



Yolo County Housing

\Lisa A. Baker, Executive Director

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BOARD OF COMMISSIONERS

Duane Chamberlain
Marlene Ganes
Michael H. McGowan
Jim Provenza
Matt Rexroad
Helen M. Thomson
Bernita Toney

DATE: May 7, 2009
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
PREPARED BY: Janis Holt, Resource Administrator
SUBJECT: Review and Approve Proposal from Housing Authority Insurance Group (HAIG) for Liability, Public Officials, Auto, and Property Insurance Coverage.

RECOMMENDED ACTION

That the Board of Commissioners:

1. Review and Approve the Proposal from Housing Authority Insurance Group (HAIG) for Liability, Public Officials, Auto, and Property Coverage; and
2. Authorize the Executive Director to execute coverage.

BACKGROUND / DISCUSSION

Since January 2004, Yolo County Housing has been a member of the California Housing Authority Risk Management Agency (CHARMA), a joint powers authority (JPA) established by public housing authorities in 1986. CHARMA has provided YCH with a comprehensive coverage plan including general liability, property, automobile and employment practices (EPL). YCH has also participated on the CHARMA Risk Management Committee which has provided valuable tools on managing risk and reducing potential liabilities and the YCH Executive Director serves as Vice Chair on the CHARMA Board. On March 13, 2008, the CHARMA Board of Directors approved Resolution 2008-03, "Terminating CHARMA and Defining the Calculations of Net Assets Upon Dissolution", which outlined the process for the dissolution of the JPA over the next 12 months. Due to this action, coverage under CHARMA will expire on May 31, 2009.

There are limited options available in the private insurance markets for housing authorities due to their unique business operations. As a result, Housing Authority Insurance Group (HAIG) and Housing Authority Risk Retention Pool (HARRP) were formed in the 1980's to provide competitive insurance pricing options for housing authorities throughout the United States.

- Housing Authority Insurance Group (HAIG) is member-owned and provides insurance services through the Housing Authority Risk Retention Group (HARRG) to over 60% of all housing authorities in the United States. CHARMA utilized HARRG for liability and auto insurance coverage above the Self Insured Retention (SIR) layer for their members.
- Housing Authority Risk Retention Pool (HARRP) provides insurance services to 90 housing authorities on the west coast. HARRP provided insurance services to YCH prior to January 2004. The HARRP Board of Directors elected not to provide a quote for coverage to YCH at this time.

In an effort to ensure a competitive quote comparison with HAIG, YCH looked to options in the private insurance market.

- MARSH has provided CHARMA with property insurance coverage above the SIR layer over the last several years. They declined to quote YCH property coverage stating that they could not be competitive with HARRG.
- Three private insurance brokers approached YCH to provide a quote for all lines of coverage through Philadelphia Insurance Companies. Utilizing a five point selection process, YCH chose Heffernan Insurance Brokers of Walnut Creek to quote the private market.

RECOMMENDATION

YCH staff reviewed quotes provided by HAIG and Heffernan. The comparison chart of current insurance costs for 2008-2009 (CHARMA) and 2009-2010 proposed quotes is:

CHARMA*	HAIG	Heffernan
\$258,793	\$104,155	\$202,378

YCH has worked with HAIG on a variety of risk control measures and has received excellent customer service. In addition, HAIG offers up to a 15% return on premiums if YCH meets the nine elements of their Risk Control Work Plan. YCH staff has already made steps towards meeting these elements for the next premium year.

Property coverage through HAIG is with Travelers which is A+ rated.

YCH staff recommends the selection of HAIG to provide liability, public officials, property, and auto insurance coverage.

FISCAL IMPACT

1. Reduction to insurance costs in the FY 2009-2010 budget of approximately 50%.
2. Premium refund of up to 15% in identified insurance lines of coverage if future conditions are met.

CONCLUSION

Staff recommends that the Board Approve the Proposal from Housing Authority Insurance Group (HAIG) for Liability, Public Officials, Auto, and Property Coverage.

