

# INSURANCE REQUIREMENTS

The Connecticut Housing Finance Authority (“CHFA”) requires the following insurance coverage (the “Insurance Requirements”) for projects in which CHFA has an interest. These are the minimum levels of insurance to be maintained. CHFA reserves the right, in its sole discretion, to modify, change or update the Insurance Requirements from time to time as circumstances warrant. Any deviations from these requirements shall be at the sole discretion of CHFA.

Wherever the Insurance Requirements specify that CHFA is to be added as insured, loss payee, or mortgagee, or wherever notice is required for claims, policy changes, renewals or cancellations, they mean “Connecticut Housing Finance Authority, its successors and assigns, as their interests may appear (“a.t.i.m.a”), 999 West Street, Rocky Hill, CT 06067-4005”. All insurance documentation provided to CHFA shall be addressed to the Multifamily Insurance Servicing Group at the address above or emailed to [mfinsurance@chfa.org](mailto:mfinsurance@chfa.org). (Revised 01/04/2022)

Submission of evidence of insurance must be in a form acceptable to CHFA. For closings, this requirement must be satisfied with copies of the declarations pages of applicable policies, including schedules of all forms and endorsements, or binders providing the same information. All insurance must be issued by companies licensed to do business in the state of Connecticut with a minimum A.M. Best's Policyholder rating of "A- VII" or better. Insurance must be kept continuously in force, with acceptable evidence of renewal policies provided to CHFA *prior to* expiration or cancellation of any policy. In the event a development does not have sufficient insurance coverage or coverage has lapsed, CHFA reserves the right to obtain coverage at the Owner's expense.

CHFA policy requires that insurance escrow accounts be established for all developments to cover payments for required insurance. CHFA bills each development monthly; escrow payments are included with the mortgage payment. All insurance premium notices are to be submitted directly by the insurance company to CHFA or immediately upon receipt by the Mortgagor. CHFA will make payment directly to the insurance company. Mortgagors are not to pay insurance premiums directly from the operating account without prior authorization from their assigned CHFA Asset Manager. CHFA will make premium payments upon receiving satisfactory evidence of insurance coverage as prescribed by these specifications.

The following insurance coverages shall be maintained by the Owner for as long as CHFA has any insurable interest in the property:

## A. Property Insurance:

Property insurance coverage shall be written on an all causes of direct physical loss (“all risk”) or ISO Special Perils form or equivalent including equipment breakdown coverage. Wind, Terrorism, earth movement and flood including seepage. Coverage shall be on a replacement cost valuation basis, without deduction for depreciation, and shall contain an agreed value clause (no coinsurance to apply). The insurance limit must be equal to 100% of the full replacement value of the property. If written as part of a blanket property policy the blanket coverage limit shall be adequate to cover all properties thus insured, and the policy shall not contain a margin clause, by whatever term it may be called. The deductible must be shown and may not exceed \$25,000 unless CHFA consents. (Revised 10/24/2019)

Other requirements:

- 1) Include Ordinance and Law Coverage, including demolition cost for the undamaged portion of the development, debris removal, and increased cost of construction.
- 2) Include coverage for acts of terrorism under the Terrorism Risk Insurance Act (“TRIA”). This coverage is optional for properties with fifty (50) or less units.
- 3) Flood insurance coverage is mandatory if the development, or any portion thereof, is located in a Federal Emergency Management Area (“FEMA”) designated special flood hazard area identified as Zone A or V (the 100 year flood zone) or Zone B (the 500 year flood zone) on the most current Flood Insurance Rate Map (“FIRM”), as published or modified at any time during the term of the loan. Such insurance may be provided by a standard National Flood Insurance Program (“NFIP”) policy. It shall be the Owner's responsibility to document the location of the development outside a designated flood hazard area. In the absence of documentation satisfactory to CHFA flood insurance is required.
- 4) Include Loss of Rental Income insurance (loss of rents), with a limit equal to 100% of the property's total annual gross income at 100% occupancy.

Connecticut Housing Finance Authority  
Insurance Requirements

- 5) **Loss Payee:** All required property insurance covering property in which CHFA has an insurable interest shall include a provision that coverage provided shall not be changed, assigned, cancelled, nonrenewed, reduced, amended or altered in any manner by the insured or the insurance company unless at least thirty (30) days advance written notice of such change(s) is delivered to CHFA by certified mail or, in the event of non-payment of premium, ten (10) days advance written notice is delivered to CHFA by certified mail. All property insurance policies must be endorsed with ISO form CP 12 18 (or an equivalent satisfactory to CHFA) with CHFA scheduled as Loss Payee for Clause D. For HUD developments, the appropriate interest of the Federal Housing Administration shall be included as their interest may appear.
- 6) **Builder's Risk:** For New Construction and Substantial or Gut Rehabilitation renovation projects CHFA requires that Mortgagors maintain a Builder's Risk policy. Standard property policies would cover Minor or Moderate Rehabilitation projects. Please refer to the "CHFA Construction Guidelines: Construction Costs" guidebook on our [website](#) for the definitions of the aforementioned renovation project types. **(Revised 05/01/2018)**

**B. Crime Insurance:**

Blanket crime/employee dishonesty bond shall be carried. The required limit of liability is the lesser amount of (i) three (3) months' gross potential total rents for the development at 100% occupancy, or (ii) \$250,000. Include a Loss Payable endorsement naming CHFA as payee on all losses as their interest may appear.

