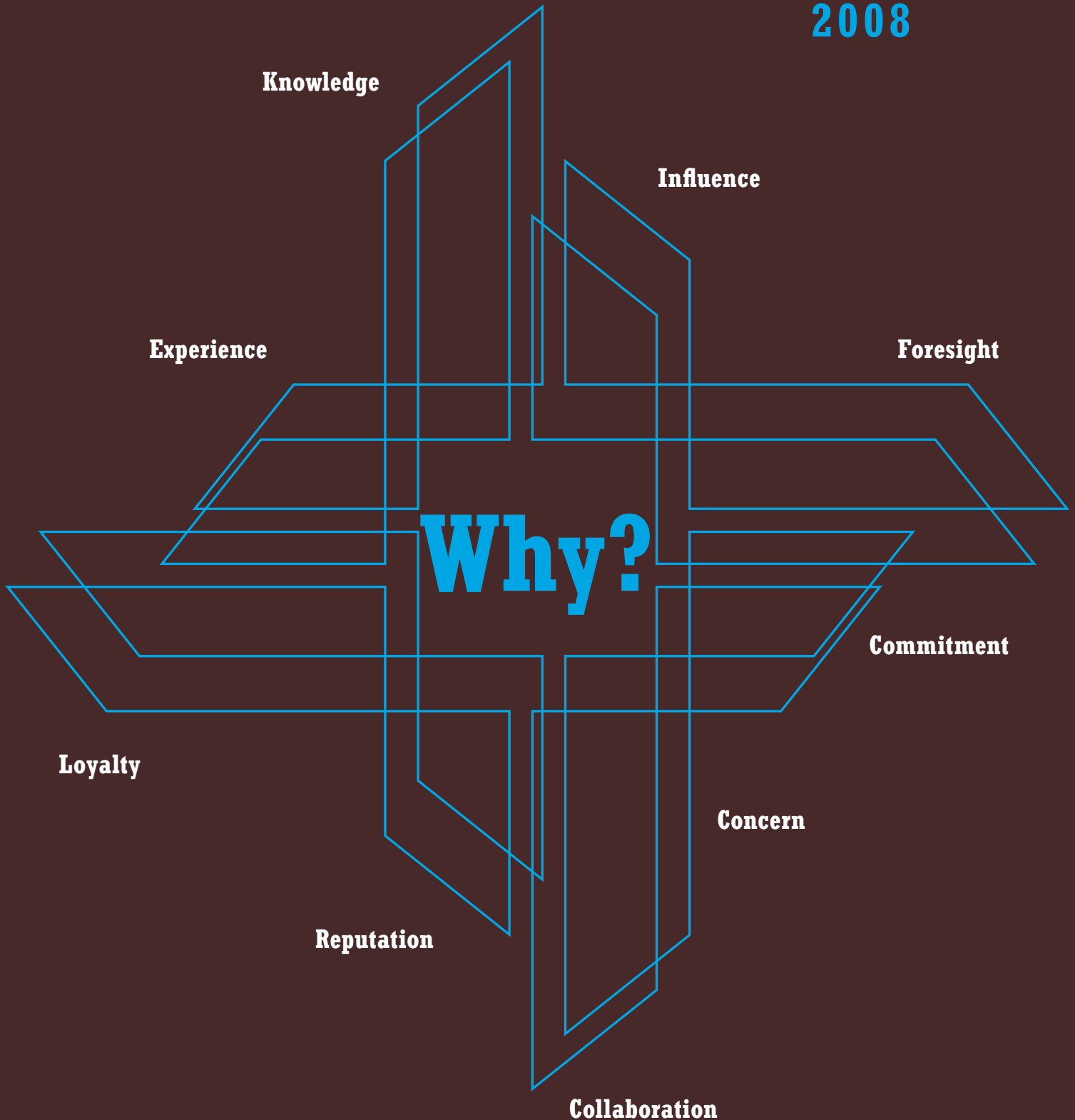




Housing Authority
Insurance Group

ANNUAL
REPORT
2008



Signs of Success

396 housing authorities recognized for 10 or more consecutive years of membership

37 industry stakeholders signed the Policy Framework on the Future of Public Housing

\$75M++ in dividends declared by HARRG and HAPI since 1987

265 residents applied for HAI Group Resident Scholarships

2nd place earned in Captive Review's "RRG Power 50"

1st time honored by Captive Insurance Companies Association (CICA) as "Outstanding Captive"

\$110M in premiums,
\$424M in assets

61.56% of PHA market share

1795 HARRG, HAPI, and HEIC claims opened in 2008 and **2003** closed

\$194M in capital surplus

Dear Members:

There are numerous ways to answer the central question – *Why?* – asked on the front cover of Housing Authority Insurance Group’s 2008 Annual Report.

I’ve chosen a follow-up question that, when answered, will address the primary one: What do we do differently that makes us successful?

That we’re successful is inarguable. Consider what the membership, Board of Directors, Committee members, and staff have accomplished since the company’s creation:

- We grew from four employees to a staff that now numbers 109
- Premiums grew from \$6m to \$110m
- Assets grew from \$6m to \$424m
- Capital surplus grew from \$3m to \$194m
- We earned 61.56% of the market share in the PHA industry
- Finally, HARRG and HAPI declared dividends in excess of \$75m

As a result, we are a model in the captive insurance industry. Captive Insurance Companies Association (CICA) named us its Outstanding Captive in 2008, while Captive Review listed us second in their “RRG Power 50.” These honors recognize our excellence. They speak to the respect we engender and the reputation we enjoy within the captive insurance industry.

To earn the accolades, we did two things differently. First and foremost, rather than plan to commit, we committed to our plan.

My belief is that these achievements were our destiny. The membership, Board and Committee members, management, and staff always believed in our cause. A mindset combining high ethics, customer service, operational efficiency, innovation, creativity, and perseverance to challenge the status quo of the insurance industry was established. All our work reflected the deep conviction that HAI Group’s mission was to help residents of public housing.

In order to do so, certain standards were set. We maintained a consistent business philosophy that sought to improve the capital position of HAI Group. Careful attention was paid to member service. And, long-term stability in providing insurance solutions took on paramount importance.



Dan Labrie
Chief Executive Officer

A second factor added a unique twist to our tale – we’re member-owned. This provided the means for a Board of Directors that kept the best interests of our other members at heart. It resulted in effective governance and an alignment between the Board, management, and staff which became powerful tools in meeting the mission. In my opinion, why we succeeded in 2008 is why we’ve always succeeded. The company has evolved to a point where it has achieved momentum and taken on a life of its own. Moving forward, it’s important to make sure we remember our core values and stick with them.

A handwritten signature in black ink that reads "Dan Labrie". The script is fluid and cursive.

Dear Members:

Although it may sound naïve and often does not hold true, one has to hope that if the right people do the right thing the right way, they will be successful.

During my 17-plus years on the Board of Directors – including almost five as Chairman – I have worked with many of the most honest, ethical, and dedicated people it has been my pleasure to know. I would like to take this opportunity to mention one individual in particular. The last continuously-serving original member, John Primmer, retired from the Board of Directors at the end of 2007. It would be a fool's errand to attempt a synopsis of John's inestimable contribution over those 21 years, so I can only offer a few words in that regard. They are wisdom, honesty, experience, dedication, humor, and friendship. In every sense, John is a gentleman and a scholar.

It would be difficult to overstate how consistently we have engaged staff and management who are intelligent, motivated, and focused. I have witnessed their genuine concern for the mission of the companies, the member public housing authorities, and the best interests of the people we serve. From a handful of employees at Housing Authority Risk Retention Group in 1987 to over 100 at Housing Authority Insurance Group in 2008, people have done the right thing,

the right way, and to the best of their ability.

It is also important to recognize the contribution of the many dedicated individuals who have served and currently serve on the Board of Directors and Committees. HAI Group's history is characterized by a forward-thinking, strategic mentality that has enabled it to move ahead and stay ahead of the changing marketplace and allowed us to thrive while others have become unstable or failed outright. This ability to foresee and prepare for change is, in part, due to the guidance of the member representatives who gave their time, expertise, and experience.

No matter how well-intentioned or prepared you may be, deciding the right thing to do in the context of running a successful business is challenging. It requires that you first decide what you are trying to achieve. We have always recognized that maximum profit was not our driving force. Without abandoning the need to sustain a rate of return that provided the requisite financial strength to achieve our mission, we never lost sight of the fact that these companies were originally created to serve an industry and a population that was caught in a crisis. From the outset, we adopted a vision that bound us together for a common cause; the best interests of our members. Although the crisis of



Barry Romano
Chairman of the Board

the late 1980's has long passed and the marketplace has ebbed and flowed over the last 22 years, we have remained stable, dependable, and unwavering in our commitment.

