



# The National Affordable Housing Program

## Risk Selection Eligibility and Submission Requirement Guide



<b>TABLE OF CONTENTS</b>	<b>PAGE #</b>
<p><b><u>SUBMISSION INFORMATION AND RISK ELIGIBILITY</u></b></p> <ul style="list-style-type: none"> <li>• RISK SIZE</li> <li>• SUBMISSION INFORMATION REQUIREMENTS</li> <li>• TIMING FOR QUOTES</li> <li>• INSPECTIONS</li> <li>• BUILDING AGE</li> <li>• INELIGIBLE TERRITORIES</li> <li>• CONSTRUCTION AND PROTECTION CLASS</li> <li>• FIRE PROTECTION REQUIREMENTS</li> </ul>	3
<ul style="list-style-type: none"> <li>• ELECTRICAL SYSTEM REQUIREMENTS</li> <li>• BUILDING SIZE AND MAXIMUM NUMBER OF STORIES</li> <li>• TENANCY</li> <li>• OCCUPANCY RATE</li> <li>• OTHER COMMERCIAL EXPOSURES</li> <li>• FINANCIAL STATUS</li> <li>• BUILDINGS FEATURES REQUIREMENTS</li> </ul>	4
<ul style="list-style-type: none"> <li>• SECURITY GUARDS</li> <li>• RISK EXCEPTION PROCEDURES</li> <li>• REQUIRED LOSS INFORMATION</li> </ul>	5
<p><b><u>COVERAGES (STANDARD AND OPTIONAL)</u></b></p> <ul style="list-style-type: none"> <li>• TYPES OF COVERAGE AVAILABLE</li> <li>• COURSE OF CONSTRUCTION (BUILDERS RISK)</li> <li>• PROPERTY – STANDARD COVERAGE</li> <li>• COVERAGE AVAILABLE BY ENDORSEMENT</li> </ul>	6
<ul style="list-style-type: none"> <li>• COVERAGE EXTENSIONS AND SUB-LIMITS</li> <li>• GENERAL LIABILITY – STANDARD COVERAGE LIMITS A &amp; B</li> <li>• STANDARD EXCLUSIONS</li> <li>• COVERAGE OPTIONS</li> </ul>	7
<ul style="list-style-type: none"> <li>• COMMERCIAL CRIME</li> <li>• FIRST NAMED INSURED &amp; MANAGEMENT COMPANY</li> </ul>	8
<p><b><u>AGENCY</u></b></p> <ul style="list-style-type: none"> <li>• QUOTE DELIVERY, INVOICING, POLICY ISSUANCE &amp; ENDORSEMENTS</li> <li>• BINDERS</li> <li>• PAYMENT PLANS AND MINIMUM EARNED PREMIUMS</li> <li>• AGENCY /PRODUCER INFORMATION AND QUOTES</li> <li>• AGENT / BROKER OF RECORD GUIDELINES</li> </ul>	9

# NATIONAL AFFORDABLE HOUSING PROGRAM (NAHP) SUBMISSION INFORMATION AND RISK ELIGABILITY

The NAHP program is specifically designed for low income apartment buildings, garden apartments, duplexes, single and multi-family dwellings & related properties that are associated with a Tax Credit, such as: Low-Income Housing Tax Credit (LIHTC or Section 42), USDA Rural Housing (538 Multi-Family, 515 Single Family, 202 Elderly Affordable, 811 Disabled or Disability Affordable) and including New Market Tax Credit properties.

## **Risk size**

- Accounts generally range from 1 to 50 locations with multiple buildings. The minimum premium is \$4,000 for a package, whilst most of the policies are \$40,000 or greater.

## **Submissions should include the following information**

- NAHP Questionnaire
- SOV
- Acord applications

Please include:

- Target Premium, Photos ([Single Family Dwellings require photos of all homes](#)), Quote need by date, REAC score sheet – if applicable.
- Loss History-Minimum of 3 years, preferably 5 years.

## **Timing of new & renewal Quotes**

- New business applications should ideally be submitted with adequate time to underwrite the account; large portfolios usually will need 60 days to review.

## **Inspections**

- Inspections are ordered and all buildings are subjected to inspection.
- Compliance with any issued recommendation shall be necessary.

