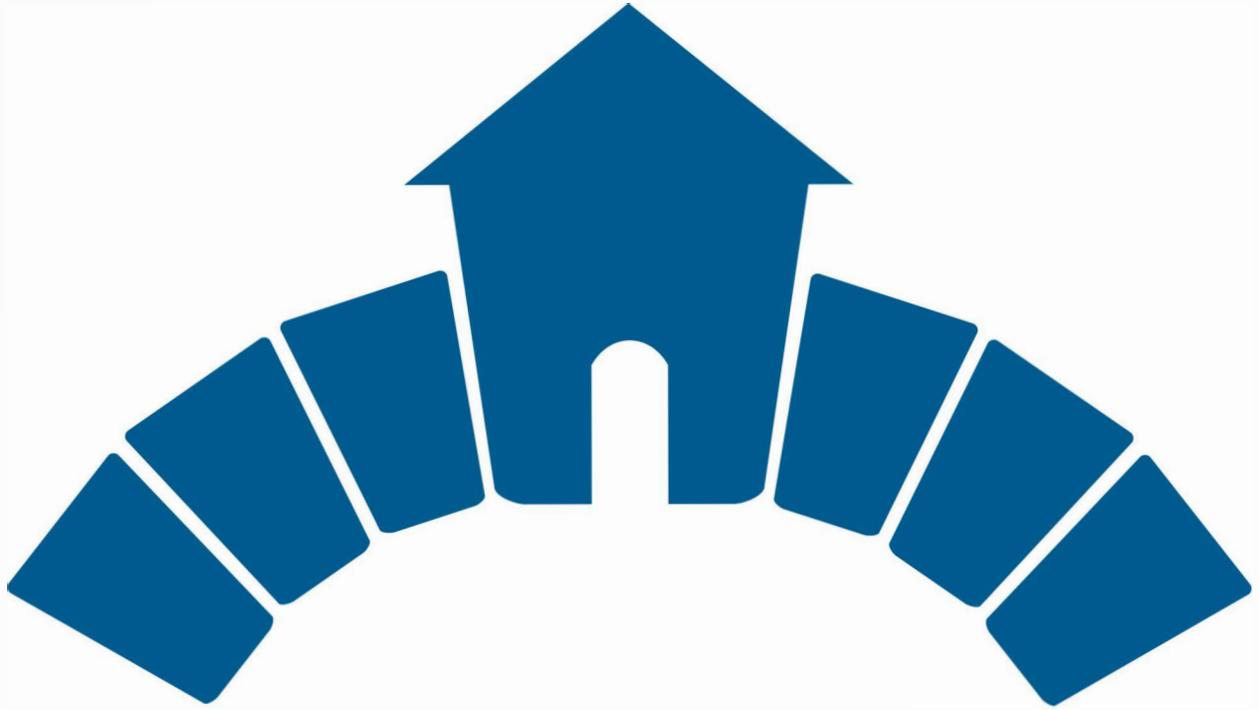




Housing Is Our Keystone



2 0 1 8 A N N U A L R E P O R T



Credits

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HAI Group

Housing Is Our Keystone

2 0 1 8

A N N U A L

R E P O R T



James DiPaolo

Chairman of the Board

As I look back on my first year as board chair, I would like to begin by expressing my gratitude to the HAI Group Board of Directors and to the membership for giving me this opportunity. I would also like to thank the Executive Management Team for making my transition a smooth one. I have enjoyed helping guide HAI Group this past year and hope the entire membership reaps the benefits of these efforts. Together, we have accomplished quite a lot in just one year!

The most significant achievement for the company was setting a new direction with the five-year strategic plan. The Executive Management Team listened to the goals and vision of the Board of Directors and developed a blueprint to achieve them. At the same time, the board secured a five-year contract for Ed Malaspina, our president and chief executive officer, to lead the company as it executes its new plan.

