

**Insurance On  
Greenbelt Towns  
And  
Subsistence Homesteads Projects**

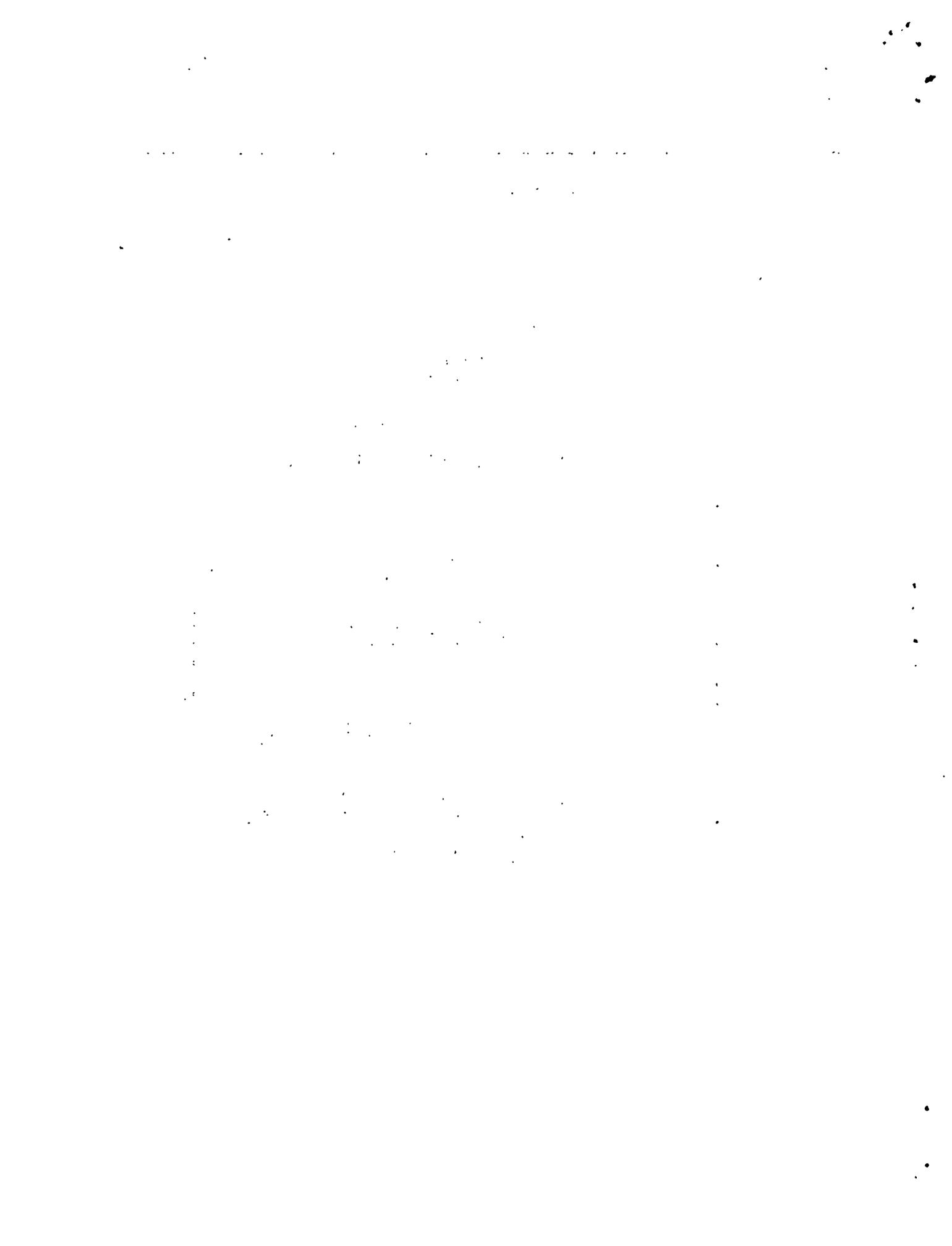
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Introduction

This bulletin describes the extent and types of insurance protection available for covering properties on Greenbelt Towns and Subsistence Homesteads Projects, and provides detailed instructions for securing and maintaining protection, for reporting losses and damages, and for replacing damaged property on these projects.

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INSURANCE ON GREENBELT TOWNS AND SUBSISTENCE HOMESTEADS.

