



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

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Jennifer D. Maddox, Undersecretary

## Public Housing Notice 2021-22

To: All Local Housing Authority (LHA) Executive Directors  
From: Ben Stone, Director, Division of Public Housing  
Re: Massachusetts State-Aided Housing Programs Property, Boiler & Machinery and Crime Insurance  
Policy Period – 11/17/21 to 11/17/22  
Date: November 22, 2021

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### NEED TO KNOW:

1. Per-door rate will be \$177 for insurance renewal for 11/17/21 - 11/17/22.
2. Traveler's Insurance will continue as Insurer for Boiler & Machinery.
3. Invoice will come by email only. Full payment due by 12/30/2021. Critical to make payment in timely manner.
4. Please see attached summary of claim reporting procedures.

### INSURANCE RENEWAL OVERVIEW:

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 Companies for Property, Boiler & Machinery Insurance and Crime insurance for Local Housing Authorities' state-aided housing programs for the coverage period beginning 11/17/21 through 11/17/22.

Lexington Insurance will continue as the primary Property Insurance carrier. Negotiations regarding insurance pricing were aggressive given current market conditions. In the face of a challenging insurance market for affordable housing providers, the total cost of insurance increased by about 9% over last year's rates after adding increased portfolio flooding coverage based on recent storm risk modeling. This is very good news for housing authorities, as last year they were challenged with a significant escalation in insurance costs, as a result of factors including exit of underwriters from the residential multi-family market, more competition globally for excess insurance placement, and global flooding and wildfire losses. The factors driving insurance policy pricing this year were similar, with continuing pressure on the market from global events including the Suez Canal blockage, pandemic business loss claims, and catastrophic weather patterns such as the February Texas freeze-up, the California fire season, and flooding in Europe in July.

Traveler's Insurance will continue as Insurer for Boiler & Machinery. The Commercial Crime policy, which includes *impersonation fraud coverage* as an additional coverage this year, will continue with National Union.

Based on current proposals, this year's total cost of insurance is \$7.9 million. This year's insurance cost increase is \$.6 million over the 2020 policy year cost of \$7.3 million (9%), and the per-door rate increase is \$7 (4%) over the 2020 policy year per-door rate of \$ 170. We were able to use surplus funds available from the last policy year to keep the per door rate increase to only 4%.

## **COVERAGE ENHANCEMENT:**

The program includes some coverage enhancements this year. The relocation endorsement now will provide up to \$3,500 in funds for relocation in the event of a fire loss, with up to \$750 of coverage which can be used for tenant personal property losses, this is an additional \$1,000 available to LHAs for temporary accommodations for tenants affected by fire. We have also confirmed that certain specialized cleaning expenses will be covered where a death or crime causes property damage exceeding the policy deductible. We also have increased the limits of flood insurance on the property portfolio to \$45,000,000 based on recent storm modeling of the state aided housing portfolio.

## **INSURANCE INVOICING:**

You will receive an insurance premium invoice from Hays Insurance, by email, in the next week or so. The invoice will reflect the program's per-door rate of \$177 multiplied by the LHA's number of state-aided public housing units according to DHCD's Capital Planning System records. Units that have been repurposed for other uses, including additional administrative space, are still included in the per-door count. Also note that Sec 8 NC/SR properties are included in this renewal and MRVP units are excluded. Most Section 8 NC/SR properties will need to find new insurance for the November 17, 2022-November 17, 2023 coverage year and they will receive further detail directly.

**Please add insurance payment to the agenda for your December Board meeting to ensure that this bill is paid in a timely manner.** You will not receive a physical bill in the mail – the only invoice you will receive is the invoice that Hays Insurance will send via email. You are requested to pay your bill WITHIN 10 CALENDAR DAYS directly to Hays Insurance (EID #411784898). Please make your check payable to Hays Companies, and list Massachusetts Housing Authorities Insurance Program in the subject line. The mailing address is: HAYS COMPANIES, MI-88, P.O. BOX 1414, MINNEAPOLIS, MN 55480-1414.

Please check your junk mail inbox if you do not get your invoice from Hays by December 1, 2021. While we work with the most recent address list available, if your LHA's email address has changed recently, or you would like the invoice directed to a second person at the housing authority, please email Ryan Dye, [rdye@hayscompanies.com](mailto:rdye@hayscompanies.com), so your invoice will be received promptly.

As you review your invoice and insurance claim paperwork, you will notice that Salem Housing Authority is identified as the insurance policyholder on behalf of all Massachusetts Local Housing Authorities state-aided properties. Salem Housing Authority is the procuring LHA on behalf of all Massachusetts Local Housing Authorities with state-aided public housing property in cooperation with DHCD.