Part of our strategy includes focusing on the company's financials and AM Best rating. In 2018, we made significant strides in both areas. The company, which had suffered recent losses, returned to profitability in half the time we anticipated. This in itself is a huge accomplishment. Even better, AM Best recognized our efforts and improved our outlook from negative to stable. Neither achievement was expected to occur in 2018, but thanks to the hard work of the Executive Management Team and the employees, we can now celebrate them together. I'm grateful to our members for their loyalty during this time.

The final development in 2018 that I want to highlight was the creation of the Board Readiness Program, which was designed to ease new board members' transition from our various committees to the Board of Directors. I know my fellow board members will agree that the people who completed the program will bring a diverse set of skills to the company.

In 2019, I look forward to the continued improvement of the company's information technology systems, which will correlate to better customer service to our membership. I believe that there is always room for improvement. With the new five-year strategic plan in place, we are working toward new goals so that we can continue to fulfill the company's mission and vision. Together, we have charted the course for our future and I am eager to continue this journey with all of you.

Ed Malaspina

President and Chief Executive Officer



When I reflect back on 2018, I feel an immense sense of pride. The things that HAI Group accomplished in one calendar year were impressive. We turned our financials around, we improved our AM Best outlook, and we charted our course for the future. But most importantly, we remained supportive and dedicated to the public and affordable housing industry.

In architecture, there is a term, “keystone,” which refers to the central stone at the summit of an arch that locks all the other stones into place. At HAI Group, we believe that housing is our keystone—the overarching, central piece on which everything we do depends. With our keystone in mind, in 2018 HAI Group developed a strategic plan that focuses on three themes: operational excellence, sustainable growth, and customer satisfaction. I believe, though, that the plan really reflects a single concept: supporting the industry as it continues to evolve.

To accomplish our goals, we’re developing new products and services for organizations that are transitioning to affordable housing through programs like the Rental Assistance Demonstration (RAD), Moving to Work (MTW), and Low Income Housing Tax Credit (LIHTC). We’re bolstering our presence in the affordable housing industry with insurance, new services, and original research, reaffirming our commitment to this important market. We’re also continuing to promote a technology-based culture to further assist our members, and have implemented a platform that enables us to better protect member data, provide faster service, and launch new products more quickly than ever before.

Not only do we have the next five years mapped out for us, we also have the skilled team in place to achieve the goals set forth in the plan. We would not be where we are today without the dedication of our staff. They are committed to serving our members, as evidenced by our outstanding Net Promoter Score (a measure of customer loyalty), which is much higher than the industry average. They also reflect the value of service in their volunteer work on behalf of our community. This combination of service and values is truly remarkable—and it’s contagious. I’m humbled by it, and I am proud, as chief executive officer, to nourish it by fostering a sense of trust, collaboration, and confidence that we will continue to succeed by focusing on the needs of our members and, just as important, our vital and dynamic industry—our keystone.

Housing Is Our Keystone

A keystone is the central stone at the summit of an arch. The final stone placed during construction, it locks all the other stones into position so that the arch can bear weight.

At HAI Group, housing is our keystone. It is the overarching, central piece on which everything we do depends.

More than 30 years ago, public housing authorities formed HAI Group to provide comprehensive, affordable insurance to the housing industry. Our members know better than most that access to safe, affordable housing is critical to the prosperity of our communities and vital to our nation's infrastructure. Our members see its effects every day; it's why they work so diligently to support their residents. It's also why we work so diligently to support them.

Preserving Affordable Housing

From the California wildfires to the government shutdown to changes in the corporate tax rate, 2018 was an eventful year for the housing industry. Through it all, HAI Group drew upon its financial strength and shared passion for preserving and protecting affordable housing to support our members as they navigated these obstacles.

While weathering the storms together, we also effected positive change.

Recognizing that innovation is as important to the future of housing as it is to any other industry, HAI Group sponsored landmark research about the U.S. Department of Housing and Urban Development's (HUD) Moving to Work initiative. The study examined the performance of all agencies that participate in this innovative program, helping members better understand the transformation that is underway.

