



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

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

## **Public Housing Notice 2022-22**

To: All Local Housing Authority (LHA) Executive Directors  
From: Ben Stone, Director, Division of Public Housing & Acting Director, Division of Rental Assistance  
Re: Massachusetts State-Aided Housing Programs Property, Boiler & Machinery and Crime Insurance for Policy Period – 11/17/22 to 11/17/23  
Date: November 17, 2022

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### **NEED TO KNOW:**

1. Per-door rate will be \$204 for insurance renewal for policy year 11/17/22 - 11/17/23.
2. Incumbent claims administrator and property, boiler and machinery and crime insurers will continue
3. Invoice will come by email only. Full payment due by 12/30/2022. Housing Authorities should make payment in timely manner.
4. Please add Insurance payment to your December Board Meeting Agenda
5. Retained Risk Liability Program deductible will now be \$3,000 per claim.
6. Claim reporting procedures summary is attached.

### **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 11/17/22 through 11/17/23.

Lexington Insurance will continue as the primary Property Insurance carrier. As the global insurance market continues to be hard and inflationary impacts on the economy have raised costs associated with property restoration, the total cost of insurance increased significantly resulting in a 15% increase in the per door cost for LHAs. The cost of excess insurance, which is critical in the event of a major catastrophe, is another factor in the escalation of insurance costs, because underwriters continue to eschew the residential multi-family market in favor of risks with more favorable loss profiles.

Traveler's Insurance will continue in its role as Insurer for Boiler & Machinery and providing jurisdictional inspections for boilers. The Commercial Crime policy will continue with National Union. This year's total cost of insurance is over \$10 million, and the \$204 per-door rate represents an increase of \$27 (15%) over the 2021 policy year per-door rate of \$ 177.

### **COVERAGE ENHANCEMENT:**

We are pleased to share that the boiler and machinery insurance policy will include provision for green enhancements to replacement components which supports our efforts to reduce the carbon-footprint of LHAs. The

coverage enhancements to the property insurance program we negotiated last year will also remain in effect. These include:

- Relocation funding of up to \$3,500 per household in the event of a fire loss, with up to \$750 of coverage which can be used for tenant personal property losses.
- Coverage for certain specialized cleaning expenses where a death or crime causes property damage exceeding the policy deductible.
- Portfolio flood insurance limits of \$45,000,000 based on recent storm modeling of the state aided housing portfolio.
- Impersonation and social engineering coverage added to crime insurance policy.

## **INSURANCE INVOICING:**

You will receive an insurance premium invoice from our coverage broker Brown & Brown Insurance (now corporate parent of Hays Companies, Inc.), by email, in the next week or so. The invoice will reflect the program's per-door rate of \$204 multiplied by the LHA's number of state-aided public housing units according to DHCD's Capital Planning System (CPS) records. Units that have been repurposed for other uses, including additional administrative space, are still included in the per-door count.

**Please add insurance payment to the agenda for your December board meeting to ensure that your LHA pays this bill in a timely manner.** If you do not receive your invoice from Brown & Brown by December 5, 2022, please check your junk mail inbox. 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, [ryan.dye@bbrown.com](mailto:ryan.dye@bbrown.com), so your invoice will be received promptly.

You are requested to pay your bill WITHIN 10 CALENDAR DAYS directly to Brown & Brown Insurance/Hays Companies (EID #411784898). Please make your check payable to "**Hays Companies, Inc.**" and list Massachusetts Housing Authorities Insurance Program in the subject line. The mailing address is HAYS COMPANIES, INC., BMO-88, P.O. BOX 1414, MINNEAPOLIS, MN 55480-1414.

As you review your invoice and any insurance claim paperwork that you may receive during the year, 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:**

A higher number of claims and heavy loss costs this year undid the progress we had made with loss ratio in the 2020-2021 policy year. Unfortunately, this caused a significant increase to insurance costs, particularly as the cost of property restoration has soared in the past 12 months. On the other hand, our insurers appreciate that LHAs have made good efforts to improve property maintenance and mitigation of claims in progress throughout the year, which is important to help them see the LHAs as a risk they will continue to insure.

Travelers Insurance, our Boiler and Machinery carrier, continued to have a good experience working with our account this year. Traveler's engineers offered boiler maintenance trainings during FMS office hours this year. They also were pleased with the boiler inspections they performed, the general conditions they found at LHAs, and the attention of LHAs to prompt repairs when findings were made.

DHCD's FMS and Risk Management teams are available to provide LHAs with information and training opportunities throughout the year to help prevent loss events and protect your property, residents, and guests. While many losses are outside an LHA's control, we can try to avoid losses by remaining alert to signs of risk and educating tenants about property risks. LHAs should consider the following measures to better control losses:

- 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 [budget year 2021](#) DHCD provided a budget exemption 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:
  - 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 ahead of losses, for example by addressing leaking toilets or sinks as priority items.

## **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.

**LHAs should report Boiler and Machinery claims and Business Crime claims to DHCD Risk Management and our team at Brown & Brown Insurance. ([joseph.croteau@bbrown.com](mailto:joseph.croteau@bbrown.com), [ken.hoggins@bbrown.com](mailto:ken.hoggins@bbrown.com), [ryan.dye@bbrown.com](mailto:ryan.dye@bbrown.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.

## **RETAINED RISK LIABILITY PROGRAM:**

This year we will also be increasing the LHA contribution to matters accepted by the Retained Risk Liability program from \$1,000 per claim to \$3,000 per claim. This is the first time since the inception of the program over 40 years ago that the deductible has increased. We have decided the deductible should be adjusted to help cushion against the financial stress on the program due to the increase in claim frequency and legal costs to provide a defense.

## **CONCLUSION:**

The Massachusetts Housing Authority Insurance Program continues to provide affordable comprehensive coverage and recognizes LHAs' commitment to and participation in this program, which ensures 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).