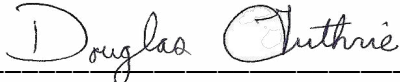


PROPOSED RESOLUTION AUTHORIZING THE PURCHASE OF ONE YEAR OF AUTOMOBILE LIABILITY INSURANCE COVERAGE FROM THE HOUSING AUTHORITY INSURANCE GROUP



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 \$440,900. The coverage is intended to protect the Housing Authority of the City of Los Angeles (“HACLA”) and its employees against claims of bodily injury and property damage from third party claimants.

Regarding: HACLA’s automobile liability insurance is renewed annually. On May 26, 2022, HACLA’s Board of Commissioners adopted Resolution No. 9835 authorizing the purchase of \$5,000,000 in automobile liability insurance coverage from HAI for three hundred and twenty-six (326) vehicles for one (1) year, for an estimated annual premium of \$461,747.

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 owns and/or operates a fleet of three hundred and one (301) vehicles for business use. Of these, one-hundred and three (103) are electric scooters and one hundred and ninety-eight (198) are a mix of sedans, trucks, trailers and vans. In 2022, HACLA disposed of approximately 22 vehicles, as they had surpassed their useful life and the cost to repair would not have been cost effective.

For 2023, the insurance industry is seeing higher value losses related to electric vehicles, which are generally much faster and heavier than vehicles propelled by internal combustion engines. This, combined with claims related to distracted/negligent driving, is impacting industry-wide policy coverage levels and deductibles, and resulting in general industry-wide increase in premiums between 4% and 13%.

Despite industry norms, HACLA’s low auto claims, good driving record, removal of older units and replacement of the newer units has resulted in a slight reduction in premium for the upcoming year. The proposed premium renewal for 2023/2024 is \$440,900, a \$20,847 reduction. The composite rate per vehicle will be \$1,464.78.

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.

The following chart shows coverage comparison between the expiring policy and the proposed new policy.

	Current Program 2022/2023	Renewal Program 2023/2024
Coverages and Deductibles	Automobile – Owned & Non-owned \$5,000,000 Coverage	Automobile - Owned \$5,000,000 Coverage No Deductible
	Uninsured Motorist and Non-Hired \$1MM Coverage \$50k Deductible	Uninsured Motorist and Non- owned and Hired \$1MM Coverage No Deductible
Units	326	301
Annual Premium	\$461,747	\$440,900
Composite Rate	\$1,416.40	\$1,464.78

The proposed new term begins at 12:00 am on June 15, 2023 and expires at 12:00 am on June 15, 2024.

HUD waives the bidding requirements for the purchase of insurance 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 at HACLA.

Budget and Program Impact: The necessary funds are available and included in the 2023 operating budget and will be budgeted in 2024 as required.

Environmental Review: not applicable

Section 3: not applicable

Attachments: Resolution

RESOLUTION NO. _____

PROPOSED RESOLUTION AUTHORIZING THE PURCHASE OF ONE YEAR OF AUTOMOBILE LIABILITY INSURANCE COVERAGE FROM THE HOUSING AUTHORITY INSURANCE GROUP

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) currently owns and/or operates a fleet of three hundred (301) 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 \$440,900; 2) Authorize enrollment coverage for any vehicle purchased or leased during the policy period; and 3) 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: _____