



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Janelle Chan, Undersecretary

Public Housing Notice 2018-21

TO: All Local Housing Authority Executive Directors
FROM: Amy Stitely, Associate Director Division of Public Housing and Rental Assistance
SUBJECT: Massachusetts State-Aided Housing Programs Property, Boiler & Machinery and Crime Insurance
Policy Period – 11/17/18 to 11/17/19
DATE: November 7, 2018

Insurance Renewal and Invoicing:

The Massachusetts Housing Authorities Insurance Program, procured by Salem Housing Authority with the cooperation of the Department of Housing and Community Development, has just completed a renewal with Hays Insurance for Property, Boiler & Machinery Insurance and Crime insurance for Local Housing Authorities' state-aided housing programs for the coverage period beginning 11/17/18 through 11/17/19. The primary property insurance carrier will continue to be Lexington Insurance. Liberty Mutual will continue as the insurer for Boiler & Machinery coverage and National Union remains the insurer for Crime coverage.

Recently, DHCD has engaged in a thorough review of the Massachusetts state-aided public housing portfolio insurance program. We are pleased to inform you that the program review consultants and insurance broker determined that this program provides very comprehensive coverage which is also very affordable, especially as compared to the insurance rates paid by private affordable housing entities or for LHA federal program portfolios. The insurance market for habitational properties, particularly affordable housing, is limited and facing upward price pressure. It is through the cooperation and joint buying power of all the Massachusetts LHAs that this program can successfully operate to ensure that all properties are able to secure insurance while maintaining a low deductible. We appreciate all of the LHAs' commitment to and participation in this program.

The recent loss history for this insurance program has shown a trend toward increased claims as a result of weather conditions, and numerous large fires. The impact of weather and climate-related events in other parts of the country also has led to an increase in insurance-related costs. We also have been advised by our insurers to increase the insured value of the program properties, which further increases premiums. While the program has been able to continue to maintain extremely low deductibles for LHAs, in order to do so a costly primary layer of insurance must be purchased. This helps maintain the extremely favorable rates for the insurance coverage, but also factors into the aggregate cost of the program.

As part of its insurance program review, DHCD has also observed that the per-unit rates which have been charged over past years have failed to keep pace with the actual cost of the program. It is important that the per-door rate accurately reflect the cost of the program. As a result, this year the program rate has been set at \$110.00 per unit according to DHCD's Capital Planning System records which indicate the number of state-aided units at your LHA. Note that MRVP units are excluded. For purposes of comparison, the per-door rate was set at \$102 in 2017 and \$105 in 2016.

Your insurance premium invoice will be sent by Hays Insurance. You must pay your bill WITHIN 10 DAYS directly to Hays Insurance (EID #411784898). You may make your check payable to Hays Companies, with a subject line stating Massachusetts Housing Authorities Insurance Program. The mailing address is:

**Hays Companies
MI-88
P.O. Box 1414
Minneapolis, MN 55480-1414.**

Insurance Procedures:

Recent changes made to the program with York as the claims administrator have led to improved claim responsiveness. With the new claim acknowledgements, your LHA's team at DHCD is able to learn of insurance claims when they happen and provide any required assistance. If you have any concerns about the claims process, please contact Risk Management Specialist, Sarah O'Leary at sarah.oleary@mass.gov.

Please review the attached documents regarding **Claim Reporting Procedures** and **Insurance Coverage FAQs**.

Role of Salem Housing Authority:

DHCD is greatly appreciative of the participation of Salem Housing Authority in the administration of the Local Housing Authorities Insurance program which allows participating LHAs to obtain excellent insurance coverage at an affordable cost and ensures that the Commonwealth's investment in public housing is preserved for current residents and future generations. You will notice the Salem Housing Authority identified as the insurance policyholder on behalf of all Massachusetts Local Housing Authorities state-aided properties. This is not an error, Salem Housing Authority is the procuring LHA on behalf of all Massachusetts Local Housing Authorities with state-aided property.

Questions:

If you have any questions about the insurance program, please email DHCD's Risk Management Specialist Sarah O'Leary at sarah.oleary@mass.gov.