As you read this report, you will learn about how much we have accomplished and how well-situated we are to continue serving our members in a manner that exceeds expectations. It is a textbook example of creating long-term value and stability, while focusing on meeting the needs of the customer. The question is, "How did we manage to do that as well as we did?" Although the challenges have been complex and often severe, the solution has been, in many ways, simple. Bring together extremely talented and ethical people who are genuinely committed to a worthwhile mission.

For me, that explains it.

A stylized, handwritten signature in black ink, consisting of a large loop followed by a horizontal line and a short vertical stroke.

The toughest question is “why?”

No matter our station in life, one simple question troubles us. It's nagging, unquantifiable, and debatable.

Explaining why Housing Authority Insurance Group succeeded in 2008 when vast segments of the national economy did not is difficult – so many answers, so few pages, so little time. There were untold numbers of nurturing acts, carefully-constructed plans, and wise choices that helped HAI Group succeed. The Board of Directors and Committees anticipated issues, debated them, and put forth consistently good solutions; long-time employees stepped up, while new ones stepped in and quickly caught on; and old and new members continued to have faith that our company was their “insurer of choice.”

Asking why, though, has merit. Our member-owners should know their premium dollars are well-spent and their faith in us is justified. Plus, understanding success is the first, most important step in replicating it.

Proper prior planning

From a Board of Director's perspective, one word thoroughly explains our success – synergy. Foresight, intelligence, experience, hard work, teamwork, and, yes, luck converged to provide positive results once again.

On the foresight front, give credit to the Board of Directors, which has contributed consistently to the success of HAI Group.

Names makin' news

HAI Group generated its share of good publicity in 2008 – including this *New Haven Register* headline and the No. 2 spot in *Captive Review's* RRG Power 50.

New Haven Register

HAI Group is Dedicated to Being the Insurer and Employer of Choice

In the mid-1980s, the public housing community faced a crisis. Insurance companies did not want to provide coverage. They considered public housing authorities a bad risk and raised premiums to unaffordable levels. So in 1985, the Council of Large Public Housing Authorities held a meeting in Chicago to find a solution. After two years of studies, surveys and meetings, that solution emerged – the Housing Authority Risk Retention Group (HARRG).

HARRG is a member organization owned by the housing authorities it insures. Over time, the company evolved from a single risk retention group into a group of companies that provide a full line of coverage and related services under the umbrella company, Housing Authority Insurance Group.

Housing Authority Insurance Group of Connecticut has been a reliable partner in the insurance industry for over two decades, specializing in public housing. This company's policyholder renewal rates have remained above 95 percent throughout company history.

HAI Group's goal is to make insurance simple and affordable by providing a full line of coverages tailor-made for housing authorities. It does this by serving more than 1,000 public housing authorities across the country, keeping

on behalf of housing authorities on precedent setting laws that will directly affect their ability to provide safe housing for residents. HAI is committed to being at the forefront of such efforts. According to Human Resources Representative Glenn Jurgens, the company is hiring underwriters, a product analyst for the underwriting department, a senior developer in the IT department and a senior sales representative for the marketing department.

"To work in our underwriting department, a new hire has to have some property casualty experience. It seems generic, but since we're a niche market company as a public housing insurer, we do need that experience," he says. "This is our only office, so all of the jobs that we have available are right here in Connecticut."

"We have a great working environment here. It's very employee-focused and we offer excellent medical insurance. The company pays a very generous share of that. We offer generous time off in terms of vacation and holidays and great contributions to 401(k) accounts. And beyond that, the atmosphere in the office is really fun and friendly," says Jurgens, who has been with the company for nearly 10 years. He notes that many employees have been with the company for as many as 10 and 20 years.

The staff at HAI Group has more

than "just a job" and they wouldn't leave it any other way. This staff serves eight or more public housing resident families through its holiday program, which was initiated by the staff and all money is raised by the staff through activities supported by HAI Group management. This is an annual event that has taken place for the last 16 years. HAI Group works directly with Executive Directors of local Connecticut housing authorities to select families that are especially needing and deserving of an extraordinary holiday.

HAI Group is dedicated to providing its employees with competitive market salaries and benefits in a professional working environment. For a more in-depth look at the company's current open positions, employee benefits packages, and facilities, please visit www.housingcenter.com.

Regionally, staff at HAI Group is on Boards and Committees of regional associations and often provide free training assistance at their conferences. This \$10,000 is distributed four public housing residents in the form of scholarships. This program began in 2002 at the suggestion of members who were moved by presentations made at scholarship luncheon at national conferences and who wanted to make a difference for public housing residents. HAI Group management fully funds the scholarship,

which are now annual events. It is hoped that these public housing residents will serve as future role models in their community.

HAI Group rewards personal safety actions of children in public housing through contests it sponsors. Prize money is distributed annually to PHAs across the country, with nearly \$17,000 prize money given away in 2005. This money is set aside and budgeted annually. Hopefully an awareness level is raised in children to allow them to avoid or prevent future mishaps.

As a company that depends heavily on technology, computers are upgraded constantly. Staff felt that older computers could be put to good use by public housing authorities in their resident opportunities programs. It is our policy to donate old computers to PHAs. To

management issues at PHA sites conferences.

HAI Group hosts the Web site Minnesota and NCRC N/HRO at cost to the group to support education within the industry.

Throughout each year HAI Group staff sponsors numerous fundraisers including one for American Cancer Society's Relay for Life. Employees donate time and money and spend to 24 hours of their personal time on the track at Cheshire High School (CT) for the event (even when it rains!). If you're interested in coming to this year's team, please call the Relay for Life logo to visit HAI Group's team site.

Their helpful efforts reach into Connecticut communities, but also away, in an effort to help victims

CAPTIVE REVIEW

Heavyweights driving the risk retention group industry page 19



RRG Power 50

Position	Name	Gross premium (US\$m)	Assets (US\$m)	Surplus (US\$m)	Domicile	Licensed	Business area
1	United Educators Ins *	132.52	503.93	176.89	Vermont	1987	Educational institutions
2	Housing Authority *	41.90	280.00	82.00	Vermont	1987	Public entities
3	Attorneys' Liability Assurance Society	340.22	143.89	35.10	Vermont	1996	Attorneys
4	Probuilders Specialty Ins Co *	62.68	227.68	19.45	DC	2002	Contractors
5	OMS National Ins Co *	75.68	272.73	82.95	Illinois	1988	Dental
6	California Healthcare Ins Co *	54.65	81.96	22.39	Hawaii	1989	Hospitals & affiliates
7	National Home Ins Co *	25.16	71.27	18.97	Colorado	1986	Homebuilders
8	QOIDA *	25.40	93.90	13.90	Vermont	1995	Trucking
9	The National Catholic	16.12	71.31	38.45	Vermont	1987	Religious institutions
10	American Safety *	22.10	20.10	4.00	Vermont	1988	Asbestos/Environmental
11	Ophthalmic Mutual Ins Co	47.71	169.83	63.32	Vermont	1987	Physicians
12	American Excess Ins Exchange	42.40	323.18	116.82	Vermont	1995	Hospitals & affiliates
13	American Contractors Ins Co	34.06	5.65	5.12	Texas	1984	Contractors
14	MCIC Vermont	268.96	34.80	10.22	Vermont	1996	Hospitals & affiliates



Comprised of people in the housing industry and important related fields, the Board of Directors worked diligently to address the issues. It has provided the company's insurance professionals the necessary insight into their niche market in order to remain proactive about meeting the membership's needs. The Board of Directors deserves credit for its careful planning and its revision of the Mission and Vision statements.

Leadership counts, but so does execution. Ours is truly an "everyone-deserves-credit" situation.

"Why is HAI Group successful," asked Board of Directors Vice Chairman Edwin Lowndes. "It's constant focus on who are our customers and their needs. HAI Group recognizes that, while it is an insurance company, it is only as successful as its customers, the housing authorities across the country.

"HAI Group serves both large and small authorities, each with its own specific needs. By recognizing these differences and understanding the underlying needs of housing authorities, HAI Group provides insurance products, educational products, and assistance to aid in the success of the authorities. HAI Group's commitment to service and to the mission of the housing authorities keeps it the preferred insurance provider."

Commitment

"We understand that our job here is to insure these housing authorities and make sure we have the wherewithal to honor our obligations. Being conservative is not headline stuff. It's a philosophy. It must be in everything you do."

Mark Wilson
Chief Financial Officer

Dollars and sense

In 2008, the U.S. economy suffered one of its worst years. Yet, HAI Group remained financially sound.

Why?

"We never subscribe to putting risk on the asset side of the balance sheet," Chief Financial Officer Mark Wilson says. "We are extremely conservative in our investment philosophy and have investment managers that respect that."

