

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
FEBRUARY 19, 2013**

RESOLUTION NO. 2013-04

WHEREAS, the Housing Authority of New Orleans (HANO) annually obtains property insurance coverage to protect the operation's assets from loss; and,

WHEREAS, HANO's policies for these coverages were in effect for the period of January 28, 2012 to January 28, 2013; and,

WHEREAS, pursuant to instructions from HANO, Marsh began marketing efforts to obtain quotes from a variety of insurers for the required coverages prior to the policy expiration date; and,

WHEREAS, the 2012-2013 policies were to expire on January 28, 2013, and the renewal would be effective from that date until January 28, 2014; and,

WHEREAS, Marsh completed the majority of its solicitation and submitted quotes to HANO on January 23, 2013, five days before the expiration of the current policies and,

WHEREAS, the Legal Department notified the Administrative Receiver on January 23, 2013 of receipt of the quotes from Marsh and the pending expiration dates on the current policies; and,

WHEREAS, there not being sufficient time to obtain Board of Commissioners approval to bind coverage before the expiration date of the policies in question, the Administrative Receiver authorized the Legal Department to bind coverage based on the quotes received January 23, 2013; and,

WHEREAS, HANO received binding instruction from Marsh on January 24, 2013, payable within 30 days from effective date of the new policy (January 28, 2013) for the required property damage coverage and,

WHEREAS, the Legal Department has examined the binding instructions and determined that they are appropriate and the coverage is as requested;

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby ratifies the Administrative Receiver's previous action binding coverage prior to the expiration of the policies for 2012-2013, and hereby authorizes HANO to pay invoice 191606 from Marsh USA, Inc., in the total amount of \$1,100,643.65.

Executed this 19th day of February, 2013

APPROVAL:



**DAVID GILMORE,
ADMINISTRATIVE RECEIVER
CHAIRMAN, BOARD OF COMMISSIONERS**



February 19, 2013

MEMORANDUM

**To: David Gilmore
Administrative Receiver
Chairman, Board of Commissioners**

**From: Alan Lindenlaub
Risk Manager**

Re: HANO 2013 Property Insurance Renewal Ratification

Approval of the Housing Authority of New Orleans (HANO)'s 2013 property insurance renewal in the amount of \$1,100,643.65 is requested. The proposal for the 2013 property insurance renewal was presented to HANO on January 23, 2013. Coverage was bound by the deadline of January 28, 2013 via verbal and email confirmation. Payment is due by February 27, 2013.

Marsh, our risk management consultant and agent marketed HANO's property insurance needs under approximately 30 different scenarios to several major carriers including Swiss Re, AWAC, Ironshore, Alterra, Lloyds, ACE, Westchester, Travelers – B&M, XL E & S, Sompo, LIU E & S, Colony, Chubb Custom, RSU, AmRisk, Lexington, Maxum and AXIS.

After shopping the market, Marsh advises that the best plan for coverage for HANO at the best rate was to renew with our current insurers. One of the main advantages of this strategy was that we had a 3% deductible on our windstorm coverage. In the overall insurance market with all other carriers, 5% windstorm coverage was the going rate. Given our propensity for hurricanes, this is a significant benefit to HANO. Another advantage to staying with our current insurers is avoiding a new market trend for redefining storm surge driven flooding simply as flooding. The impact of this change is that storm related damage (flooding included) has a per event dollar limit whereas true flood damage has an annual dollar limit. In an area prone to hurricanes, such as New Orleans, this could have a significant detrimental effect by limiting our loss claim capacity during a severe hurricane season.

For 2013, there was an 8.45% rate increase due to last year being the highest amount of catastrophic events in national/international markets. This would have been experienced across the market and with other carriers. HANO removed approximately \$25.9 million in values from our property schedule by updating properties that had been demolished or otherwise disposed of with our overall value of property being decreased from \$166,219,589 last year to \$140,317,721 this year.

Our property insurance cost in 2011 was \$1,129,034. Last year for the 2012 major property renewal, the cost was \$1,118,690 with that decrease largely due to Legal/Risk Management working with HANO staff to update the property schedules and lower insurance costs in the market. For 2013 it will be slightly less at \$1,100,643.65.