HAI Group also made its first foray into gamification, which uses techniques borrowed from video game design to engage audiences. Our interactive fire safety game, *Beat the Blaze*, was featured on the AMC Channel and viewed by more than 95 million households, who are now better educated on fire prevention and safety.

One of the initiatives that we're most proud of is our Resident Scholarship Program. This year, HAI Group awarded scholarships to 20 students who live in our members' public and affordable housing properties to help them continue their secondary education. This is our 16th year offering the program, which has awarded more than \$1,150,000 in scholarships to 412 deserving students.

HAI Group Scholarship Winner Damon Pugh-Patterson, Housing Authority of the City of Danbury, CT

Damon Pugh-Patterson is entering his senior year as a nursing student at Mount Saint Mary College (NY). He is just two years away from becoming a registered nurse. "Education is everything to me," Damon said. "It's the base to follow my dreams."

While Damon has demonstrated a strong work ethic in the classroom, he has also showed perseverance in his everyday life. "Coming from a low-income family can give you the mindset that some things, such as an education, are unattainable," Damon said. "[But] everyone deserves an opportunity to strive for success."

As a third-time recipient of HAI Group's Resident Scholarship, Damon's advice to others in his shoes is to be proactive and to take advantage of every available resource, no matter how small it may seem, or how unlikely you might think your odds are.

Because Damon took a chance and applied for HAI Group's scholarship program three years ago, he said, "I guarantee that I will soon be able to say that a nurse was created with HAI Group's help."

AM Best Company revised our outlook to stable and reaffirmed our financial strength rating of 'A' (Excellent). The global credit rating agency also featured HAI Group President and Chief Executive Officer Ed Malaspina in a webinar about running a successful captive.

Also worth noting is that HAI Group hosted the inaugural meeting of the newly formed MTW Association in Washington, D.C. We were delighted to work alongside prominent industry associations and the MTW delegation that is leading the charge for innovation in public housing.

Planning for the Future

With consolidated financial results posting \$14 million in net income, customer retention at 98 percent, and a customer satisfaction Net Promoter Score one point higher than our score last year and well above insurance industry averages—HAI Group ended the year strong. Looking forward, we know that sustaining the long-term viability of the company and enhancing our competitive advantage will continue to be determined by our ability to achieve three things: operational excellence, sustainable growth, and customer satisfaction.

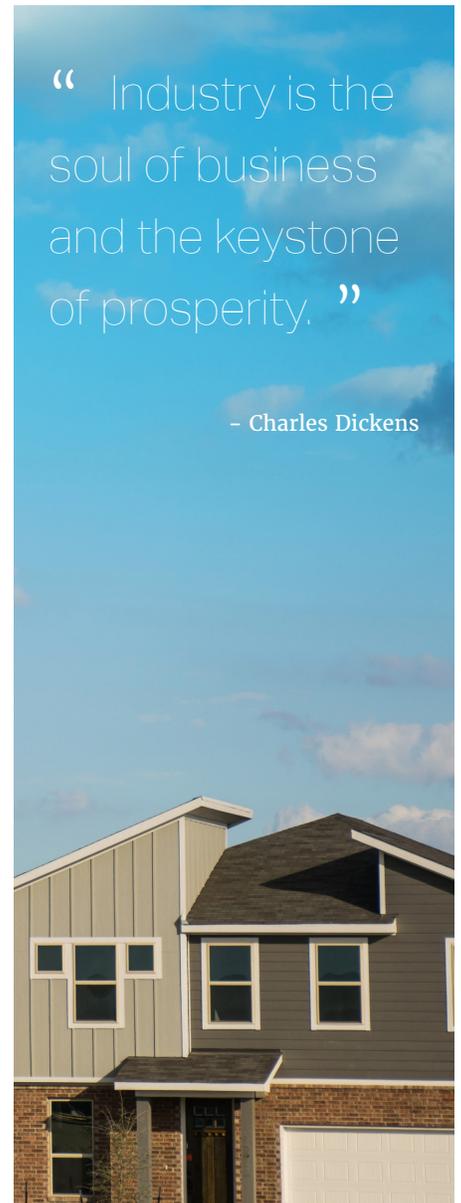
To help ensure success, we funneled our initiatives through a new, five-year strategic plan that will help us prioritize our efforts and further strengthen our position in the affordable housing market.