A conservative approach means high-quality investments and high liquidity. It also means building surplus and creating options that protect our interests. To that end, in a bad market for obtaining credit, HAI Group obtained a \$5 million line of credit for Housing Enterprise Insurance Company, Inc. (HEIC).

"If there is a large claim, do we sell the investments or use the line of credit," Wilson says. "You can't dump the investments on today's market because any buyers will kill you on price."

Patience is one of HAI Group's best virtues; rash measures rarely solve problems. Since we're member-owned, we manage money carefully and don't create partnerships contrary to our conservative nature. The approach ensures that the necessary reserves, surplus, and investment structures are in place to honor our obligations.

"Our Mission Statement used to say 'stable company,'" Wilson says. "It's still implied in there. We're tasked with taking care of their business – it's not our business. We need to honor obligations. We monitor cash every day. We monitor surplus carefully. We are always trying to do it better."

The approach is one that members – and the company – benefitted from in 2008.

"We had a good year and are paying significant dividends," Wilson says. "We are putting away significant surplus. If the economy stays depressed and it impacts us, we are in a much better position because of our surplus and cash positions. We are in a position where we could survive a protracted downturn."

"To me, our mandate is incredibly simple to understand: Keep the company stable and insure our members. That's what we get paid for, a simple contract between us and the membership."

HAI Group goes to Washington

HAI Group's commitment to Legislative Affairs further illustrates the importance of long-range planning.

Due to the size and nature of our business, HAI Group has played an important role in the housing industry since the company's inception. Greater institutional emphasis on legislative action, however, increased our national profile. In 2008, the company's transformation from role player to major player was finalized.

Housing Authority Insurance, Inc. (HAI) organized the Summit on the Future of Public Housing, which brought together major industry stakeholders such as PHADA, CLPHA, NAHRO, and NLIHC. The purpose was to seek consensus and help the groups appreciate each other's positions. The Summit culminated in September, when roughly 60 groups and important industry individuals signed a position paper sent to Presidential transition teams for President Barack Obama and Senator John McCain.

A thrill on Capitol Hill

HAI Group dipped a toe into the political waters at the Summit on the Future of Public Housing. The paper that resulted from it played a role in \$4 billion for the Public Housing Capital Fund being included in a national stimulus bill.



Influence

"From the success standpoint, HAI Group has engaged major stakeholders and given us an even more positive image with policyholders. We've gotten a lot of exposure and influence but still have that small insurance company feeling. Our members can take ownership of that."

Brian Braley
 Vice President, Legislative Affairs

Loyalty

“Part of our success has to be attributed to a dedicated membership. They’ve committed to being with us for the long haul. With the Board – who are members and policyholders – it’s a significant advantage. They understand the Mission and Vision. We are not driven by money but driven by service to the membership.”

Dominic Mazzocchi
Vice President, Underwriting

Reputation

“Our reputation has spread to the general business community. People – including our membership – are seeing that we not only know how to run a good insurance company, we know how to run a good business. We have mastered a lot more elements than just running a good insurance operation.”

Ed Malaspina
Vice President, Marketing and Agency Operations



“The Summit broadened the HAI identification with a number of important organizations in the industry,” Vice President of Legislative Affairs Brian Braley says. “Our position has always been if you cooperate and unite your efforts, you will strengthen this industry. This is proof.

“Now, the housing authorities appreciate our efforts. We are identified with the fight to support this industry. And we are gaining visibility through industry associations, which is good public relations.”

Remembering our roots

Managing liquidity and playing a role on Capitol Hill were critical to our 2008 success. Equally important, though, was remembering what we are – an insurance company.

A successful insurance operation must offer the right products at a price suitable to the marketplace. In 2008, HAI Group proved that it understood its market by changing its pricing policies and introducing a versatile new product.

“We instituted a pricing program with reductions across the board,” Vice President of Underwriting Dom Mazzocchi says. “But it was a disciplined approach to pricing. It can’t be done willy-nilly.

“We had lots of pressure to deliver. We rolled out the Commercial Output Program (COP product) and it ended up being approved in 38 states. We listened to the membership and rolled it out. It gives the customer better coverage because they can consolidate coverage under one form with flood and earthquake.”

To pull it off, the Underwriting Staff stood and delivered.

"One surprise has been the ability of our staff to keep up," Mazzocchi says. "Everyone had to contribute and we were able to convert as much business as we did."

"The biggest surprise is that – again – on this island of security, while the whole rest of the world seemed to be falling apart, we've been able to isolate ourselves from the financial turmoil on the underwriting and financial side. Our investment and underwriting strategy provides stability to the membership."

here. The general partner is Mercy Housing Southeast, a subsidiary of Mercy Housing, Inc.

Located on 40 acres, Highland Place has 55 two- and three-story garden-style buildings. The community includes 22 one-bedroom, 310 two-bedroom, and 74 three-bedroom units targeting families at 60 percent or less of the area median income (AMI).

The proposed rehabilitation and upgrades will equal more than \$30,000 per unit in total construction costs.

Housing Agency Returns to Local Control

MIAMI The Miami-Dade Housing Agency has been returned to local control after 15 months in the possession of the Department of Housing and Urban Development (HUD).

In announcing the move, HUD leaders said the housing authority is a more efficient institution than it was when the federal government took over.

During the last several months, HUD and the county focused on in-

An Insurance Professional's Affordable Housing Checklist

- ☒ Lender?
- ☒ Property Manager?
- ☒ Owner?
- ☒ Builder?
- ☒ Partner?
- ☒ Insurer with over 20 years in commercial habitational business?

Check out Housing Enterprise Insurance Company, Inc.
We offer insurance solutions* for your affordable housing clients.

Visit www.housingcenter.com or call 800-873-0242, ext. 639.

Housing Enterprise Insurance Company

* where available, restrictions apply

Housing Enterprise Insurance Company is a member of Housing Authority Insurance Group.

Operations manual

Responding to member needs has always been an HAI Group strong-suit. Through Marketing and Agency Operations, our members have more insurance options and answers available to them.

"We're always looking ahead," Vice President of Marketing and Agency Operations Ed Malaspina says. "Many companies would rest on their laurels with 96% retention and still generating new business. Some would go on cruise control, but we don't do that."

In 2008, HAI Group continued laying the groundwork for HEIC, which provides insurance and risk management services to low- and mixed-income housing entities.

"We have made HEIC the provider to this market; it's owned equally by HARRG and HAPI," Malaspina said. "We are building this company and moving forward to becoming a reliable provider in this marketplace."

Yes, when the world economy is contracting, HAI Group is growing.

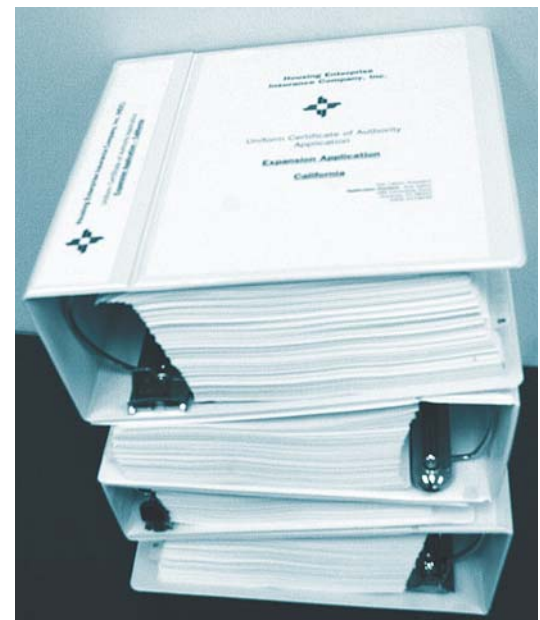
This ability to stay ahead of the curve and that we continue to lay foundations, set milestones, and seize opportunities burnishes our brand name throughout the industry.

"Reputation is the most important thing," Malaspina says, "and it's the thing about which we're most proud. When Galveston was struck by Hurricane Ike, someone from their office called me and said, 'You don't provide our insurance for this. We are not looking to submit a claim. We need your help because you're the only ones we trust. Can you explain what's going on?'"

"That level of respect and trust is unbelievable. We've reached a point where our reputation precedes us."

Forward-thinking

Sure, insurance for public housing authorities remains our claim to fame. But HAI Group recognized the need to grow our business. The groundwork was laid to develop more relationships with agents via this advertisement in Affordable Housing Magazine (above) and countless hours were spent on HEIC state files and licensing (below).



Foresight

“The IT Department spent a lot of time trying to smooth the workflow for everyone. With our products and our systems, we want to be positioned for the future. With the upgrades we’ve made, we have more flexibility and safety. It’s a more complicated world, but now we can deal with all these issues.”

