



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Gloria Molina
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Commissioners

Carlos Jackson

Executive Director

June 10, 2003

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

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE PURCHASE OF EXCESS WORKERS' COMPENSATION AND EXCESS
GENERAL AND AUTOMOBILE LIABILITY INSURANCE FOR COMMUNITY
DEVELOPMENT COMMISSION AND HOUSING AUTHORITY**

(ALL DISTRICTS)

(3 Vote)

**IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY OF
THE COMMUNITY DEVELOPMENT COMMISSION:**

1. Approve the combined purchase, with the Housing Authority of the County of Los Angeles, of excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost not exceeding \$325,000, for the period from July 1, 2003 to June 30, 2004, through the Commission and Housing Authority's insurance broker, Driver Alliant Insurance Services, Inc.

2. Authorize the Executive Director to purchase the excess workers' compensation insurance and excess general and automobile liability insurance, using funds contained in the approved 2003-2004 Fiscal Year budget.

IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY OF THE HOUSING AUTHORITY:

1. Approve the combined purchase, with the Community Development Commission, of excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost not exceeding \$325,000, for the period from July 1, 2003 to June 30, 2004, through the Housing Authority and Commission's insurance broker, Driver Alliant Insurance Services, Inc.
2. Authorize the Executive Director to purchase the excess workers' compensation insurance and excess general and automobile liability insurance, using funds contained in the approved 2003-2004 Fiscal Year budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase 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 Driver Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retention of \$500,000.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total annual premium cost of \$325,000 will be paid from funds included in the approved 2003-2004 Fiscal Year budgets of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, your Board approved the participation in a Joint Purchase Program provided by Robert F. Driver Company, Inc. In March 2002, Robert F. Driver Company, Inc. merged with Alliant Resources Group and changed its name to Driver Alliant Insurance Services, Inc. The program combines the purchasing power of public agencies to obtain insurance at rates below those available individually. Over the past several

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years, the program has grown from 17 to over 3,000 participants in nine states. Forty insurance carriers, which are all rated "A" Superior to Excellent by Best's Key Rating Guide, underwrite the program. There is no sharing of limits or risk under the program, and each participant is protected to the same extent as if separate policies had been written.

The premium for excess insurance coverage last year was \$295,000. Renewal of coverage under the Joint Purchase Program will be at an annual cost not to exceed \$325,000. The change is the result of an increase in insurance premiums worldwide due to recent international and national events, in addition to a decrease in the number of insurance markets for excess general liability and excess workers' compensation in California.

A portion of the premium will be paid to Driver Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

County Counsel has reviewed this letter.

On May 28, 2003, the Housing Commission recommended approval of these actions.

IMPACT ON CURRENT SERVICES/PROGRAMS:

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

CONCLUSION:

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, subsidence, and inverse condemnation. These items, which are usually purchased separately for an additional premium, are included as part of the master policy.

Respectfully submitted,

CARLOS JACKSON
Executive Director