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ANNUAL REPORT 2012

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In 1987, our Company started off as an idea; a solution to a problem shared by many public housing authorities. To the surprise and elation of the founding Members, our Company is still flourishing 25 years later.

The dedicated employees of HAI Group know that this milestone would never have been possible without the commitment, support, and service they received from all of our Members, especially the devoted Board of Directors and Committee Members.

HAI Group has also received staying power from its longtime business partners, including those whom have stood by our side since the very beginning, such as astute law firm, Reno & Cavanaugh, PLLC, and insurance provider, Travelers. Through good times and bad, business partners such as these have allowed us to continue our service to our Members.

Thank you to all for the past 25 years! It has been quite the story and we hope that you enjoy reminiscing through the history, relishing in the successes, and continuing to strive toward a better future for the public and affordable housing community.

**W**hen first contemplating my contribution to the 2012 *Annual Report*, I wondered what remained to be said about HAI Group's 25<sup>th</sup> anniversary. After all, the Board of Directors, Committee Members, management, and employees celebrated this milestone last year by holding a banquet in Chicago, Illinois, with past and present Board of Directors and Committee Members, founders, and industry stakeholders. We also celebrated with business partners and employees; as well as produced a documentary on the Company's journey from public housing authority (PHA) formed risk retention group to 'insurer of choice' in the public and affordable housing community.

I soon realized that with HAI Group, there are always more positive things left to say.

First and foremost, our Members deserve credit and congratulations for our success. Their loyalty was on full display in 2012 as both Housing Authority Risk Retention Group, Inc. (HARRG) and Housing Authority Property Insurance, A Mutual Company (HAPI) enjoyed 98% Member retentions. Also, we added to the HAI Group family with 50 PHAs becoming Members.

Our Board of Directors provided a steady hand in governance by planning strategy, providing oversight, and supporting initiatives. Their energy propelled the Company forward, giving us a level of sustainability the founders only hoped for 25 years ago.

Committee Members offered valuable insight and attentive ears to both management and employees. When improvements or new programs were needed, suggestions were made. Insurance is a difficult business; yet having high-quality feedback from our Committee Members makes it easier.

Beyond the membership, our business partners were another great asset. The states where HAI Group is domiciled or incorporated have been an ongoing source of support. We also have productive relationships with a network of partners, allowing us to meet our Member obligations come rain or shine.

Finally, it is important to recognize the management and employees who are dedicated to HAI Group's Mission and Vision. The Company resides in the 'Insurance Capital of the World,' yet many employees have come aboard and stayed, providing continuity and Member service which is unrivaled. The enjoyment found through interacting with PHA employees, and the passion for providing safe, decent, affordable housing to those in need is evident throughout the Company.

In realizing *our* Mission and Vision, we never lose sight of *yours*.

Within each page in this 25<sup>th</sup> anniversary commemorative book, you will see HAI Group's devotion to meeting the insurance needs of the public and affordable housing community. Each year, we continue to add value-added products and services to meet more of these needs.



**Dan Labrie**  
President and  
Chief Executive Officer

Yet, in this celebration of our past, we dedicate our present to your future.

The Board of Directors' new Vision asks HAI Group to "provide products and services to stakeholders to facilitate greater effectiveness and independence." To accomplish this, we will make sure the insurance companies remain financially sound and attentive to Member needs. Simultaneously, we are developing initiatives that the Board of Directors has determined are critical to membership and the overall mission of the PHA industry.

Thank you all for your constant support, feedback, and determination to making HAI Group what it is today. I look forward to our future together, and the opportunity to celebrate future milestones.

A handwritten signature in black ink that reads "Dan Labrie". The signature is written in a cursive, flowing style.

**T**he year was 1987; the average price of a gallon of gas was 89 cents, the average price of a new car was \$10,305, *Dirty Dancing* was playing in movie theaters, and *The Simpsons* first appeared on television. The financial markets were devastated by the October 19 stock market crash that saw the market drop by 508 points (22.6%), and at the end of the year, the Dow Jones Industrial Average closed at 1,938.

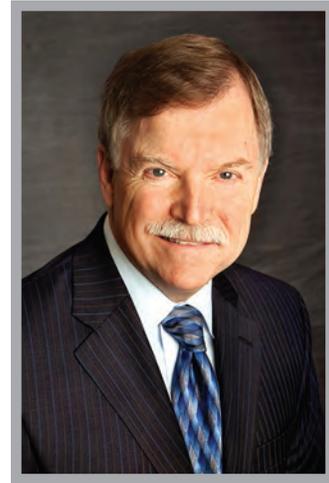
In those uncertain times, HAI Group began through the creation of HARRG, after a group of 25 courageous PHAs provided the capital to create the Company. HARRG was formed in response to the ongoing hard insurance market that had forced many PHAs to operate without property and casualty insurance. In fact, some had received premium quotes of more than 10 times their existing insurance rates (if they could even get quotes).

From those humble beginnings, HAI Group has grown into a collection of 10 companies with 1,708 Policyholders. Our three insurance companies write annual premiums of more than \$75M and have nearly \$520M in assets.

In 2012, HAI Group celebrated its 25<sup>th</sup> anniversary by hosting a gala event in Chicago, Illinois, during the Annual Meeting in September. Celebrations were also held at the Company's headquarters in Cheshire, Connecticut, for our hardworking, customer service-oriented employees and many business partners.

Twenty-five years after the founding of HAI Group, dark clouds are again gathering over the public and affordable housing community. Plagued with diminished resources and negative public perceptions of public housing and its residents, PHAs are in need of support. HAI Group is again responding to those needs.

In late 2011, members of HAI Group's Board of Directors met and agreed to provide additional support to the industry. Working with key stakeholders – the Council of Large Public Housing Authorities (CLPHA), the National Association of Housing and Redevelopment Officials (NAHRO), and the Public Housing Authorities Directors Association (PHADA) – four initiatives were identified: a National Communications Campaign, a Financial Facility, an Accreditation Program, and a Resident Commissioners Training Program.



**J. Len Williams**  
*Chairman of the Board*

HAI Group has designated funding and is moving forward with each of the initiatives. HAI Group employees, our Board of Directors, and Committee Members are working closely with our industry partners on them. You will be hearing more about each of these in 2013.

HAI Group has enjoyed tremendous growth and success over the last 25 years because of our Members, employees, and business partners. We look forward to an even more successful future.

A handwritten signature in black ink, appearing to read 'J L Williams', written in a cursive style.

1987–  
1990

### An Industry Need

**D**uring the mid 1980s, an insurance crisis was raging for PHAs. It was becoming difficult, if not impossible, for PHAs to obtain liability coverage from traditional insurance carriers at rates they could afford. In some cases, they could not obtain coverage at all. To address this crisis, 25 PHAs attended an industry conference in Chicago, Illinois, in November 1985.

Shortly thereafter, the Risk Retention Act was enacted by Congress. The Act allowed an insurance company selling liability insurance to be domiciled in one state, and sell insurance in every state. This Act, combined with the public housing insurance crisis, set the stage and provided an opportunity for the

The modest beginning of HARRG was shaped by its first six employees. (Front row) Sherry Sullivan; Shirley Cogle; Leslie Whitlock (Back row) Dan Labrie; Bette Slowther; John Salisbury

development of a new kind of insurance company.

In 1987, PHAs came together to form HARRG with the intention of providing stable, affordable liability insurance to the public housing community. Incorporated in Vermont, HARRG began operations with 25 charter Members. One of the founding Members provided a check as seed money, on just a handshake, showing the confidence he felt in this new venture. There was a need to hire someone to manage the operation; so Members began an industry-wide search which resulted in the hiring of an executive director to oversee the new operation.

HARRG recognized early on that PHAs have their own special liability insurance requirements, and HARRG was dedicated to meeting them.



HARRG was different; its goal was to form a relationship with those it insured, unlike the traditional insurance companies at the time. Part of HARRG's mission was to be member-owned, giving policyholders control over the Company's operations.

Another part included providing Members with the highest quality services including traditional underwriting and claims support, along with value-added services, such as risk management.

Our affordable insurance coverages and economically



- HARRG began with six employees (1987)

# Milestones

**Members of the Board of Directors discuss business strategy at one of their first meetings.**

sound programs served the best interests of the public housing community.

In 1987, the Company was granted a US Department of Housing and Urban Development (HUD) Bid Waiver for its insurance products. With this waiver, coverage was exempt from HUD's bidding requirements. This was a big benefit for Members, allowing them easy access to HARRG's insurance products.

HARRG provided liability insurance, but Members up to that point did not have access to affordable property insurance. To address this, HAPI was formed in August 1988. One of the founding Members of HAPI recalled always watching the weather because one serious weather event could wipe out the entire Company.

An important way that we served our Members was by providing services that traditional insurance companies did not. We did this by providing services such as safety seminars and helping PHAs develop risk management initiatives. The Companies then launched the first annual *Risk Control Awards*;



celebrating Members who exemplified risk management within their housing authority. The inaugural awards were given out in 1990 to Members that embraced the risk message. In-house claims management was also established early on as we felt that keeping claims processing in house was much more personal and effective, and Members agreed.

Even though HARRG and HAPI were new to the insurance world, they offered something different, not only to Members, but to their own employees. They continued to incorporate the innovation that led to their creation. State of the art technology was utilized at the office, which allowed employees to serve Members quickly and efficiently.

A philosophy of helping others in the industry was also embraced. This

led to the creation of the student internship program. Each summer, the Companies would host a student who was enrolled in a college or university insurance curriculum. This very tradition is fortunately still kept today.

A few short years after their formation, both HARRG and HAPI experienced significant growth in membership. HARRG was serving 78 Members, which represented 30% of public housing units in the US, and HAPI had signed up 75 Members. It was clear to the Companies that their momentum within the industry was building.

During these formative years, management kept a close watch on what Members needed. They recognized there was growth potential, and that becoming a 'one-stop' shop for Members would be a recipe for success in the future.

- HARRG issued its first policy and was incorporated in Vermont (1987)

- First *Loss Control and Safety Seminar* (1988)

- Decision to locate Company in Cheshire, Connecticut (1987)

# 1991– 1995

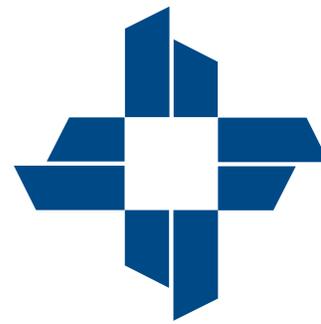
## Momentum

The year 1991 marked the 5<sup>th</sup> anniversary of HARRG and HAPI. The Companies continued to expand their products and services to meet Members' needs. There were three departments at the time: Administrative Services; Underwriting; and Risk Control and Consulting (which included Claims Management). To enhance the service to our Members, two more departments were soon added – Finance and Management Information Systems (MIS).

