



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (8)

Date: November 15, 2017

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Authorization for Acquiring New Insurance Coverage from Philadelphia Insurance Companies

This resolution would authorize Tacoma Housing Authority (THA) to move its property and liability insurance portfolio from the Housing Authority Risk Retention Pool and Affordable Housing Risk Pool (HARRP/AHRP) to Philadelphia Insurance Companies under the brokerage of Alliant Insurance Services.

Background

Over the past seven months, THA Risk Management staff thoroughly reviewed THA's insurance needs, coverage and coverage gaps. We also sought ways to save money and staff time. Alliant Insurance Services, our brokerage consultant, helped us do this. Alliant also helped us shop for alternative insurers and to compare them with our present coverage from HARRP and AHRP. That effort identified better and less expensive coverage through Philadelphia Insurance Companies.

COST OF COVERAGE		
COVERAGE	HARRP/AHRP	Philadelphia Insurance Co.
Package	\$472,301	\$508,264
Umbrella Liability (HARRP provides \$0 to \$5 million excess liability. Philadelphia is \$10 million in all coverage areas)	\$50,958	\$29,621
Government Crime	\$2,300	\$3,008
Misc. Professional Liability/Public Officials/Employment Practices	\$57,417	\$27,056
<i>Premium Subtotals</i>	\$582,976	\$567,949
Alliant Brokerage Consultant	\$15,000	\$0
<i>Program Totals</i>	\$597,976	\$567,949

Below is a summary of the differences in coverage between HARRP/AHRP and Philadelphia.

COMPARATIVE BENEFIT OF PHILADELPHIA OVER HARRP/AHRP	WHERE THE BENEFIT MATTERS
The premium is less and the insurance coverage is better.	<p>Philadelphia would fill critical gaps coverage for:</p> <ul style="list-style-type: none"> • auto liability • tax credit loss • sexual molestation <p>Philadelphia's excess liability is \$10 million across every policy. HARRP has no excess liability in certain policies including vital auto liability.</p>
Consolidates all policies into one renewal period. We will go from thirteen policies and renewal periods to one.	This eliminates hours of THA staff time on policy management and paper shuffling.
Philadelphia meets our lender's insurance requirements for an AM Best Rated Provider of A or above. AM Best rates a firm on its financial health and ability to pay all the losses that the firm guarantees. HARRP does not meet these requirements. Here's an excerpt from one lender's requirements: <i>"Certificates must be written with an A.M. Best Company rating of A- or better with a financial strength of \$500-750MM or higher."</i>	We have managed to convince our lenders to accept HARRP/AHRP coverage. We do not know if those lenders or future lenders will later insist on their requirements. Philadelphia will surely qualify removing an uncertainty we would like to do without.
Philadelphia has a broader array of web-hosted safety training modules and training. It provides tracking software free as risk management tool. This tracking software creates a record of which staff received what training and when.	Currently THA is not in compliant with its OSHA required training or tracking. If OSHA were to ask today, THA cannot demonstrate that its employees received OSHA or L&I required trainings. Neither does THA provide required trainings because it doesn't have the tools or staff to do it.
Claims department provides staffing for claims.	Philadelphia will alleviate some of the time that THA's risk manager now must spend tracking and chasing claim and claims payments from adjustors and/or HARRP.
Philadelphia provides free loss control services to help THA prevent losses. An external third party will inspect premises and make loss control recommendations.	Expert opinions and peer comparison carry a lot of weight at THA and likely result in reduction in claims and higher performance of facilities.

Recommendation

Staff recommends that THA move its property and liability insurance portfolio to Philadelphia Insurance Companies effective December 15, 2017.



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-11-15 (8)

(Authorization for Acquiring New Insurance Coverage from Philadelphia Insurance Company)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

WHEREAS, THA procured Alliant Insurance Services in 2015 to evaluate THA insurance coverage; and

WHEREAS, THA is currently insured through HARRP, AHRP, CHUBB, ORWACA and others; and

WHEREAS, The evaluation of current insurance coverage identified gaps and limitations with the current coverage; and

WHEREAS, The Philadelphia Insurance Companies premium is lower than THA's current insurance program and new coverage fills gaps and adds needed coverages such as bodily injury for passengers of THA vehicles, \$10 million excess liability for all policies, and insurance for tax credit losses; and

WHEREAS, The new program consolidates all policies into one portfolio and one renewal period versus 13 policies and renewal periods; and

WHEREAS, Philadelphia Insurance Companies meet lender's insurance requirements for an insurer who is rated A or better by AM Best; and

WHEREAS, Philadelphia Insurance Companies provide a complimentary, web-hosted employee training software with 2,000 topics, training tracking, and certificates; and

WHEREAS, Alliant Insurance Services and Philadelphia Insurance Companies have claims departments who will help THA manage claims; and

WHEREAS, Philadelphia Insurance Companies provide free loss control services and benchmarking to help THA prevent losses; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

1. Be it resolved that THA's executive director is authorized to execute all documents and payments necessary to transfer insurance policies and bind coverage with

Philadelphia Insurance Companies effective December 2017.

2. Acting Officers Authorized. The proper officers of the Authority are hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing sections of this resolution. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized acting Executive Director of the Authority.

Approved: November 15, 2017



Janis Flauding, Chair