

CHAPTER 11. FIELD OFFICE INSURANCE FUNCTIONS

11-1. THE ACC REQUIREMENTS.

- a. Section 3 of Attachment VII of the ACC states, "At each renewal, the HA shall promptly have certificates of insurance submitted by the insurers to HUD describing the types of coverage, limits of insurance, policy numbers, and inception and expiration dates."
- b. The HA is responsible for the procurement of the required insurance coverages. The field office shall monitor the procurement for compliance with the ACC and Part 24 CFR 85.36, subject to such waivers that have been granted to an individual HA.

11-2. FIELD OFFICE REVIEW REQUIREMENTS.

- a. It is necessary that the Field Office receive evidence that insurance is in effect in accordance with 11-1 and 11-3, and record information in regard to the insurance coverage, in accordance with 11-3.

11-3. TIMETABLES FOR INSURANCE PROCUREMENT AND REVIEW.

- a. WITHIN 15 DAYS after the effective date of the policies or the scheduled date of initial occupancy, the HA or the insurance agent or company sends to the HUD Field Office certificates of insurance as documentation in regard to all insurance policies consisting of name of insurance company, policy number, expiration date, annual premiums and limits of liability. The certificate must be signed by an authorized representative of the insurance company (usually the insurance agent). The field office reviews the certificates to determine compliance with HUD regulations and adequacy of the amounts of insurance coverage. The field office advises the HA of any changes or endorsements, if any are needed. Policies will be considered approved unless they are disapproved within 30 days after receipt of the certificate in the field office. The Field Office enters this information in the SMIRPH system and files the certificates.

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- b. The HA must make available, upon request of the Department, the IFB where the Department believes such review is needed to ensure that the insurance coverage(s) specified is the one being proposed for purchase and meets the requirements of the ACC, Part 24 CFR 85.36 and 24 CFR 950.

11-4. USE OF BINDERS IN PLACE OF POLICIES.

Binders are temporary insurance contracts used to confirm coverage until the issuance of the formal contract. If there is a delay in issuing the new insurance contracts until after the current coverage expires, written binders should be obtained from the selected low bidder until the formal policies have been approved by the field office.

11-5. HUD FORMS USED TO MONITOR THE INSURANCE PROGRAM.

There are several forms available for use by the field office to record pertinent insurance data as follows:

- a. Form HUD-5245-Insurance Record. (See Exhibit III.) This Form is used by the field office primarily as a means to keep track of existing policy and expiration information. It is important for this form to be kept current since it serves as an expiration date file.

This form contains general policy data including:

- (1) Insurer identification (name and address);
- (2) Policy number;
- (3) Type of coverage;
- (4) Premium detail;
- (5) Effective date of policy; and
- (6) Expiration date of policy.

This form should not be destroyed unless the information has been recorded in SMIRPH or any other subsequently developed computerized data system. This information serves as a continuing record of HA insurance and is invaluable in the event a claim is made against the HA years after the policy has expired.

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- b. Form HUD-5460-Insurance Information Form. [See Exhibit I) This form is completed when a HA project is ready for occupancy. The form contains basic information about the type of construction, heating plant, number of floors and the insurable value of the property at that time. It is this insurable value that is increased each year by the current inflation cost trend multipliers to determine the current insurable value for renewal of the fire and extended coverage insurance policy. In addition, the form indicates if steam boilers are used for heating and the requirement for Boiler Insurance. This form should not be destroyed.

- c. Form HUD-5974-Insurance Approval Form. (See Exhibit IV). This form is used by the field office to advise the HAS of the approval of an insurance policy following field office review as required in the ACC.

NOTE: Use of the Form HUD-5974, Insurance Approval Form, is optional since policies will be considered approved unless disapproved within 30 days after receipt of the insurance certificate. Its use can be restricted to comments to the HA or requests for changes.

- d. Form HUD-5463 - Insurable Value Worksheet. [See Exhibit II). This worksheet is used to develop the current insurable value of a specific HA property for the purchase of property insurance. This should be completed by the HA and mailed to the Field Office at each renewal.

11-6. DOCUMENTS MAINTAINED IN FIELD OFFICE FILES.

Each HA insurance file in the field office should contain the following documents:

- a. Copies of certificates of insurance for each current insurance policy in force, and for the three prior years;
- b. Form HUD-5460 (completed and updated);
- c. Completed Insurable Value Work sheets (HUD-5463) for the three prior years.

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