

Capitol Hill Initiatives

Housing Authority Insurance, Inc. and its industry partners received excellent news on March 10 when HR 4802 – titled the “Risk Retention Modernization Act of 2010” – was introduced by Rep. Dennis Moore (D-KS). The bill’s other cosponsors are Rep. John Campbell (R-CA) and Suzanne Kosmas (D-FL). The purpose of the bill is “to modernize the Liability Risk Retention Act of 1986 and expand coverage to include commercial property insurance, and for other purposes.”

After its introduction, the legislation was referred to the House Financial Services Committee chaired by Rep. Barney Frank (D-MA). The act, if passed, would streamline conflict resolution between Risk Retention Groups and non-domiciliary states. Also, it would allow RRGs such as Housing Authority Risk Retention Group to offer property insurance coverage. It would provide HARRG certain flexibility not presently available to it that could benefit its members. Finally, it addresses corporate governance concerns pointed out by the GAO Study of 2005.

Extensive work went into creating industry support for the bill. HARRG participated with the National Risk Retention Association and other industry organizations because the current political environment seemed to favor an amendment to the Federal Liability Risk Retention Act of 1986. According to this Act, a risk retention group must come together as a liability insurance company under the laws of at least one state. The owners of the RRG must also be its insureds.

This is the bill’s second time before Congress. A similar bill was introduced into the House last year and was reported out of subcommittee as “unanimous ought to pass”. However, like much legislation in 2009, it got lost due to the financial crisis. Like the previous bill, HR 4802 is a bipartisan piece of legislation.

In another development, HAI Group is supporting the effort of NAHRO and PHADA to introduce legislation to simplify regulations facing small public housing authorities. These are housing authorities with less than 550 units of public housing and HCV combined.

At this stage, a draft of the legislation has been completed by NAHRO and PHADA. Also, an explanatory paper is being developed to support this bill. Discussions have begun about sponsorship in the House and Senate and how to get favorable support from within HUD itself. If passed, this legislation would reduce administrative burdens for PHAs and HUD. Also, it would provide flexibility to improve services to participants and enable HUD to target scarce resources where risks are greatest.



Rep. Dennis Moore



Rep. John Campbell



Rep. Suzanne Kosmas