A. Classification of Properties.

1. Properties to be Covered. As set forth in Chapter 6821, of the FPHA Manual of Policy and Procedure, properties located on Greenbelt Towns and Subsistence Homestead Projects in which the Government has an insurable interest shall be covered by insurance, if such property is of economic value and would be repaired or replaced or if other property would be substituted therefor in the event of its destruction.
2. Properties Not to be Covered.
  - a. Under the existing contract, windmills, wind pumps and their towers cannot be covered for damage occasioned by windstorm and tornado. Since such structures are seldom subject to any of the other hazards, insurance is not required for them.
  - b. Automobiles and government-owned administrative property shall not be insured.
  - c. Personal property, legal title to which is retained by the Government by reason of a Conditional Sales Contract to secure the payment of the purchase price, shall not be insured.
  - d. Other properties may be excepted from insurance if, in the judgment of the manager, they should not be insured. In case of questionable structures, the matter should be called to the attention of the supervisory office. 1/

1/ Throughout this Bulletin the term "supervisory office" shall be interpreted as the Area Management Adviser (for Special Projects) by Area-supervised Projects and as the Special Projects Management Division of the Central Office by Greenbelt Towns and other Washington directly-managed projects.

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3. Basis, Extent and Cost of Insurance Coverage.

1. Replacement Value Basis of Coverage.

- a. Definition of Replacement Value. Except as otherwise provided herein, all properties shall be insured at their full replacement value; that is, for amounts sufficient to replace them with identical structures or in amounts sufficient to build other structures more suitable to the unit or tract, as specified in the requisition for coverage. (See requisitioning procedure, par. C-1.)
- b. Estimation of Replacement Value. The calculation of the replacement value, therefore, must be based upon existing material and labor costs, without deduction for depreciation in the insured structure. The replacement value shall represent the cost of constructing each structure individually rather than the cost of constructing each structure when a group of buildings is erected at one time. If existing buildings are to be enlarged or otherwise improved within 90 days of the effective date of coverage so that their replacement values will be greater than the replacement values as the structures stand, such buildings shall be insured for the greater value.
- c. Responsibility of Managers and Associations. Managers and associations, with the assistance of competent contractors familiar with local construction costs when possible, shall estimate replacement values, utilizing standard project plans and specifications if they are available. It is the responsibility of managers and associations to advise the supervisory office of any substantial increases or decreases in construction costs within the area in which their respective projects are located. The Government may at any time request an adjustment of the amount of insurance so that such amount will conform with the estimated current replacement value of the properties covered.

2. Liability of Insurance Company.

- a. Risks Against Which Property Can be Protected. The contract 1/ under which coverage can be secured provides

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1/ At the present time a master policy is in effect with the Houston Fire and Casualty Insurance Company, whose branch office is located at 1025 Connecticut Avenue N.W., Washington, D. C.

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protection against fire, lightning, windstorm, tornado, cyclone, hail, explosion, riot, civil commotion, aircraft, self-propelled vehicles, smoke, and, in the states of California and Washington, earthquake. Protection against lightning, includes loss or damage to electrical wiring and switches in residential dwellings and outbuildings used in connection therewith, whether or not fire ensues.

The contract provides also that the company is liable for all fire department charges made against or collected from the insured by any fire department called because of a fire in, on, or exposing any property insured thereunder and that in case an insured building is rendered untenable by any of the hazards insured against and the insured is unable to collect the payments set forth in the rental, lease, or sales agreement, the insurance company is liable for such payments during the time that it would require under ordinary circumstances to put the property in a tenable condition.

- b. Risks Against which Property Cannot be Protected. Under the contract the insurance company is not liable for any loss or damage
- (1) caused by snowstorm, blizzard, frost, or cold weather;
  - (2) to windmills, wind pumps or their towers, whether blown down or not;
  - (3) to other property caused by the blowing down of windmills, wind pumps or their towers, unless such other property also sustains other loss or damage caused by wind;
  - (4) occasioned directly or indirectly by or through any tidal wave, high water, overflow, cloud-burst or theft;
  - (5) caused by water or rain, whether driven by wind or not, unless the building insured, or containing the property insured, has first sustained an actual damage to the roof or walls by the direct force of the wind. The company then is liable only for such damage to the interior of the building, or the insured property therein, as may be caused by water or rain entering the building through openings in the roof or walls made by the direct action of the wind, or by water from a sprinkler system or other piping broken by such damage to roof or walls;

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- (6) caused by explosion originating within steam boilers or engines, machinery, steam pipes and fly wheels connected therewith and operated thereby, except stationary boilers within a residence.
- (7) caused by smoke from any furnace or stove used for cooking or in any processes other than heating the building with a stationary heating furnace or heating plant.
- (8) resulting directly or indirectly from an invasion or while repelling an invasion is not covered.

3. Rates Charged for Protection.

a. General. Rates stipulated in the contract are based on fire and lightning risks and there will be no additional charge for protection for supplemental risks. In those states or parts of states where the rate established by the Rating Bureau for fire coverage alone is less than the maximum rates under the insurance contract, the rate established by the Rating Bureau will be charged. The rate for a period of less than one year is based on the annual rate. For each year or part of a year after the first year, the rate is three-fourths of the annual rate.

b. Rates for Dwelling Structures and Non-Profit Community-Use Buildings.