## **Age of Buildings**

- No age restrictions
- Preference for updates within the last 20 years

## **Ineligible Territories**

The program is not available for properties located in California and Texas, as well as Tier 1 coastal and seacoast areas. Please contact underwriters with any questions.

## **Construction and Protection Class**

- All types of construction and protection classes are eligible ([see appendix](#)).

## **Fire Protection**

- Smoke detectors that are Hard Wired are preferred, and battery operated smoke detectors are acceptable.
- Credit may be given for various alarms and sprinkler systems.
- Fire Extinguishers are preferred.

### **Electrical Systems**

- Copper wire is preferred
- Aluminum wiring will only be considered on a case-by-case basis provided the risk has been updated using:  
1) The Copalum method of repair, or-2) AlumiConn connectors and that all of the work is done by a Copalum/AlumiConn certified contractor. This is subject to underwriter discretion and inspection.

### **Stories**

- 25 stories or less are acceptable. There is no limit to the number of units. Buildings values over \$30,000,000 may be referred.

### **Tenancy**

- All Affordable Housing is acceptable except assisted living or medical services.
- Senior housing is acceptable – Senior housing with assisted living or medical services are not eligible.
- Student housing will be reviewed with Underwriting on a case-by-case basis; dormitories are not eligible.

### **Occupancy Rate**

- Occupancy rate does not include temporary change in tenancy.
- Occupancy rate for brand new construction should be 75% within 90 days.
- If occupancy is not filled within 60 days of policy inception, ACV shall apply along with other terms and conditions, including the Vacancy Clause, per the policy.

### **Other Commercial Exposures**

- Small service or retail exposures will be considered.
- Other commercial exposures will be considered on a case-by-case basis.

### **Financial Status**

- Insured entities must not be in bankruptcy.
- Debtor-in-Possession is acceptable.

### **Building features requirements**

#### **Parking Lots**

- Subterranean parking lots require a separate charge.

#### **Swimming Pools**

- Pools must be fenced with a self-latching gate
- Pools must not have a diving board
- Pools must have depths clearly marked
- Pools must have signage

#### **Railings**

- The spacing between railings must be to current building code.

#### **Bars on Windows and Doors**

- Bars on any means of egress must have functional breakaway release mechanisms.

### **Security Guards**

- Properties with armed and un-armed security guards are acceptable risks, yet subject to underwriting.
- The Insured shall be named as an Additional Insured on the security firm's insurance policy.

### **Risk Exception Procedures**

- Please provide additional time for underwriting risks that are in need of underwriting exceptions.

### **Required Loss Information**

- Details will need to be provided on claims over \$25,000.
- Shock losses will be reviewed on a case-by-case basis.
- Please provide carrier loss runs for a minimum 3 years, preferably 5 years.

**The remainder of this page is intentionally left blank.**

## COVERAGE (Standard and Optional)

### Coverage is available for

- Property, Inland Marine, General Liability, Crime, Auto Liability, Fiduciary and Equipment Breakdown
- Builders Risk Coverage is available.
- We do not write property or liability only.

### Course of Construction (Builders Risk)

- Any location that is undergoing remodeling, rehabilitation or new instillation must be submitted for builders risk coverage.

### Flood & Quake Coverage

- Is available by endorsement. Flood is only available in Zone X or C.
- Quake is not available in the highest rated ISO territories.

### Property - Standard Coverage

- Scheduled limits as per statement of values submitted with risk.
- Provide specifics for each building - garage, office, laundry, community room, fitness, etc.
- If a singular building has a TIV over \$5,000,000 -NAHP may need to secure excess coverage.
- Special Form – with or without flood and earthquake.
- \$2,500 minimum deductible to \$25,000 based on TIV (Exceptions available).
- 100%, 90% and 80% coinsurance options

TOTAL INSURABLE VALUES			Exceptions may be available when a per location or per building deductible is provided
FROM	TO	MINIMUM DEDUCTIBLE	
\$0	\$10,000,000	\$2,500	
\$10,000,001	\$25,000,000	\$5,000	
\$25,000,001	\$50,000,000	\$10,000	
\$50,000,001	And above	\$25,000	

### Available by Endorsement

- Increased Cost for Green Upgrades.
- Designated Premises (can be eliminated).
- Utility Services – Coverage for Direct Damage & Time Element.
- Increased Limit for Trees, Shrubs, Plants & Signs.
- Ordinance or Law – Increased Period of Restoration.
- Change in BI/EE waiting period from 72 to 24 hours.

