Commonwealth of Massachusetts
EXECUTIVE OFFICE OF HOUSING & LIVABLE COMMUNITIES
Maura T. Healey, Governor ◆ Kimberley Driscoll, Lieutenant Governor ◆ Edward M. Augustus, Jr., Secretary

Public Housing Notice 2024-22

To: All Local Housing Authority (LHA) Executive Directors
From: Ben Stone, Undersecretary for Public Housing and Rental Assistance
Re: Massachusetts State-Aided Housing Programs Property, Boiler & Machinery and Crime Insurance for Policy Period – 11/17/24 to 11/17/25
Date: November 18, 2024

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NEED TO KNOW:

1. EOHLC's insurance program rate structure will be per-door rate of $345 per family unit and $292 per all other units for policy year 11/17/24 - 11/17/25. This represents a 7.5% increase for 2024-2025 and follows 30-60% increases in the 2023-2024 plan year.
2. Insurance Program LHA deductible remains $9,000 per claim for the upcoming policy year.
3. Incumbent claims administrator and property, boiler and machinery and crime insurers will continue.
4. As a precaution against cyber-crime, Invoice will come by email and by US Mail. Full payment is due by 12/30/2024. Housing Authorities should include insurance payment on their November or December Board Meeting Agenda to make payment in a timely manner. LHAs should only follow payment instructions consistent with this PHN.
5. The Senior Account Administrator for our team at Brown & Brown is now Adrienne Kisonas who joins Joe Croteau and Ken Hoggins. Andy Ernst continues as our claims adjuster.
6. Updated claim reporting procedures summary and flow chart are attached.

INSURANCE RENEWAL OVERVIEW:

The Massachusetts Housing Authorities Insurance Program, procured by Salem Housing Authority with the cooperation of the Executive Office of Housing and Livable Communities (EOHLC), completed a renewal with Brown & Brown (formerly Hays Companies) for Property, Boiler & Machinery Insurance and Crime insurance for Local Housing Authorities' state-aided housing programs for the coverage period beginning 11/17/24 through 11/17/25.

After a catastrophic year for losses in 2022-2023, the Massachusetts Housing Authorities Insurance Program had a better experience in 2023-2024, with losses decreasing from $10 million dollars to approximately $5 million dollars and fewer claims made. We are pleased that Lexington Insurance Company continues as the primary property insurance carrier for our program and offered us renewal with 5% more insurance value at a stable price. The program overall will have a modest price increase related to claims deductibles and loss adjustment expenses. The per door cost for family units will be different than the per door cost for other program units, which have smaller insured square footage. We also will maintain the program deductible at $9,000 per LHA insured loss this year.

Our program cost is, as always, impacted by the global insurance market. While the cost of building materials and competition for contractors is lower, wages and code compliance costs are higher, which means costs have increased but more slowly than prior renewal years. In addition, continuing climate related claims and the heavy losses sustained from Hurricanes Helene and Milton continue to affect the residential property insurance market. Hurricane Milton will likely be the most expensive natural catastrophe insurance loss in the US this year with anticipated claims exceeding $10 billion dollars.

COVERAGE CHANGES:

Our coverage this year is similar to the 2023-2034 program:

- Claim deductible is $9,000.

- Relocation funding of up to $3,500 per household available in the event of a fire loss, from which a portion up to $750 can be provided to the tenant to reimburse them for personal property losses. Relocation funding is available only when property damage has occurred in the unit and relocation of belongings will aid in timely restoration of the property, it does not cover hotel stays. Please contact your Housing Management team at EOHLC if your LHA's operating reserves cannot cover the cost of relocation to hotels following an insurance event.

- Impersonation and social engineering coverage in the crime insurance policy may cover up to $100,000 in losses for an occurrence that is covered by the policy.

INSURANCE INVOICING:

EOHLC wants to ensure timely receipt of program payments and minimize risk of cyber-fraud, so the LHAs will receive their invoice from Brown & Brown both by email and US Mail this renewal cycle. The per door rate of $345 for family/$292 for other units represents a 7.5% increase in program costs. The invoice will reflect the program's per-door rate multiplied by the LHA's number of state-aided public housing units, and program types, according to EOHLC's Capital Planning System (CPS) records. Units that have been repurposed for other uses, including additional administrative space, are included in the per-door count.

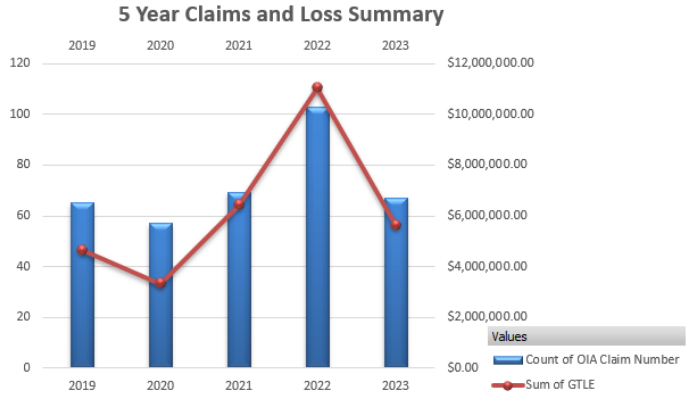
Please add insurance payment to the agenda for your next board meeting to ensure that your LHA pays this bill in a timely manner.