Dave Sagers

Vice President, Information and Learning Technologies

Teach your children well

Sparky the Fire Dog – a.k.a. Senior Risk Control Associate Jeff Briggs – took his show on the road to teach fire safety to our resident children in South Bend, IN. Who says an old dog can’t teach new tricks?

Making it happen

With the Underwriting and Marketing and Agency Operations Departments servicing our membership with myriad old and new lines of coverage, Information Technology is charged with setting up systems to support them. In the modern age, all business needs up-to-date technology. For instance, the new property insurance policy filings, policy issuance, and rating system could not have taken place without support from IT.

“It entailed meeting after meeting,” Vice President of Information and Learning Technologies Dave Sagers says. “What are the coverage forms? What are the rates going to be? What’s the workflow? We wanted to smooth the workflow.”

Those countless small projects serve the staff well, which helps meet the membership’s needs. Furthermore, work in IT adds value to the membership – examples being the Web site upgrade and new informative programs on HTVN.

“Loss reports were not in real-time,” Sagers says. “Members had to request that the reports be sent. We developed a bridge where there’s now a secure way of passing information back and forth and pulling



the data so members can get their loss reports in real time. It positions us for the future when we set up prefilled insurance applications.”

Keeping customers satisfied

As always, the human factor is critical at Housing Authority Insurance Group. An example is the CustomerCentric approach, which calls for departments to share knowledge to better understand the needs of the customer. The goal is not strictly selling insurance. Rather, HAI Group employees engage the customer to wholly understand the membership’s needs and meet them.

“When we used CustomerCentric as a pilot program, we got 25 people involved from all across the agency and they all helped,” Vice President of Human Resources and Training Bill Lewellyn says. “We were able to distinguish ourselves from our competitors. Our focus on service and what we could do for individual customers got us in the door.

“It’s a powerful kind of approach. We will provide better and more comprehensive services than anybody in the industry has the capacity to do. That’s why we are the ‘insurer of choice.’”

Managing risky business

Our concern for members and providing good service is further demonstrated by our various Risk Management programs. Anything that instructs members, keeps residents safe, or cuts down on claims provides value to the membership.

“For example, we identified that fires in elderly apartments caused by unattended stoves were a problem,” Director of Risk Control and Consulting Jeff Weslow says. “We put together a program to address that. We are delivering it to members who’ve had that type of fire.

“We give them hands-on training, we give them the materials to do it themselves, and by the end of the year they will be able to download it directly from HTVN.”

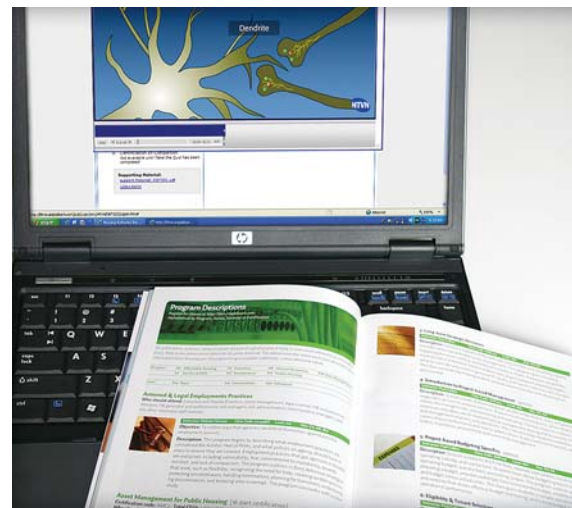
Risk Management continues to be responsive and has a program available to all members. It continues to improve in scope and engagement with the members.

“We try to make their timelines a priority,” Weslow says. “We try to get to them as fast as we can so the customer doesn’t have to wait. Collaboration is critical. We just want to make sure real risk management is accomplished.”

Knowledge

“As important as member retention rates are, they are just as important with employees. We have long-term really knowledgeable people here. They know the products and have established relationships with our members. We get the benefit of being able to improve productivity.”

Bill Lewellyn
Vice President, Human Resources
and Training



All tuned in

The Housing TeleVideo Network (HTVN) helps answer “Why?” in numerous ways. Its subscriber base reached record numbers and assisted Risk Management’s efforts to cut PHA losses. Also, HTVN helps PHAs run more efficiently through Tax Credit, Commissioner Development, Asset Management, and other certifications and training.

Collaboration

“We find out more about our members and try to come up with a solution they can live with. It may not work and they may not like it, but we’ve taken steps to help a member so we can both benefit. It’s not one-sided. We work together and collaborate. It’s not just us calling the shots.”

Jeff Weslow
Director, Risk Control and
Consulting

Experience

"It's almost a given why. We know what we're doing and we're the best at it. If we don't know what we're doing by now, we would not be here. We don't go writing bars, taverns, or garages. We write housing insurance. If we can't get that right, we would have to go. We concentrate on our niche."

Bob Sullivan
Vice President, Claims

Backing up our claims

Yes, HAI Group is conservative with its finances.

True, we are a growing national insurance company with a great reputation for scope of products, customer service, and risk management.

In one way, though, we don't reinvent the wheel: Members still count on us to handle claims as efficiently and effectively as always.

"We provide service they can count on," Vice President of Claims Bob Sullivan says. "They know we pick up our phone. That's how we operate. You have to have the service."

"We have a seasoned staff that is able to effectively communicate with the members on claims and effectively manage them. We have kept our big and small accounts because we have the same people here and our members know they can be trusted."

To be sure, it's a reputation thing. It's built member by member in the way individual bricks become a wall.

"We're networking, talking to people," Sullivan says. "The attorneys for other insurance companies don't meet the insureds like ours do at the Housing Authority Defense Attorneys seminar. Our claims-handling plays a part in why people stay with us. We've developed trust with members."

"They know we can handle the sensitive details and they won't get service like that anywhere else."





Answering the call to serve

The contract is simple – HAI Group employees carefully, conscientiously serve the membership in return for their business and loyalty.

The process of delivering, however, is not. While the Board of Directors and Committees debate and decide on strategies for the entire staff to implement, information must reach everyone – as well as new policies, procedures, meeting notices, ballots, and all varieties of information and news about the company and its involvement with the community and insurance industry.

Putting everyone on the same page is what the Executive Services Department does.

“We are member-owned and serving the members is our business,” Director of Executive Services Leslie Whitlock says. “Our department provides the environment necessary for our employees to perform at their best. We keep the pieces together to provide service to our members.

“It’s important to make sure the company retains its good image and to be efficient when dealing with the Board or any of our members. The expectations for us are very high. We want to keep everyone positive and together.”

Our members trust that we will accomplish that goal. That trust is appreciated from the Board of Directors right through the company.

To be, as the Vision Statement states, the “insurer of choice for the public and affordable housing community,” is why we’re here.

Finally, we must understand that without the membership, none of this success would have happened. And, in closing, it’s why we ask *why* – to embody the Mission Statement and provide the membership “reliable insurance solutions and related services to the public and affordable housing community in a manner which exceeds expectations.”



Going green

In their ongoing commitment to greening the Cheshire office, HAI Group staff members continued campaigning for electronic Policy and Monitoring books. One computer disk with several Adobe PDF files bookmarked for easy navigation is more earth-friendly than four pounds of printed, bound paper.

Concern

“The members are as important to us as we are to them. We don’t just provide insurance solutions; we take a genuine, personal interest in the housing authorities and their residents. This deep sense of caring is part of our culture and crosses every level of the organization.”

Leslie Whitlock
Director, Executive Services

Board of Directors and Committees



Board of Directors (left to right): James DiPaolo; Terri Hamilton Brown; Richard Press; Gary Wasson; Linnie Willis; Joseph Shuldiner; Edwin Lowndes, *Vice Chair*; Douglas Dzema; Barry Romano, *Chair*; Eric Brown; J. Len Williams; John Johnson; L. Glen Redding; Russell Young; Stephen Falek; Dan Labrie; Lee Eastman

Housing Authority Insurance Group Membership 2008

Alabama

ARD, Inc.
HA of the City of Athens
HA of the City of Auburn
Bonita Terrace Ltd.
HA of the City of Bridgeport
HA of the City of Chickasaw
HA of the City of Decatur
HA of the City of Hartselle
Huntsville HA
HA of the City of Lafayette
HA of the City of Montgomery
Ozark HA, Inc.
York HA

Arizona

HA of Cochise County
HA of the City of Eloy
Flagstaff Hsg Corp
HA of the City of Flagstaff
HA of Maricopa County
HA of the City of Nogales
Pinal County HA
City of South Tucson HA
Williams HA
Winslow HA

Arkansas

HA of the City of Amity
Archwood Properties
HA of the City of Fort Smith
Granite Mtn Dev
HA of the City of Little Rock
HA of the City of Magnolia
Malcolm Manor LP

North Little Rock HA
HA of the City of Trumann

California

City of Alameda HA
Aliso Village Hsg Corp
Area HA of the County of Ventura
Carlos & Molly Reyes
Contra Costa County HA
Livermore HA
Los Angeles LOMOD Corp
HA of the City of Los Angeles
MAAC Project dba Mayberry Townhomes
Marin County HA
HA of the County of Monterey
Oakland HA
Oxnard HA
HA of the City of Paso Robles
Phoenix Park I LP
HA of the City of Richmond
Sacramento HR Agcy
Downtown Sacramento
Revitalization Corp
HA of the City of San Buenaventura
San Diego Hsg Comm
HA of the County of San Diego
Hsg Dev Partners of San Diego
San Francisco HA
HA of the County of San Mateo
HA of the County of Santa Clara
HA of the City of Soledad
Sunset Villa Assoc LP
Triad Properties
Villa Calleguas, Inc.
Wasco Affordable Hsg, Inc.

