

Appendix Two

ATTACHMENT VII
Insurance Requirements

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Section 1 - Mandatory and Optional Insurance Coverage.

The following types of insurance are either required or should be purchased if the HA determines that exposure exists.

- (A) Commercial Property. Mandatory. Each policy must be written with a blanket limit, on a replacement cost basis, and with an agreed value clause eliminating any coinsurance provision.
- (B) Commercial General Liability. Mandatory.
- (C) Workers Compensation and Employers Liability. Mandatory.
- (D) Owned and Non-Owned Automobile Liability. Mandatory.
- (E) Theft, Disappearance, and Destruction. Mandatory only if the amount of cash and checks on hand at any one time exceeds the amount prescribed by HUD.
- (F) Employee Dishonesty. Mandatory.
- (G) Boiler and Machinery. Mandatory only if steam boilers have been installed. However, coverage is recommended if there is extensive central air conditioning, electrical transformers, or similar equipment.
- (H) Flood. Mandatory only for property located in a flood plain, as determined in the Federal Government's National Flood Insurance Program.

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- (I) Directors and Officers or Public Officials Liability. Optional coverage, but highly recommended.

(J) Lead-Based Paint Liability. Mandatory for HAs undergoing lead-based paint testing and abatement.

(K) Law Enforcement Liability. Optional, but highly recommend where the exposure exists, and the Commercial General Liability insurer has excluded coverage.

Section 2 - Authorized Insurance Companies.

Insurance must be purchased from an insurance company or other entity that is licensed or duly authorized to write insurance in the State where the HA is located.

Section 3 - Certificates of Insurance.

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.

Section 4 - Waivers and Self-Insurance Funds.

Requests for waivers not to purchase any form of required insurance, or to establish a self-insurance fund in lieu of purchasing insurance, must be submitted to HUD for approval with a justification as to why the request should be approved.

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