Another sign the Companies were growing involved the decision to construct a building to house the increasing

number of employees. In 1992, groundbreaking took place for the office located at 189 Commerce Court in Cheshire, Connecticut. Upon completion in 1993, employees moved into what is now known as the *Womack Building*, named after Jack Womack – a founding Member, former president of HARRG, and a member of the Board of Directors – who worked at the Oklahoma City Housing Authority (Oklahoma). Along with a new building, the Companies changed the design of their logo from one 'h' to four, in a pinwheel configuration, to symbolize the connection between our Members and the Companies.

Our Underwriting Team introduced a 'whole account concept' with the objective of developing the combined programs of the Companies into a 'one-stop' insurance center, where all the insurance coverages a PHA might need



could be provided. The list of coverages available included general liability, property/fire, automobile, law enforcement, lead-based paint liability, boiler and machinery, fidelity, workers' compensation, public officials' liability, and employee benefit liability.

To ensure Member and resident safety, our Risk Control and Consulting Team made significant strides. During this period, we created the 12 risk control standards, developed a *Risk Control Manual*, and held risk control seminars to address safety issues. Communicating with our Members was a priority and was accomplished through a variety of newsletters including *Risk News*, *Claims Connection*, *In Touch With Safety* (for residents), *Outlook on Lead*, and others. *Risk Pal*, a 3½ inch floppy disk explaining risk-oriented services and coverages, was also available to Members.



Children participate in an early fire safety poster contest. Today, the *Fire Prevention Week Fire Safety Poster Contest* is an annual event for residents of Member housing authorities.

- Groundbreaking for new building (1992)

- First *Fire Prevention Week Fire Safety Poster Contest* (1993)

- HAPI received its first rating of 'A-' (Excellent) with a Stable Outlook by A.M. Best Company (1994)

# Milestones

As the needs of our Members continued to grow, so did the number of our companies. To remain a constant and reliable resource, we developed four new companies with the assistance and feedback from our Members:

- Housing Investment Group, Inc. (HIG), responsible for investing in opportunities that furthered the missions of HARRG and HAPI.
- Housing Insurance Services, Inc. (HIS), providing agent and broker services to both public and affordable housing providers and their agents.
- Housing Telecommunications, Inc. (HTI), filling the expanding need for more formalized training for Members. Thirty-seven charter Members shared a vision of a nationwide interactive satellite television network that would serve public housing authorities. As a result of this planning, the Housing Television Network



(HTVN) was created as an interactive satellite distance learning program.

- Satellite Telecommunications, Inc. (STI), owning the satellite equipment utilized by HTI.

In 1995, the Board of Directors created a vision for the future which included not only focusing on our Members, but also on the public housing community as a whole. The desire was to provide coverages for affordable housing owned by non-public entities – up to this point, HARRG and HAPI could not provide

The groundbreaking for the Companies' new building was a sure sign that they were growing. Taking part in the festivities were John Foehl, Bette Slowther, Dan Labrie, Dick Perrie, and John Salisbury.

insurance coverage for non-public entities. This idea began to take shape, and the next possible market opportunity was on the horizon.

Membership grew at a rapid pace during this five year period. In 1991, HARRG had 250 Members and HAPI had 98. By the end of 1995, HARRG and HAPI each grew to 358 and 364 Members respectively. The commitment was clear, and we were lucky enough to consistently see the membership increase.



Jack Womack, former president of HARRG, and a former member of the Board of Directors, admires the ice sculpture in honor of the Companies' five-year anniversary.

- HTI business plan was formed (1994)

- Received the *Achievement Award* for 'PHA Risk Control Manual' from the Public Risk Management Association (1994)

- First HTVN satellite broadcast (1995)

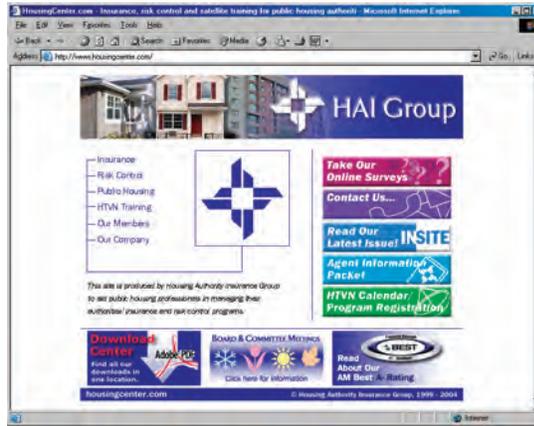
- Received first *Telly Award* for HTVN risk management programming (1995)

# 1996-2000

## Reaching Out

The combined Companies celebrated their 10<sup>th</sup> anniversary in 1997 and Dan Labrie was appointed Chief Executive Officer. As one of HARRG's first underwriters, Dan had witnessed the development of the Companies from the start. The experience that he brought to the position set the stage for continued opportunities and success.

As the Companies continued to grow, the focus remained on serving our Members, first and foremost. Success in the future meant meeting the challenges of an ever-evolving business environment. With this in mind, the Board of Directors created a Five-Year Vision Statement



(Top) The Companies entered the digital age with their first website.

(Bottom middle) The Marketing Team began with five employees.

(Bottom right) Joseph Shuldiner speaks at the 10<sup>th</sup> Anniversary of the Companies.

which reshaped the goals of the Companies, and the drive of the employees. The priorities of this new Vision were to build and strengthen Member relationships, continually earn the loyalty of Members, and effectively meet their insurance, financial, and risk management needs. It would be this five-year plan which led the Companies to become the leading provider of insurance products and other value-added services to the public housing community.

To maintain strong relationships, a Member outreach program was initiated. This involved contacting Members to see how they were doing, asking if they had any

questions, and ensuring they were receiving the highest level of customer service. Soon after, service visits by employees became the 'norm.' The goal was to keep in close contact with our Members on a regular basis, both in good times and when they needed to call on us for help.

Employees across the Companies made this a priority. They visited Members to perform property surveys, coverage reviews, and playground inspections; while other visits were routine customer service check-ins, just to see how things were going.



# Milestones

- HARRG received first rating of 'B+' (Good) by A.M. Best Company (1997)

- HTVN signs up 100th Subscriber (1998)



All told, HARRG and HAPI membership was on the rise, at 382 and 377 respectively. The number of HTVN Subscribers reached a total of 115. The commitment to reaching out to Members was just one of the many fundamental building blocks to creating strong relationships. This philosophy was carried forward and is an important part of our business culture today.

Since we knew that strong relationships and customer service required constant communication, we maintained contact with Members via satellite training, customer service visits, and regular phone calls. Continuing with that goal, the [www.housingcenter.com](http://www.housingcenter.com) website was introduced. This gave Members easier access to information posted by the Companies.

A Marketing Team was formed during this time to develop new insurance products and services, promote them at industry trade shows and national conferences, and connect with the industry. Human Resources soon became its own team, branching off from the newly named Executive Services Team. One of the Human Resources Team's first projects was to develop an orientation program for new employees.

HTI also developed career training for our Members' employees and residents through a partnership with the National Institute of Continuing Housing Education (NICHE).

(Top left) Members utilize new technology to access HTVN training programs via satellite transmission.

(Center) Employees show the new HTVN studio to top executives visiting from American Reinsurance.

(Bottom right) State of the art satellite dishes were utilized to transmit training programs to Members.



- PHA Scholarship Program was created (1999)

- HARRG rating upgraded to 'A-' (Excellent) with a Stable Outlook by A.M. Best Company (2000)

## Perseverance

Throughout the history of the Companies, there have been good economic times as well as bad. The period beginning in 2001 happened to be a down time for the industry and it was also a difficult time for our Members. The economy was in recession which brought about poor performance or failure of some major insurance companies. Add to that, the September 11 terrorist attacks in New York City; the general mood was bleak. As a result, reinsurance rates offered by many insurers rose sharply.

Despite the turmoil surrounding the business climate, there were many great things happening for the Companies. Even with the economic downturn in 2001, \$9M in new business premiums were written. Our new Members found that their previous carriers were unwilling to renew their policies or were not able to do so at reasonable rates. We were there to provide insurance solutions, even though the economic conditions were poor. With the valuable input from our Members, we always found ways to offer great insurance products and value-added services.

One of the insurance solutions provided to Members was through

the incorporation of Housing Enterprise Risk Services, Inc. (HERS), which commenced business in August 2001. HERS served as a captive insurance company, domiciled in Vermont, providing commercial property and casualty insurance to affordable housing providers.

To further our service offerings, an Agency Operations Team was created as a division of the Marketing Team, and would focus on insurance licensing and compliance as well as work with agents and with other carriers to gain access to insurance products not available in our current programs.

There were many other positive things happening for the Companies as well. HTVN was as busy as ever and offered their very first Certification course, *Public Housing Manager (PHM)*. The number of HTVN Subscribers increased after showing Members that the value for multiple students taking a single Certification course was more than the price of a subscription. HTVN soon offered additional certifications including the *Supervisory Skills Series* and the HUD sponsored *Commissioner Development Series*. Another big win for HTVN was receiving the coveted recognition from the International Association of Continuing Education and Training (IACET). As a result, they were able to offer IACET Continuing Education Units (CEUs) for some of their courses.

Plans began to develop to switch from satellite training

broadcasts to web-based video streaming which would represent a big change in the use of technology and provide training courses right at your computer. These plans took shape in 2006, and viewing courses has never been the same.

The [www.housingcenter.com](http://www.housingcenter.com) website was experiencing growth of its own; with the number of website visits increasing from approximately 2,000 visits per month in the year 2000, to approximately 3,500 visits per month in 2001. The website was also being used by Members for HTVN program registration, policy change requests, and viewing and printing loss run reports.

Also in 2001, groundbreaking took place for a 10,600 square foot addition to the Companies' headquarters. This addition symbolized

Jean Solla (right) presents a plaque to interim Executive Director Michele Valerio of the Amsterdam Housing Authority (New York) in appreciation of 10 years of loyal membership.



# Milestones

- Received the *Good Neighbor Award* from Howard University (2001)

- Combined Companies celebrate 15<sup>th</sup> Anniversary (2002)



the continual development that the Companies have come to represent.

The *Risk News* newsletter was reworked into *InSite*, which offered a wider variety of topics, as well as risk articles.

A Political Action Task Force (PATF) was created with the goal of working to improve the political environment of the public housing industry. PATF later became Government Affairs and Research, which continues to work toward various industry-wide initiatives to improve the political environment.

The STARS program was developed to set standards for our work with Members. These standards would later be implemented in the *All Stars Award Program* to recognize employees who advanced the mission of the Companies, or went above and beyond their job responsibilities in meeting the needs of Members.

Even though the rest of the industry and economy were in a state of flux, there was growth in all areas of the Companies during this remarkable time, and so much cause to celebrate.