**Extensions/Sub-limits (minimum and higher limits available)**

• Additional Debris Removal Expense	\$10,000
• Electronic Data	\$2,500 Max per policy year
• Fire Department Service Charge	\$1,000
• Increased Cost of Construction	\$10,000
• Newly Acquired / Constructed Property -Buildings	\$250,000 at each building / 30 days max
• Newly Acquired / Constructed Property -Contents	\$100,000 at each building / 30 days max
• Personal Effects And Property Of Others	\$2,500 at each described premises
• Pollutant Clean-up And Removal	\$10,000
• Property off premises / including shows & exhibits	\$10,000
• Signs	\$2,500
• Trees & Shrubs	\$1,000 (\$250 each)
• Valuable Papers & Records -other than EDP	\$2,500 at each described premises

**General Liability -Standard Coverage Limits**

- \$1,000,000 per Occurrence
- \$2,000,000 General Aggregate
- \$1,000,000 Products and Completed Operations
- \$1,000,000 Personal and Advertising Injury
- \$ 100,000 Fire Damage
- \$ 10,000 Medical Payments

**Exposure Rating to Include**

- # of total units & area
- # of units designated for low income

**Standard Exclusions**

- Employment Related Practices
- Third Party Discrimination
- Pollution & Asbestos – absolute
- Punitive Damages (TRIA)
- Lead – absolute
- Flood & Earthquake (can be removed)
- Cyber
- Known or unknown loss or defect
- Abuse and or Molestation
- Mold
- Assault and Battery will be excluded if the risk’s ISO crime score is a 9 or 10. The exclusion may be waived upon completion of the Assault & Battery questionnaire

**Coverage Options (at an additional charge)**

- \$1,000,000 in Employee Benefits Liability
- \$1,000,000 Stop Gap coverage in monopolistic states
- \$1,000,000 Hired and Non Owned Automobile
- Back up of Sewer & Drains \$50,000 Per Occurrence / \$200,000 Aggregate
- Building Ordinance or Law B&C
- Other ISO exclusions/limitations utilized as needed
- ISO Apartment Segments Enhancement Endorsement
- Per Location General Liability Aggregate (maximum \$10,000,000 policy aggregate).

### **Commercial Crime**

Employee Dishonesty / Forgery and Alteration

- Limit not to exceed \$100,000
- Deductibles available: \$500, \$1,000, \$2,500 and \$5,000

Theft, Disappearance and Destruction / Robbery, Safe & Premises Burglary

- Limit not to exceed \$100,000
- Deductibles: \$500, \$1,000, \$2,500 & \$5,000

### **First Named Insured & Management Company**

The policy is designed to cover the actual property owner(s). Property Management firms are underwritten and must have commonality of ownership in order to be considered. Typically, policies are issued as such: XYZ Management – as agents for: (see endorsement). A copy of the Contract between the Management Company and the property owner is required, as well as the Management Company's Certificate of Insurance confirming they have their own insurance.

**The remainder of this page is intentionally left blank.**



## AGENCY, PRODUCER INFORMATION AND QUOTING

### **Quote Delivery, Invoicing, Policy Issuance & Endorsements**

- Most quotes will be released not more than 30 days prior to expiration and emailed to the Agent for presentation/delivery. Please advise if quotes are needed more than 30 days prior to the effective date.
- Once a proposal is accepted, a 60 day binder and invoice is prepared and sent to the Agent with a copy to the Insured.
- All premium payments are to be submitted under direct billing and commission will be paid monthly.
- Agents will receive a copy of the invoice sent to the Insured (Direct Bill).
- Commissions to the Agent will be paid within 60 days after the premium is received from the Insured or finance company.
- Please direct any endorsement requests to the underwriter.
- Policies can be extended up to 120 days.
- Premium Finance is not offered by NAHP, it may be arranged by the agent.

### **Binders**

NAHP will issue all binders or confirmations of coverage for business placed. Agents are representatives of the Insured, not the carrier, and as such hold no authority to issue binders. However, Agents may issue Certificates of Insurance.