**C. General Liability:**

General Liability insurance on a policy form no less broad than ISO form CG 00 01, written on an "occurrence" form shall be maintained. Minimum required limits are either the limit carried by the Mortgagor or the limits shown below, whichever is greater. If the policy covers more than one location, the policy aggregate must apply per location.

a) General Aggregate:	\$2,000,000
b) Products and Completed Operations Aggregate:	\$1,000,000
c) Personal and Advertising Injury:	\$1,000,000
d) Each Occurrence:	\$1,000,000
e) Fire Damage (any one fire):	\$ 100,000
f) Medical Expense (any one person):	\$ 5,000

CHFA must be listed as "Additional Insured" with respect to all liability coverages for both ongoing operations and completed operations with endorsements ISO CG 20 26 and CG 20 37, or equivalents acceptable to CHFA, specifically identifying CHFA as additional insured. Insurance certificates must specifically reference CHFA and these endorsements, and a copy of the endorsements must be attached to the certificate. If CHFA is named as additional insured with any forms or endorsements other than the standard ISO forms listed, copies must be furnished for prior CHFA review and acceptance.

**D. Automobile Liability:**

The minimum required limit of insurance is \$1,000,000 per accident, covering all owned, non-owned, leased or rented motor vehicles. If no owned vehicles, only non-owned or hired motor vehicle coverage is required.

**E. Workers' Compensation and Employers' Liability: (Revised 12/19/2019)**

Required Limits: Workers' Compensation: Statutory

Employers' Liability:	Bodily Injury by Accident:	\$1,000,000
	Bodily Injury by Disease:	\$1,000,000
	Bodily Injury by Each Employee:	\$1,000,000

Connecticut Housing Finance Authority  
Insurance Requirements

**F. Umbrella or Excess Liability:**

The minimum required limit of Umbrella/Excess liability coverage is either the limit carried by the Mortgagor or \$3,000,000, whichever is greater, covering over the liability limits described in Section C, D, and E. Coverage shall be no less broad than underlying liability policies. CHFA reserves the right to require additional limits of umbrella/excess liability coverage. CHFA's interest as additional insured, as described in the General Liability Section C., above, must also extend to the Umbrella or Excess Liability policy.

**G. Directors' and Officers' Liability:**

For all developments that are considered cooperatives or are owned by a 501 (c) (3) non-profit organization, Mortgagors shall maintain coverage for Directors' and Officers' liability. This requirement also extends to Mortgagors who are non-profit entities owning developments that are considered as supportive housing, group homes or assisted living. The minimum limit of liability for D&O coverage is \$1,000,000. If written on a claims-made form, any retroactive date or prior acts date must predate the closing date on any loan, and shall not be changed or advanced on any subsequent renewal policies during the term of the loan(s).

**Insurance Requirements for Contractors**

Contractors must provide evidence that they carry insurance as described in Sections C. through F., above. Required Umbrella limits for Contractors is \$5,000,000.

**Insurance Requirements for Property Management Companies**

Management Companies must provide evidence that they carry insurance as described in Sections B. through F., above. Evidence of insurance shall be provided prior to the first to occur of (i) the commencement of rendering of such property management services or (ii) the initial closing.

**Insurance Requirements for Other Professionals** (Revised 08/30/2021)

Other Professionals must provide evidence that they carry insurance as described in Sections C. through F. in CHFA's Insurance Requirements. In addition, Professionals must show evidence of Professional Liability (Errors & Omissions) insurance. The minimum limits of Professional Liability insurance coverage shall be as follows:

- \$1,000,000 for projects with construction costs up to \$5,000,000
- \$3,000,000 for projects with construction costs between \$5,000,000 and \$25,000,000 or as otherwise determined on a case-by-case basis by CHFA, in its sole discretion
- \$5,000,000 for projects with construction costs exceeding \$25,000,000 or as otherwise determined on a case-by-case basis by CHFA, in its sole discretion.

The retrospective date of any claims made policy must predate the first work done for any projects in which CHFA has an interest and shall not be changed or advanced on any subsequent renewal policies. This coverage must be maintained for three (3) years after completion of the project.

PLEASE NOTE: All loan closings require proof of insurance and evidence of payment. Payment can be shown by 1) correspondence from the insurer if it provides the annual premium, borrower and property name, and the policy number or 2) a cancelled check from the borrower with the corresponding invoice. (Added 02/07/2022)