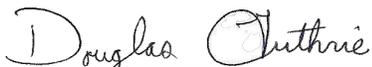


Report of the President & CEO

May 26, 2022

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO PURCHASE ONE YEAR OF
AUTOMOBILE LIABILITY INSURANCE COVERAGE FROM THE HOUSING AUTHORITY INSURANCE
GROUP AND EXECUTE RELATED DOCUMENTS**



Douglas Guthrie
President & Chief Executive Officer



Annie Markarian,
Director, Labor & Employee Relations

Purpose: The purpose of this item is to purchase automobile liability insurance coverage from the Housing Authority Insurance Group (“HAI”) for an estimated cost of \$461,747. This purchase will provide automobile liability coverage and provide financial protection for the Housing Authority of the City of Los Angeles (“HACLA”) and its employees against claims resulting from bodily injury liability and property damage from third party claimants.

Regarding: HACLA’s automobile liability insurance is renewed annually. On May 27, 2021, HACLA’s Board of Commissioners adopted Resolution No. 9712 authorizing the purchase of \$5,000,000 in automobile liability insurance coverage from HAI for three hundred and ten (310) vehicles at a composite rate of \$1,143.78 per vehicle, at a total one (1) year estimated annual premium of \$354,572.

Issues: The State of California and the U.S. Department of Housing and Urban Development (“HUD”) requires HACLA to maintain automobile liability insurance for any vehicles it owns and/or operates.

HACLA currently owns and/or operates a fleet of three-hundred and twenty-six (326) vehicles for business use. Of these, one-hundred and five (105) are electric scooters and two-hundred and twenty-one (221) are a mix of sedans, trucks, trailers and vans. This mix of vehicles still maintain a useful life and are in good operational condition.

The reinsurance cost is going up substantially every year, such cost affects the commercial automobile insurance industry, which continues to see rate increases in calendar year 2022 due to various factors, including 14% increases in payments of auto claims nationally, reinsurance costs going up substantially, supply chain shortages, and an upward trend in medical claims. Despite HACLA’s low auto claim rate and good driving record, our premiums have increased notably. We have secured an annual proposed premium of \$461,747, which reflects a thirty percent (30%), or \$107,175, increase over the expiring policy. The composite rate per vehicle will be \$1,416,40.

The composite rate per unit/vehicle charge, or credit to add or remove units during the policy period will vary depending on the type of vehicle. There have been no changes in coverage, limits or deductible from the expiring policy.

The following chart sets forth the comparison between the expiring policy and the proposed new policy.

	Current Program 2021/2022	Renewal Program 2022/2023
Coverages and Deductibles	Automobile- owned & Non-Owned \$5,000,000 coverage	Automobile – owned & Non-Owned \$5,000,000 coverage
	Uninsured Motorist and Non-owned \$1MM Coverage \$50k Deductible	Uninsured Motorist and Non-owned \$1MM Coverage \$50k Deductible
Units	310	326
Annual Premium	\$354,572	\$461,747
Composite Rate	\$1,143.78	\$1,416.40

The proposed new term begins at 12:00 am on June 15, 2022 and expires at 12:00 am on June 15, 2023.

HUD waives the bidding requirements of the Annual Contributions Contract with regard to insurance purchase for any public housing agency that joins and remains a member of HAI. HACLA qualifies for this waiver.

Vision Plan: Purchase of automobile liability insurance is administrative in nature and required to comply with regulatory requirements and best practices.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The cost of automobile liability insurance is allocated to the various HACLA programs by number of vehicles assigned to each program. Amounts by program/funding source are as follows:

Public Housing	Section 8	Strategic Development	Central Office	Total
\$368,264	\$45,325	\$11,331	\$36,826	\$461,747

Budget and Program Impact: The necessary funds are available and included in the 2022 operating budget and will be budgeted in 2023 as required.

Environmental Review: not applicable

Section 3: not applicable

Attachments: 1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO PURCHASE ONE YEAR OF AUTOMOBILE LIABILITY INSURANCE COVERAGE FROM THE HOUSING AUTHORITY INSURANCE GROUP AND EXECUTE RELATED DOCUMENTS

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) currently owns and/or operates a fleet of three-hundred and twenty-six (326) motorized vehicles (automobiles, trucks, trailers, vans and scooters) for business use;

WHEREAS, the State of California and the U.S. Department of Housing and Urban Development (“HUD”) require HACLA to maintain automobile liability insurance; and

WHEREAS, HUD has waived the bidding requirements for public housing agencies who wish to insure with Housing Authority Insurance Group (“HAI”).

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorize the President and CEO, or their designee, to: 1) Purchase one year of automobile liability insurance coverage from HAI for an estimated cost of \$461,747; 2) Authorize deductible payments of \$50,000 per occurrence for any claim arising out of this policy; 3) Authorize enrollment coverage for any vehicle purchased or leased during the policy period; and 4) Execute related documents.

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

APPROVED AS TO FORM

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

By: _____
James Johnson, General Counsel

By: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____