HA of the City of Wasco
Whitfield Manor Apts
Yolo County HA

Colorado

Adams County HA
HA of the City of Aurora
Boulder Hsg Partners
Colorado Hsg & Finance Auth
HA of the City of Colorado Springs
Corona Residence Apts - dba Robert A. Colaizzi
HA of the City & County of Denver
HA of the City of Englewood
Garfield County HA
Jefferson County HA
HA of the City of Lakewood
HA of the Town of Limon
Littleton HA
Montezuma County HA
Montrose County HA
Rocky Ford HA
Summit Combined HA

Connecticut

Ansonia HA
HA of the Town of Ashford
Berlin HA
Bethel HA
Branford HA
HA of the City of Bristol
Brookfield HA
HA of the Town of Brooklyn
Canton HA
Cheshire HA

Clinton HA
Colchester HA
Coventry HA
CPS Properties, Inc.
HA of the City of Danbury
Darien HA
HA of the Town of Deep River
Derby HA
East Hampton HA
East Hartford HA
East Windsor HA
Ellington HA
Enfield HA
Essex HA
Fairfield HA
Farmington HA
Glastonbury HA
Glenbrook Road Elderly Hsg Corp
Greater Bristol Realty Corp
HA of the Town of Greenwich
HA of the Town of Griswold
Groton HA
Guilford HA
HA of the Town of Hamden
HA of the City of Hartford
Hebron HA
HOPE Ptnr, Inc.
Killingly HA
Ledyard HA
Litchfield HA
Manchester HA
Mansfield HA
Maynard Road Corp
HA of the City of Meriden
HA of the City of Middletown



Corporate Officers (left to right): Dave Sagers, *Vice President*; Leslie Whitlock, *Corporate Secretary*; Ed Malaspina, *Vice President*; Bill Lewellyn, *Vice President*; Mark Wilson, *Treasurer*; Dan Labrie, *President*; Brian Braley, *Assistant Secretary*; Bob Sullivan, *Vice President*; Dom Mazzocchi, *Vice President*

Middlefield HA
Milford Redev & Hsg Ptnr
Monroe HA
Montville HA
Morris HA
HA of the Borough of Naugatuck
HA of the City of New Britain
HA of the Town of New Canaan
HA of the City of New Haven
Newington HA
HA of the City of New London
North Canaan HA
North Haven HA
HA of the City of Norwalk
Norwich HA
Oxford HA
Plainfield HA
Plainville HA
Plymouth HA
HA of the Town of Portland
HA of the City of Preston
Putnam HA
Ridgefield HA
Rocky Hill HA
HA of the Town of Seymour
Sharon HA
Shelton HA
HA of the Town of Simsbury
Somers HA
Southington HA
HA of South Windsor
HA of the Town of Sprague
HA of the Town of Stafford
HA of the City of Stamford dba Charter
Oak Communities
Neighborhood Hsg Svcs of Stamford, Inc.
Stonington HA
Stratford HA
Suffield HA
Taylor Street Hsg Corp

HA of the Town of Thomaston
HA of the Town of Thompson
Tolland HA
HA of the City of Torrington
Torrington Comm Hsg Corp
HA of the Town of Trumbull
HA of the Town of Vernon
HA of the Town of Voluntown
Wallingford HA
HA of the City of Waterbury
Watertown HA
HA of the Town of West Hartford
HA of the City of West Haven
Westport HA
HA of Wethersfield
HA of the City of Willimantic
HA of the Town of Winchester
HA of the Town of Windsor
HA of the Town of Windsor Locks
Woodstock HA

Delaware

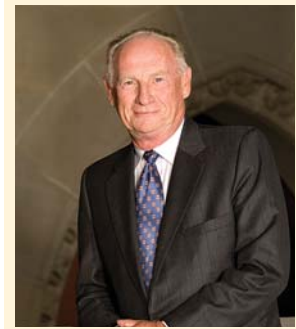
Magnolia Meadows Assoc LP
Newark HA
Wilmington HA

District of Columbia

District of Columbia HA
Williston LP

Florida

Area Hsg Comm
Clearwater HA
Crestview HA
Deerfield Beach HA
Delray Beach HA
HA of the City of Fort Lauderdale
HA of the City of Fort Pierce
Gainesville HA
Hialeah HA
Holmes County HA



Lee Reno, *Corporate Counsel*

Indian River County HA
HA of the City of Key West
Miami Beach HA
Monroe County HA
HA of the City of Mulberry
Nations Ins Group
Pahokee HA
Palm Beach County HA
Panama City HA
Pinellas County HA
Pompano Beach HA
Riviera Beach HA
HA of St. Petersburg
Sanford City HA
HA of the City of Sarasota
Tallahassee HA
HA of the City of Tampa
HA of the City of Titusville
Union County HA
Venice HA
West Palm Beach HA
Winter Haven HA

Georgia

HA of the City of Acworth
American Safety Ins Svcs, Inc.
AmWINS



Governance Committee (left to right): Joseph Shuldiner; Edwin Lowndes; Douglas Dzema, *Chair*; J. Len Williams, *Vice Chair*; Barry Romano; L. Glen Redding; Russell Young



Audit Committee (left to right): Edwin Lowndes, *Chair*; Douglas Dzema; J. Len Williams, *Vice Chair*; L. Glen Redding; Barry Romano

Arcadia Commons, Inc.
HA of the City of Athens
Atlanta HA
HA of the City of Barnesville
HA of the City of Bremen
HA of the City of Cairo
HA of the City of Chatsworth
Columbus Villas HA
HA of Columbus
HA of the City of Cordele
HA of the City of Crawfordville
HA of the City of Dalton
HA of the City of East Point
Fairburn HA
HA of the City of Gibson
Greensboro HA
HA of the City of Greenville
HA of the City of Griffin
HA of the City of Hampton
HA of the County of Harris
HA of Hartwell

In-Fill Hsg Corp
Innovative Hsg Initiatives dba
Albany Gardens
HA of the City of Jackson
HA of the City of Lavonia
HA of the City of Macon
HA of the City of Monroe
Newnan HA
HA of the City of Quitman
Royston HA
St. John Baptist Church Hsg & Dev Corp
dba St. John's Villa Apts
HA of the City of Sandersville
HA of Savannah
Standley-Oxford LP
Sustainable Fellwood Phase I LP
Swett & Crawford
Thomaston HA
Thomson HA
Tifton HA-City of Tifton
HA of the City of Unadilla

HA of the City of Union Point
HA of the City of Vienna
HA of the City of Winder

Illinois

HA of the City of East St. Louis
Japanese American Svc Committee Hsg
Corp dba Heiwa Terrace
HA of Joliet
Peoria HA
Peoria Opportunities Hsg Corp
Springfield HA

Indiana

HA of the Town of Bloomfield
HA of the City of Bloomington
HA of the City of Brazil
Charlestown HA
HA of the County of Delaware
HA of the City of East Chicago
HA of the City of Elkhart
HA of the City of Evansville
Fulton County HA
HA of the City of Gary
HA of the City of Hammond
Indianapolis Hsg Agcy
Kokomo HA
LaSalle Park Homes, Inc., etal Real Estate
Mgmt Corp & Greater South Bend
Hsg, Inc.
Marion HA
HA of the City of Michigan City
Mishawaka HA
HA of the City of Muncie
HA of the City of New Castle
HA of the City of Richmond
HA of the City of South Bend
Sullivan HA
Terre Haute HA
United Neighborhoods, Inc.
Fort Wayne HA

Iowa

Comm Hsg Dev Corp dba Forest Avenue
Townhomes
Des Moines Municipal Hsg Agcy
Oakridge Neighborhood & Homes of
Oakridge Human Svcs
Apts of River Trace