- (1) The maximum annual rate for insurance on other than Greenbelt projects is 40 cents per \$100 of insurable value.
- (2) On Greenbelt projects the rate is 15 cents per \$100 of insurance.
- (3) The rate for adobe construction is 5 cents per \$100 of insurance less than the maximum rate where that rate applies. Where a lesser rate applies, the rate for adobe construction will be 5 cents per \$100 of insurance less than such rate.

c. Rates for Commercial Buildings.

(1) Definition of Commercial Buildings. The following properties shall be classed as commercial:

- (a) Any building all of which houses a commercial enterprise actively engaged in business.

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- (b) Any building a major portion of which houses an active commercial enterprise. (A large community building housing a small store would be classed as a non-profit community use building.)
- (c) Any size warehouse or storehouse used in connection with a commercial enterprise or any large building used as a warehouse to store project materials and supplies. (A small structure used to house small quantities of project materials or supplies would be designated as a "storehouse" on the requisition and take the non-profit rate.)

(2) Rates. Commercial buildings may be insured at the following rates:

- (a) Established Rating Bureau rates for fire and supplemental coverage apply in Washington, Texas, Mississippi, and Tennessee.
- (b) 10 percent less than established Rating Bureau rates for fire and supplemental coverage apply in California and Alabama.
- (c) 25 percent less than established Rating Bureau rates for fire and supplemental coverage apply in all other states.

C. Instructions for Obtaining, Maintaining and Canceling Coverage

1. Requisitioning Procedures.

- a. General. It is the responsibility of managers and associations to see that coverage is properly requisitioned. For new buildings on which construction is to be started, coverage shall be secured within 90 days after acquisition of title to the land. Insurance shall be secured or continued for existing buildings.
- b. Requests for Renewal of Insurance. Requests for renewal of insurance shall be initiated by the manager or association in sufficient time to assure that the Special Project Management Division will receive them not later than 12 days before expiration of the existing insurance. Before

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renewal of insurance is requested, managers and associations shall check the existing coverage to determine whether the insurance which is expiring still represents the replacement value of the properties, based upon construction costs at the approximate date of renewal and whether any properties insured have been demolished or enlarged or new structures or additions erected which have not been previously insured. The request for renewal shall show each building or other type property for which insurance is desired at the time of renewal, regardless of whether or not they were previously insured.

- c. Form FPHA 1229, Requisition for Insurance. Requests for original and renewal insurance shall be made on Form FPHA 1229, "Requisition for Insurance", presented as Exhibit 1.

(1) Number of Copies and Distribution. Copies of this form shall be prepared and distributed as follows:

(a) Greenbelt and Washington-Directly Managed Projects. The manager shall prepare an original and three copies. One copy shall be retained at the project, and the original and two copies shall be forwarded to the Special Projects Management Division.

(b) Area-Directly Managed and Homestead Association Projects. The manager or association shall prepare an original and four copies, retain one copy and forward the original and three copies to the Area Management Adviser.

(2) Instructions to Managers and Associations for Completing Form.

Items 1, 2, 3, 4, 5, 7, 8, 11, 15, and 20 are self-explanatory.

Item 6 - Insert "United States Government" or appropriate homestead association, as the case may be.

Item 9 - In case renewal of coverage is being requisitioned, the effective date shall be the same as the expiration date since all insurance expires at noon under the existing contract. In case binders have been in effect, the effective date of insurance shall be the same as the effective date of the binder.

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- Item 10 - Enter the common expiration date established for properties on the project. If a date other than the common expiration date is used, indicate the reason.
- Items 11-19 - Single space entries for buildings in the same unit; double space between units. Complete all columns properly as to each building.
- Item 12 - List only in case of request for renewal.
- Item 13 - Differentiate between commercial and non-commercial properties, using definition appearing in Paragraph B 3c. If insurance is requisitioned on contents of buildings, prepare a separate list of contents, supplementing the requisition. (See items 17 and 19.)
- Item 14 - Insert "brick", "concrete", etc.
- Item 16 - If the structure was built under the Farm Security Administration program, show type number; if it is an old building, existing at time land was acquired, show its approximate age.
- Item 17 - Show estimated amount needed to construct with new materials of like kind a building identical in construction to the existing building. Base amount upon costs of materials, supplies and labor at time requisition is prepared. Do not deduct for depreciation of existing building. Estimate replacement value and show on separate list of contents of buildings in case contents are to be insured.
- Item 18 - Show type number of existing structure or if the structure is not suitable to the needs of the unit or project, show preferred type. If the building would be replaced by a different kind of structure (a barn instead of a tenant house) insert also the name of the preferred building. In such cases, the estimated cost of the preferred structure cannot exceed the current replacement cost of the existing structure. For example, a barn, the present replacement value of which is \$1,000, cannot be insured so as to provide, in the event of its complete destruction, replacement with a house, the estimated cost of which is more than \$1,000.