English novelist Charles Dickens once said, "Industry is the soul of business and the keystone of prosperity."

At HAI Group, we believe that housing is the soul of our business and, more important, the keystone of prosperity in our communities.

“ Industry is the
soul of business
and the keystone
of prosperity. ”

– Charles Dickens



Our Companies

Housing Alliance Group, LLC (HAGL)

HAGL engages in the business of assisting public housing authorities and their affiliates by sponsoring and participating in the transformation of their housing portfolio. HAGL is a limited liability company whose sole member is HIG, Inc. and is incorporated and domiciled in Vermont. HAGL began operation on November 1, 2015 and was incorporated in July 2015.

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 improve the public and affordable housing industries. HAI is a nonprofit association incorporated in 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, liability, and terrorism. 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 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 began operation on June 1, 1987, and was incorporated 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, equipment breakdown, and terrorism. 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 Connecticut 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 two taxable subsidiaries: HAGL and HIS. The financials of for-profit ventures have been consolidated since January 1, 1996. HIG was incorporated in Delaware in June 1995.

Housing Specialty Insurance Company, Inc. (HSIC)

HSIC is an excess and surplus lines insurer that provides a non-traditional insurance program to public and affordable housing providers throughout the United States. The company is jointly owned by HARRG and HAPI as a subsidiary. HSIC is a for-profit, property and casualty stock insurer domiciled in Vermont on January 15, 2014. HSIC was incorporated in Vermont on December 9, 2013.

Housing Telecommunications, Inc. (HTI)

HTI is responsible for delivering training and education programs via the internet. 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.

Innovative Housing Insurance Company, Inc. (IHIC)

IHIC is a captive insurance company owned by HARRG. It engages in the business of insuring and reinsuring various types of risks. IHIC is licensed and domiciled in Vermont. IHIC began operation on November 1, 2015, and was incorporated in July 2015.

Public And Affordable Housing Research Corporation (PAHRC)

Our research center strives to be the nexus for current data and research on public and affordable housing. The research is used to support the efforts of affordable housing stakeholders and to enhance the quality of life for low-income families. 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.

Board of Directors and Committee Member Photos

Audit Committee

Board of Directors

Compensation Committee

Corporate Officers

Enterprise Risk Management Committee

Executive Management Team

Finance Committee

Governance Committee

Insurance Solutions Committee

Learning and Information Technology Solutions Committee

Sales, Marketing, and Research Committee

Strategic Capital Solutions Committee



Audit Committee

John Foos, *Vice Chair*; Tyrone Garrett; J. Len Williams; Edwin Lowndes, *Chair*; Ed Hinojosa



Board of Directors

(Back row) Vince Pearson; Tyrone Garrett; John Foos; Douglas Dzema; James DiPaolo, *Chair*; Gary Wasson; Russell Young; Tony Love; Janaka Casper

(Front row) Joseph Shuldiner; Jeffery Patterson; Christine Hart; J. Len Williams; Edwin Lowndes; Ed Hinojosa, *Vice Chair*; Scott Bertrand



Compensation Committee

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(Front row) Tyrone Garrett; Douglas Dzema; James DiPaolo, *Chair*



Corporate Officers

Jerry Williams; Sarah Rodriguez; Ed Malaspina; Amy Galvin; Courtney Rice
(Not in photo) Paul Lagonigro



Enterprise Risk Management Committee

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Executive Management Team

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(Front row) Margarita Shif; Faye Brown; Blake Farris; Fernando Aniban; Mark Abernathy; David Paccone; Jane Smith, *Vice Chair*; Crissy Lawson

(Not in photo) Marlene Garza; Anthony Johnson; Thomas Mackin; Samuel Sally



Governance Committee

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Insurance Solutions Committee