Dan Labrie leads the charge in celebrating an important milestone; reaching \$100M in premiums in 2003.



- Housing Authority Defense Attorneys (HADA) held first meeting (2002)
- Began state licensing process (2003)

- Received the *Agency of the Year Award* from the National Flood Insurance Program (2004)

- Received the *Industry Service Award* from the Vermont Captive Insurance Association (VCIA) (2004)

## Innovation

The Companies continued to focus on serving their Members, the same basic philosophy they adopted when HARRG was formed in 1987. Company initiatives grew at a rapid rate, and new employees were hired to effectively manage this growth.

In December 2007, HERS was converted to a licensed stock insurance company; the name was later changed to Housing Enterprise Insurance Company, Inc. (HEIC). HEIC began issuing commercial property and liability policies directly to its Policyholders, filling a great industry need.

As new Members and new employees joined the Companies, many new community service projects were implemented. One of these was the *Harry House Captive Insurance Scholarship*. Harry House served as a member of the Board of Directors as well as on various Committees from 1988 until his retirement in 2006. In his honor, the *Harry House Captive Insurance Scholarship* was created to benefit a student who is enrolled in a captive insurance program at an accredited college or university.



Another charitable giving initiative was the *Resident Scholarship Program*, which was sponsored by Housing Authority Insurance, Inc. (HAI). Over the years, the Board of Directors provided additional funding so the program could support more students in need.

From the growth of PATF, the Government Affairs and Research Team continued to support various housing initiatives. In 2008, we organized the *Summit on the Future of Public Housing*, which brought together major industry groups such as CLPHA, NAHRO, PHADA, and the National Low Income Housing Coalition (NLIHC) to discuss future goals and principals for public housing. At the conclusion of the summit, 37 stakeholders signed a position paper that was sent to Presidential transition teams for President Barack Obama and Senator John McCain.

Changes in regulation, as well as our increased number of Members, brought the

Companies some unique challenges. The Companies saw this as an opportunity to enhance the way we served our Members, but also ensured that we were doing so compliantly. The newly formed Compliance, Product, and Regulatory Affairs Team monitored federal, state, and local insurance regulations; while the Policy Management Team provided timely policy service to our Members.

Keeping with the notion of change, the Housing Television Network evolved its name to the Housing TeleVideo Network (retaining the well-known acronym, HTVN). They also added new courses such as the Asset



- Received the *Public Awareness Materials Award* from the Federal Emergency Management Agency (FEMA) (2006)

- Received the *Outstanding Captive Award* from the Captive Insurance Companies Association (CICA) (2008)

- *First Risk Control Committee Symposium* (2006)

Management Certification course to meet the needs of a new public housing business model of Project Based Management.

A redesigned website was introduced which offered a streamlined format and a cleaner, simpler look. This new layout allowed the Companies to more effectively present information on the many new products and value-added services available to Members. A Website Committee was formed to discuss changes, additions, and gather new ideas for the website.

Our high level of customer service has always been a source of pride for us as our Members are our number one priority. As a result, the *CustomerCentric*

(Top right) An early web streaming session in the HTVN studio.

(Bottom right) *CustomerCentric* Team members are presented with plaques of appreciation. (From left) Robert Stanczykiewicz; Bob Miller; Joe Noel; Davina Bachman; Jeff Briggs; Valerie LaFontaine; Greg Shpak; Patrick Sullivan; Ken Merrifield; Dan Labrie; Stefanie Warner; Nancy Quiles; Ernie Burgeson; Kim Tompkins; Ken House; Jeff Weslow



## Housing TeleVideo Network

initiative was introduced. It involved meeting with key decision makers at Member housing authorities to assess their needs and provide the appropriate insurance solutions and value-added services to meet those needs.

The stability and security of HARRG, HAPI, and HEIC was proven once again by maintaining the group rating of 'A' (Excellent) by A.M. Best Company.

Although a major economic recession began during this period, the Companies continued to grow in products, services, and employees.

The drive of all employees was to assist our Members in any way necessary. Success during this tough time represented a major milestone and was indicative of a group of companies experiencing rapid growth.



- HEIC issues first direct policy (2009)

- *CustomerCentric* strategy begins (2009)

- The combined Companies (HARRG, HAPI, and HEIC) upgraded to 'A' (Excellent) with a Stable Outlook by A.M. Best Company (2010)

## Making Great Things Happen

The year 2011 was transformational for the Companies.

Innovation has been the key to our success since the beginning and allows us to provide cutting-edge solutions to our Members today. Listening to our Members and having the flexibility to evolve with them continues to be our top priority. Over the years, our Members voiced their concerns about substantial gaps between their operational needs and the software products currently available in the market. Other Members voiced their apprehension over drastic cuts in public housing budgets and the effect that these cuts would have on operations and on individuals who live in the community.

As a direct response to bridging the gap between operational needs and software demands, Housing Systems Solutions, Inc. (HSS) was incorporated. Our Members required a software system that would help them run their housing agencies more effectively, without raising their costs. HSS is designing a comprehensive software solution to improve the efficiency and outcomes of our Members' operations by reducing administrative costs and providing better data



for decision-making. The product aims to create one fully integrated system for Members to use for their operational needs instead of multiple, disconnected systems with manual processes.

To give a voice to housing industry needs, Public and Affordable Housing Research Corporation (PAHRC) was created as an advocacy and research arm. PAHRC is a nonprofit organization dedicated to supporting the efforts of the public and affordable housing industries and enhancing the quality of life for its industry stakeholders. In 2012, PAHRC collaborated with NLIHC to develop the *National Housing Preservation Database*. The database incorporates all available data on federally subsidized housing properties and includes nine separate funding streams. The information can be filtered by location, funding stream, or 'at risk of loss' status.

The Companies dedicated a great deal of time and research in 2012 toward the 'Four Initiatives.' These initiatives were derived from a meeting where members

of the Board of Directors and key public housing industry stakeholders discussed concerns for the industry and identified ways to help protect it. The direct result was the 'Four Initiatives':

*A National Communications Campaign* - The Companies hired a Boston-based public relations firm to launch a national communications campaign aimed at dispelling the myths and shifting perceptions around public housing. The campaign will encourage Americans to realize the benefits that public housing communities offer to the greater community as a whole. By giving Americans opportunities to learn about public housing through resident voices and success stories, the campaign will bring a much needed positive public awareness to housing.

*A Financial Facility* - One challenge facing public and affordable housing officials has been accessing capital financing to adequately support their efforts in preserving housing. Ongoing discussions between the Companies and key industry stakeholders were held centering on ways we could help both our Members and the industry.



- Licensing completed for HAPI and HEIC in all states where applications submitted (2011)

- Dan Labrie and HARRG named in *Captive Review's* 'Power 50' list (2012)

- 1,708 Policyholders (HARRG, HAPI, HEIC) as of December 2012

- 150 employees as of December 2012



The modern face of public housing as shown at the Mission Park Development, part of the San Antonio Housing Authority (Texas), above, and the Oxford Place Apartments, part of the Houston Housing Authority (Texas), below.

*An Accreditation Program* - Compliance, performance, and governance have been defined as the key areas for evaluation, in an effort to assess PHAs for what is actually being done. PHAs, similar to hospitals and universities, intend to develop a self-accreditation system. This new accreditation system will allow PHAs to set more realistic standards and create a knowledge-sharing platform with peer agencies across the nation.

*A Resident Commissioners Training Program* - The intent of this initiative is to work with the public and affordable housing industry

in an effort to train the Resident Commissioners residing in public housing to add a voice to the public housing cause from the resident perspective.

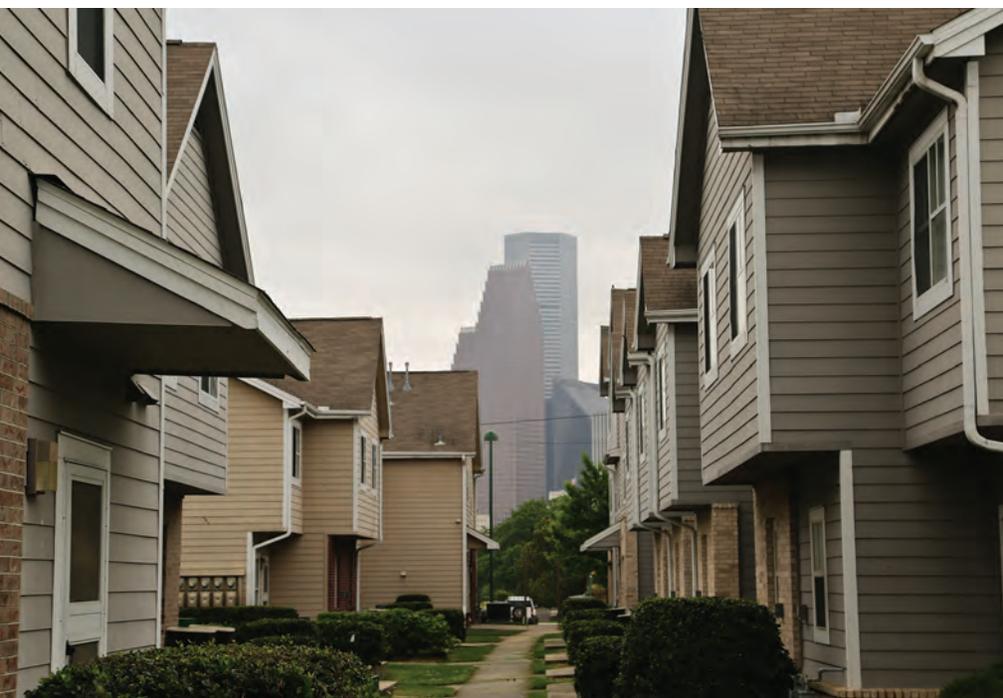
Just as business evolved during our 25-year history, it is appropriate that our name evolved to better describe who we are and what we do. Over time, the trade name Housing Authority Insurance Group defined only one element of the products and services we offered. So in 2012, we began the process of officially changing our name to HAI Group and filed a trademark with the US Patent and Trademark Office.



While the name is not a significant shift from where we were, it shows all Members and prospective Members that we offer more than just insurance for housing authorities.

On December 11, 2012, a trademark was registered and we are now officially known as HAI Group. On the outside, the family of companies has a new name. On the inside, we are still the same company that our Members know and trust. HAI Group has been a member-owned organization since 1987 and the employees of HAI Group remain committed to our Members.

Maintaining our position as an innovator within the public and affordable housing community will continue to be a priority for HAI Group. We pledge to continue to provide our Members with insurance products and value-added solutions that exceed expectations.



