

U.S. Department of Housing and Urban Development  
PUBLIC AND INDIAN HOUSING

Special Attention of: Transmittal Guidebook No.: 7401.5  
Secretary's Representatives;  
State/Area Coordinators; Directors, Issued: May 8, 1996  
Offices of Public Housing; Administrators,  
Offices of Native American Programs; Public Housing  
Agencies; Indian Housing Authorities;  
Resident Management Corporations (RMCs)

1. This Transmits Public and Indian Housing Property/Casualty Insurance Requirements Guidebook 7401.5, dated May 1996.
2. Explanation of Material

This Guidebook replaces Property/Casualty Insurance Requirements Handbook 7401.5, dated 1193. Significant changes reflect the modified terms and conditions of the revised Annual Contributions Contract (ACC) (Forms HUD-53012A and HUD-53012B). Unless imposed by the ACC, Federal Regulations or Statutes, previous "requirements" in the Handbook have been changed to "recommendations." The Guidebook also updates various insurance terminology and coverages.

Kevin Emanuel Marchman, Deputy Assistant  
Secretary for Distressed and Troubled Housing Recovery

PH: Distribution: W-3-1, R-3-1(PIH), R-6, R-7, R-9, 138-2, 138-7, RMC-2  
Guidebook 7401.5

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

Departmental Staff,  
Public Housing  
Agencies and Indian  
Housing Authorities

May 1996

Public and Indian  
Housing  
Property/Casualty  
Insurance  
Requirements

U.S. Department of Housing and Urban Development  
PUBLIC AND INDIAN HOUSING

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Special Attention: Transmittal Handbook No.: 7401.5 CHG-1  
Secretary's Representatives;  
Directors, Offices of Public  
Housing; Administrators, Offices of Issued: September 2, 1994  
Native Americans; Directors, Field  
Office Managers; Directors, Public  
Housing Divisions; Public Housing  
Agencies/Indian Housing Authorities;

## Resident Management Corporations

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1. This Transmits Amendments to Public and Indian Housing Property/Casualty Insurance Requirements, Handbook 7401.5 dated 9/94.
2. Explanation of Material Transmitted.
  - a. Paragraph 6-1 has been clarified to state that there is no requirement to purchase burglary and robbery insurance, as long as the amount of the cash and checks on hand at any one time does not exceed \$5,000.
  - b. Paragraph 11-3b has been clarified that the certificate of insurance must be signed by an authorized representative of the insurance company.
  - c. When the Handbook was issued, regulations regarding HA-owned insurance companies and pools had not been published, and therefore, Chapter 17 was "reserved." Regulations (Appendix 4) are now in effect. A new Page 17-1 contains a brief summary of the Regulations.
  - d. Previously, commercial general liability and automobile liability policies were required to have an endorsement prohibiting the insurance company from defending any tort claim on the ground of immunity of the HA from suit or statutes granting limited liability. This endorsement is no longer required, and pages 1-4, 3-5, 5-1, 13-24, 13-37 referencing this requirement, have been amended accordingly.
  - e. Property insurance policies are no longer required to have an endorsement providing that first party claim payments in excess of \$15,000 be made payable jointly to both the HA and HUD. Therefore, reference to this endorsement has been eliminated from page 18-4 of the glossary.

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### 3. Filing Instructions.

Handbook 7401.5

Remove:

Pages 1-3, 1-4, 3-5, 5-1,  
5-2, 6-1, 11-1, 11-2,  
13-23, 13-24, 13-37,  
13-38, 17-1, 18-3, 18-4  
18-9 and 18-10, dated 1/93

Handbook 7401.5 CHG-1

Insert:

Page 1-3, dated 1/93  
Page 1-4, dated 9/94  
Pages 5-1 and 5-2, dated 9/94  
Page 6-1, dated 9/94  
Pages 11-1 and 11-2, dated 9/94  
Pages 13-23 and 13-24, dated 9/94  
Page 13-37, dated 9/94  
Page 13-38, dated 1/93  
Page 17-1, dated 9/94  
Page 18-3, dated 1/83  
Page 18-4, dated 9/94

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Assistant Secretary for Public  
and Indian Housing

9/94

2

W-3-1, W-2(H), R-6, R-7, R-9, 138-2, 138-7, RMC-2  
W-3-1 Directives Management Officers--Headquarters and Regions,  
library, ACIR (Advisory Commission on Intergovernmental  
Relations)  
W-2 HQ Office Directors, Special Assistants,  
those reporting directly to Assistant Secretaries  
R-6 Category A offices - Office Managers and Deputy Office Managers  
R-7 Category B offices - Office Managers and Deputy Office Managers  
R-9 Directors and Deputy Directors, Offices of Indian Programs