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(Not in photo) Deborah M. Crockett; Blanca Macris; Mark Ouellet; Dale Priester; Jeffrey Wade; Charles Williamson



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(Front row) Scott Bertrand, *Chair*; Kevin Loso; Kenneth Christie; Kevin Schaack; Adam Ragsdale; Anthony Senerchia

(Not in photo) Anthony Greene; Bernice Jones; Joseph Macaluso; Kenneth Martin; Christi McNeil; Andre Shivers



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(Not in photo) Earline Davis; Ilya Filmus; George Guy; Evette Hester; Chelsea Johnson; Rick Whitworth



Strategic Capital Solutions Committee

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(Front row) Laurel Robinson; John Thaniel; Duane Hopkins, *Vice Chair*; Rick Moore; Kevin Cheshire; Herman Hill

(Not in photo) Michael T. Austin; Modesto Candelario; Lori Davidson

Financial Statements

The following financial information should be read in conjunction with the financial statements and related notes as presented in HAI Group's 2018 *Financial Statements* * supplement. This can be found on our website at www.housingcenter.com/annual-reports.

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**The Financial Statements herein have been derived from audited statements and differ only in presentation*

HARRG

Housing Authority Risk Retention Group, Inc. And Subsidiaries

CONSOLIDATED BALANCE SHEETS

	2018	2017
ASSETS		
Investments:		
Available for sale, at fair value	\$ 305,546,476	\$ 305,941,535
Investment in Affiliates	17,178,557	12,386,062
Federal Home Loan Bank of Boston stock, at cost	575,700	240,300
Total Investments	<u>323,300,733</u>	<u>318,567,897</u>
Premiums receivable	26,573,156	23,065,436
Property and equipment, net	13,674,174	14,242,646
Other assets	42,166,874	40,452,260
Total assets	<u>\$ 405,714,937</u>	<u>\$ 396,328,239</u>
LIABILITIES AND EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 129,821,714	\$ 129,143,347
Unearned premiums	37,670,406	32,555,961
Term loan	5,655,713	6,510,934
Other liabilities	23,322,595	23,158,847
Total liabilities	<u>196,470,428</u>	<u>191,369,089</u>
Equity:		
Members' contributions	10,990,937	10,961,905
Accumulated other comprehensive income	3,283,023	10,121,456
Retained earnings	180,563,316	170,638,960
Total equity before non-controlling interest	<u>194,837,276</u>	<u>191,722,321</u>
Non-controlling interest	14,407,233	13,236,829
Total equity	<u>209,244,509</u>	<u>204,959,150</u>
Total liabilities and equity	<u>\$ 405,714,937</u>	<u>\$ 396,328,239</u>

Housing Authority Risk Retention Group, Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

	2018	2017
REVENUES		
Net earned premiums	\$ 60,293,192	\$ 59,699,760
Investment income, net*	11,022,191	8,503,398
Other income	25,139	35,918
Total revenues	<u>71,340,522</u>	<u>68,239,076</u>
EXPENSES		
Losses and loss adjustment expenses	36,014,381	31,170,638
Operating expenses	21,507,848	28,554,148
Policyholder dividends	2,487,500	3,469,538
Federal tax income benefit	(794,527)	(76,028)
Total expenses	<u>59,215,202</u>	<u>63,118,296</u>
Net income	<u>\$ 12,125,320</u>	<u>\$ 5,120,780</u>

* Investment income, net includes realized and unrealized gains (losses)