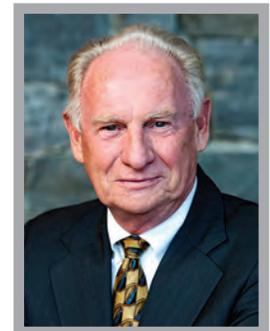
# Board of Directors and Committees



**Board of Directors:** (Front row) Douglas Dzema; Dan Labrie; Linnie Willis, Vice Chair; J. Len Williams, Chair; Lee Eastman; Gary M. Wasson (Back row) Joseph Shuldiner; Russell Young; Richard Press; Christine Hart; L. Glen Redding; Edwin Lowndes; Tony Love (Not in photo) James DiPaolo



**Governance Committee:** Joseph Shuldiner; Russell Young; L. Glen Redding, Vice Chair; Richard Press; Edwin Lowndes, Chair; J. Len Williams; Linnie Willis



**Corporate Counsel:**  
Lee Reno



**Ad Hoc Committee:** Linnie Willis; Edwin Lowndes; Joseph Shuldiner; J. Len Williams; Dan Labrie



**Audit Committee:** Gary M. Wasson; Linnie Willis, *Chair*; Edwin Lowndes; J. Len Williams  
(Not in photo) James DiPaolo, *Vice Chair*



**Claims Committee:** (Front row) Tyrone Garrett; William Morlock; Tracy Barlow; Douglas Dzema, *Chair*; Edwin Lowndes; June Parker; Michael Hagemeyer (Back row) Dale Priester; Linnie Willis; Shelette Veal; Kathleen Sulsky; Liane Ward; Sophie George; Patricia Duffy; J.D. Foster; Sharon Scudder; Tony Love (Not in photo) Richard Baker, *Vice Chair*; Scott Bertrand; Patrita Cummings; Shannell Hardwick; Robert Lambert; Michael Lundy; Cindy Mummert; Steven Russell; Mike Santangelo



**Compensation Committee:**

Edwin Lowndes; Linnie Willis, *Vice Chair*; Douglas Dzema; L. Glen Redding; J. Len Williams, *Chair*; Lee Eastman



**Finance Committee:** (Front row) J. Len Williams; Gary M. Wasson; Richard Press; Christine Hart, *Chair*; Edwin Lowndes; Ted Shankle; Laura E. Hinchey (Back row) MaryAnn Russ; James S. Borgstadt; Fernando Aniban; Linnie Willis; David Paccone; Joseph Shuldiner; June Parker; Alan Katz (Not in photo) Patricia Baines-Lake; Richard Baker; Barbara Berg; David Brown; Paul Caverly; Deborah Crockett; James DiPaolo; Ed Hinojosa, *Vice Chair*; Lori Hoppe; Helen M. Kipplen; Jeffery K. Patterson; Randy Phillips; Maynard Scales

**Government Affairs and Research Committee:**

(Front row) Joseph Shuldiner, *Chair*; MaryAnn Russ, *Vice Chair*; Dan Labrie (Back row) Russell Young; Phillip Thurston; Rufus (Bud) Myers; Tracy Barlow; David Paccone (Not in photo) Scott Bertrand; Jay Cunningham; Karl Opheim





**Enterprise Risk Management Committee:**  
Christine Hart; Russell Young; Douglas Dzema, *Chair*; Dan Labrie; L. Glen Redding, *Vice Chair*

**HSS Committee:** Edwin Lowndes; Kevin Loso, *Vice Chair*; Lee Eastman, *Chair*; Joseph Shuldiner (Not in photo) James DiPaolo; Ed Hinojosa



**Learning and Information Technologies Committee:**

(Front row) Kevin Loso; Gary M. Wasson; Owen Ahearn, *Vice Chair*; Lee Eastman, *Chair*; William J. Woods; Michael Hagemeyer (Back row) Terrance Brady; Christine Hart; Jeff Johnson; Rick Chadwick; Richard Whitworth; Kathleen Sulsky; Helen M. Kipplen; Fernando Aniban (Not in photo) Donald W. Emerson; Deborah Gidcumb; Ed Hinojosa; Lori Hoppe; Pamela Kemp; Joseph Macaluso; Kenneth Martin; Guillermo Rodriguez; Tina-Marie Sullivan





**Marketing, Agency, and Communications Committee:** (Front row) Bonnie Latting; Phillip Thurston; Kevin Loso; Tony Love, *Chair*; Douglas Dzema; Lee Eastman; Kristin Carson; Edwin Lowndes (Back row) Mark Ouellet; Linnie Willis; William Morlock; Boyd Fetterolf; Alan Katz; L. Glen Redding; Rufus (Bud) Myers; J.D. Foster; Carolyn Nichter; Sharon Scudder (Not in photo) Scott Bertrand, *Vice Chair*; David Brown; Sharon Carlson; Nick Chhotu; James DiPaolo; Donald W. Emerson; Pamela Kemp; Cindy Mummert; Karl Opheim



**Risk Control Committee:** (Front row) Jim Eigenberger; Bonnie Latting; Vince D. Pearson, *Vice Chair*; Gary M. Wasson, *Chair*; Earline W. Davis; Rufus (Bud) Myers; Omar Arce; Karl P. Jones (Back row) Donna Conway; Bernice Jones; Carolyn Nichter; Nina Parrett; Jeff Johnson; Boyd Fetterolf; Mark Ouellet; Martin Williams; Owen Ahearn; Charles E. Williamson; Phillip Thurston (Not in photo) Deborah Crockett; Jay Cunningham; James DiPaolo; Veronica Guevara; Hurticene Hardaway; Blanca Macris; Ridvana Perdue; Guillermo Rodriguez



**Underwriting Committee:** (Front row) Omar Arce; Janis Holt; Tyrone Garrett, *Vice Chair*; Rick Chadwick; Thomas Hickey; William J. Woods; Edwin Lowndes (Back row) Gary Evangelista; Shelette Veal; Liane Ward; L. Glen Redding; Joseph Shuldiner; Richard Whitworth; Dale Priester (Not in photo) Patricia Baines-Lake; Barbara Berg; Sharon Carlson; James DiPaolo, *Chair*; Deborah Gidcumb; Veronica Guevara; Hurticene Hardaway; Robert Lambert; Blanca Macris; Karl Opheim; Ridvana Perdue; Richard Press; Steven Russell; John Thaniel; Linnie Willis



**Senior Staff:** (Front row) Stefanie Warner; Anthony Peccerillo; Amy Galvin; Dan Labrie; Leslie Whitlock; William Lewellyn; Michelle Gramley Kauk (Back row) Gabriel Cham; Jeff Weslow; Ed Malaspina; Mark Wilson; Debra Taylor; David Sagers

# HAI Group Employees

(As of April 22, 2013)

## Executive Services

Dan Labrie, *President and Chief Executive Officer*  
Mark Wilson, *Chief Operating Officer*  
Leslie Whitlock, *Director*  
Samantha Bailey, *Executive Assistant*  
Alexandra Gregory, *Office Services Coordinator*  
Ken House, *Senior Executive Assistant*  
Jim Ritt, *Facilities Supervisor*

## Actuarial Services

Nate Bailey, *Director*  
James Jean, *Product Development Analyst*

## Claims Management

Stefanie Warner, *Director*  
Jeff Lynes, *Assistant Director*  
Ernie Burgeson, *Senior Casualty Claims Specialist*  
Joseph Catapano, *Casualty Claims Specialist*  
Kimberly Clifford, *Senior Casualty Claims Specialist*  
Joyce Coleman, *Property Claims Coordinator*  
Patricia Emmons, *Claims Compliance Coordinator*  
Laura Franco, *Senior Casualty Claims Specialist*  
Janelle Howard, *Senior Casualty Claims Specialist*  
Bill O'Connor, *Senior Casualty Claims Specialist*  
Michael Pepe, *Property Claims Manager*  
Jill Triscritti, *Casualty Claims Specialist*  
Jack Van Arsdale, *Property Casualty Claims Specialist*

## Communications and Branding

Courtney Rice, *Corporate Communications and Branding Manager*  
Kristina Gumbulevich, *E-Learning Curriculum Developer*  
Eliza Folsom, *Public Relations and Media Account Executive*  
Stan Gornicz, *Corporate Communications Specialist*  
Lisa Krasnow, *Graphic Designer*  
Jason Wagner, *Web Communications Coordinator*

## Compliance Product and Regulatory Affairs

Debra Taylor, *Compliance Officer and Legal Counsel*  
Sandra Littleton, *Product Development Manager*  
Valerie Harms, *Product Services Coordinator*  
Stephen Moore, *Senior Product Management Analyst*  
Michael Sternberg, *Product and Compliance Analyst*  
Shannon Tardiff, *Compliance and Audit Analyst*

## Finance and Enterprise Risk Management

Mark Wilson, *Chief Financial Officer*  
Amy Galvin, *Director*  
Sarah Rodriguez, *Controller*  
Paulette Achilli, *Senior Staff Accountant*  
Tory Davis, *Insurance Compliance Analyst*  
Liz Graham, *Executive Coordinator*  
Derek Hodder, *Accounts Receivable Analyst*  
Lise Holiday, *Research and Compliance Analyst*  
Nicole Jordan, *Senior Staff Accountant*  
Jo-Mel McPhail, *Accounts Payable and Payroll Analyst*  
Michele Merenda, *Staff Accountant*  
Josianne Pierre, *Staff Accountant*  
Gladys Roman, *Senior Insurance Compliance Analyst*  
Ying Xu, *Junior Accountant*

## Government Affairs and Research

Brian Braley, *Vice President and Chief Operating Officer*  
Michelle Gramley Kauk, *Director*  
Keely Stater, *Senior Researcher*

## Housing Systems Solutions, Inc. (HSS)

Dave Sagers, *President and Chief Executive Officer*  
Joyce Therieault, *Director*  
Ginny Argenio, *Client Manager*  
Francesca Buonocore, *Senior Business Analyst*  
Chris Butler, *Senior Developer*  
Anthony Castellano, *Quality Assurance Analyst I*  
Elaine Harter, *Business Analyst - Financial*  
Megan Johnson, *Senior Administrative Assistant*  
Julie Lee, *Testing Lead*  
Sharon Nichols, *Senior Business Analyst/Project Manager*  
Rob Sherry, *National Sales Manager*  
Brian Watkins, *Lead Developer*  
Matt Wilder, *Business Analyst*

## Human Resources

Bill Lewellyn, *Senior Vice President*  
Glenn Jurgen, *Human Resources Representative*  
Kristen Cruz, *Talent Management Specialist*

