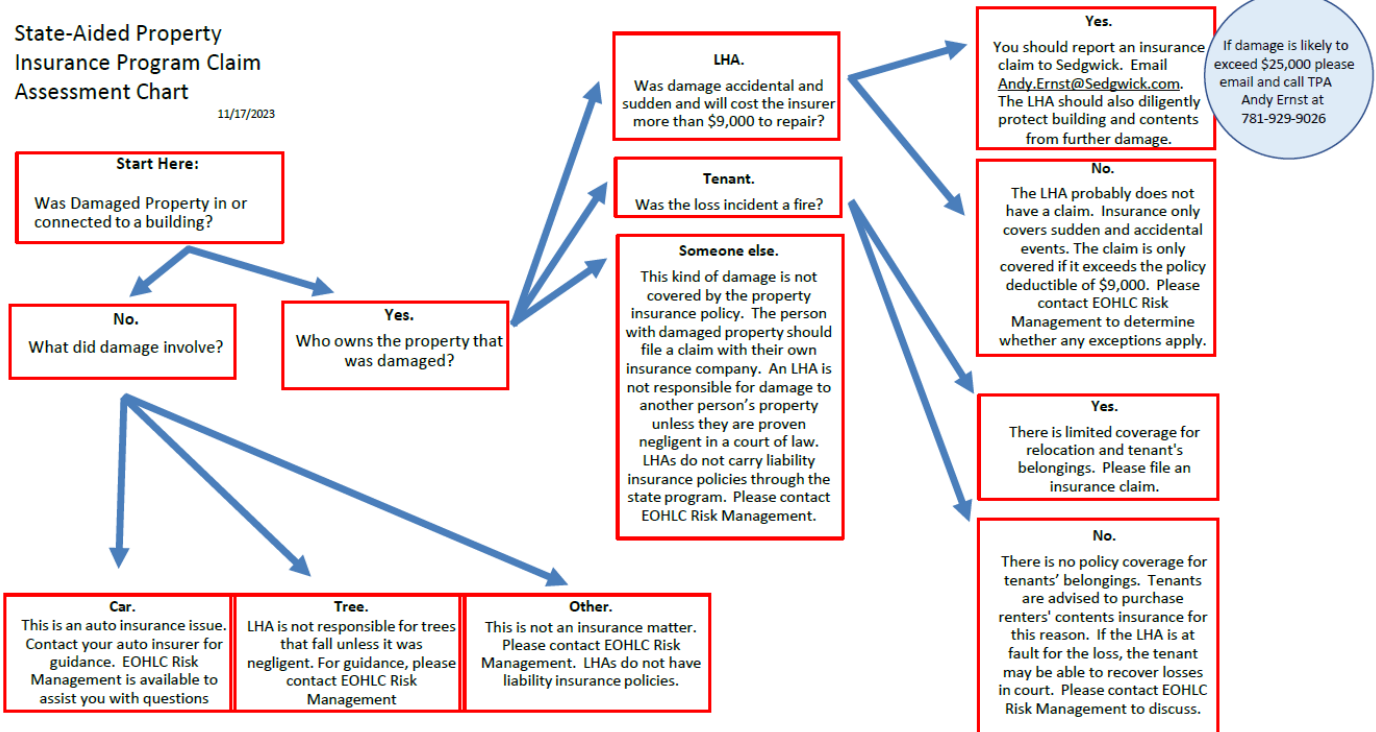


CLAIM REPORTING GUIDE: MA Housing Authorities Ins. Program for State-aided Properties

State-Aided Property Insurance Program Claim Assessment Chart

11/17/2023



A. Property Damage Claims

Property insurance will restore damage to LHA property caused by a covered loss, such as fire, lightning, falling objects, explosion, wind, flood, or other causes of loss provided in the policy. Property insurance is meant to cover risks which cannot be controlled, such as a lightning strike, earthquake, tornado, hurricane, or sudden pipe break. Insurance companies will only cover losses specifically included within an insurance policy, such as fire, water loss, falling objects, or vandalism. After a loss is reported, an adjuster will evaluate and document the claim to ensure it falls within the scope of the insurance policy.

If a state-aided property has property damage from a covered cause of loss under the policy, that exceeds the \$9,000 deductible and would cost the insurance company more than \$9,000 to repair, the LHA should immediately contact the Sedgwick adjuster by email (andy.ernst@sedgwick.com) to provide notice of the claim. The adjuster will need to know the following information:

- The location of the loss
- Description of date and cause of loss
- Description of damages to the property
- Contact information and cell phone numbers

It is important to return the adjuster's call because the adjuster will need to speak with you to provide guidance on how to handle the loss. If the loss is expected to exceed \$25,000 in repair costs to the insurer, the adjuster will make a site visit to the loss. This visit should be coordinated with your construction advisor if possible. **If loss damage is extensive, please email and call Andy Ernst at 781-929-9026.**

B. Boiler & Machinery Claims

This policy covers boiler and machinery damage caused by various causes not related to maintenance, such as explosion and equipment failure. This insurance also provides inspectors to perform the state-required jurisdictional inspections of boilers and other licensed equipment. The policy excludes boiler and equipment failure related to negligent maintenance or failure to correct violations. The program insurer, Travelers Insurance for 2024-2025 will also conduct inspections of boilers and machinery at LHAs.

