

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
JUNE 26, 2012**

RESOLUTION NO. 2012-22

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 were in effect for the period of May 22, 2011 to May 21, 2012; 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 2011-2012 policies were to expire on May 22, 2012, and the renewal would be effective from that date until May 22, 2013; and,

WHEREAS, HANO's risk management consultant completed majority of its solicitation and submitted quotes to HANO on May 18, 2012, four days before the expiration of the current policies (casualty/\$113,049.40 and financial and professional/\$97,454.45); and,

WHEREAS, the Legal Department notified the Administrative Receiver on May 18, 2012 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 coverage based on the quotes received May 18, 2012; and,

WHEREAS, HANO received invoices from Marsh on May 30, 2012 for the required coverage which were Invoice #189789 for general liability and worker's compensation in the amount of \$108,357.30 and Invoice #189762 for directors and officers liability, employment practices liability, errors and omissions, fiduciary liability, and law enforcement officers liability in the amount of \$97,711.70; and,

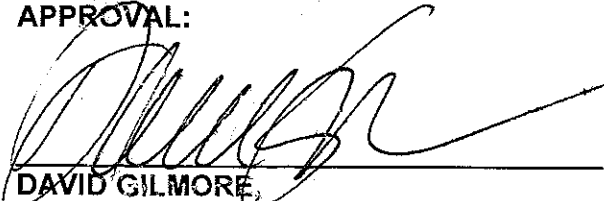
WHEREAS, the Legal Department has examined the invoices and determined that they are appropriate and the coverage is as requested;

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BE IT THEREFORE RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans hereby ratifies the actions of the Administrative Receiver in the authorization to bind coverage prior to the expiration of the policies for 2011-2012, and hereby authorizes HANO to pay invoices #189789 and #189762 from Marsh USA, Inc., in the total amount of \$206,069.00.

Executed this 26th day of June, 2012

APPROVAL:

A handwritten signature in black ink, appearing to read 'David Gilmore', is written over a horizontal line. The signature is fluid and cursive.

**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



Housing Authority of New Orleans

JUNE 26, 2012

MEMORANDUM

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

**FROM: Laura Tuggle
General Counsel, Legal and Risk Management**

**THROUGH: Robert Barbor
Special Advisor to General Counsel**

**RE: Renewal of HANO Casualty, Worker's Compensation, and Financial
and Professional (FINPRO) Liability Coverage for 2012-2013**

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 was May 22, 2012 with last year's policies applicable for the period of May 22, 2011 to May 21, 2012. HANO's risk management consultant, Marsh USA, Inc. (Marsh), began marketing the required coverage in advance of the May 22, 2012 renewal date. As the May 22, 2012 expiration date approached, there were still outstanding issues from certain prospective insurers regarding the scope of coverage and the cost. On May 16, 2012, Marsh met with the Legal/Risk Management Department to present quotes and the renewal strategy for these coverages. Approximately 25 carriers were contacted. Only four submitted quotes to Marsh.

On May 18, 2012, Marsh submitted premium quotes, which were \$113,049.40 for the Casualty (including the umbrellas coverage and Worker's Compensation) and \$97,454.45 for the FINPRO coverage (Crime, D&O/EPL, E&O, Law Enforcement, and Fiduciary). Due to the need to timely bind coverage and avoid any lapse of insurance, the Administrative Receiver authorized the Legal Department to instruct Marsh to bind the coverage on the basis of the quotes received on May 18, 2012. Coverage was effective May 22, 2012 for the period of May 22, 2012 to May 21, 2013.

The final cost for these insurance premiums was \$4,434.90 below the May 18, 2012 quote. HANO is in receipt of two invoices dated May 30, 2012. The premium for general liability, umbrella liability, and worker's compensation coverage is \$108,357.30. FINPRO is \$97,711.70. As shown below, there was a slight overall increase in the costs of these coverages for the current policy period as compared last year.

Analysis:	<u>2011-12</u>	<u>2012-13</u>	
Casualty:	\$107,163.00	\$108,357.30	(+1.1%) (\$1,194.30)
FINPRO:	\$91,644.85	\$97,711.70	(+6.7%) (\$6,066.85)
Total:	\$198,807.90	\$206,069.00	(+3.7%) (\$7,261.10)

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According to information provided by HANO's risk management consultant, the increased premiums, most of which is with the FINPRO coverage, are due to a variety of factors. These include an increase in the employee count, changes in the insurance market with some carriers not renewing, and a prior payment on a FINPRO covered claim. Attachment A provides additional details on the policies.

The Board is therefore asked to ratify the actions of the Administrative Receiver instructing the Legal Department to timely bind coverage effective May 22, 2012 in accordance with quotes presented to HANO and to authorize HANO to make payment on the invoices received May 30, 2012 totalling \$206,069.00.