## **LOSS CONTROL:**

Our insurance program had fewer losses, both in quantity and expense during the 2020-2021 program year which improved our loss ratio and helped to keep the underwriting costs stable. This is excellent news because last year we were advised that another large loss year could cause Lexington to decline to offer coverage this year. Our LHAs had good luck because Hurricane Henri in August weakened when it made landfall and was not as destructive as forecasted. LHAs also worked to improve property maintenance and mitigation of claims in progress throughout the year, resulting in a more favorable loss ratio.

In addition, our Boiler and Machinery carrier, Travelers Insurance, had a good experience working with our account this year. Traveler's engineers were pleased with the boiler inspections they performed, the general conditions they found at LHAs where inspections were performed, the attention of LHAs to prompt repairs when findings were made and the participation of LHAs in their training programs.

While to a large extent the losses that occur are outside an LHA's sphere of control, there are steps that LHAs can take to minimize risk to their buildings. DHCD's FMS and Risk Management teams have been working through the year to provide LHAs with information and training opportunities throughout the year in an effort to prevent loss events and protect your housing as well as its residents and guests. Much of this loss control advice is simple:

- Adopt policies that address fire hazards, such as, candles near flammable objects, overloaded extension cords, portable heating units that appear to be unsafe or used improperly, and especially cooking hazards. LHAs also may consider use of stove-top fire extinguishing devices to prevent cooking fires. In [PHN 2021-20](#) DHCD provided a budget exemption this year to assist with implementation costs.
- Perform regular inspections and conduct preventive maintenance to ensure your buildings are weather-tight, hazard free, and have proper drainage in place.
- Be proactive not reactive: prepare for adverse weather and have an immediate response plan in place to prevent damage from intensifying.
- Identify risks and act to protect LHA property, examples include addressing leaking toilets or sinks as a priority item.
- Engage with tenants who may need additional support for independent living and work with family and other social supports, including your local Aging Service Access Point agency (<https://www.mass.gov/service-details/aging-services-access-points-asap>), to help minimize household and property risks.

## **INSURANCE PROCEDURES:**

**Property damage claims** are adjusted through a Massachusetts-based Executive General Adjuster from Sedgwick Claim Services. **If your LHA sustains an insured property loss which is expected to exceed the deductible of \$5,000, the claim must be reported immediately as follows:**

- **Send an email to:** [andy.ernst@sedgwick.com](mailto:andy.ernst@sedgwick.com)
- **CC on email:** [sarah.oleary@mass.gov](mailto:sarah.oleary@mass.gov) and [william.m.miller@mass.gov](mailto:william.m.miller@mass.gov)
- **Include:**
  - Property address, and building CPS number if known
  - Brief discussion of the loss
  - Photographs if available
  - Your contact information including cell phone
  - Maintenance person contact information if they can assist in evaluating the loss
  - If loss is estimated over \$25,000, please contact Andy Ernst at: (781) 929-9026 in addition to reporting the claim by email, so that loss response can be expedited.

**Boiler and Machinery claims and Business Crime claims should be reported to DHCD Risk Management and our team at Hays Companies. ([acroteau@hayscompanies.com](mailto:acroteau@hayscompanies.com), [khoggins@hayscompanies.com](mailto:khoggins@hayscompanies.com), [rdye@hayscompanies.com](mailto:rdye@hayscompanies.com), [sarah.oleary@mass.gov](mailto:sarah.oleary@mass.gov))**

Please circulate the attached **Claim Reporting Guide** and **Claim Decision Chart** to your administrative and maintenance staff so that all LHA employees know when and how to report a claim.

## **CONCLUSION:**

While the hard insurance market continues, the Massachusetts Local Housing Authorities State Aided Housing Program secured a relatively favorable renewal this policy year. While losses such as floods and lightning strikes cannot be controlled, LHAs can take steps to help mitigate loss experience. Collectively this was a good year for LHAs with fewer incidents of loss and less cost of total loss. This represents both “good luck” and improved performance from LHAs with respect to preventive maintenance as well as response to mitigate claim events.

The Massachusetts Housing Authority Insurance Program continues to provide affordable comprehensive coverage and recognizes LHAs’ commitment to and participation in this program, ensuring that the Commonwealth’s investment in affordable housing is preserved for future generations. If you have any questions about the insurance program, please email DHCD’s Risk Management Specialist Sarah O’Leary at [sarah.oleary@mass.gov](mailto:sarah.oleary@mass.gov) .