HAPI

Housing Authority Property Insurance, A Mutual Company

BALANCE SHEETS

	2018	2017
ASSETS		
Investments:		
Available for sale, at fair value	\$ 129,476,304	\$ 131,624,127
Investment in Affiliates	31,585,788	25,622,888
Federal Home Loan Bank of Boston stock, at cost	239,500	158,900
Total Investments	<u>161,301,592</u>	<u>157,405,915</u>
Premiums receivable	23,619,378	25,826,179
Other assets	29,323,564	26,371,402
Total assets	<u>\$ 214,244,534</u>	<u>\$ 209,603,496</u>
LIABILITIES AND EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 44,505,144	\$ 44,615,116
Unearned premiums	27,500,684	25,875,413
Other liabilities	13,837,182	16,149,371
Total liabilities	<u>85,843,010</u>	<u>86,639,900</u>
Members' Equity:		
Members' contributions	10,066,439	10,106,515
Accumulated other comprehensive income	1,311,051	4,787,509
Unassigned surplus	117,024,034	108,069,572
Total members' equity	<u>128,401,524</u>	<u>122,963,596</u>
Total liabilities and members' equity	<u>\$ 214,244,534</u>	<u>\$ 209,603,496</u>

Housing Authority Property Insurance, A Mutual Company

STATEMENTS OF INCOME (LOSS)

	2018	2017
REVENUES		
Net earned premiums	\$ 51,063,816	\$ 47,351,522
Investment income, net*	6,800,832	3,698,281
Other income	86,574	82,259
Total revenues	<u>57,951,222</u>	<u>51,132,062</u>
EXPENSES		
Losses and loss adjustment expenses	29,466,557	31,952,684
Operating expenses	17,042,061	19,756,000
Policyholder dividends	2,300,000	-
Total expenses	<u>48,808,618</u>	<u>51,708,684</u>
Net income (loss)	<u>\$ 9,142,604</u>	<u>\$ (576,622)</u>

* Investment income, net includes realized and unrealized gains (losses)

HEIC

Housing Enterprise Insurance Company, Inc.

BALANCE SHEETS

	2018	2017
ASSETS		
Investments available for sale, at fair value	\$ 64,879,881	\$ 66,584,880
Premiums receivable	16,939,964	13,675,701
Other assets	20,381,060	16,665,188
Total assets	<u>\$ 102,200,905</u>	<u>\$ 96,925,769</u>
LIABILITIES AND EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 34,986,833	\$ 38,217,092
Unearned premiums	20,987,363	16,459,977
Other liabilities	6,721,852	6,087,856
Total liabilities	<u>62,696,048</u>	<u>60,764,925</u>
Shareholders' equity:		
Common stock, \$10,000 stated value, 10,000 shares authorized and 2,000 issued and outstanding	20,000,000	20,000,000
Contributed surplus	29,000,000	29,000,000
Accumulated other comprehensive (loss) income	(647,698)	326,973
Retained deficit	(8,847,445)	(13,166,129)
Total shareholders' equity	<u>39,504,857</u>	<u>36,160,844</u>
Total liabilities and shareholders' equity	<u>\$ 102,200,905</u>	<u>\$ 96,925,769</u>

Housing Enterprise Insurance Company, Inc.

STATEMENTS OF INCOME

	2018	2017
REVENUES		
Net earned premiums	\$ 25,821,912	\$ 26,465,724
Investment income, net*	1,597,303	1,573,879
Other income	25,139	35,918
Total revenues	<u>27,444,354</u>	<u>28,075,521</u>
EXPENSES		
Losses and loss adjustment expenses	15,271,641	17,316,593
Operating expenses	8,644,843	10,034,207
Federal tax income benefit	(790,814)	(76,028)
Total expenses	<u>23,125,670</u>	<u>27,274,772</u>
Net income (loss)	<u>\$ 4,318,684</u>	<u>\$ 800,749</u>

* Investment income, net includes realized and unrealized gains (losses)

HSIC

Housing Specialty Insurance Company, Inc.