### **Payment Plans and Minimum Earned Premiums**

- Invoices shall be issued to the Insured for the full annual premium and with a copy to the agent.
- If the Insured/Agent finances the premium, they shall advise NAHP and are responsible for coordinating the payment.
- If a policy is cancelled (for whatever reason), an invoice will be generated and the return premium will be sent to the agent. The agent shall then add their unearned commission, applicable return taxes, fees and issue the Insured a gross return check.

### **Agency/Producer Information and Quotes**

NAHP is not a party to Agency / Producer "non-compete" Agreements. NAHP agreements are with the Agent's office and not individual producers. NAHP will not try to enforce agreements where they were not a party to the agreement unless directed by a court. NAHP encourages parties to operate under their promises.

### **Agent / Broker of Record Guidelines**

NAHP adheres to the following guidelines relating to Agent / Broker of Record change requests and will make every attempt to be neutral in the selection process. The Insured has the right to choose with whom they wish to do business. This right may result in a retail Agent change, but not an Insurance Company change. The following guidelines address these situations.

#### **Coverage in Force**

An Agent / Broker of Record change request from an Agent that does not have an agreement with NAHP will not be accepted.

#### **Broker of Record changes are only effective when agreed to by NAHP**

It is NAHP practice to accept Agent / Broker of Record change requests as long as the new Agent agrees to accept future responsibility for the account. It is NAHP practice to discourage mid-term Broker of Record change requests; however, NAHP will accept these with the same terms. NAHP will accept a request in writing:

- 1) On the Insured's letterhead and signed by an authorized representative identifying:
  - The Insurance Company and Policy Number(s) listed that are affected by the change.
  - The Agency Name of the newly recognized Agent.
  - Specifying the date of the transfer (NAHP prefers the transfer to be "At Renewal").
- 2) NAHP will notify the current Agent within two days of receipt and unless the letter clearly states that "*no rescinding letter shall be issued*", the current Agent shall have 10 calendar days to obtain a rescinding letter.

#### **First-In**

NAHP will utilize the "First In" rule. This means NAHP will accept and quote a risk for the first Agent from whom NAHP receives a complete submission. The quote is exclusive for thirty days with one exception; if a BOR letter naming a different broker nullifies a first-in status. Without a BOR, no other quotes will be provided. Each Agent's application will be quoted on its own merit.

#### **Disclaimer**

NAHP will retain the right to refuse any Agent / Broker of Record request. NAHP also retain the right to make BOR request decisions based on individual account circumstances, and these decisions may not reflect the guidelines addressed in this document.

## Construction Classifications

- Wood Frame** -Buildings having structural framing of wood. Excluded are structures that are classed for fire as wood frame but have concrete supported floors and/or some walls of unit masonry or concrete.
- Reinforced Masonry** -Buildings having load bearing exterior walls of reinforced concrete and/or reinforced hollow concrete block masonry and roofs and supported floors of wood or metal assemblies.
- Concrete Tilt-up** -Reinforced concrete walls that are cast horizontally, usually on concrete floor slab, and then lifted into place.
- Steel Frame** -Buildings having structural steel columns, beams, and girders. Also classified in this category are buildings of all metal construction.
- Reinforced Concrete** -Buildings must have all vertical loads carried by structural systems consisting of one or a combination of: poured-in-place reinforced concrete frame or walls with a mixture or poured-in-place reinforced concrete and structural steel frame.
- Brick Veneer** -Buildings with masonry facade. Brick Veneer is rated as Frame.
- Modular** -Buildings of prefabricated construction, constructed at a location other than the risk location.
- Light Metal Frame (LMF)** -Buildings where the exterior walls are constructed of light steel framing and corrugated metal cladding. The roof is typically either metal or fiberglass. Buildings are pre-engineered and pre-fabricated and assembled on, and attached to, a previously constructed concrete slab/foundation.
- Joisted Masonry** -Ordinary (M) — Buildings where the exterior walls are constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and where the floors and roof are combustible.
- Non-Combustible** -Ordinary (M) — Buildings where the exterior walls and floors and roof are constructed of, and supported by metal, asbestos, gypsum or other non-combustible materials.
- Masonry Non-Combustible** -Ordinary (SWR) — Buildings where the exterior walls are constructed of masonry materials as described in Class 2 above, with the floors and roof of metal or other non-combustible materials.
- Modified Fire Resistive (WR)** -Buildings where the exterior walls and the floors and roof are constructed of masonry or fire resistive material with a fire resistance rating of one hour or more but less than two hours.
- Fire Resistive (WR)** -Buildings where the exterior walls and the floors and roof are constructed of masonry or fire resistive materials having a fire resistance rating of not less than two hours.
  - MIXED CONSTRUCTION** -If a Building has “Mixed Construction” the building should be rated based on the predominant construction of the building. If the building contains two or more construction classes or no predominant construction class exists, use the highest rated class.  
**Examples:** A building that is 999 square feet of Wood Frame and 1,001 square feet Joisted Masonry should be rated as Joisted Masonry. Or, a building that is 500 square feet Wood Frame and 500 square feet Masonry Non-Combustible should be rated as Wood Frame.