## Information Technology

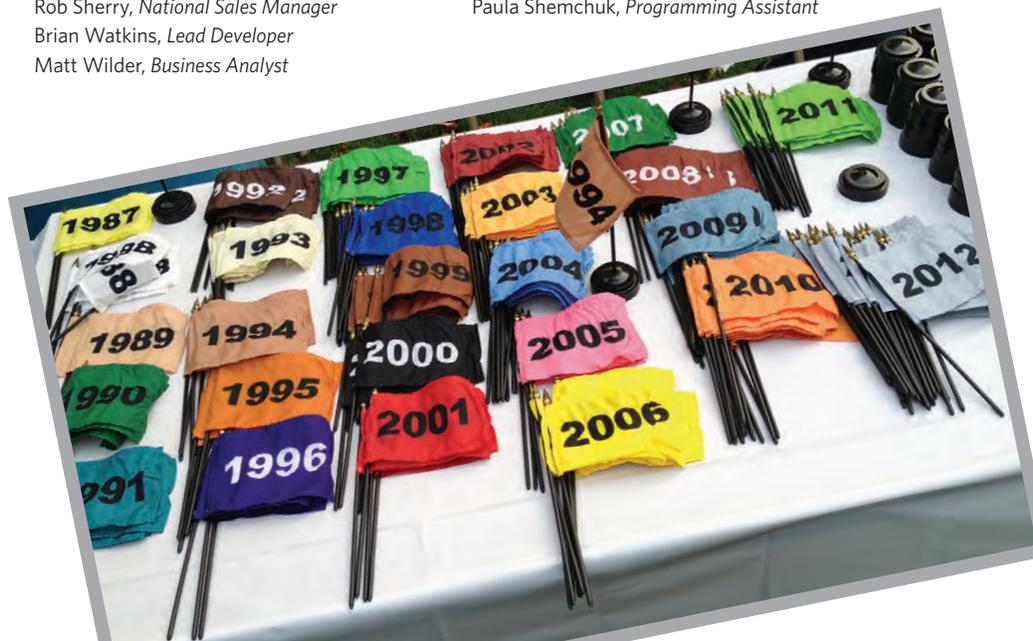
Anthony Peccerillo, *Director*  
Andy Caporiccio, *Assistant Director*  
Nancy Adelson, *Senior Developer/Analyst*  
John Brown, *Senior Data Warehouse Architect*  
Kathy Casey, *Helpdesk Support Specialist*  
Regina Ceryak, *Service Desk Coordinator*  
Dan Corbett, *Senior Developer/Analyst*  
Lucille Cousins, *Network Engineer*  
Matt Cripps, *Infrastructure Manager*  
Robert Florio, *Developer/Analyst*  
Jonathon Green, *Project Manager*  
Lori Harris, *Developer/Analyst*  
David Kinney, *Business Analyst*  
Mark Kirkendall, *Senior Developer/Analyst*  
David Lazuk, *Developer/Analyst*  
John Malvey, *Application Development Lead*  
Jill McNamee, *Productivity Solutions Analyst*  
Scott Owens, *Business System Analyst*  
April Parsons, *Support and Enhancement Manager*  
Katherine VanBeverhoudt, *Developer/Analyst*

## Internal Audit

Jim Stavris, *Internal Auditor*  
Libby Gallo, *Staff Internal Auditor*

## Learning Technologies

Ed Malaspina, *Chief Operating Officer*  
Patrick Sullivan, *Studio Director*  
Brian Altshuler, *Instructional Technologist*  
Jay Dantscher, *Assistant Studio Director*  
Daniel Segaline, *E-Learning Account Specialist*  
Paula Shemchuk, *Programming Assistant*



### **Marketing and Agency Operations**

Ed Malaspina, *Chief Marketing Officer*  
Sherry Sullivan, *Director*  
Brian Robinson, *Director, Strategic Capital Ventures*  
Roque Orts, *Assistant Director*  
Carolyn Bokon, *Account Executive*  
Michelle Bozzuto, *Account Executive*  
Robin Chasse, *Insurance Services Representative*  
Estelle Cote, *Licensing Specialist*  
Emily Fortier, *Marketing Representative*  
Marianne McDonough, *Licensing Specialist*  
Jodi Neubaum, *Account Executive*  
Michael Patenaude, *Marketing Representative*  
Nancy Quiles, *Marketing Analyst*  
Caroline Ruiz, *Marketing Representative*  
Greg Shpak, *Senior Marketing Representative*  
Amy Smith, *Account Executive*  
Kimberly Tompkins, *Manager*

### **Policy Management**

Valerie LaFontaine, *Assistant Director*  
Brandi Rowe, *Manager*  
Robert Alexander, *Insurance Service Representative*  
Cindy Arico, *Insurance Service Representative*

Kate Barbera, *Assistant Manager*  
Sandra Foster, *Specialized Functions*  
Lori Jentzen, *Insurance Service Representative*  
Dimitri Kallivrousis, *Insurance Service Representative*  
Alkis Liopiros, *Administrative Assistant*  
Annette Luko, *Insurance Service Representative*  
Carmen MacArthur, *Insurance Service Representative*  
Laura Masella, *Assistant Underwriter*  
Jeff Nielsen, *Insurance Service Representative*  
Pauline Tavares, *Insurance Service Representative*

### **Project Management Office**

Lynn Crisci, *Assistant Director*  
John Laverty, *Project Manager*

### **Risk Control and Consulting**

Jeff Weslow, *Vice President*  
Joseph Noel, *Risk Control Supervisor*  
Elizabeth Owens, *Senior Risk Control Associate*  
Jeff Briggs, *Senior Risk Control Associate*  
Jessee Keirstead, *Risk Control Associate*  
Debbie Seidel, *Program Assistant*  
Mary Valiante, *Risk Control Associate*

### **Underwriting**

Gibriel Cham, *Director*  
Ken Merrifield, *Assistant Director and Corporate Risk Manager*  
Davina Bachman, *Underwriter*  
George Bartholomay, *Underwriting Manager*  
Linda Blanc, *Senior Underwriter*  
Laurie Davidson, *Assistant Underwriter*  
Maria Diaz, *Collection Specialist*  
Christopher Dworak, *Underwriter*  
Bill Haggerty, *Underwriting Manager*  
Elizabeth Khan, *Underwriter*  
Esther Lerner, *Assistant Collections Specialist*  
Kathy Lewis, *Underwriter*  
John Lubszewicz, *Senior Underwriter*  
Robert Mensah, *Senior Underwriter*  
Bob Miller, *Underwriting Manager*  
Isabel Pizzoferrato, *Assistant Underwriter*  
Jane Renauld, *Assistant Underwriter*  
Jean Solla, *Underwriter*  
Robert Stanczykiewicz, *Underwriter*  
Judy Tripp, *Underwriting Manager*  
Donna Vreeland, *Assistant Underwriter*

**HAI Group employees celebrate the Companies' 25<sup>th</sup> Anniversary.**



# Financial Statements

(As of and for the Years Ended December 31, 2012 and 2011)

*The following financial information should be read in conjunction with the financial statements and related notes as presented in HAI Group's 2012 Audited Financial Statements supplement.*



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*\*Prior to 2011, Housing Authority Risk Retention Group, Inc. (HARRG), under Generally Accepted Accounting Principles (GAAP), was reported as a standalone entity. During 2011, HARRG's ownership of Housing Enterprise Insurance Company, Inc. (HEIC) changed from 50% to 65% as it increased its investment in the subsidiary. This created a controlling interest for HARRG in the subsidiary and requires a consolidation of its GAAP financial statements (the amounts shown include HEIC). For years ending 2011 and 2012, HARRG has been presented on a consolidated basis.*

December 31, 2012 and 2011	2012	2011
<b>Assets</b>		
Investments:		
Available for sale - at fair value	\$ 312,693,894	\$ 312,182,379
Investment in HIG	6,573,502	5,515,473
Other invested assets	5,848,740	5,476,250
Total investments	325,116,136	323,174,102
Cash and cash equivalents	16,294,442	10,845,299
Reinsurance recoverables on unpaid losses	15,386,873	12,393,545
Reinsurance recoverables on paid losses	253,633	424,615
Premiums receivable	13,107,440	12,102,319
Prepaid reinsurance premiums	5,639,581	3,345,818
Due from affiliates	1,472,395	1,165,912
Accrued investment income	2,190,729	2,570,424
Deferred policy acquisition costs	2,367,634	1,723,982
Federal income tax receivable	269,763	309,568
Deferred tax asset	1,449,884	728,232
Property and equipment, net	3,817,678	3,796,476
Other assets	2,895,256	5,182,616
Total assets	<b>\$ 390,261,444</b>	<b>\$ 377,762,908</b>
<b>Liabilities and Equity</b>		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 116,880,054	\$ 120,419,019
Unearned premiums	27,287,845	23,995,243
Reinsurance balances payable	2,946,361	610,255
Accrued Policyholder dividends	5,005,364	6,980,064
Advance premiums	3,797,569	4,503,321
Due to affiliates	957,139	1,316,844
Accrued expenses and other liabilities	7,692,196	9,311,782
Total liabilities	164,566,528	167,136,528
Equity:		
Members' equity:		
Members' contributions	10,484,261	10,299,816
Accumulated other comprehensive income	19,729,369	16,451,512
Unassigned surplus	184,128,915	170,576,970
Total Members' equity	214,342,545	197,328,298
Non-controlling interest in HEIC	11,352,371	13,298,082
Total equity	225,694,916	210,626,380
Total liabilities and equity	<b>\$ 390,261,444</b>	<b>\$ 377,762,908</b>

Housing Authority Risk Retention Group, Inc. and Subsidiary  
 Consolidated Statements of Comprehensive Income

HARRG

For the Years Ended December 31, 2012 and 2011	2012	2011
Revenues:		
Premiums earned	\$ 53,573,450	\$ 49,821,152
Ceded premiums earned	(10,655,208)	(9,941,921)
Net earned premiums	42,918,242	39,879,231
Investment income, net	9,708,362	10,624,561
Claim service fee income	8,379	74,022
Net realized investment gains	8,559,783	3,624,376
Total revenues	61,194,766	54,202,190
Expenses:		
Losses and loss adjustment expenses	20,975,309	5,643,818
Salaries and other compensation	7,757,493	7,096,670
Contractual services and professional fees	1,395,077	1,875,515
General and administrative expenses	7,589,703	5,189,947
Policy acquisition costs	3,986,217	3,287,733
Total expenses	41,703,799	23,093,683
Policyholder dividends	8,445,496	7,985,518
Net income before federal income tax benefit	11,045,471	23,122,989
Federal income tax benefit	(991,024)	(1,223,033)
Net income	12,036,495	24,346,022
Less: net loss attributable to non-controlling interest in HEIC	(2,116,599)	(839,924)
Net income attributable to the Company	14,153,094	25,185,946
Other comprehensive income:		
Unrealized holding gains on available for sale securities, net of tax expense of \$301,964 and \$494,303 related to HEIC in 2012 and 2011	11,958,087	13,194,960
Reclassification adjustments for realized gains included in net income, net of tax expense of \$50,441 and \$40,363 related to HEIC in 2012 and 2011	(8,509,342)	(3,584,013)
Other comprehensive income	3,448,745	9,610,947
Less: other comprehensive income attributable to non-controlling interest in HEIC	170,888	323,734
Other comprehensive income attributable to the Company	3,277,857	9,287,213
Comprehensive income attributable to the Company	<b>\$ 17,430,951</b>	<b>\$ 34,473,159</b>