U.S. Department of Housing and Urban Development

PUBLIC AND INDIAN HOUSING

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Special Attention of: Regional  
Administrators; Directors, Offices of Public Housing; Directors, Offices of Indian Programs; Field Office Managers; Directors, Public Housing Divisions; Public Housing Agencies/ Indian Housing Authorities; Resident Management Corporations

Transmittal Handbook No.: 7401.5  
Issued: January 7, 1993

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1. This Transmits Public and Indian Housing Property/Casualty Insurance Requirements, Handbook 7401.5 dated 1/93.
  2. Explanation of Material Transmitted.
    - a. A complete revision of existing Guides and Handbooks reflecting the requirements of the Annual Contributions Contract/Mutual Help Annual Contributions Contract (ACC/MHACC), 24 CFR 85.36 and current insurance industry practice.
    - b. Some significant changes other than narrative, consist of:
      - (1) Paragraph 1-4. recommends standards for selecting a financially sound and responsible insurance company.
      - (2) Paragraph 1-7. clarifies the applicability of the Davis-Bacon Wage Rates/Prevailing Wage Rates of reconstruction.

- (3) Paragraph 1-11. describes insurance requirements for a Resident Management Corporation (RMC).
  - (4) Paragraph 2-2. contains the formula to compute current insurable values as required in the ACC/MHACC.
  - (5) Paragraph 2-9., 3-9., 5-3. and 7-6 remove HUD as a party insured.
  - (6) Paragraph 3-7. provides guidance regarding Environmental Liability.
  - (7) Paragraph 8-11. provides guidance regarding Directors and Officers Liability.
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#### 7401.5

- (8) Chapter 9 makes Flood Insurance a required coverage under the ACC/MHACC if the HA has property in a flood plain and insurance is available through the National Flood Insurance Program.
- (9) Chapter 11 outlines the Field Office insurance functions. This chapter waives the ACC/MHACC requirements that the HA submit certified duplicate copies of insurance policies to the HUD Field Office for review and approval. Instead, it permits the submission of a certificate of insurance. In addition, it waives the requirements that the Field Office receive copies of bid tabulations for review and approval. It also emphasizes that insurance information must be entered in the SMIRPH system.
- (10) Chapter 13 contains a complete format that HAs may use in the preparation of an Invitation For Bids.
- (11) Chapter 16 contains information on fidelity bond coverage for HAs which administer the Section 8 Certificate and Voucher programs.
- (12) Chapter 17 is reserved for future guidance regarding HA-owned insurance entities.
- (13) Chapter 18 is a glossary of common insurance terms and phrases.

#### 3. Cancellation.

Low-Income Housing Administration of Program Handbook  
7401.1, Chapter 14, Insurance and Bonding, 2/65

Low-Income Housing Insurance Guide, HMG 7401.5, 2/72.

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4. Appendices.

Appendix One is a reproduction of Section 305 of the ACC.

Appendix Two is a reproduction of Article IX of the MHACC.

Appendix Three is a sample IFB advertisement.

5. Data Resources. The System for Management Information  
Retrieval for Public Housing. (SMIRPH Section 11)

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Assistant Secretary  
for Public and Indian Housing

Page 3

1/93

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Handbook

7401.5

U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

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Departmental Staff  
and Program Participants

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January 1993

Public and Indian

Housing Property/

Casualty Insurance

Requirements

EQUAL HOUSING  
OPPORTUNITY

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W-3-1, W-2(H), R-1, R-3-1(PIH), R-3-2, R-6, R-6-1,

R-6-2, R-7, R-7-1, R-7-2, R-9, R-9-1, 138-2, 138-7, RMC-2

HUD-23 (9-81)

W-2 HQ Office Directors, Special Assistants, those reporting directly to Assistant Secretaries

R-1 Regional Administrators, Deputy Regional Administrators

R-3-1 Bulk shipment to Regional Offices for selective distribution by program area

R-3-2 Directors, Administrative Services Divisions and Administrative and Management Services Divisions, and Administrative staffs

R-6 Category A offices - Office Managers and Deputy Office Managers

R-6-1 Category A offices - bulk

R-6-2 Category A offices - Division Directors

R-7 Category B offices - Office Managers and Deputy Office Managers

R-7-1 Category B offices - bulk

R-7-2 Category B offices - Division Directors

R-9 Directors and Deputy Directors, Offices of Indian Programs

R-9-1 Offices of Indian Programs - bulk