The program broker, Brown & Brown, will assist you in reporting boiler and machinery or equipment failure claims. Please send an email with a description of the claim to the following: joseph.croteau@bbrown.com, ken.hoggins@bbrown.com, sarah.oleary@mass.gov, thomas.mulvey@mass.gov.

C. Crime Claims

The Business Crime policy covers certain financial losses including crime, employee theft, forgery, computer fraud, funds transfer fraud, counterfeit money and impersonation fraud. Coverage is only available for events specifically defined by the policy. LHAs are responsible for all crime losses up to the policy deductible which varies depending on the cause of loss. Insurance coverage is subject to the limits stated in the policy. The program broker, Hays Insurance, will assist you in reporting crime claims. Please send an email with a description of the claim and a copy of the police report to the following: joseph.croteau@bbrown.com, ryan.dye@bbrown.com, and sarah.oleary@mass.gov.

LHAs are at high risk for cyberfraud attacks. Please review PHN2024-12 and complete the required training to ensure your LHA is prepared to detect and stop cyber fraud.

- Your LHA should have strict financial controls and always make sure transactions are made through the right channels and to the email addresses and people included in the original contracts between the vendor and the LHA.
- Social Engineering fraud may involve sneaky spelling changes to email addresses such as by dropping a vowel or adding a duplicate letter to an email address. (for example: Afordable-Constructon.com) Note the missing f and l in the name.
- Requests for changes of address, email or financial information should always be heavily scrutinized and confirmed verbally through a trusted method of with verified third party documentation, such as a change of corporate address recorded on the Secretary of State's corporate database.

While this crime policy provides some coverage for social engineering, many crimes will not fall within the scope of the policy. To be successful a claim needs to be filed as soon as you become aware of the crime, you will need to show that the LHA was following good safe practices, you will need to report the claim to the police and have a technology investigation to determine how the fraud occurred.

If your LHA needs a high-limits Cyberfraud Insurance policy it can purchase one independently. Please email sarah.oleary@mass.gov who can give you some guidance on how to start the process.

D. Liability Matters: Including Employment and Discrimination Claims, Personal Injury and Other Tort Liability Demands and Legal Actions

Housing Authorities are self-insured for the liability and civil claims listed above. There is no liability insurance policy. LHAs must always comply with the law regarding discrimination and employment as violations of the law can pose a serious liability risk to LHAs.

If you learn of a situation regarding a demand or legal action against your LHA, you must immediately email EOHLC's Risk Management Specialist, sarah.oleary@mass.gov, a copy of all documents received. If the LHA receives a legal summons to Court, the LHA is being sued and has a limited time to respond. **LHAs must email any legal Summons to EOHLC Risk Management immediately upon receipt. The email header should say "Legal Summons Received by _____ LHA."** When the email is received, your LHA will receive a "New Matter Assignment" email confirming that an attorney has been assigned to represent the LHA and the attorney will contact your LHA within 24 hours. It is important to note that If your LHA does not receive an email confirming that an attorney has been assigned to the case, or hear from the attorney after assignment, it is the LHA's responsibility to follow up and ensure that an attorney is assigned to defend the housing authority.

Failure to ensure that a claim is defended can have serious consequences, including the loss of the ability to defend the LHA in the case and the Risk Management Program's inability to assist in the defense of the claim. All counsel assignments for cases submitted to the Retained Risk Liability Program must be made by Risk Management. Sending a claim or other legal documents to the LHA's HMS, regional attorney or an outside attorney not assigned by Risk Management, is insufficient.

Only eligible claims will be defended under the Retained Risk Liability Program. For example, a legal case brought against an LHA for non-payment of monies due under a contract would usually not be covered. LHAs are financially responsible for the first \$3,000 of claims settled through this program and in some limited circumstances the LHA participation required will be higher. Participation in this program also requires full compliance with the program parameters and cooperation in the defense. Please contact Sarah O'Leary by email at sarah.oleary@mass.gov for further information.

E. Other Insurance Required by the Housing Authority

The LHA is responsible for purchasing its own automobile policies, and an LHA must also maintain the legally required workers compensation insurance for its workers.

LHAs also must ensure that vendors working on the property are insured, and that these vendors have included the LHA as an additional named insured on their policies of liability insurance when they are doing construction or continuing operations such as landscaping, property maintenance or plowing on the LHAs property. LHAs should scrutinize all contracts for language that attempts to transfer risk and ensure they are acting in the best interest of their housing authority. A pre-recorded presentation on third-party risk transfer is available upon request for training purposes.

LHAs with federal portfolios will need to secure adequate property insurance coverage, taking into account coastal and wet-lands exposures.