BALANCE SHEETS

	2018	2017
ASSETS		
Investments available for sale, at fair value	\$ 22,657,927	\$ 16,252,181
Premiums receivable	350,338	327,643
Other assets	2,019,395	2,015,825
Total assets	<u>\$ 25,027,660</u>	<u>\$ 18,595,649</u>
LIABILITIES AND EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 1,656,937	\$ 1,135,169
Unearned premiums	611,329	548,571
Other liabilities	233,028	489,252
Total liabilities	<u>2,501,294</u>	<u>2,172,992</u>
Shareholders' equity:		
Common stock, \$10,000 stated value, 10,000 shares authorized and 200 issued and outstanding	2,000,000	2,000,000
Contributed surplus	20,800,000	14,800,000
Accumulated other comprehensive (loss) income	(8,764)	35,368
Retained deficit	(264,870)	(412,711)
Total shareholders' equity	<u>22,526,366</u>	<u>16,422,657</u>
Total liabilities and shareholders' equity	<u>\$ 25,027,660</u>	<u>\$ 18,595,649</u>

Housing Specialty Insurance Company, Inc.

STATEMENTS OF INCOME (LOSS)

	2018	2017
REVENUES		
Net earned premiums	\$ 1,421,091	\$ 1,306,778
Investment income, net*	437,975	433,866
Total revenues	<u>1,859,066</u>	<u>1,740,644</u>
EXPENSES		
Losses and loss adjustment expenses	717,134	609,651
Operating expenses	980,697	1,267,090
Income tax expense (benefit)	13,394	(8,362)
Total expenses	<u>1,711,225</u>	<u>1,868,379</u>
Net income (loss)	<u>\$ 147,841</u>	<u>\$ (127,735)</u>

* Investment income, net includes realized and unrealized gains (losses)



Innovative Housing Insurance Company, Inc.

BALANCE SHEETS

	2018	2017
ASSETS		
Investments available for sale, at fair value	2,028,877	-
Premiums receivable	-	25,000
Other assets	3,325,519	3,783,360
Total assets	<u>\$ 5,354,396</u>	<u>\$ 3,808,360</u>
LIABILITIES AND EQUITY		
Liabilities:		
Unearned premiums	219,944	95,295
Other liabilities	75,188	99,371
Total liabilities	<u>295,132</u>	<u>194,666</u>
Shareholders' equity:		
Common stock, \$10,000 stated value, 10,000 shares authorized and 50 issued and outstanding	500,000	500,000
Contributed surplus	4,750,000	3,350,000
Accumulated other comprehensive income	13,969	-
Retained deficit	(204,705)	(236,306)
Total shareholders' equity	<u>5,059,264</u>	<u>3,613,694</u>
Total liabilities and shareholders' equity	<u>\$ 5,354,396</u>	<u>\$ 3,808,360</u>

Innovative Housing Insurance Company, Inc.

STATEMENTS OF INCOME (LOSS)

	2018	2017
REVENUES		
Premiums earned	\$ 65,666	\$ 26,378
Investment income	11,991	440
Total revenues	<u>77,657</u>	<u>26,818</u>
EXPENSES		
Operating expenses	49,769	144,523
Federal tax benefit	(3,713)	-
Total expenses	<u>46,056</u>	<u>144,523</u>
Net income (loss)	<u>\$ 31,601</u>	<u>\$ (117,705)</u>

Housing Investment Group, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	2018	2017
ASSETS		
Agency and commission accounts receivables	\$ 27,437,775	\$ 18,781,088
Other assets	25,298,679	25,060,997
Software (net of accumulated amortization)	-	11,805
Total assets	\$ 52,736,454	\$ 43,853,890
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Commission payable and accounts current	\$ 35,814,049	\$ 30,789,092
Other liabilities	5,091,657	4,715,334
Total liabilities	40,905,706	35,504,426
Shareholders' equity:		
Common stock, Class A, no par value, \$5,000 per share stated value, 2 shares authorized, issued and outstanding in 2018 and 2017	10,000	10,000
Common stock, Class B, no par value, various stated values, 300,000 shares authorized in 2018 and 2017, 198,700 shares issued and outstanding in 2018 and 2017, respectively	39,400,000	39,400,000
Additional paid-in-capital	482,234	482,234
Retained deficit	(28,061,486)	(31,542,770)
Total shareholders' equity	11,830,748	8,349,464
Total liabilities and shareholders' equity	\$ 52,736,454	\$ 43,853,890

Housing Investment Group, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

	2018	2017
NET REVENUES		
Commission income	\$ 5,916,933	\$ 5,548,432
Other income	738,429	439,131
Total revenues	6,655,362	5,987,563
EXPENSES		
Operating expenses	4,268,446	7,060,016
Income tax (benefit) expense	(1,094,368)	67,757
Total expenses	3,174,078	7,127,773
Net (income) loss	\$ 3,481,284	\$ (1,140,210)



Housing Telecommunications, Inc.