YOLO COUNTY HOUSING AUTHORITY
Package Proposal

COMMERCIAL LIABILITY

Coverage Type	Limit / Aggregate	Deductible
GL	\$2,000,000 / \$2,000,000	\$25,000
Public Officials	\$2,000,000 / \$2,000,000	\$25,000
Mold	\$250,000 / \$250,000	\$25,000
Employee Benefits	\$1,000,000 / \$1,000,000	\$1,000
Pesticide	\$50,000 / \$50,000	\$2,500

COMMERCIAL PROPERTY

Item	Value
Building Value	\$84,560,715
Contents	\$1,801,500
Rental Income	\$2,229,240
Total	\$88,591,455
Deductible	\$25,000
Boiler and Machinery Limit	\$50,000,000
Boiler and Machinery Deductible	\$1,000

AUTO

Item	Limits	Deductible
Liability (22 vehicles)	\$1,000,000	\$0
UM	\$1,000,000	\$0
NOHA	\$1,000,000	\$0
Comp (22 vehicles)	ACV	\$500
Collision (22 vehicles)	ACV	\$500

ADDITIONAL COVERAGES

Coverage Type	Limits	Deductible
Accounts Receivable	\$100,000	\$25,000
Valuable Papers	\$100,000	\$25,000

PACKAGE PREMIUM: \$85,995

Terrorism on the Liability is provided at no additional cost. The premium for the terrorism coverage on the property is \$6,450. Coverage is optional. The Property policy will be written through Travelers which is rated A+ (Superior).

Optional Limits and Premium

- \$5MM Auto liability limit - Additional Premium = \$7,875
- \$5MM GL Limit - Additional Premium = \$3,835
- \$10MM GL Limit - Estimated Additional Premium = \$20,335

Signature:  Date: April 23, 2009



YOLO COUNTY HOUSING AUTHORITY
2009 Liability Insurance Renewal Proposal

COMMERCIAL GENERAL LIABILITY

Unit Description	Total
Family	595
Elderly	0
Section 8	1,378

Limit / Aggregate	Deductible	Premium
\$5MM / \$5MM	\$0	\$30,680
\$5MM / \$5MM	\$1,000	\$29,146
\$5MM / \$5MM	\$5,000	\$26,845
\$5MM / \$5MM	\$10,000	\$23,010
\$5MM / \$5MM	\$25,000	\$20,709
\$3MM / \$3MM	\$25,000	\$17,641
\$2MM / \$2MM	\$25,000	\$15,340

Terrorism is included at no additional charge. Policy covers your Section 8 units.

Risk Control services are offered at no additional cost

Estimated Additional Premium to increase your limit to \$10MM from the \$5MM limit = \$16,500


OTHER COVERAGES

Coverage Type	Limit / Aggregate	Deductible	Premium
Employee Benefits	\$50,000 / \$50,000	\$1,000	\$0
Pesticide	\$50,000 / \$50,000	\$2,500	\$0
Mold	\$250,000 / \$250,000	\$10,000	\$3,022
Public Officials	\$1,000,000 / \$2,000,000	\$1,000	\$6,987
		\$5,000	\$6,098
		\$10,000	\$5,354
		\$25,000	\$4,165
Option			
Public Officials	\$2,000,000 / \$4,000,000	\$25,000	\$10,738
			\$9,588
			\$7,785
			\$6,328

OTHER COVERED EXPOSURES

- Athletic Sports Liability - \$100,000 Per Occurrence and Annual Aggregate
- Fire Legal Liability - \$250,000 Per Occurrence and Aggregate Limit
- Vacant Lots, offices, playgrounds, community centers, garages, parking lots, commercial kitchen and warehouses

Coverage is per the expiring terms and conditions.

Signature:  Date: April 23, 2009



YOLO COUNTY HOUSING AUTHORITY
2009 Liability Insurance Renewal Proposal

AUTO INSURANCE

Item	Limits	Deductible	Premium
Liability (17 vehicles)	\$5,000,000	\$0	\$16,233
UM	\$1,000,000	\$0	\$453
NOHA	\$1,000,000	\$0	\$272
Comp (19 vehicles)	ACV	\$500	\$878
Collision (19 vehicles)	ACV	\$500	\$2,563
TOTAL RENEWAL PREMIUM			\$20,389

Coverage is per the expiring terms and conditions.



Signature: _____ Date: April 23, 2009



Housing Authority
Insurance Group



HEFFERNAN INSURANCE BROKERS

A Member of the Heffernan Group

Your CHOICE for Insurance

Proposal of Insurance for Yolo County Housing Authority

Presented By:

Kerry Dantzig, Account Executive
Stacey Okimoto, Account Manager



HEFFERNAN INSURANCE BROKERS

A Member of the Heffernan Group

HEFFERNAN INSURANCE BROKERS

1350 Carlback Ave, Suite 200
Walnut Creek, CA 94596
Phone Number: 925-934-8278
Fax Number: 925-934-8500
License #0564249

April 27, 2009

Premium Recap

Coverage/Carrier	Term	Insurance Company	Policy #	AM Best ¹	Status in California	Premium
Property	06/01/09 to 06/01/10	Philadelphia	TBD	A+ VII	Non-Admitted	\$159,814
General Liability	06/01/09 to 06/01/10	Philadelphia	TBD	A+ VII	Non-Admitted	\$32,257
Automobile	06/01/09 to 06/01/10	Philadelphia	TBD	A+ VII	Non-Admitted	\$14,597
Excess/Umbrella:	06/01/09 to 06/01/10	Philadelphia	TBD	A+ VII	Non-Admitted	\$8,700
Terrorism Premium ² :	06/01/09 to 06/01/10	Philadelphia	TBD	A+ VII	Non-Admitted	included
Surplus Lines Taxes & Fees						\$7,010
Total Premium:						\$222,378

Notes:

25k = 202,000

- Should you (the insured) elect to cancel your policy mid-term, you may be charged a short-rate cancellation penalty as determined by the insurance carrier.
- Please refer to the policy for a complete list of exclusions, warranties, endorsements and limitations.
- We recommend that you keep a copy of your policy (ies) and endorsements. Heffernan Insurance Brokers' retention policy is five (5) years from the expiration date of the policy as required by The Department of Insurance.
- **Payment Options:**
- **Quote Conditions:**

Please be advised that this quote will expire 30 days from the quote unless otherwise noted

¹ All AM Best Ratings were verified as of 4/28/09

² Coverage may be deleted by signing the appropriate forms

Commercial General Liability

Limits of Liability:

General Aggregate Limit:	\$3,000,000
Products/Completed Operations Aggregate Limit:	\$3,000,000
Personal & Advertising Injury Limit:	\$1,000,000
Each Occurrence Limit:	\$1,000,000
Damage to Premises Rented to You:	\$100,000 any one premises
Medical Expense Limit:	\$5,000 any one person

General Liability Additional Coverages:

Employee Benefits Liability:

\$1,000,000	Occurrence Limit
\$1,000,000	Aggregate Limit

Abuse and Molestation (sub-limit to the General Liability):

\$1,000,000	Aggregate
\$1,000,000	Per Person Abused or Molested

Note: Indemnity & defense costs are included in the General Liability Limits

Human Services Organization Professional Liability:

Aggregate
Each Professional Incident

Special Notes:

Development Exposure: the policy will limit coverage for the development operations to premises liability only. Additionally all contracts for the development involving sub-contractors and general contractors are required to contain an indemnity clause and additional insured in favor of the insured with a minimum of \$1,000,000 per occurrence. This requirement applies to all parties involved in the development.

Please read your policy for **ALL** Exclusions, Limitations and Terms & Conditions.



HESEFERNAN INSURANCE BROKERS
A member of the HESFERNAN Group

Umbrella / Excess Liability Coverage

Coverage: Liability Excess Over Your Underlying Policies.

Limits of Liability:

\$5,000,000 Each Occurrence
\$5,000,000 Annual Aggregate
\$10,000 Self-Insured Retention for Coverage B

** Excludes Coverage for Directors & Officers Liability and Improper Sexual Conduct **

Schedule of Underlying Policies		
Coverage	Carrier	Term
General Liability	Philadelphia	6/1/09-10
Automobile (Non-owned only, if applicable)	Philadelphia	6/1/09-10
Professional Liability	Philadelphia	6/1/09-10

Property Coverages

Blanket Building:

Limit:	\$84,560,715
Coinsurance:	100% - Agreed Value
Valuation:	Replacement Cost
Deductible:	\$5,000
Perils:	All Risk, excluding Earthquake and Flood

Blanket Business Personal Property:

Limit:	\$1,801,500
Coinsurance:	100% - Agreed Value
Valuation:	Replacement Cost
Deductible:	See Options
Perils:	All Risk, excluding Earthquake and Flood

Blanket Business Income/Extra Expense:

Limit:	\$2,229,240
Coinsurance:	100%
Valuation:	Actual loss sustained subject to limits
Deductible:	N/A
Perils:	Special Form