Housing Authority Risk Retention Group, Inc. and Subsidiary  
Consolidated Statements of Changes in Equity

HARRG

For the Years Ended December 31, 2012 and 2011	Members' Contributions	Accumulated Other Comprehensive Income	Unassigned Surplus	Total Members' Equity	Non- controlling Interest in HEIC	Total Equity
Balance as of January 1, 2011	\$ 10,149,935	\$ 6,663,703	\$ 146,386,346	\$ 163,199,984	\$ -	\$163,199,984
Beginning non-controlling interest of HEIC	-	500,596	(500,596)	-	13,814,272	13,814,272
Net income (loss)	-	-	25,185,946	25,185,946	(839,924)	24,346,022
Other comprehensive income	-	9,287,213	-	9,287,213	323,734	9,610,947
Equity dividends	-	-	(344,845)	(344,845)	-	(344,845)
Members' recapitalization dividends	149,881	-	(149,881)	-	-	-
Balance as of December 31, 2011	10,299,816	16,451,512	170,576,970	197,328,298	13,298,082	210,626,380
Net income (loss)	-	-	14,153,094	14,153,094	(2,116,599)	12,036,495
Other comprehensive income	-	3,277,857	-	3,277,857	170,888	3,448,745
Equity dividends	-	-	(349,876)	(349,876)	-	(349,876)
Members' distributions	(66,828)	-	-	(66,828)	-	(66,828)
Members' recapitalization dividends	251,273	-	(251,273)	-	-	-
Balance as of December 31, 2012	\$ 10,484,261	\$ 19,729,369	\$ 184,128,915	\$ 214,342,545	\$ 11,352,371	\$225,694,916

December 31, 2012 and 2011	2012	2011
<b>Assets</b>		
Investments:		
Available for sale - at fair value	\$ 131,309,670	\$ 129,002,855
Investment in HEIC	11,309,359	12,824,245
Investment in HIG	6,573,502	5,515,472
Other invested assets	2,924,370	2,738,125
	<b>152,116,901</b>	150,080,697
Cash and cash equivalents	6,623,960	10,053,677
Premiums receivable	18,965,829	18,575,783
Reinsurance recoverables on unpaid losses	12,660,606	9,134,991
Reinsurance recoverables on paid losses	1,085,380	792,864
Deferred policy acquisition costs	1,886,387	1,680,621
Other assets	902,098	1,029,833
Due from affiliates	1,864	1,864
Prepaid reinsurance	6,204,884	5,517,460
Total assets	<b>\$ 200,447,909</b>	<b>\$ 196,867,790</b>
<b>Liabilities and Members' Equity</b>		
Unpaid losses and loss adjustment expenses	\$41,488,869	\$38,856,757
Unearned premiums	21,083,734	20,444,572
Reinsurance payable	2,216,795	2,641,902
Accrued expenses and other liabilities	739,719	635,970
Accrued Policyholder dividends	1,490,625	5,867,719
Due to affiliates	893,144	2,785,687
Advance premiums	8,386,443	7,106,947
Total liabilities	<b>76,299,329</b>	78,339,554
Members' equity:		
Members' contributions	9,801,952	9,344,987
Accumulated other comprehensive income	9,299,859	7,238,109
Unassigned surplus	105,046,769	101,945,140
Total Members' equity	<b>124,148,580</b>	118,528,236
Total liabilities and Members' equity	<b>\$ 200,447,909</b>	<b>\$ 196,867,790</b>

For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenues:		
Premiums earned	<b>\$ 48,644,330</b>	\$ 47,493,111
Ceded premiums earned	<b>(15,397,292)</b>	(12,781,524)
Net premiums earned	<b>33,247,038</b>	34,711,587
Investment income (net of expenses of \$431,617 in 2012 and \$254,780 in 2011)	<b>2,194,294</b>	3,435,492
Net realized investment gains	<b>2,643,468</b>	1,502,318
Total revenues	<b>38,084,800</b>	39,649,397
Expenses:		
Losses and loss adjustment expenses	<b>19,239,784</b>	19,327,819
Salaries and other compensation	<b>3,629,735</b>	2,888,401
General and administrative expenses	<b>9,934,649</b>	7,549,037
Contracted services and professional fees	<b>747,401</b>	654,086
Total expenses	<b>33,551,569</b>	30,419,343
Net income before Policyholder dividends	<b>4,533,231</b>	9,230,054
Policyholder dividends	<b>(935,000)</b>	(7,315,441)
Net income	<b>3,598,231</b>	1,914,613
Other comprehensive income:		
Unrealized holding gains on available for sale securities	<b>4,705,218</b>	4,703,161
Reclassification for realized gains on sales of available for sale securities included in net income	<b>(2,643,468)</b>	(1,502,318)
Other comprehensive income	<b>2,061,750</b>	3,200,843
Comprehensive income	<b>\$ 5,659,981</b>	\$ 5,115,456

Housing Authority Property Insurance, A Mutual Company  
Statements of Changes in Members' Equity

HAPI

For the Years Ended December 31, 2012 and 2011	Members' Contributions	Accumulated Other Comprehensive Income	Unassigned Surplus	Total
Balance as of January 1, 2011	\$ 8,760,596	\$ 4,037,266	\$100,642,457	\$ 113,440,319
Net income	-	-	1,914,613	1,914,613
Other comprehensive income	-	3,200,843	-	3,200,843
Equity dividends	-	-	(36,000)	(36,000)
Members' contributions, net	8,461	-	-	8,461
Members' recapitalization dividends	575,930	-	(575,930)	-
Balance as of December 31, 2011	9,344,987	7,238,109	101,945,140	118,528,236
Net income	-	-	3,598,231	3,598,231
Other comprehensive income	-	2,061,750	-	2,061,750
Equity dividends	-	-	(42,237)	(42,237)
Members' contributions, net	2,600	-	-	2,600
Members' recapitalization dividends	454,365	-	(454,365)	-
Balance as of December 31, 2012	\$ 9,801,952	\$ 9,299,859	\$105,046,769	\$ 124,148,580

December 31, 2012 and 2011

2012

2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 811,018	\$ 2,210,583
Investments, at fair value	45,864,848	44,223,815
Premiums receivable	6,694,051	4,986,156
Receivable for securities	-	2,125,000
Due from affiliates	583	583
Reinsurance recoverable on unpaid losses	5,887,724	4,741,597
Reinsurance recoverable on paid losses	253,633	424,615
Prepaid reinsurance	4,499,440	2,383,756
Deferred policy acquisition costs	2,367,634	1,723,982
Federal income tax receivable	269,763	309,568
Deferred tax asset	1,449,884	728,232
Accrued interest and other assets	623,508	724,087
Total assets	<b>\$ 68,722,086</b>	<b>\$ 64,581,974</b>
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 19,415,985	\$ 13,224,980
Unearned premiums	14,068,984	10,568,149
Reinsurance payable	2,185,700	1,121,802
Due to affiliates	918,755	1,497,576
Accounts payable and other liabilities	442,307	1,005,292
Advance premiums	914,168	828,813
Total liabilities	<b>37,945,899</b>	28,246,612
Shareholders' equity:		
Common stock, \$10,000 stated value, 10,000 shares authorized and 2,000 and 3,000 issued and outstanding in 2012 and 2011, respectively	20,000,000	30,000,000
Contributed surplus	14,000,000	4,000,000
Accumulated other comprehensive income	2,370,492	1,882,241
Retained (deficit) earnings	(5,594,305)	453,121
Total shareholders' equity	<b>30,776,187</b>	36,335,362
Total liabilities and shareholders' equity	<b>\$ 68,722,086</b>	<b>\$ 64,581,974</b>

For the Years Ended December 31, 2012 and 2011	2012	2011
Revenues:		
Net premiums earned	<b>\$14,020,059</b>	\$11,425,522
Claim service fee income	<b>8,379</b>	74,022
Investment income, net	<b>1,486,682</b>	1,459,674
Total revenues	<b>15,515,120</b>	12,959,218
Losses and expenses:		
Losses and loss adjustment expenses	<b>14,546,307</b>	9,095,308
Salaries and benefits	<b>2,831,404</b>	2,409,084
General and administrative expenses	<b>2,049,154</b>	2,341,913
Agency and ceding commissions	<b>3,126,705</b>	2,510,301
Total losses and expenses	<b>22,553,570</b>	16,356,606
Net loss before federal income tax benefit	<b>(7,038,450)</b>	(3,397,388)
Federal income tax benefit	<b>(991,024)</b>	(1,223,033)
Net loss	<b>(6,047,426)</b>	(2,174,355)
Other comprehensive income, net of tax:		
Unrealized holding gains on available for sale securities, net of tax expense of \$301,964 in 2012 and \$494,303 in 2011	<b>586,165</b>	959,529
Reclassification adjustments for realized gains included in net loss, net of tax expense of \$50,440 in 2012 and \$40,363 in 2011	<b>(97,914)</b>	(78,353)
Other comprehensive income	<b>488,251</b>	881,176
Comprehensive loss	<b>\$ (5,559,175)</b>	<b>\$ (1,293,179)</b>

For the Years Ended December 31, 2012 and 2011	Common Stock		Treasury Stock		Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of January 1, 2011	2,000	\$20,000,000	-	\$ -	\$ 4,000,000	\$1,001,065	\$2,627,476	\$27,628,541
Issuance of common stock	1,000	10,000,000	-	-	-	-	-	10,000,000
Other comprehensive income	-	-	-	-	-	881,176	-	881,176
Net loss	-	-	-	-	-	-	(2,174,355)	(2,174,355)
Balance as of December 31, 2011	3,000	30,000,000	-	-	4,000,000	1,882,241	453,121	36,335,362
Repurchase of common stock shares	-	-	1,000	(10,000,000)	-	-	-	(10,000,000)
Retirement of treasury stock shares	(1,000)	(10,000,000)	(1,000)	10,000,000	-	-	-	-
Surplus contribution	-	-	-	-	10,000,000	-	-	10,000,000
Other comprehensive income	-	-	-	-	-	488,251	-	488,251
Net loss	-	-	-	-	-	-	(6,047,426)	(6,047,426)
Balance as of December 31, 2012	2,000	\$20,000,000	-	\$ -	\$14,000,000	\$2,370,492	\$(5,594,305)	\$30,776,187