STATEMENTS OF FINANCIAL POSITION

	2018	2017
ASSETS		
Accounts receivable	\$ 82,071	\$ 30,255
Other assets	2,134,329	1,779,291
Total assets	<u>\$ 2,216,400</u>	<u>\$ 1,809,546</u>
LIABILITIES AND EQUITY		
Liabilities:		
Unearned subscription fees	517,128	563,410
Other liabilities	267,109	239,014
Total liabilities	<u>784,237</u>	<u>802,424</u>
Unrestricted net assets	1,432,163	1,007,122
Total liabilities and net assets	<u>\$ 2,216,400</u>	<u>\$ 1,809,546</u>

Housing Telecommunications, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2018	2017
UNRESTRICTED REVENUES		
Subscription fees	\$ 1,059,182	\$ 997,055
Other income	948,362	827,803
Total unrestricted revenues	<u>2,007,544</u>	<u>1,824,858</u>
EXPENSES		
Operating expenses	1,235,665	1,399,099
Program costs	346,838	417,745
Total expenses	<u>1,582,503</u>	<u>1,816,844</u>
Change in unrestricted net assets	425,041	8,014
Unrestricted net assets, beginning of year	1,007,122	999,108
Unrestricted net assets, end of year	<u>\$ 1,432,163</u>	<u>\$ 1,007,122</u>



Housing Authority Insurance, Inc.

STATEMENTS OF FINANCIAL POSITION

	2018	2017
ASSETS		
Total assets	\$ 1,952,921	\$ 2,472,908
LIABILITIES AND NET ASSETS		
Liabilities:		
Deferred grant revenue	-	741,298
Other liabilities	138,104	299,957
Total liabilities	138,104	1,041,255
Unrestricted net assets	1,814,817	1,431,653
Total liabilities and net assets	\$ 1,952,921	\$ 2,472,908

Housing Authority Insurance, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2018	2017
UNRESTRICTED REVENUES		
Membership fees	\$ 2,500,000	\$ 3,500,000
Other revenue	1,769	301,412
Total unrestricted revenues	2,501,769	3,801,412
EXPENSES		
Grants and donations	894,935	1,163,661
Operating expenses	1,223,670	2,090,227
Total expenses	2,118,605	3,253,888
Change in unrestricted net assets	383,164	547,524
Unrestricted net assets, beginning of year	1,431,653	884,129
Unrestricted net assets, end of year	\$ 1,814,817	\$ 1,431,653

PAHRC

Public and Affordable Housing Research Corporation

STATEMENTS OF FINANCIAL POSITION

	2018	2017
ASSETS		
Total assets	\$ 264,739	\$ 140,131
LIABILITIES AND NET ASSETS		
Liabilities:		
Unearned subscription revenues	10,947	1,888
Deferred grant revenue	175,413	44,200
Other liabilities	68,067	86,431
Total liabilities	254,427	132,519
Unrestricted net assets	10,312	7,612
Total liabilities and net assets	\$ 264,739	\$ 140,131

Public and Affordable Housing Research Corporation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	2018	2017
UNRESTRICTED REVENUES		
Grant revenue	\$ 318,787	\$ 608,782
Other income	37,185	36,416
Total revenues	355,972	645,198
EXPENSES		
Operating expenses	353,272	637,586
Total expenses	353,272	637,586
Change in unrestricted net assets	2,700	7,612
Unrestricted net assets, beginning of year	7,612	-
Unrestricted net assets, end of year	\$ 10,312	\$ 7,612



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