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Item 19 - Show estimated cost of building designated in Column 18. Estimate insurable value and show on a separate list of contents of buildings in case contents are to be insured. In such cases, insurable value will be the estimated replacement value (Item 17).

(3) Instructions to Supervisory Offices and Insurance Section on Completing Form:

Item 21 - On area-managed projects the Area Management Adviser shall fill out this box. On Washington-managed projects the Special Projects Management Division shall fill out the box.

Item 22 - The Insurance Section of the Central Office shall fill out this box.

d. Form FPHA 1230, Request for Change in Existing Insurance. Form FPHA 1230, "Request for Change in Existing Insurance", presented as Exhibit 2 shall be used to request changes during a term of insurance.

(1) Number of Copies and Distribution. The number of copies to be prepared and the instructions for disposition of them are the same as for Form FPHA 1229.

(2) Instructions to Managers and Associations for Completing Form

Items 1,2,3,4,6,7,10,11, and 17 are self-explanatory

Item 5 - Insert "United States Government" or appropriate homestead association, as the case may be.

Item 8 - In case renewal of coverage is being requisitioned, the effective date shall be the same as the expiration date since all insurance expires at noon under the existing contract. In case binders have been in effect the effective date of insurance shall be the same as the effective date of the binder.

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- Item 9 - Enter the common expiration date established for properties on the project. If a date other than the common expiration date is used, indicate the reason.
- Items 10-16 Single space entries for buildings in the same unit; double space between units. Complete all columns properly as to each building.
- Item 12 -If change in coverage is desired on contents of structures, prepare a separate list of contents, supplementing the requisition for change in coverage. (See Items 14, 15, and 16.)
- Item 13 -Show exact existing coverage.
- Items 14-15 Indicate amount of increase or decrease in coverage desired. If coverage on contents of building is to be changed, indicate these amounts on separate list, supplementing requisition.
- Item 16 -Describe briefly factors which make change in coverage desirable. Indicate factors making change desirable in coverage on contents of buildings in a separate list, supplementing requisition.

(3) Instructions to supervisory offices and Insurance Section on Completing Form.

- Item 18 -On area-managed projects the Area Management Adviser will fill out this box. On Washington-managed projects the Special Projects Management Division shall fill out the box.
- Item 19 -The Insurance Section of the Central Office shall fill out this box.

2. Premium Payments.

- a. Certificates of Insurance and Certified Invoices. The insurance company, upon receipt of requisitions and requests for changes in existing insurance, will prepare Certificates of Insurance and Certified Invoices, copies of which will be forwarded to managers and associations.

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- (1) Greenbelt Projects. Managers will receive from the supervisory office the original and green copy of the Certificates of Insurance and original and one copy of Certified Invoices. They shall check them for accuracy, prepare a Standard Form 1034 voucher, attaching to it the original certified invoice, and process the voucher for payment.
  - (2) Washington-Directly Managed Projects. Managers will receive the original and green copy of certificates and one copy of certified invoices. The Insurance Section of the Central Office will process the voucher for payment.
  - (3) Area-Directly Managed Projects. Managers will receive the original and green copy of the certificate. The Insurance Section of the Central Office will process payment of the premium due.
  - (4) Homestead Association Projects. Associations will receive the original copy of the certificate and original and one copy of the certified invoice. They shall forward payment of the premium to the insurance company and shall forward to the Area Management Adviser two copies of the letter transmitting the payment.
- b. Endorsements to Existing Certificates. Upon receipt of requests for changes in existing insurance, the insurance company will prepare Endorsements to Existing Certificates and where premiums are required will submit Certified Invoices. Distribution and processing of endorsements and invoices shall be the same as distribution and processing of certificates and invoices as described in par. 2a above.
- c. Time of Payments. Premiums due for insurance shall be paid not later than 30 days after receipt of the certified invoices by Greenbelt projects and homestead associations. On other projects payments, will be handled by the Central Office. If it appears that more than 30 days is required, managers of Greenbelt projects shall notify the Special Projects Management Division and associations shall notify Area Management Advisers of the reason for

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the delay and of the expected payment date. The insurance company has the right to cancel insurance for non-payment of premiums. It is therefore imperative that immediate action be taken to assure prompt payment of the premiums.

- d. Returned Premiums. In case the insurance company issues checks for returned premiums, because of decreased coverage or cancellation, the managers of Greenbelt projects, upon receiving such checks from the Special Projects Management Division, shall schedule and deposit the sum to the appropriate account. On homestead association projects, the association will receive the checks from the Area Management Adviser for deposit. On all other projects the Central Office will schedule and deposit refunds.

