

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
MAY 21, 2013**

RESOLUTION NO. 2013-28

WHEREAS, the Housing Authority of New Orleans (HANO) annually obtains general liability insurance, worker's compensation, directors and officers liability, errors and omissions, employment practices liability, fiduciary liability and law enforcement officers liability insurance coverage to protect the operations, assets, and key officers from loss; and,

WHEREAS, HANO's policies for these coverages are in effect for the period of May 22, 2012 to May 22, 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,

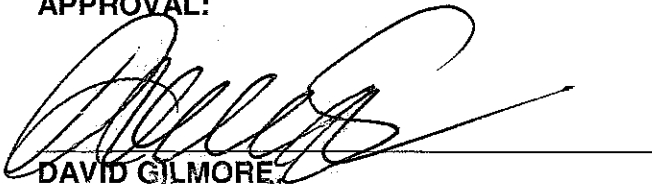
WHEREAS, the 2012-2013 policies are to expire on May 22, 2013, and the renewal would be effective from that date until May 22, 2014; and,

WHEREAS, HANO's risk management consultant completed its solicitation and submitted quotes to HANO on May 9, 2013, (casualty/\$135,219 and financial and professional/\$113,314);

BE IT THEREFORE RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby grants the Administrative Receiver the authorization to bind coverage for 2013-2014 prior to the expiration of the policies for 2012-2013, and hereby authorizes HANO to pay invoices in the total amount of \$254,533 when they are received.

Executed this 21st day of May, 2013

APPROVAL:



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

ATTACHMENT "A"

CASUALTY:

(Crescent Affordable Housing Corporation, Lune D'Or Enterprises, Fischer I, Fischer II, Fischer Senior Village, Florida II-A, and Guste I, Gilmore Kean and the individual consultants)

- Primary general liability/\$1,000,000
- Umbrella/1st Layer \$5,000,000
- Excess Worker's Compensation/\$1,000,000

FINPRO:

- D&O (Directors and Officers)
- EPL (Employment Practices Liability)

D&O/EPL: \$10,000,000 Limit

- E&O (Errors and Omissions)

E&O: \$1,000,000 Limit

- Fiduciary Liability

Fiduciary: \$3,000,000 Limit

- Crime (Employee Dishonesty)

Crime: \$3,000,000 Limit

- Law Enforcement/Police Professional coverage



May 21, 2013

MEMORANDUM

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

**FROM: Robert Barbor
General Counsel**

**THROUGH: Alan Lindenlaub
Risk Manager**

**RE: Renewal of HANO Casualty, Worker's Compensation, and Financial
and Professional (FINPRO) Liability Coverage for 2013-2014**

HANO is required to maintain insurance policies at adequate and appropriate levels for Casualty, Excess Worker's Compensation, and Financial/Professional coverages. The renewal date for these policies is May 22, 2013 with last year's policies applicable for the period of May 22, 2012 to May 22, 2013. HANO's risk management consultant, Marsh USA, Inc. (Marsh), began marketing the required coverage in advance of the May 22, 2013 renewal date. On May 9, 2013, Marsh met with the Legal/Risk Management Department to present quotes and the renewal strategy for these coverages. 6 carriers were contacted. Only 2 submitted quotes to Marsh.

On May 9, 2013, Marsh submitted premium quotes, which were \$135,219 for the Casualty (including the umbrellas coverage and Worker's Compensation) and \$113,314 for the FINPRO coverage (Crime, D&O/EPL, E&O, Law Enforcement, and Fiduciary). As shown below, there was an increase in the costs of these coverages for the current policy period as compared to last year.

Analysis:	<u>2012-13</u>	<u>2013-14</u>	
Casualty:	\$108,357	\$135,219	(+24.8%) (\$26,862)
FINPRO:	\$ 97,712	\$113,314	(+16%) (\$15,602)
Total:	\$206,069	\$248,533	(+20.6%) (\$42,464)

The increased premiums, are primarily seen in 3 areas:
Workman's Comp – due to an increased payroll and an overall rate increase
Professional Police liability – due to a near doubling of officers
Management Liability – due to a rate increase

Attachment A provides additional details on the policies.

The Board is therefore asked to approve the policy renewals allowing Risk Management time to bind coverage effective May 22, 2013 in accordance with the quotes presented to HANO and to authorize HANO to make payment on the invoices totaling \$248,533 when received.