December 31, 2012 and 2011	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 6,210,653	\$ 847,005
Due from affiliates	954	90,234
Prepaid expenses	19,989	18,584
Total current assets	<b>\$ 6,231,596</b>	<b>\$ 955,823</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 6,812	\$ 71,735
Due to affiliates	408,239	13,047
Deferred grant revenue	4,941,268	-
Total current liabilities	<b>5,356,319</b>	84,782
Unrestricted net assets	<b>875,277</b>	871,041
Total liabilities and net assets	<b>\$ 6,231,596</b>	<b>\$ 955,823</b>

For the Years Ended December 31, 2012 and 2011	2012	2011
Unrestricted revenues:		
Membership fees	<b>\$ 2,400,030</b>	\$1,899,991
Grant revenue	<b>58,732</b>	-
Interest income	<b>731</b>	434
Total unrestricted revenues	<b>2,459,493</b>	1,900,425
Expenses:		
Salaries and benefits	<b>702,827</b>	300,306
General and administrative expenses	<b>1,510,865</b>	966,851
Member benefits	<b>241,565</b>	205,683
Total expenses	<b>2,455,257</b>	1,472,840
Change in unrestricted net assets	<b>4,236</b>	427,585
Unrestricted net assets, beginning of year	<b>871,041</b>	443,456
Unrestricted net assets, end of year	<b>\$ 875,277</b>	\$ 871,041

December 31, 2012 and 2011	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 864,545	\$ 1,068,059
Accounts receivable, net of allowance for doubtful accounts of \$15,000 in 2012 and 2011	20,891	115,677
Prepaid expenses	107,082	2,584
Due from affiliates	55,627	23,737
Total current assets	<b>1,048,145</b>	1,210,057
Other assets	<b>2,500</b>	2,500
Total assets	<b>\$ 1,050,645</b>	<b>\$ 1,212,557</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 21,727	\$ 23,888
Due to affiliates	65,423	107,395
Deferred income	52,200	43,700
Unearned subscription fees	296,292	281,690
Total current liabilities	<b>435,642</b>	456,673
Unrestricted net assets	<b>615,003</b>	755,884
Total liabilities and net assets	<b>\$ 1,050,645</b>	<b>\$ 1,212,557</b>

## Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Unrestricted revenues:		
Subscription fees	<b>\$ 604,509</b>	\$ 571,859
Broadcast and consulting services income	<b>415,000</b>	415,000
Pay per view fees	<b>174,290</b>	139,914
Contributions and other income	<b>17,563</b>	36,032
Total unrestricted revenues	<b>1,211,362</b>	1,162,805
Expenses:		
Salaries and benefits	<b>642,873</b>	442,572
General and administrative expenses	<b>538,573</b>	511,909
Program acquisition costs	<b>170,797</b>	128,591
Total expenses	<b>1,352,243</b>	1,083,072
Change in unrestricted net assets	<b>(140,881)</b>	79,733
Unrestricted net assets, beginning of year	<b>755,884</b>	676,151
Unrestricted net assets, end of year	<b>\$ 615,003</b>	\$ 755,884

Housing Investment Group, Inc. and Subsidiaries  
Consolidating Balance Sheet



December 31, 2012

	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Housing Systems Solutions, Inc.	Elimination Entries	Consolidated
<b>Assets</b>						
Current assets:						
Cash	\$ 191,933	\$ 241,557	\$ 19,264,474	\$ 1,606,214	\$ -	\$ 21,304,178
Loss payments receivable	-	-	22,718	-	-	22,718
Premiums receivable	-	-	11,290,286	-	-	11,290,286
Due from related parties	-	-	1,508,749	-	(4,375)	1,504,374
Income taxes receivable	-	-	277,437	-	-	277,437
Deferred tax assets	-	-	553,174	-	-	553,174
Taxes receivable from affiliate	108,077	69,807	-	1,404,986	(1,582,870)	-
Other assets	773	29,003	133,725	77,578	-	241,079
Total current assets	300,783	340,367	33,050,563	3,088,778	(1,587,245)	35,193,246
Software and equipment (net of accumulated amortization and depreciation of \$1,082,922)	-	829	-	2,713,818	-	2,714,647
Investment in HSS at cost	7,500,000	-	-	-	(7,500,000)	-
Investment in STI, at cost	1,585,500	-	-	-	(1,585,500)	-
Investment in HIS, at cost	130,000	-	-	-	(130,000)	-
Total assets	\$ 9,516,283	\$ 341,196	\$ 33,050,563	\$ 5,802,596	\$ (10,802,745)	\$ 37,907,893
<b>Liabilities and Stockholders' Equity</b>						
Current liabilities:						
Premiums payable	\$ -	\$ -	\$ 20,165,631	\$ -	\$ -	\$ 20,165,631
Deferred commissions	-	-	2,932,315	-	-	2,932,315
Accounts payable and accrued expenses	-	-	279,355	323,347	-	602,702
Agency commission payable	-	-	108,762	-	-	108,762
Current portion of note payable	-	-	-	400,000	-	400,000
Taxes payable to affiliate	-	-	1,582,870	-	(1,582,870)	-
Due to related parties	747	44,560	320,913	306,810	(4,375)	668,655
Total current liabilities	747	44,560	25,389,846	1,030,157	(1,587,245)	24,878,065
Stockholders' equity:						
Common stock, Class A, no par value, \$5,000 per share stated value, 2 shares authorized, issued and outstanding	10,000	-	-	-	-	10,000
Common stock, Class B, no par value, \$100 per share stated value, 100,000 shares authorized, 87,000 shares issued and outstanding	8,700,000	-	-	-	-	8,700,000
Common stock, no par value, \$1,000 per share stated value, 10,000 shares authorized, 1,600 shares issued and outstanding	-	1,600,000	-	-	(1,600,000)	-
Common stock, no par value, \$25 per share stated value, 1,000 shares authorized, 1,000 shares issued and outstanding	-	-	25,000	-	(25,000)	-
Common stock, no par value, \$1,000 per share stated value, 20,000 shares authorized, 7,500 shares issued and outstanding	-	-	-	7,500,000	(7,500,000)	-
Additional paid-in capital	269,664	-	-	-	212,570	482,234
Less: Stock subscription receivable	-	(14,500)	-	-	14,500	-
Retained earnings (accumulated deficit)	535,872	(1,288,864)	7,635,717	(2,727,561)	(317,570)	3,837,594
Total stockholders' equity	9,515,536	296,636	7,660,717	4,772,439	(9,215,500)	13,029,828
Total liabilities and stockholders' equity	\$ 9,516,283	\$ 341,196	\$ 33,050,563	\$ 5,802,596	\$ (10,802,745)	\$ 37,907,893

## Consolidating Balance Sheet

December 31, 2011

	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Housing Systems Solutions, Inc	Elimination Entries	Consolidated
<b>Assets</b>						
Current assets:						
Cash	\$ 148,704	\$ 275,654	\$ 14,342,814	\$ 2,856,744	\$ -	<b>\$17,623,916</b>
Loss payments receivable	-	-	187,378	-	-	<b>187,378</b>
Premiums receivable	-	-	12,077,282	-	-	<b>12,077,282</b>
Due from related parties	-	-	3,277,010	-	(4,295)	<b>3,272,715</b>
Deferred tax assets	-	-	246,636	-	-	<b>246,636</b>
Taxes receivable from affiliate	133,753	53,872	-	195,759	(383,384)	-
Other assets	132	433	15,739	111,259	-	<b>127,563</b>
Total current assets	282,589	329,959	30,146,859	3,163,762	(387,679)	<b>33,535,490</b>
Equipment (net of accumulated amortization and depreciation of \$572,829)	-	1,422	-	2,403,907	-	<b>2,405,329</b>
Investment in HSS, at cost	5,000,000	-	-	-	(5,000,000)	-
Investment in STI, at cost	1,585,500	-	-	-	(1,585,500)	-
Investment in HIS, at cost	130,000	-	-	-	(130,000)	-
Total assets	<b>\$ 6,998,089</b>	<b>\$ 331,381</b>	<b>\$ 30,146,859</b>	<b>\$ 5,567,669</b>	<b>\$ (7,103,179)</b>	<b>\$35,940,819</b>
<b>Liabilities and Stockholders' Equity</b>						
Current liabilities:						
Premiums payable	\$ -	\$ -	\$ 20,013,394	\$ -	\$ -	<b>\$20,013,394</b>
Deferred commissions	-	-	2,979,559	-	-	<b>2,979,559</b>
Accounts payable and accrued expenses	-	-	219,064	68,047	-	<b>287,111</b>
Agency commission payable	-	-	5,973	-	-	<b>5,973</b>
Current portion of note payable	-	-	-	400,000	-	<b>400,000</b>
Income taxes payable	-	-	50,848	-	-	<b>50,848</b>
Taxes payable to affiliate	-	-	383,384	-	(383,384)	-
Due to related parties	32,569	4,388	45,570	80,209	(4,295)	<b>158,441</b>
Total current liabilities	32,569	4,388	23,697,792	548,256	(387,679)	<b>23,895,326</b>
Long term portion of note payable	-	-	-	400,000	-	<b>400,000</b>
Total liabilities	32,569	4,388	23,697,792	948,256	(387,679)	<b>24,295,326</b>
Stockholders' equity:						
Common stock, Class A, no par value, \$5,000 per share stated value, 2 shares authorized, 2 shares issued and outstanding	10,000	-	-	-	-	<b>10,000</b>
Common stock, Class B, no par value, \$100 per share stated value, 100,000 shares authorized, 62,000 shares issued and outstanding	6,200,000	-	-	-	-	<b>6,200,000</b>
Common stock, no par value, \$1,000 per share stated value, 10,000 shares authorized, 1,600 shares issued and outstanding	-	1,600,000	-	-	(1,600,000)	-
Common stock, no par value, \$25 per share stated value, 1,000 shares authorized, 1,000 shares issued and outstanding	-	-	25,000	-	(25,000)	-
Common stock, no par value, \$1,000 per share stated value, 20,000 shares authorized, 5,000 shares issued and outstanding	-	-	-	5,000,000	(5,000,000)	-
Additional paid-in capital	269,664	-	-	-	212,570	<b>482,234</b>
Less: Stock subscription receivable	-	(14,500)	-	-	14,500	-
Retained earnings (accumulated deficit)	485,856	(1,258,507)	6,424,067	(380,587)	(317,570)	<b>4,953,259</b>
Total stockholders' equity	6,965,520	326,993	6,449,067	4,619,413	(6,715,500)	<b>11,645,493</b>
Total liabilities and stockholders' equity	<b>\$ 6,998,089</b>	<b>\$ 331,381</b>	<b>\$ 30,146,859</b>	<b>\$ 5,567,669</b>	<b>\$ (7,103,179)</b>	<b>\$35,940,819</b>

Housing Investment Group, Inc. and Subsidiaries  
Consolidating Statement of Operations