3. Binder Coverage. Binders must be replaced by requisitions as soon as possible.

- (1) Automatic Binder Coverage. Automatic binder coverage for a period of 90 days effective as of the date the Government acquires title and/or insurable interest in properties is provided in the contract under which insurance is obtained at the present time. The contract provides also for automatic 60-day renewal binder coverage, effective as of the expiration of existing certificates of insurance. These two types of automatic binder coverage, however, are not applicable on property under the management of cooperative associations.

(2) Requesting Binder Coverage.

- (a) General. In cases in which requisitions for coverage or renewal cannot be forwarded in adequate time to obtain coverage, binders for temporary protection (of property other than that managed by cooperative associations) can be requested by managers. In case it is to be requested on Greenbelt and Washington-directly managed projects, managers shall prepare a letter requesting binder coverage and shall submit the original and one copy to the supervisory office. On area-directly managed and homestead association projects, managers and

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1/This page supersedes page 11 dated 8-21-43. No change has been made. It is being reissued because of a new paragraph b on the reverse.

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associations shall prepare a letter and submit the original and two copies to the supervisory office. In such letters managers and associations shall give as complete information as possible, including the description, value, and location of the properties and effective date of the binder.

- (b) Cooperative Association Property. Requests for binders on property under the management of a cooperative association must be made on or before the effective date of the binder. The insurance company will not accept liability for loss or damage to such properties unless binder coverage has been specifically requested.

4. Cancellation of Coverage.

- a. General. Any insurance may be canceled without cost within 60 days after the effective date, if it is found that coverage is unnecessary or inadvisable and provided no claim for loss is made. This does not mean that insurance may be canceled without cost on properties for which protection is needed for only a short period within the 60 days. In these cases a certificate must be issued and premium paid for the term protection was afforded.
- b. Direct Sales and Purchase Contracts. The insurance coverage on units where occupants have paid their purchase price in full shall be canceled as of the date final payment is made on direct sales contracts and as of the end of the year in which final payment is made on Homestead Association purchase contracts. The manager shall notify the occupant accordingly and advise him that thereafter whatever insurance is desired must be secured from some outside company.
- c. Form of Request. Managers and associations shall prepare a memorandum requesting cancellation of coverage. Managers of Greenbelt and Washington-directly managed projects shall submit the original and one copy; and managers and associations on area-directly managed and homestead association projects shall transmit the original and two copies to the supervisory office.

1/This page supersedes page 12, dated 8-21-43. Paragraph 4 has been revised.

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- d. Attachment of Original Certificate or Lost Policy Receipt. If cancellation of insurance on all properties listed on a certificate is requested, the original certificate must accompany the request for cancellation. A copy of the certificate is not acceptable. In the event that the original certificate cannot be secured, the manager or association shall request the supervisory office to obtain a Lost Policy Receipt from the insurance company. Upon receipt of the Lost Policy Receipt, the manager or association shall execute it and submit it in lieu of the original certificate with the memorandum requesting cancellation.
- e. Refunds of Unearned Premiums.
- (1) Washington - and Area - Directly Managed Projects. Refund checks issued by the insurance company will be scheduled by the Central Office into the Receipt Fund Symbol 868500, "Reports, Operations and Maintenance of Resettlement Projects, FPHA". A copy of the schedule will be furnished to the community manager for posting to the budget control records.
  - (2) Greenbelt Towns. Refunds of unearned premiums issued by the insurance company will be forwarded by the Central Office to the community managers for deposit into the Receipt Fund Symbol 868500, "Deposits, Operations and Maintenance of Resettlement Projects, FPHA".
  - (3) Homesteads Associations. Refunds of unearned premiums issued by the insurance company will be forwarded by the Central Office to the Association managers for deposit and credit to the proper account.
5. Coverage After Loss or Damage. After payment for loss or damage, the coverage will not be terminated and will not be reduced, but will be continued by the insurance company automatically for the balance of the original term in the full amount specified in the certificate. There will be no additional premium charged and no unearned premium paid. In the case of complete loss, if the cost of replacing the destroyed structure is in excess of the insurance which was carried on the structure, the manager or association shall prepare and submit Form FPHA 1230, "Request for Change in Existing Insurance", on the destroyed structure and on all similar type structures. (See par. 1-d above.)

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An endorsement will be issued to the existing certificates increasing the coverage on the destroyed structure and on similar type structures to the actual replacement costs. This endorsement shall be effective as of the day prior to the date of the loss. An additional premium will be charged for the balance of the original term specified in the certificate to cover such increased insurance.

