021 and 2022.

Type of policy	Coverage limit	2021 Premium	2022 Premium
Public Officials	\$20 million	\$448,890	\$478,694
Employment Practice	\$10 million	\$436,343	\$456,037
Excess Workers’ Comp	\$150 million	\$134,211	\$160,131

The deductible for both employment practice liability and public officials’ policies will remain at \$250,000 per occurrence. The policies will continue to be an insurer duty to defend policy. The insurer will bill HACLA for amounts paid within the deductible. The insurer will pay for covered loss (including defense costs) above the deductible.

Vision Plan: Purchase of these insurance coverages is administrative in nature and coverage levels are intended to protect HACLA and to stay within the best practices.

Funding: The Chief Administrative Officer confirms the necessary funds are included and available in the 2022 budget and will be earmarked for the 2023 budget.

Source of Funds: The cost of public officials’ liability, employment practices liability and excess workers’ compensation insurance is allocated to the various HACLA programs based on staff salaries. Amounts by program/funding source are as follows:

	Public Housing	Section 8	Strategic Development	Central Office	Total
Public Officials Liability	\$ 144,231	\$205,886	\$ 49,545	\$ 79,032	\$ 478,694
Employment Practices Liability	137,403	196,142	47,200	75,292	456,037
Excess Workers' Compensation	48,247	68,872	16,574	26,438	160,131
	<u>\$ 329,881</u>	<u>\$470,900</u>	<u>\$ 113,319</u>	<u>\$180,762</u>	<u>\$1,094,862</u>

Budget and Program Impact: The necessary funds for premiums and any other payments up to the deductible amount are available and included in the 2022 operating budget.

Attachment: Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR HIS DESIGNEE, TO PURCHASE PUBLIC OFFICIALS LIABILITY AND EMPLOYMENT PRACTICES LIABILITY INSURANCE FROM IRONSHORE SPECIALTY INSURANCE COMPANY, ALLIED WORLD SURPLUS LINES INSURANCE, INDIAN HARBOR INSURANCE AND RSUI INDEMNITY COMPANY, EXCESS WORKERS' COMPENSATION INSURANCE FROM STAR INSURANCE, AND TO EXECUTE RELATED ACTIONS

WHEREAS, the Housing Authority of the City of Los Angeles maintains Public Officials Liability Insurance, Employment Practice Liability Insurance ("EPLI") and Excess Workers' Compensation Insurance to protect against potential lawsuits arising out of the acts of employees, executives, Board of Commissioners, and employment related claims;

WHEREAS, HACLA executed a contract with AON Risk Services West, Inc. (AON), a Broker of Record, pursuant to board Resolution No. 9540 adopted on October 31, 2019, to procure insurance coverage on behalf of HACLA for its Public Officials Liability, EPLI, and Excess Workers' Compensation coverage;

WHEREAS, AON has been successful in obtaining a renewal of the current policies with Ironshore Specialty Insurance Company, Allied World Surplus Lines Insurance, Indian Harbor Insurance, RSUI Indemnity Company, and Star Insurance Company;

WHEREAS, the coverage limits and deductibles for EPLI and Public Officials Liability Insurance policies remain unchanged from the expiring year. Claims and defense costs incurred will be paid upfront by the insurer, and will be billed to HACLA monthly, within the deductible; and

WHEREAS, there will continue to be a \$5 million-dollar Self-Insured Retention for the Excess Worker's Compensation Coverage provided by Star Insurance Company.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners Authorizes the President and CEO, or his designee, to: 1) purchase \$20 Million Public Officials Liability insurance from Ironshore Specialty Insurance Company, Allied World Surplus Lines Insurance, Indian Harbor Insurance, and RSUI Indemnity Company through AON, broker of record, for a premium not to exceed \$478,694, (including surplus lines taxes and the broker of record fee); 2) purchase \$10 Million Employment Practice Liability Insurance from Ironshore Specialty Insurance for a premium not to exceed \$456,037 (including surplus taxes and broker of record fee); and 3) purchase Excess Workers' Compensation Insurance for an estimated annual fee of \$160,131, from Star Insurance (including broker of record fee), and 4) undertake actions related to said policies.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:
JAMES JOHNSON

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: _____
General Counsel

By _____
Cielo Castro, Chairperson

DATE ADOPTED: _____