

# HARRP NOTES

Housing Authorities Risk Retention Pool  
2500 Main Street, Suite 120  
Vancouver, Washington 98660  
(360) 694-3500 • (360) 694-3600 FAX  
Website: www.harrp.com

## PLEASE ROUTE:

\_\_\_\_ Executive Director  
\_\_\_\_ Accounting / Finance  
\_\_\_\_ Maintenance  
\_\_\_\_ Property Management  
\_\_\_\_ Personnel  
\_\_\_\_ Safety Program Coordinator  
\_\_\_\_ Other

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## HARRP AUTOMATION

HARRP embarked on a quest to automate office procedures two years ago with the purchase and implementation of a sophisticated Risk Management Information System (RMIS). The RMIS, RiskMaster, not only provides excellent claims management, but also will allow HARRP to compile specific information for each of our members, their properties and unique features associated with their coverages. This includes the massive database of membership inventories. The database of approximately 45,000 properties has been converted and is now maintained in the RMIS. This system will allow HARRP greater efficiency in tracking properties, management of claims, enhanced loss control services, assuring proper levels of coverage and ease of renewals.

The renewal process consists of a questionnaire sent to each member HA approximately 60 days before renewal. This questionnaire solicits updated information from the member HA and confirms existing data within our system. Once the information is reviewed and updated by the HA, HARRP commences the renewal process, including database management, invoicing, certificate of insurance issuance and coverage agreements. Attached to the questionnaire, HARRP provides the HA inventory database. In the past, the database has been provided in an Excel format, either in paper format or electronically. Many HA's updated the inventory electronically, making identification of the changes difficult for HARRP staff.

HARRP has begun to submit the inventory database generated from the RMIS rather than Excel, in all renewal questionnaires. Like all conversions, there are isolated issues that have surfaced.

HARRP is committed to making the renewal process smooth for our members while assuring that our automation continues as planned. Please be patient with us while we work through the issues. The definitive goal of automation will reduce the possibility of errors while streamlining the renewal process. This will ultimately reduce the administration costs of HARRP!

## Insurable Values of Inventory

As previously stated, data generated by the RMIS is being used at the initial renewal phase for all member HA's. HARRP urges you to closely examine your reported values of structures and specifically your square foot costs for replacement. Section 1, Item E, Paragraph 3, *Demolition and Increased Cost of Construction*, specifically states that HARRP will only be responsible for 125% of the reported value of the damaged units. This stipulation makes the HA's accurate assessment of building values absolutely critical! In the event of a loss don't be caught in a precarious situation of being under-insured, please review, analyze and report accurately what it actually costs in your area to rebuild. If you have any questions, you are encouraged to contact the HARRP office.



## Property Management Contracts

As you are aware, HARRP is a public agency. We perform our functions, in many ways, as you do as a public Housing Authority. HARRP is confined as to whom we can provide coverage; simply stated, HARRP can only extend coverage to governmental entities funded by tax dollars.

## **PROPERTY MANAGEMENT CONTRACTS, CONTINUED**

Contractual requirements from private sector vendors often ask for the HA to indemnify them for operations conducted on behalf of the Authority. While doing this would certainly simplify everyone's life, HARRP stands firm that prudent risk transfer dictates that private sector vendors be responsible for their actions, lack of actions and other risks that the HA has transferred to the vendor. This includes legal defense of questionable claims where the vendor attempts to tender defense costs to the HA.

HARRP has a long history of claims where vendors have attempted to have the HA indemnify them for causes of action the Authority had no control over. We encourage you to have your legal counsel review these contracts to assure that proper identification of the risks and legal responsibility of each party is clearly identified. HARRP's purple manual, Contractual Risk Transfer, is available on-line as a reference and the manual located in each of the HA administrative offices is updated annually. Please assist the pool in controlling costs by assuring your Authority performs proper risk transfer techniques!



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## **The Ever Expanding Services that Housing Authorities Provide**

Housing Authorities still own and manage properties and Section 8 as they always have. However, the face of our industry is changing and creative methods of generating income are expanding the traditional duties performed by HARRP members. Some of these duties can be incorporated into your HARRP coverage, others are not a good fit, due to: coverage exclusions, lack of similar duties by other members or regulatory constraints on HARRP.

As members expand their services to non traditional duties you should check with Al Alvarez or Rick Gehlhaar for a coverage analysis, as we may be able to cover the exposure. In some cases a gap in coverage may require a separate policy, such as a housing authority inspecting lead paint for the State. Sometimes HARRP Agency can be used to fill gaps in coverage. Other times we may advise against performing a creative task that might be laced with potential future insurance problems.

According to the National Equity Fund, creating developments with different owners and property lines that are unidentifiable is problematic from an insurance standpoint. If a passer-by falls on such a property, who do they sue? A clever attorney would file suit against all parties and let the owners fight it out [and attempt to get settlements from all parties].

The insurance industry contains many niche companies that do one type of development but not another. One company refused to insure a claim free housing apartment building because it contained a commercial restaurant which serves alcohol. Call us to assist you with insuring your creative endeavors.

## **HARRP Agency Tax Credit Directors and Officers Coverage**

HARRP Agency has made available Director's and Officers Insurance to Tax Credit General Partners. This coverage fills a gap for those housing authorities who operate tax credit housing as the housing authority or through a 501c3. The coverage is recommended because if the housing authority (or its affiliated non profit) is sued under the partnership's name for errors and omissions, HARRP would not be able to offer coverage. Pursuant to an IRS Private Letter ruling under which HARRP operates, HARRP can only cover public entities. Those HARRP members that purchase our errors and omissions coverage for tax credits are doing so to solely defend the housing authority if it is improperly named in a claim (as opposed to the tax credit entity being named.)

This new wrongful acts coverage would not only respond to claims such as ADA and discrimination, but also suits from the Limited Partners for the recapture of tax credit funds. Additionally, you can obtain a single policy listing the housing authority as the general partner in one partnership or several tax credit partnerships on the same policy. Please keep in mind that if multiple partnerships will be listed in one insurance policy, you are encouraged to request higher limits. Please call or e-mail us if you have other questions or would like to apply for this coverage.