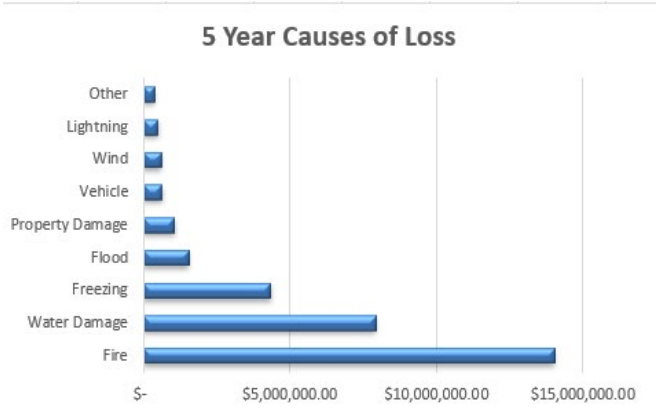
Please pay your bill WITHIN 10 CALENDAR DAYS directly to Brown & Brown Insurance Services, Inc. (EID #59-0691921). Please make your check payable to "**Brown & Brown Insurance Services, Inc.**" and list Massachusetts Housing Authorities Insurance Program in the subject line. The mailing address is Brown & Brown Insurance Services, Inc., P.O. BOX 745949, ATLANTA, GA 30374-5949. Full payment is due by 12/30/2024. (NOTE THE MAILING ADDRESS HAS CHANGED)

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 EOHLC.

LOSS CONTROL:

As of November 1, 2024, the Program is experiencing a slightly better than average year with regard to loss claims, with 61 separate claims to date and anticipated loss of approximately $5 million dollars. This compares very favorably to our loss experience in policy year 2023 which had over 100 separate claims valued over $11 million dollars.





Our loss experience over the past five years indicates that fire hazards are by far the greatest cause of loss, and carry significant risks to LHA occupants including frequent dislocation of tenants for lengthy periods of time. Many fire losses are preventable; therefore, LHAs should implement policies that address fire hazards, such as non-smoking policies, 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 the use of stove-top fire extinguishing devices to prevent cooking fires. Please post and provide a copy of the Risk Control Safety Topics (see attached) to staff and residents at your LHA. We suggest including it in the rent recertification mailing.

EOHLC's Facilities Management Specialists (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:

- Ensure all staff know how to report an insurance loss – the attached Claim Decision Chart and Claim Reporting Guide should be posted and reviewed by all staff.
- 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.
- An important element of loss control is reporting and addressing damage as soon as possible to the time of the loss, however LHA staff should also be aware of historical building materials and use caution to prevent creating an environmental hazard in the aftermath of a sudden and unexpected insured loss.

INSURANCE PROCEDURES:

Property Damage Claims:

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 $9,000, you must report claim immediately as follows:**

- **Send an email to: andy.ernst@sedgwick.com**
- **CC on email: sarah.oleary@mass.gov and thomas.mulvey@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 (andy.ernst@sedgwick.com), so that loss response can be expedited.

Boiler & Machinery Claims:

Boiler & Machinery Claims are filed when equipment malfunctions or fails suddenly and accidentally and covers items such as electrical systems, elevators, gears, boilers or HVAC. LHAs should report Boiler and Machinery claims, and Business Crime claims to EOHLC Risk Management and our team at Brown & Brown Insurance.

- Joseph Croteau, Executive Vice President (joseph.croteau@bbrown.com)
- Ken Hoggins, Senior Vice President (ken.hoggins@bbrown.com)
- Adrienne Kisonas, Senior Account Manager (adrienne.kisonas@bbrown.com) Adrienne Kisonas has replaced Ryan Dye as the Senior Account Manager for our team.

Please also cc at EOHLC sarah.oleary@mass.gov, thomas.mulvey@mass.gov, robert.garrett@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 LIABILTY PROGRAM:

The Retained Risk Liability Program continues to help LHAs mitigate risk in today's highly litigious environment. The LHA contribution to matters accepted by the Retained Risk Liability program will remain at $3,000 per claim. To participate in the program, LHAs must email any legal Summons related to state program operations to EOHLC Risk Management immediately upon receipt. The email header must say "Legal Summons Received by (name) LHA." Please review the information in section D of the claims guide for more important information about the Retained Risk Liability Program.

CONCLUSION:

Thank you for your participation in the program and prompt premium payment. If you have any questions about the insurance program, please email EOHLC's Risk Management Specialist at sarah.oleary@mass.gov.