Kansas

Argonia HA
HA of the City of Atchison
HA of the City of Atwood
HA of the City of Beloit
HA of the City of Bird City
HA of Blue Rapids
City of Bonner Springs PHA
HA of the City of Burrton
HA of the City of Chanute
Chapman HA
Columbus HA
Fort Scott HA
HA of the City of Galena
HA of Girard
HA of the City of Great Bend
Halstead HA
Horton HA
Howard HA
HA of the City of Iola
Jetmore City HA
HA of the City of Kansas City
HA of the City of Kinsley
LaCygne HA
Lawrence-Douglas County HA
Liberal HA
HA of the City of Lindsborg
Manhattan HA
HA of the City of Medicine Lodge
Morton County HA
Neodesha HA
PHA of the City of Newton
HA of the City of Oakley



Claims Committee (left to right): William Smith; Pam Hinkle; Liane Ward; J.D. Foster; Yvonne Morrissey; Keith Pamperin; Eric Brown, *Chair*; Michael Lundy; Sharon Scudder; Marva Leonard-Dent; Stephen Falek; Jim Inglis; Bill Morlock; Kathleen Sulsky; Douglas Dzema; (Not in photo): Tony Love; Marilyn Allen; Donald Emerson



Finance Committee (left to right): George Phillips; Terri Hamilton Brown; Richard Press; Gary Wasson; Christine Hart, *Vice Chair*; Lee Eastman; J. Len Williams, *Chair*; June Parker; David Brown; Ed Hinojosa; Helen Kipplen; Edwin Lowndes; (Not in photo): Fernando Aniban; James Borgstadt; Cynthia Brown; Laura Hinchey; Alan Katz; Sharlene LeRoy; Rudolf Montiel; Maynard Scales; John Thaniel

HA of Olathe City
 Paola HA
 City of Parsons PH Dept
 Salina HA
 HA of the City of Seneca
 PH Agcy of the City of South Hutchinson
 HA of Stafford
 HA of the City of Strong City
 Topeka HA
 Ulysses HA
 Valley Falls HA
 HA of the City of Wellington
 Wichita HA

Kentucky
 CH6, LTD

Louisiana
 655 North St. Ltd Partners dba Catholic
 - Presbyterian Apts & Historic
 Restoration
 Dequincy Elderly Hsg Corp
 Holy Family Apts, Inc.
 Houma-Terrebonne HA
 HA of New Orleans
 HA of St. James Parish

Maine
 City of Biddeford HA
 HA of the City of Brewer
 Fort Fairfield HA
 Lewiston HA
 HA of the City of Old Town
 Portland HA

Presque Isle HA
 Waterville HA

Maryland
 HA of Allegany County
 Amina LP
 HA of the City of Annapolis
 Hsg Comm of Anne Arundel County
 HA of Baltimore City
 HA of Calvert County
 HA of Cambridge
 College Park HA & Senior Center
 HA of Crisfield
 HA of the City of Cumberland
 HA of the Town of Easton
 Elkton HA
 HA of the City of Frederick

Glenarden HA
 Hagerstown HA
 HA of the City of Havre De Grace
 HA of Prince George's County
 Redev Auth of Prince George's County
 St. Mary's County HA
 St. Michael's HA
 Wicomico County HA

Massachusetts
 Adams HA
 Amherst HA
 Andover HA
 Auburn HA
 Barnstable HA
 Belmont HA
 Beverly HA



Learning/Information Technologies (left to right): David Brown; Pam Hinkle; George Phillips; Helen Kipplen; Joseph Shuldiner; Owen Ahearn; Kathleen Sulsky, *Vice Chair*; Kevin Loso; Lee Eastman, *Chair*; Eric Brown; Tina Sullivan; James DiPaolo; Philip Allen; Keith Pamperin; Christine Hart; Annette Smith; Terrance Brady; Terri Hamilton Brown; (Not in photo): Cynthia Brown; MaryAnn Chavez; Deborah Crockett; Donald Emerson; Sharlene LeRoy; Joe Macaluso; Kenneth Martin; Richard Whitworth; Linnie Willis; William Woods

Boston HA
 Bourne HA
 Brockton HA
 Bromley Heath Tenant Mgmt Corp
 Brookline HA
 Burlington HA
 Cambridge HA
 Cherry Hill II of Plymouth Bay Hsg LLC
 Plymouth Bay Hsg Corp
 Chicopee HA
 Clinton HA
 Concord HA
 Danvers HA
 Dedham HA
 Dennis HA
 Dracut HA
 Dukes County Regional HA
 Fall River HA
 Falmouth HA
 Fitchburg HA
 Framingham HA
 Gloucester HA
 Groveland HA
 Hanson HA
 Haverhill HA
 Holyoke HA
 Hudson HA
 Lawrence HA
 Lexington HA
 Lowell HA
 Lynn HA
 Malden HA
 Mansfield HA
 Marlborough Comm Dev Auth
 Maynard HA
 Medford HA
 Medway HA
 Melrose HA
 Memorial Parish House LP
 Methuen HA
 Milford HA
 Milton HA
 Needham HA
 New Bedford HA
 Newburyport HA
 Newton HA
 Norwood HA
 North Adams HA
 North Andover HA
 North Attleboro HA
 Northampton HA
 North Reading HA
 Pembroke HA
 Pittsfield HA
 Plymouth HA
 PMC Ins Group
 Reading HA
 Revere HA
 Rockland HA
 Rockport HA

Sandwich HA
 Saugus HA
 Shrewsbury HA
 Somerville HA
 Springfield HA
 Stoughton HA
 Taunton HA
 Tewksbury HA
 Wakefield HA
 Wakefield Senior Hsg Corp
 Waltham HA
 Watertown HA
 Wayland HA
 Webster HA
 Weymouth HA
 Winchendon HA
 Wingate Mgmt Co, LLC
 Woburn HA
 Worcester HA

Michigan

Alma Hsg Comm
 Ann Arbor Hsg Comm
 Bangor Hsg Comm
 Bay City Hsg Comm
 Bay County Hsg Dept
 Belding Hsg Comm
 Benton Harbor Hsg Comm
 Benton Township Hsg Comm
 Big Rapids Hsg Comm
 Bronson Hsg Comm
 Cheboygan Hsg Comm
 Clinton Township Hsg Comm
 Coldwater Hsg Comm
 Detroit Hsg Comm
 Dowagiac Hsg Comm
 Eastpointe Hsg Comm
 City of Ecorse Hsg Comm
 Flint Hsg Comm
 Gladwin City Hsg Comm
 Highland Park Hsg Comm
 Inkster Hsg Comm
 Jackson Hsg Comm
 Lansing Hsg Comm
 Laurel Park Elderly Hsg I, Ltd
 Dividend Hsg Assoc, LLC
 Livonia Michigan Hsg Comm
 Mackinac County Hsg Comm
 City of Manistee Hsg Comm
 Melvindale HA
 Montcalm County Hsg Comm
 Muskegon Heights Hsg Comm
 Muskegon Hsg Comm
 New Haven Hsg Comm
 Niles Hsg Comm
 Paw Paw Hsg Comm
 Pontiac Hsg Comm
 Pottsville Hsg Comm
 Reed City Hsg Comm
 Romulus Hsg Comm

Royal Oak Township Hsg Comm
 Saginaw Hsg Comm
 St. Clair Shores Hsg Comm
 St. Joseph Hsg Comm
 Taylor Hsg Comm
 Ypsilanti Hsg Comm

Minnesota

HRA of the City of Austin
 HRA of the City of Barnesville
 Brainerd HRA
 HRA of Cass Lake
 HRA of Duluth
 HRA of Eveleth
 Hutchinson HRA
 PH Comm of the City of Marshall
 HRA of Melrose
 HRA of Montevideo
 Moorhead PH Agcy
 HRA of Moose Lake
 HRA of North Mankato
 HRA of Park Rapids
 Red Wing HRA
 Hsg & Economic Dev of the County of
 Renville
 PH Agcy of the City of St. Paul
 HRA of the City of South St. Paul
 Todd County HRA
 Washington County Hsg & Redev Assoc
 Winona RHA

Mississippi

Cheshire Manor Inc. & MS Cheshire
 Homes of Harrison County, Inc.
 Glenn Miller Et. AL
 Mississippi Hsg Dev
 Natchez HA
 NCBA Estates
 Southland Mgmt Corp
 Tupelo II Apts Homes LP

