



Chair's Report: November-December 2008

All Things Considered

**Barry Romano of Albany Housing Authority of Albany, New York
2008 – 2009 Chair HAI Group's Board of Directors**

With good news in seemingly short supply, I have the distinct pleasure of informing you that your “insurer of choice” seems to be chugging along nicely. Our September Board & Committee meetings in Albany were attended by a record number of member representatives. Consistent with the guidelines developed to support our Mission Statement, we are successfully encouraging and achieving active participation in the governance and operation of our companies.

I can also report steady progress on the licensing initiative for Housing Enterprise Insurance Company and the direct-writing of Housing Authority Property Insurance policies. Both of these efforts are aimed at continuing our proactive approach to meeting member needs and insulating us from marketplace reactivity to the greatest possible extent.

Probably the best news is that, although HAI Group is not exempt from the recent negative effects on investment portfolios of companies in the financial services industry and market conditions in general, our portfolios have declined significantly less than the average insurance company portfolio. Last year, we carried out an exhaustive search for new investment managers who closely examined the portfolio issues they inherited from the prior manager. Anticipating a period of deteriorating market conditions, they actively sold the weaker credit-rated issues. We may have a slightly higher realized loss experience this year, but there will be no reductions in our underwriting activity or planned profitability. That entire exercise is testament to the solid work of our President and CEO Dan Labrie, Chief Financial Officer Mark Wilson, our investment consultant John Turner, and the Chair and investment sub-committee of our Finance Committee.

Personally, it is a real pleasure for me to serve in the company of such competent and dedicated professionals.