D. Losses and Damages on Insured Property

1. Reporting on Form FPHA 1231. Immediately following any loss or damage to any property covered by an insurance certificate or binder, the manager shall prepare and forward directly to the insurance company Form FPHA 1231, "Notice of Loss," presented as Exhibit 3.
  - a. Time of Reporting. Immediate reporting is essential in cases of loss or damage where further damage is possible. Form FPHA 1231 should be sent by airmail to the insurance company in such cases.
  - b. Number of Copies and Distribution
    - (1) Greenbelt and Washington-Directly Managed projects Managers shall prepare an original and four copies of "Notice of Loss". They shall retain one copy and forward the original and one copy to the insurance company, and two copies to the Special Projects Management Division.
    - (2) Area-Directly Managed and Homestead Association Projects. Managers shall prepare an original and five copies. They shall retain one copy, forward the original and one copy to the insurance company and three copies to the Area Management Adviser.
2. Narrative Reports. Any suspicious circumstances surrounding the origin of a fire shall be reported in detail by the manager or association. If possible such detailed reports shall accompany Form FPHA 1231. These detailed reports shall be prepared in the same number of copies and distributed in the same manner as that for Form FPHA 1231. If the information is not available immediately, however, Form FPHA 1231 shall be submitted without delay and followed later by the detailed report.

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3. Elimination of Hazards.

- a. Initial Inspection. If it is found at the time of the initial inspection of a unit that fire hazards exist or that maintenance repairs are needed to prevent wind damage, such hazards shall be eliminated at the earliest date possible.
- b. Survey of Damages. In case of a loss, the manager or association shall make an immediate survey of the damages, accompanied, if possible, by a competent person familiar with construction details. It is the obligation of the manager or association to take such immediate action as may be required to protect the property temporarily from further damage pending final repairs. Any reasonable expenses incurred will be paid by the insurance company.

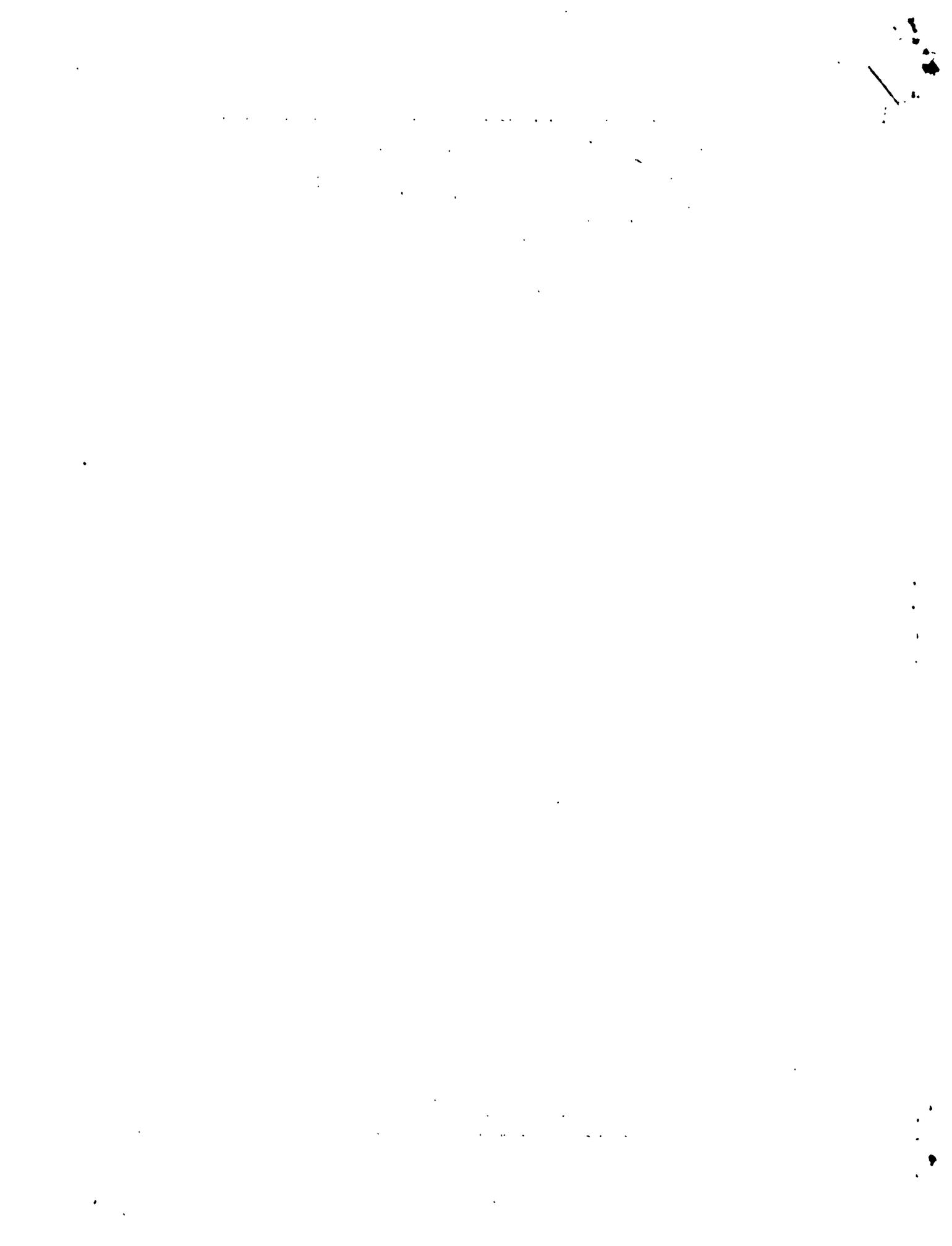
4. Repairs and Replacements.