Missouri

HA of Kansas City
 St. Louis HA

Montana

Glasgow HA
 Missoula HA
 Richland County HA

Nebraska

Albion HA
 Auburn HA
 HA of the City of Columbus
 HA of the City of Crete
 Hall County HA
 HA of Hayes Center
 Lincoln HA
 Hsg Agcy of the City of Norfolk
 HA of the City of Omaha
 HA of Oshkosh
 Syracuse Senior Hsg I LP

Nevada

Affordable Hsg Program, Inc.
 Henderson Assoc for Senior Citizens
 HA of the City of Las Vegas
 HA of the City of North Las Vegas
 Yorkshire Terrace LP

New Hampshire

Berlin HA
 Claremont HA
 Concord HA
 Derry HRA
 HA of the Town of Exeter
 Keene HA
 Laconia HRA
 Lancaster HA
 Lebanon HA
 Manchester HRA
 Nashua HA



Legislative Affairs Committee (left to right): Edwin Lowndes; Dan Labrie; Stephen Falek, *Chair*; J. Len Williams; John Johnson, *Vice Chair*



Marketing/Agency Operations Committee (left to right): Liane Ward; Douglas Dzema; L. Glen Redding; Tony Love; Barbara Berg; David Brown; Bonnie Latting; Tyrone Garrett; Sharon Scudder; Yvonne Morrissey; Kevin Loso; Linnie Willis, *Chair*; James DiPaolo; Philip Allen; Bill Morlock; Terri Hamilton Brown; Jim Inglis; Stephen Falek; J.D. Foster; Karl Opheim; (Not in photo): Alan Katz, *Vice Chair*; Marilyn Allen; Scott Bertrand; Sharon Carlson; Sandra Desrosiers; Rufus Myers; Carolyn Nichter; Scott Shaw

Northumberland HA

HA of the Town of Salem

Somersworth HA

New Jersey

Atlantic City Improvement Corp

HA & Urban Redev Agcy of the City of
Atlantic City

Battery View Senior Citizens

HA of the Borough of Belmar

HA of the Town of Boonton

Brunswick Village Urban Renewal LP

HA of the City of Camden

Church Street Corp /

Church Senior Hsg, LP

HA of the Borough of Clementon

HA of the Borough of Collingswood

HA of the Town of Dover

HA of the City of East Orange

HA of the City of Elizabeth

Escher SRO Project LP

Hightstown HA

HA of the Township of Irvington

HA of the City of Jersey City

HA of the City of Long Branch

HA of the City of Newark

Hsg & Urban Dev Auth of the

City of New Brunswick

HA of the City of Passaic

Penns Grove HRA

HA of the City of Perth Amboy

PHS, Inc. Integrated Mgmt Service, Inc.

HA of the City of Trenton

HA of the City of Union City

New Mexico

HA of the City of Alamogordo

HA of the City of Artesia

HA of the City of Bayard

Town of Bernalillo HA

Village of Chama HA

Cimarron HA

Clovis Hsg & Redev Agcy, Inc.

El Paso Las Puertas Abiertas, Inc.

City of Eunice HA

Gallup HA

HA of the City of Las Cruces

HA of the City of Lovington

Rio Arriba County HA

HA of the Village of Santa Clara

Santa Fe Civic HA

Socorro County HA

Socorro Village, LLC

HA of the City of Truth or Consequences

HA of the Village of Wagon Mound

New York

Albany HA

Amsterdam HA

Auburn HA

Batavia HA

City of Beacon HA

Binghamton HA

Buffalo Municipal HA

Burton Towers HDEC

Cohoes HA

Hsg Resources of Columbia County, Inc.

Cortland HA

Village of Ellenville HA

Elmira HA

Freeport HA

Geneva HA

Gloversville HA

Village of Great Neck HA

Greenburgh HA

Town of Harrietstown HA

Village of Hempstead HA

Town of Hoosick HA

City of Hudson HA

Ilion HA

Ithaca HA

Lackawanna Municipal HA

City of Lockport HA

Town of Mamaroneck HA

Massena HA

Mechanicville HA

Village of Monticello HA

Mount Kisco HA

NDR Group, Inc.

Newark New York HA

New Rochelle Municipal HA

Niagara Falls HA

North Tarrytown HA

Norwich HA

Village of Nyack HA

Olean HA

Peekskill HA

Plattsburgh HA

Port Chester HA

Port Jervis HA

Potsdam Sandstone Senior Citizens
Club, Inc.

Poughkeepsie HA

Town of Ramapo HA

Rensselaer HA

Rivercrest Commons Hsg Dev
Fund Co., Inc.

Rochester HA

Saratoga Springs HA

Schenectady Municipal HA

Village of Spring Valley HA

Syracuse HA

Tarrytown Municipal HA

Tonawanda HA

Troy HA

Two Hundred Seventy-Two to Two

Hundred Eighty Linwood Ave, Inc.
dba Baptist Manor, Inc.

Watertown HA

Watervliet HA

HA of the City of White Plains

Town of Wilna HA

Village of Woodridge HA

Municipal HA for the City of Yonkers

North Carolina

HA of the City of High Point

Raleigh HA

Washington HA

Wilmington Hooper School Apts, LLC

North Dakota

Beyond Shelter, Inc.; Renaissance

Partners LP; Church Townhomes LP

Fargo HA

Ohio

Akron Metro HA

Austintown Assoc a Ptnr

Compass West Apts

Columbus Metro HA

Cuyahoga Metro HA

Doan LP

Erie Metro HA

Gallia Metro HA

Lorain Metro HA

Lucas Metro HA
National Baptist Hsg Gulfport Manor, Inc.
Parma PH Agcy
Stark Metro HA
Trumbull Metro HA
Zanesville Metro HA

Oklahoma

HA of the City of Ada
Afton HA
HA of the City of Anadarko
HA of the City of Antlers
Apache HA
HA of the City of Atoka
HA of the City of Beggs
Boley HA
HA of the Town of Boswell
Broken Bow HA
HA of the City of Cache
Caddo Electric Coop HA
Cement HA
Clayton HA
HA of the City of Coalgate
HA City of Comanche
HA of the City of Commerce
Cookson Hills Electric Co-op
Cyril Public HA
HA of the City of Del City
HA of the City of Drumright
HA of the City of Elk City
HA of the Town of Fort Gibson
Frederick HA
HA of the City of Geary
HA of the City of Grandfield
Granite HA
HA of the City of Guthrie
Haileyville HA

HA of the City of Hartshorne
HA of the City of Heavener
HA of the City of Henryetta
Hobart HA
HA of the City of Holdenville
Hugo HA
HA of the City of Hydro
HA of the City of Idabel
Independent Living Svcs for Youth
Kiamichi Electric Coop HA
HA of the City of Keota
HA of the City of Krebs
HA of the City of Lawton
HA of the Town of Lone Wolf
Madill HA
Maud HA
HA of the City of McAlester
HA of the City of Miami
Minco HA
Mountain Park HA
Mountain View PHA
MSPP, LLC
HA of the City of Muskogee
HA of the City of Newkirk
HA of the City of Norman
Oilton HA
Oklahoma City HA
HA of Osage County
HA of the City of Pawnee
Picher HA
HA of the City of Ponca City
Roosevelt HA
HA of the City of Ryan
HA of the City of Sayre
HA of the Town of Seiling
Seminole HA
HA of the City of Shawnee

HA of the City of Snyder
HA of the City of Stigler
Stillwater HA
Stratford HA
HA of the City of Stroud
Talihina HA
Tecumseh HA
Temple HA
HA of the Town of Terral
Texas County HA
HA of Tishomingo
HA of the City of Tulsa
Tuttle HA
Valliant HA
HA of the City of Walters
Waurika HA
HA of Waynoka
HA of the City of Weleetka
HA of the City of Wetumka
Wewoka HA
HA of the City of Wilburton
HA of the Town of Wister
HA of the City of Yale

Oregon

JWV Properties, LLC dba John Wesley
Village Apts
Rogue River Estates Retirement Center
Ptnr dba Rogue River Estates

Pennsylvania

Allegheny County HA
Alliance for Building Communities
Eagle Valley Senior Hsg, Inc.
Blair Redev & Hsg Authorities
HA of the City of Bradford
Bucks County Redev Auth

Cambridge Plaza I LP, Cambridge HDC
Chester HA
Delaware County Redev Auth
Elm Street LP
Redev Auth of the City of Erie
Lackawanna County HA
Lancaster City HA
HA of the City of Meadville
Redev Auth of the County of Monroe
Northeast Pennsylvania Lead Consortium
Philadelphia HA
HA of the City of Pittsburgh
HA of Somerset County
Tioga County HRA
Titusville HA
Washington County HA
Wyoming County Hsg &
Redev Authorities