**NO LOSS LETTER -WITH NO GAP IN COVERAGE**

DATE

National Affordable Housing Program,  
Brokers' Risk,  
155 N. Wacker,  
Suite 3700 Chicago, IL 60606

ATTN: Underwriting

Regarding the quotation / offer of insurance for a Property and Liability policy, I/we the Insured:  
\_\_\_\_\_ affirm that I/we have had no losses and/or claims during the  
period of \_\_\_\_\_ through \_\_\_\_\_. I/we further agree to provide hard  
copy loss information directly from our prior insurance companies for the past five years within 60 days of  
the date first written above. I/we further understand that should I/we fail to provide such information, that  
such failure will constitute grounds for immediate cancellation of coverage.

Sincerely,

Premises Manager OR Owner / LLC, etc...

Print Name / Title Print Name / Title

WARRANTY: The purpose of this no loss letter is to assist in the underwriting process; information contained herein is specifically relied upon in the determination of insurability. The above signed therefore, warrants and represents, that the information contained herein is true and accurate to the best of his/her knowledge, information and belief. This no loss letter shall be the basis of any insurance that may be issued and will be a part of such policy. It is understood that any misrepresentation or omission shall constitute grounds for immediate cancellation of coverage and denial of claims, if any. It is further understood that the applicant and/or affiliated company is under a continuing obligation to immediately notify his/her underwriter through his/her broker of any material alteration of the information given.

**NO LOSS LETTER WITH AGAP IN COVERAGE – ASKING NAHP TO BACK DATE**

DATE

National Affordable Housing Program,  
Brokers' Risk,  
155 N. Wacker,  
Suite 3700 Chicago, IL 60606

ATTN: Underwriting

Regarding the quotation / offer of insurance for a Property and Liability policy, I/we the Insured:  
\_\_\_\_\_ affirm that I/we have had no losses and/or claims during the  
period of \_\_\_\_\_ through \_\_\_\_\_. In addition and if applicable, I/we  
agree that no claim will be made for the intervening period noted above herein. I/we further agree to  
provide hard copy loss information directly from our prior insurance companies for the past five years  
within 60 days of the date first written above. I/we further understand that should I/we fail to provide such  
information, that such failure will constitute grounds for immediate cancellation of coverage.

Sincerely,

Premises Manager Owner / LLC, etc...

Print Name / Title Print Name / Title

WARRANTY: The purpose of this no loss letter is to assist in the underwriting process; information contained herein is specifically relied upon in the determination of insurability. The above signed therefore, warrants and represents, that the information contained herein is true and accurate to the best of his/her knowledge, information and belief. This no loss letter shall be the basis of any insurance that may be issued and will be a part of such policy. It is understood that any misrepresentation or omission shall constitute grounds for immediate cancellation of coverage and denial of claims, if any. It is further understood that the applicant and/or affiliated company is under a continuing obligation to immediately notify his/her underwriter through his/her broker of any material alteration of the information given.

For more information on  
**Risk Management for the Affordable Housing Market**  
or other products, call us toll free at **(800) 255-1195** or visit us  
at **www.BrokersRisk.com**



155 North Wacker · Suite 3700 · Chicago, IL 60606-1731 · Phone: (800) 255-1195 · Fax: (312) 906-8116 [BrokersRisk.com](http://BrokersRisk.com)



™