- a. Loss and Damage Under \$100. If the estimated cost of repairing any loss or damage does not exceed \$100, the managers or associations may take the necessary steps for the immediate repair of the loss without awaiting specific authorization from the insurance company. They shall secure informal bids from competent workmen or contractors, accept the lowest bid, and request the successful bidder to make the repairs for the account of the insurance company. In emergency cases in which local contractors and workmen are not available, it is permissible for the manager or association to have repairs made by project maintenance employees, utilizing available materials on the project. The cost of such work shall be charged to the insurance company on the basis of an estimated cost of time and materials consumed.

FPHA-1229 8-4-48 NATIONAL HOUSING AGENCY FEDERAL PUBLIC HOUSING AUTHORITY <b>REQUISITION FOR INSURANCE</b> (FIRE AND ALLIED RISKS)				1. DATE	2. PROJECT NO.	3. REQUISITION NO.						
5. (Check One) ORIGINAL <input type="checkbox"/> RENEWAL <input type="checkbox"/>				4. PROJECT NAME					6. THE INSURED IS		7. LOCATED IN COUNTY	
8. NAME OF INSURANCE COMPANY				9. INSURANCE EFFECTIVE AS OF 194			10. INSURANCE TO EXPIRE 194					
11. UNIT NO.	12. EXPIRING CERTIFI- CATE NO.	13. PROPERTY INSURED (List Contents Separately)	14. CONSTRUCTION OF BUILDINGS*	15. KIND OF ROOF	16. TYPE NO. (or Age)	17. REPLACEMENT VALUE	18. TO BE REPLACED BY	19. INSURABLE VALUE	TOTAL INSURABLE VALUE \$			
* If contents are insured, designate construction of building in which contents are located.												
20. PREPARED BY:  Signature -----  Title -----				21. CHECKED BY:  Initials -----  Date -----		22. APPROVED BY:  Signature -----  Title -----  Date -----						

FPHA-1230 8-8-43 <b>NATIONAL HOUSING AGENCY FEDERAL PUBLIC HOUSING AUTHORITY</b>  <b>REQUEST FOR CHANGE IN EXISTING INSURANCE (FIRE AND ALLIED RISKS)</b>			1. DATE	2. PROJECT NO.	3. REQUISITION NO.		
			4. PROJECT NAME				
5. THE INSURED IS			6. LOCATION OF PROPERTY				
7. NAME OF INSURANCE COMPANY			8. CHANGE EFFECTIVE AS OF		9. INSURANCE EXPIRES		
10. UNIT NO.	11. EXISTING CERTIFICATE		12. PROPERTY COVERED BY EXIST- ING CERTIFICATE	13. AMOUNT OF INSURANCE NOW IN EFFECT	14. AMOUNT OF INCREASE	15. AMOUNT OF DECREASE	16. DESCRIPTION OF CHANGES
	No.	Effective Date					
				\$	\$	\$	
<b>TOTALS</b>							
17. PREPARED BY:			18. CHECKED BY:		19. APPROVED BY:		Date
Signature -----			Initials -----		Signature -----		
Title -----			Date -----		Title -----		

FPNA-1991 8-4-43		NATIONAL HOUSING AGENCY FEDERAL PUBLIC HOUSING AUTHORITY NOTICE OF LOSS		1. Project No.	2. Unit No.	3. Date
TO: HOUSTON FIRE AND CASUALTY INSURANCE CO. 1205 CONNECTICUT AVENUE, N. W., WASHINGTON, D. C.				4. Project Name		
5. Type of Agreement		6. Certificate No.		7. Name of Occupant		
8. Amt. of Insurance on Damaged Bldgs.	9. Date of Loss	10. Est. Amt. of Loss	11. Which Buildings Damaged			
12. Loss Caused by (Describe Attendant Circumstances):						
13. Measures Taken to Prevent Further Damage:						
14. Prepared By:						
Signature _____				Title _____		



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Introduction

This bulletin describes the extent and types of insurance protection available for covering properties on Greenbelt Towns and Subsistence Homesteads Projects, and provides detailed instructions for securing and maintaining protection, for reporting losses and damages, and for replacing damaged property on these projects.

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1/ This page supersedes pp. i and ii, dated 8-17-43. The Table of Contents has been revised to include an additional entry.