For the Year Ended December 31, 2012

	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Housing Systems Solutions, Inc.	Elimination Entries	Consolidated
Net revenues:						
Commission income	\$ -	\$ -	\$5,384,788	\$ -	\$ -	<b>\$ 5,384,788</b>
Insurance management services	-	-	650,736	-	-	<b>650,736</b>
Studio rental income	-	225,000	-	-	-	<b>225,000</b>
Product revenue	-	-	-	14,822	-	<b>14,822</b>
Interest income	-	-	1,371	1,852	-	<b>3,223</b>
Other income	230,000	-	-	-	(230,000)	<b>-</b>
Total revenues	230,000	225,000	6,036,895	16,674	(230,000)	<b>6,278,569</b>
Costs and expenses:						
Salaries and benefits	71,549	162,880	3,144,677	-	-	<b>3,379,106</b>
General and administrative	82,759	107,819	867,920	1,154,508	(230,000)	<b>1,983,006</b>
Research and development	-	-	-	1,756,606	-	<b>1,756,606</b>
Cost of product revenue	-	-	-	654,718	-	<b>654,718</b>
Sales expense	-	-	-	7,043	-	<b>7,043</b>
Depreciation	-	593	-	-	-	<b>593</b>
Total costs and expenses	154,308	271,292	4,012,597	3,572,875	(230,000)	<b>7,781,072</b>
Income (loss) before income taxes	75,692	(46,292)	2,024,298	(3,556,201)	-	<b>(1,502,503)</b>
Income tax expense (benefit)	25,676	(15,935)	812,648	(1,209,227)	-	<b>(386,838)</b>
Net income (loss)	\$ 50,016	\$ (30,357)	\$1,211,650	\$ (2,346,974)	\$ -	<b>\$ (1,115,665)</b>

Housing Investment Group, Inc. and Subsidiaries  
 Consolidating Statement of Operations



For the Year Ended December 31, 2011	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc	Housing Systems Solutions, Inc.	Elimination Entries	Consolidated
Net revenues:						
Commission income	\$ -	\$ -	\$ 3,626,883	\$ -	\$ -	<b>\$ 3,626,883</b>
Insurance management services	-	-	3,205,880	-	-	<b>3,205,880</b>
Studio rental income	-	228,237	-	-	-	<b>228,237</b>
Interest income	-	-	3,813	-	-	<b>3,813</b>
Other income	90,000	-	-	-	(90,000)	-
Total revenues	90,000	228,237	6,836,576	-	(90,000)	<b>7,064,813</b>
Costs and expenses:						
Salaries and benefits	44,959	125,213	3,418,679	-	-	<b>3,588,851</b>
General and administrative	80,074	98,055	1,764,044	486,468	(90,000)	<b>2,338,641</b>
Research and development	-	-	-	24,142	-	<b>24,142</b>
Cost of product revenue	-	-	-	65,736	-	<b>65,736</b>
Depreciation	-	16,782	-	-	-	<b>16,782</b>
Total costs and expenses	125,033	240,050	5,182,723	576,346	(90,000)	<b>6,034,152</b>
(Loss) income before income taxes	(35,033)	(11,813)	1,653,853	(576,346)	-	<b>1,030,661</b>
Income tax (benefit) expense	(12,093)	(4,317)	618,523	(195,759)	-	<b>406,354</b>
Net (loss) income	<b>\$ (22,940)</b>	<b>\$ (7,496)</b>	<b>\$ 1,035,330</b>	<b>\$ (380,587)</b>	<b>\$ -</b>	<b>\$ 624,307</b>

December 31, 2012 and 2011	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 432,394	\$ 313,302
Prepaid expenses	382	-
Total current assets	<b>\$ 432,776</b>	<b>\$ 313,302</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 3,368	\$ 64,903
Due to affiliates	44,635	138,328
Deferred grant revenue	384,773	110,071
Total current liabilities	<b>432,776</b>	313,302
Unrestricted net assets	-	-
Total liabilities and net assets	<b>\$ 432,776</b>	<b>\$ 313,302</b>

For the Year Ended December 31, 2012 and for the Period from  
March 15, 2011 (commencement of operations) through December 31, 2011

	<b>2012</b>	<b>2011</b>
Unrestricted grant revenue	<b>\$ 525,298</b>	\$ 440,929
Total unrestricted revenues	<b>525,298</b>	440,929
Expenses:		
Salaries and benefits	<b>343,695</b>	231,010
General and administrative expenses	<b>181,603</b>	209,919
Total expenses	<b>525,298</b>	440,929
Change in unrestricted net assets	-	-
Unrestricted net assets, beginning of period	-	-
Unrestricted net assets, end of period	<b>\$ -</b>	<b>\$ -</b>

# Our Companies



## **Housing Authority Insurance, Inc. (HAI)**

HAI sponsors programs for its membership, including insurance and risk management programs, scholarship and internship programs, and charitable activities. HAI advocates and supports legislative and regulatory issues that help to improve the public and affordable housing industries. HAI is a non-profit association incorporated in 1987.

## **Housing Authority Risk Retention Group, Inc. (HARRG)**

HARRG provides liability insurance to public housing authorities. Available coverages include general liability, public officials' errors and omissions, employment practices, law enforcement, lead-based paint, employee benefit, auto, hired and non-owned auto, mold, and terrorism. HARRG is owned by the Members it insures. HARRG is a nonprofit, tax-exempt captive mutual risk retention group, operating under the Federal Risk Retention Act, licensed and domiciled in Vermont. HARRG was incorporated on March 20, 1987, and began operation on June 1, 1987.

## **Housing Authority Property Insurance, A Mutual Company (HAPI)**

HAPI is a licensed insurer and reinsurer providing commercial property and liability insurance coverage to public housing authorities. Available coverages include property, inland marine, equipment breakdown, auto liability, physical damage, fidelity, crime, and liability. HAPI is owned by the Members it insures. HAPI is a traditional mutual insurer domiciled and licensed in Vermont. HAPI is licensed in 48 states and the District of Columbia. HAPI began operation on August 1, 1988, as a mutual association captive. HAPI converted its charter in 2003 to a nonprofit, tax exempt, traditional mutual insurer and

issues policies on a direct basis. HAPI was incorporated in Vermont on March 20, 1987.

## **Housing Enterprise Insurance Company, Inc. (HEIC)**

HEIC is a licensed insurer providing commercial insurance and risk management programs to affordable housing providers. Available coverages include property, liability, inland marine, hired and non-owned auto, and equipment breakdown. HEIC is licensed in 48 states and the District of Columbia. The company is jointly owned by HARRG and HAPI as a subsidiary. HEIC began operation in August 2001, and converted its charter to a for-profit, admitted licensed stock insurer domiciled in Vermont on December 31, 2007. HEIC was originally formed as a sponsored captive insurer, Housing Enterprise Risk Services, Inc. (HERS), which was incorporated in Vermont on August 20, 2000.

## **Housing Insurance Services, Inc. (HIS)**

HIS provides agent and broker services to public and affordable housing providers and their agents to procure insurance products. HIS is licensed as an agency, broker, or surplus lines broker in various states. HIS is a wholly-owned subsidiary of HIG. HIS is a for-profit corporation incorporated in Vermont on February 14, 1991.

## **Housing Investment Group, Inc. (HIG)**

HIG is responsible for investing in opportunities that further the missions of HARRG and HAPI. HIG is a downstream, for-profit business serving as an investment holding company owned jointly by HARRG and HAPI. HIG owns three taxable subsidiaries, STI, HIS, and HSS. The financials of for-profit ventures have been consolidated since January 1, 1996. HIG was incorporated in Delaware in June 1995.

## **Housing Telecommunications, Inc. (HTI)**

HTI is responsible for delivering training and education programs via the Internet. Web-streaming equipment is owned by STI. HTI began operations on December 28, 1995, and originally delivered services via satellite broadcast and converted to web-streaming technology. HTI is a nonprofit organization incorporated in Connecticut in September 1993.

## **Satellite Telecommunications, Inc. (STI)**

STI owns the web-streaming equipment utilized by HTI. STI is wholly owned by HIG. STI is a for-profit corporation incorporated in Delaware in June 1995.

## **Public and Affordable Housing Research Corporation (PAHRC)**

PAHRC strives to be the nexus for current data and research on public and affordable housing industries to support the efforts of the industry at large and to enhance the quality of life for its stakeholders. PAHRC collects primary data from the industry and compiles data from a variety of secondary data sources. PAHRC generates industry-specific reports and frequently works in partnership with industry groups in support of its stakeholders. PAHRC is a nonprofit organization incorporated in Connecticut in March 2011.

## **Housing Systems Solutions, Inc. (HSS)**

The mission of HSS is to improve public and affordable housing providers' ability to meet the needs of their clients and communities through actionable insight and more efficient operations. The Company provides business software and consulting solutions to public housing authorities and other affordable housing providers. HSS is a for-profit corporation, wholly owned by HIG, incorporated in Connecticut in April 2011.



**Thank you to our Members who provided their stories to this Annual Report**

Rebecca Counsellor, The Housing Authority of the City of Hagerstown (Maryland)

Tyrone Garrett, City of Long Branch Housing Authority (New Jersey)

Christine Hart, Brattleboro Housing Authority (Vermont)

David Kump, The Housing Authority of the City of Hagerstown (Maryland)

William F. Morlock, Springfield Housing Authority (Vermont)

Mark Ouellet, The Providence Housing Authority (Rhode Island)

L. Glen Redding, Stillwater Housing Authority (Oklahoma)

MaryAnn M. Russ, Dallas Housing Authority (Texas)

Joseph Shuldiner, The Municipal Housing Authority for the City of Yonkers (New York)

Angela Watson-Washington, Housing Authority of the City of South Bend (Indiana)

J. Len Williams, The Housing Authority of Columbus (Georgia)

**Thank you to the HAI Group employees who provided their special memories for this Annual Report**

Linda Blanc

Gibriel Cham

Dan Labrie

Ed Malaspina

Paula Shemchuk

Sherry Sullivan

Judy Tripp

Jeff Weslow

Leslie Whitlock

Mark Wilson

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Design: Lisa W. Krasnow

Printing: Allied Printing Services, Inc.  
(Manchester, Connecticut)

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Lisa W. Krasnow (Cheshire, Connecticut)

Photos of Dan Labrie and J. Len Williams (Pages 3-4) and Senior Staff Photo (Page 23):

Scott Van Sicklin Photography (Hartford, Connecticut)

San Antonio Housing Authority Photo (Page 17):

Long Story Short: Jessica Stuart Media, Inc.  
(Washington, DC)

Board of Directors and Committee Members Photos

(Pages 18-23): Dennis Curran Photography  
(Waitsfield, Vermont)

HAI Group Employees Photo (Page 25):

Rick Ciaburri Studio (Cheshire, Connecticut)



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