COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles
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Carlos Jackson
Executive Director

June 19, 2007

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS' COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION (ALL DISTRICTS)
(3 Vote)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the action will not have the potential for causing a significant effect on the environment.

2. Approve the combined purchase, with the Housing Authority of the County of Los Angeles (Housing Authority), of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost of approximately $800,000 for the period from July 1, 2007 to June 30, 2008, through Alliant Insurance Services, Inc.

3. Authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments,

as needed, for workers' compensation and general liability claims, using funds included in the Fiscal Year 2007-2008 approved budgets of the Community Development Commission (Commission) and the Housing Authority.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Commission and the Housing Authority under a Joint Purchase Program formed by Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and the Housing Authority's self-insured retentions.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total approximate annual premium cost of $800,000 will be paid from funds included in the Fiscal Year 2007-2008 approved budgets of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, the Board of Supervisors of the County of Los Angeles approved the Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F. Driver Company, now known as Alliant Insurance Services, Inc. ("Alliant"). The property, excess workers' compensation and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available individually. Programs are underwritten by numerous insurance carriers, which are all rated "A" Superior to Excellent by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written, with the exception of the excess workers' compensation insurance. The excess workers' compensation insurance is provided through the California State Association of Counties/California Public Entities Insurance Association pooled program; while there is risk sharing on this assessable program, the coverage and rates offered are far superior to those available on an individual basis.

The Fiscal Year 2006-2007 budgeted amount for insurance coverage was $804,000, and the actual premium for insurance coverage was $658,000, which included property, excess workers' compensation and excess general and automobile liability insurance. Coverage under the Joint Purchase Program, again provided by Alliant, will be at an estimated annual cost not to exceed $800,000. The amount budgeted for the Fiscal Year 2007-2008 premium is consistent with the amount budgeted for the Fiscal Year 2006-2007 premium due to the continued stabilization in the insurance market.

Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program, which includes coverage for employment practices liability and employee benefits liability. These items, which are usually purchased separately for an additional premium, are included as part of the master policy.

Alliant is unable to provide a substantial premium estimate until mid-June; however, if needed, Alliant will provide coverage between the effective date of July 1, 2007 and the date of Board approval.

Eight to eleven percent of the premium will be paid to Alliant as a broker fee, in accordance with industry standards.

ENVIRONMENTAL DOCUMENTATION:

The purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES/PROGRAMS:

The proposed insurance will provide all of the required coverage for Commission and Housing Authority properties and activities.

Respectfully submitted,

Bobbette A Glover
for CARLOS JACKSON
Executive Director