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Par. D (Cont'd)

3. Elimination of Hazards.

- a. Initial Inspection. If it is found at the time of the initial inspection of a unit that fire hazards exist or that maintenance repairs are needed to prevent wind damage, such hazards shall be eliminated at the earliest date possible.
- b. Survey of Damages. In case of a loss, the manager or association shall make an immediate survey of the damages, accompanied, if possible, by a competent person familiar with construction details. It is the obligation of the manager or association to take such immediate action as may be required to protect the property temporarily from further damage pending final repairs. Any reasonable expenses incurred will be paid by the insurance company.

4. Repairs and Replacements.

- a. Loss and Damage Under \$100. If the estimated cost of repairing any loss or damage does not exceed \$100, the managers or associations may take the necessary steps for the immediate repair of the loss without awaiting specific authorization from the insurance company. They shall secure informal bids from competent workmen or contractors, accept the lowest bid, and request the successful bidder to make the repairs for the account of the insurance company. In emergency cases in which local contractors and workmen are not available, it is permissible for the manager or association to have repairs made by project maintenance employees, utilizing available materials on the project. The cost of such work shall be charged to the insurance company on the basis of an estimated cost of time and materials consumed.
- b. Loss and Damage Exceeding \$100.
  - (1) Request for Bids. If the estimated cost of repairing any loss or damage exceeds \$100, the manager or association shall prepare specifications and send out requests for bids to repair the damages or to replace the structures destroyed. The bids must be complete in detail giving the quantities, unit and total prices for all materials to be used, the estimated number of labor hours required

1/ Pages 15-17 dated 8-15-44 supersede page 15 dated 3-27-44 and page 15 dated 8-21-43. Paragraph 5 has been added to page 17.

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and the cost per hour. When a bid, whether informal or written, is secured for repairs, it is the responsibility of the manager or association to ascertain that the bid represents repairs only to the extent of the damage and does not include items of maintenance which it is deemed advisable to make at the same time the damage is repaired. For instance, if only a small portion of the structure is damaged, the insurance company is liable only for the cost necessary to repair the actual damage. If it is decided at the time the repairs are made to have other work done which is needed because of obsolescence or depreciation, the cost necessary for this portion of the work shall not be included in the bid or itemized statements sent to the insurance company. Managers and associations shall forward all bids received directly to the supervisory office.

- (2) Emergency Repairs or Replacements. In cases in which immediate repair or replacement of damaged property is essential, managers and associations shall obtain bids for repairs or replacements immediately and shall send them airmail direct to the General Field Office. On area-managed and homestead association projects a copy of such bids shall be transmitted to the area management adviser. The General Field Office will forward such bids to the insurance company with the request that it wire the manager or association the name of the successful bidder. In cases of urgent need and where bids cannot be secured from outside contractors, project employees and government materials may be used. In such cases, managers and associations shall submit an estimate of the labor and material needed. Copies of such estimates shall be distributed in the same manner as bids. After the insurance company approves such estimates the repair and replacement work may proceed.

- c. Proofs of Loss and Certificates of Satisfaction. Upon receipt of Form FPHA-1231, the insurance company will forward Proofs of Loss and Certificates of Satisfaction forms to the manager or association. Payment for any loss claim will be made by the insurance company only after Proof of Loss and Certificate of Satisfaction have been executed properly and returned to

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the company. Managers and associations are responsible for executing these documents. It is required that the signature of the officer executing these instruments be notarized. In instances in which a Notary Public is not available the insurance company will accept a certification by the local postmaster as to the officer's signature.

Before Proofs of Loss and Certificates of Satisfaction are executed in behalf of the Government or the association, the manager or association shall make certain that the property has been repaired or replaced to the satisfaction of the Government or the association. After completion of the work, the manager or association shall execute the Proofs of Loss and Certificates of Satisfaction and shall return them to the insurance company with itemized bills.

- d. Payments. All bids when executed and accepted constitute a contract between the insurance company and the contractor and all payments made under such contracts are payable to the contractor. After receipt of Proof of Loss and Certificate of Satisfaction, properly executed the insurance company will send direct to the manager or association the original and one copy of a letter addressed to the contractor making payment for repair or replacement work. The manager or association shall detach the extra copy of the letter and forward the original and the payment to the contractor. The insurance company will also forward copies of such letters to the Insurance Section of the Central Office.
5. Cash Settlement for Losses. If, in the event of the total loss of a building or structure, it is felt that such property either should not or, by reason of lack of proper materials, equipment, etc., could not be replaced and that a cash settlement should be made in lieu of replacement, such recommendation together with the original certificate for insurance and a request for cancellation, should be submitted to the supervisory office as soon as possible after the Notice of Loss is forwarded. Cancellation shall be requested as of the day following the date of loss. Area management advisers should transmit these recommendations to the General Field Office, together with any further comments they may have regarding the matter.