COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Gloria Molina
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Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

July 29, 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 PREMIUM INCREASE TO PURCHASE 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:**

Approve an increase of $199,000 to the excess workers' compensation and
excess general and automobile liability insurance premium for the
Commission and the Housing Authority, due to unforeseen market conditions
that have increased the annual amount from $325,000 to $524,000 for
coverage from July 1, 2003 to June 30, 2004, jointly purchased through the
Commission's and the Housing Authority's insurance broker, Driver Alliant
Insurance Services, Inc., using funds contained in the approved 2003-
2004 budgets.

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

> Approve an increase of $199,000 to the excess workers' compensation and excess general and automobile liability insurance premium for the Housing Authority and the Commission, due to unforeseen market conditions that have increased the annual amount from $325,000 to $524,000 for coverage from July 1, 2003 to June 30, 2004, jointly purchased through the Commission's and the Housing Authority's insurance broker, Driver Alliant Insurance Services, Inc., using funds contained in the approved 2003-2004 budgets.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve the increased premium for excess workers' compensation insurance and excess general and automobile liability insurance for the Commission and the Housing Authority. This will provide required excess coverage above the Commission's and Housing Authority's self-insured retention of $500,000.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The increased annual premium cost of $199,000 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 June 10, 2003, your Board approved, at a cost of $325,000, the purchase of excess workers' compensation and excess general and automobile liability insurance through Driver Alliant Insurance Services, Inc. The approved amount was based on May 2003 projections. Since that time, the actual premium has been received, reflecting an increase of $199,000.

The California workers' compensation insurance market has been strongly affected by recent legislation, which increased benefits to California workers. As a result, several major insurance carriers have withdrawn from the California marketplace, causing statewide premium increases. This has had a negative effect due to supply and demand, which has also resulted in a premium increase for the Commission and the Housing Authority.

Approval of the premium increase will ensure that sufficient coverage will continue for the Commission and the Housing Authority.

On July 23, 2003, the Housing Commission recommended approval of these actions. County Counsel has reviewed this letter.

IMPACT ON CURRENT SERVICES/PROGRAMS:

The proposed insurance increase will ensure that the Commission and Housing Authority properties and activities have the required coverage.

Respectfully submitted,

CARLOS JACKSON
Executive Director