Property Coverages - Extensions of Coverage

Coverage	Limit of Insurance (per Occurrence, not Per Location)
Pollutant Clean Up and Removal	\$25,000
Fire Department Service Charge	\$50,000
Newly Acquired or Constructed Property	\$1,000,000
Personal Effects	\$25,000
Property of Others	\$25,000 Personal Property
Valuable Papers & Records	\$250,000
Property Off Premises	\$100,000
Debris Removal	\$250,000
Emergency Vacating Expense	\$25,000
Fines for False Alarms	\$5,000
Fire, Sprinkler or Burglar Alarm Upgrade	\$50,000
Glass	Included in Policy limits
New Construction	\$500,000
Precious Metals	\$2,500
Accounts Receivables	\$250,000
Signs	Included in Policy Limits
Theft Damage to Building	Included in Policy Limits
Voluntary Parting	\$10,000
Lock Replacement	\$2,500
Arson Reward	\$25,000
Consequential Damage	\$25,000
<u>Ordinance or Law Coverages</u>	
Undamaged Portion of Building	Building Limit
Demolition Cost	\$250,000
Increased Cost of Construction	\$250,000
Fine Arts	\$25,000
Utility Services – direct damage	\$10,000
Property in Transit	\$50,000

Bell Endorsement

Identity Theft	\$25,000
Kidnap Expense	\$50,000
Terrorism Travel Reimbursement	\$25,000
Key Individual Replacement Expense	\$50,000
Emergency Real Estate Consulting Fee	\$25,000
Image Restoration and Counseling	\$25,000
Temporary Meeting Space Reimbursement	\$25,000
Donation Assurance	\$25,000
Workplace Violence Counseling	\$25,000
Business Travel	\$25,000
Crisis Management	\$25,000

Boiler and Machinery

Property Damage Limit:	\$86,362,215
Property Damage Deductible:	\$5,000
Business Income & Extra Expense Limit:	\$100,000
Business Income & Extra Expense Deductible:	24 Hours
<u>Some Additional Coverages:</u>	
Water Damage Limit:	\$100,000
Hazardous Substance Limit:	\$100,000
Spoilage Limit:	\$100,000
Newly Acquired Location Limit:	\$1,000,000
Ordinance or Law Limit:	\$250,000

Crime Coverages

Employee Dishonesty:

Limit:	\$100,000
Deductible:	\$1,000

Theft of Money and Securities – Inside the Premise

Limit:	\$525,000
Deductible:	\$1,000

Theft of Money and Securities – Outside the Premise

Limit:	\$525,000
Deductible:	\$1,000

Kidnap, Ransom, Extortion

Limit:	\$25,000
Deductible:	None

Automobile Coverages

(continued)

Limits of Liability:

Hired Car Liability	\$1,000,000
Non-owned	\$1,000,000
Hired Car Physical Damage	\$35,000
Hired Car Physical Damage – loss of use	\$75/\$750 maximum
Rental Reimbursement	\$30 per day / 30 day maximum
Towing	\$50
Glass	Full / No Deductible

Automobile Coverages

Limit	Coverage	Coverage Description
\$1,000,000	Liability	Applies to Any Auto
\$5,000	Medical Payments	Applies to Any Auto
\$1,000,000	Uninsured/Underinsured Motorists	Applies to Any Auto
\$500	Comprehensive Deductible	Applies to Scheduled Autos
\$500 ^{\$1,000}	Collision Deductible	Applies to Scheduled Autos
\$1,000,000	Hired and Non-Owned Auto Liability	Autos used in the course of your Business only

Philadelphia's Driver Guidelines:

- MVRs are to be ordered prior to hiring and annually thereafter for all driving employees
- Procedures are to be in place to enforce MVR guidelines by removing unacceptable drivers from driving duties
- No major violations in the last 3 years (DWI, vehicular homicide, reckless driving, drugs or leaving the scene)
- Maximum of one moving violation in the last 3 years in combination with one at-fault accident or Maximum of 2 moving violation in the last 3 years with no at-fault accident or Maximum of 2 at-fault accidents in the last 3 years

See Schedule on the Following Pages:

YOLO COUNTY HOUSING AUTHORITY
2009 Liability Insurance Renewal Proposal

COMMERCIAL GENERAL LIABILITY

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Section 8	1,378

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Pesticide	\$50,000 / \$50,000	\$2,500	\$0
Mold	\$250,000 / \$250,000	\$10,000	\$3,022
Public Officials	\$1,000,000 / \$2,000,000	\$1,000	\$6,987
		\$5,000	\$6,098
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Option			
Public Officials	\$2,000,000 / \$4,000,000	\$25,000	\$10,738
			\$9,588
			\$7,785
			\$6,328

OTHER COVERED EXPOSURES

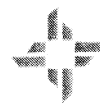
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- Vacant Lots, offices, playgrounds, community centers, garages, parking lots, commercial kitchen and warehouses

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Signature: _____



Date: April 23, 2009



Housing Authority
Insurance Group