Rhode Island

Bristol HA
HA of the Town of Burrillville
Central Falls HA
Coventry HA
Cranston HA
Town of Cumberland HA
East Providence HA
Jamestown HA
Town of Lincoln HA
HA of the City of Newport
North Providence HA
HA of the City of Pawtucket
Town of Portsmouth HA
HA of the City of Providence
Town of Smithfield HA
HA of the City of South Kingstown
Tiverton HA



Risk Control Committee (left to right): Charles Williamson; Owen Ahearn; Annette Smith; John Johnson; Barbara Berg; Tracy Barlow; Earline Davis; James DiPaolo, *Chair*; Bonnie Latting; Philip Allen; Martin Williams; Natalie Turner; Jay Cunningham; Phillip Thurston; Tina Sullivan; (Not in photo): Maynard Scales, *Vice Chair*; Scott Bertrand; Donna Conway; Deborah Crockett; Sandra Desrosiers; Gary Evangelista; Veronica Guevara; Jai Johnson; Bernice Jones; Rufus Myers; Carolyn Nichter; Vince Pearson; Sanford Riggs; Scott Shaw; Jacquelyn Roberson; Rosa Torres; Jan Yakupzack



Underwriting Committee (left to right): Sam Brunson; Tyrone Garrett; Linnie Willis; Terri Hamilton Brown; Garey Ogle; Joseph Shuldiner, *Chair*; Thomas Hickey; L. Glen Redding; John Johnson; Richard Press; Russell Sciandra; Karl Opheim; Dale Priestler; (Not in photo): Richard Baker; Sharon Carlson; Hans Froelicher; Robert Lambert; Ted Shankle; Richard Whitworth; William J. Woods

Valley Affordable Hsg Corp
HA of the Town of Warren
Warwick HA
Town of Westerly HA
HA of the City of Woonsocket

South Carolina

HA of Cheraw
Farmington Assoc
HA of Florence
Southeastern Hsg Foundation

South Dakota

Butte County HA
Meade County Hsg & Redev Comm

Tennessee

Greater Bethlehem Plaza
Hartsville HA
Smyrna HA
Southern Hsg Mgmt
Tennessee Hsg Dev Corp

Texas

APV Fondren Road Apts LP
HA of the City of Austin
Beaumont HA
Billy W. Bell, Jr & Sr
HA of the City of Dallas
HA of the City of El Paso
HA of the City of Galveston
HA of the City of Garrison
Gladwin Mgmt, Inc.
Hunsicker Mgmt, Inc.
Hunsicker Appraisal Co, Inc.
Harris County HA
Houston HA

Kickapoo Run Homes LP
HA of the City of Laredo
Liberty County HA
Los Fresnos HA
HA of the City of Pharr
HA of the City of San Antonio
San Antonio Homeownership
Opportunities Corp
Southwest Hsg Compliance Corp
VSPFC Wilcrest Apts LP

Utah

HA of Carbon County
Golden Rule Mission

Vermont

Barre HA
Bennington HA
Brattleboro HA
Burlington HA
Town of Hartford HA
Parson Hill Ptnr
Rutland HA
Springfield HA
Winooski HA

Virginia

Alexandria RHA
Bristol RHA
Charlottesville RHA
Chesapeake RHA
Danville RHA
Emporia RHA
Franklin RHA
Hampton RHA
Harrisonburg RHA
Hopewell RHA

Lee County RHA
Lincoln Square LP
Lynchburg RHA
Newport News RHA
Norfolk RHA
Norton RHA
Orcutt Townhomes I LP
Petersburg RHA
Portsmouth RHA
Richmond RHA
City of Roanoke RHA
Staunton RHA
Suffolk RHA
Williamsburg RHA
Wise County RHA

Washington

HA of the City of Bremerton
Joint Pacific County HA (JPCHA)
King County HA
Pierce County HA
HA of the City of Seattle
HA of Snohomish County
Thurston County HA

West Virginia

HA of the City of Bluefield
Clarksburg HA
HA of the City of Elkins
HA of the City of Fairmont
HA of the City of St. Albans

Wisconsin

Algoma HA
Appleton HA
HA of the Village of Bruce
Cardinal Capital Mgmt, Inc.

Comm Dev Auth
Corps House LP
Village of DeForest HA
De Pere HA
City of Eau Claire HA
HA of the City of Edgerton
HA of the City of Fond Du Lac
HA of the City of Green Bay
Highland Park Community, LLC
Hsg Dev Corp
City of Hudson HA
La Crosse County Hsg
Ladysmith HA
Comm Dev Auth of the City of Madison
HA of the City of Milwaukee
City of Oshkosh HA
HA of the Village of Pulaski
HA of Racine County
HA of the City of Thorp
HA of Walworth County
Wausaukee HA
Wisconsin Hsg Preservation Corp WHPC
Rockwell CT., LLC WHPC River Oaks,
LLC McGregor Valley View Apts, LLC

Wyoming

HA of the City of Buffalo
HA of the City of Casper
Cheyenne HA
Hsg Alternatives, Inc.
Lusk HA
Wyoming Hsg Opportunities



Senior Staff (Left to Right) Jeff Weslow; Bill Lewellyn; Ed Malaspina; Mark Wilson; Dan Labrie, Dave Sagers, Leslie Whitlock, Brian Braley; Bob Sullivan; Dom Mazzocchi

HAI Group Staff (As of 4/1/09)

Executive Services

Dan Labrie, *Chief Executive Officer*
 Leslie Whitlock, *Director, Executive Services*
 Megan Johnson, *Administrative Services Manager*
 Lisa Krasnow, *Graphic Designer*
 Ken House, *Communications Specialist*
 Samantha Bailey, *Office Services Coordinator*

Claims Management

Bob Sullivan, *Vice President, Claims*
 Stefanie Warner, *Assistant Director, Claims*
 Ernie Burgeson, *Senior Claims Examiner*
 Laura Franco, *Senior Claims Examiner*
 Michael Pepe, *Property Claims Manager*
 Kimberly Clifford, *Senior Claims Examiner*
 Jeff Lynes, *Senior Claims Examiner*
 Bill O'Connor, *Senior Claims Examiner*
 Janelle Howard, *Claims Examiner*
 Patty Emmons, *Claims Compliance Assistant*
 Joyce Coleman, *Senior Administrative Assistant - Claims*
 Sharon Sciascia, *Administrative Assistant*

Finance

Mark Wilson, *Chief Financial Officer*
 Janine Lehr, *Assistant Director, Finance/Controller*
 Amy Galvin, *Regulatory Compliance Officer*
 Sarah Rodriguez, *Assistant Controller*
 Paulette Achilli, *Senior Staff Accountant*
 John Darin, *Reinsurance Accountant*
 Josianne Pierre, *Staff Accountant*
 Lise Holiday, *Research and Compliance Analyst*
 Gladys Roman, *Insurance Compliance Analyst*
 Liz Graham, *Licensing and Compliance Analyst*
 Ying Xu, *Junior Accountant*
 Jo-Mel McPhail, *Accounts Payable/Payroll*

Human Resources

Bill Lewellyn, *Vice President, Human Resources and Training*
 Glenn Jurgen, *Human Resources Representative*

Information Technology

Dave Sagers, *Vice President, Information and Learning Technologies*
 Jeff Bischoff, *Assistant Director, Information Technology*
 Mark Kirkendall, *Senior Developer/Analyst*
 April Parsons, *Senior Developer/Analyst*
 Dan Corbett, *Senior Developer/Analyst*
 Brian Watkins, *Senior Developer/Analyst*
 David Kinney, *Business Analyst*
 Christine Misseri, *Data Analyst/Developer*
 Lucille Tortora, *Network Engineer*
 Jill McNamee, *Business Solutions Analyst*
 Lori Harris, *Developer*
 Anthony Dion, *Support Specialist II*
 Kathleen Casey, *Desktop Support Specialist*

Internal Audit

Valerie Bashura, *Internal Auditor*

Learning Technologies

Patrick Sullivan, *Studio Director*
 Jackie Festa-Biega, *Director of Programming*
 Jay Dantscher, *Assistant Studio Director*
 Scott Owens, *Instructional Technologist*
 Paula Shemchuk, *Programming Assistant*

Legislative Affairs

Brian Braley, *Vice President, Legislative Affairs*
 Keely Stater, *Research Analyst*

Marketing and Agency Operations

Ed Malaspina, *Vice President, Marketing and Agency Operations*
 Sherry Sullivan, *Assistant Director, Marketing and Agency Operations*
 Kimberly Tompkins, *Assistant Manager, Agency*
 Ken Merrifield, *Assistant Manager, Marketing*
 Nancy Quiles, *Business Development Coordinator*
 Estelle Cote, *Licensing and Business Development Coordinator*
 Roque Orts, *Senior Marketing Representative*
 Michael Patenaude, *Marketing Representative*
 Greg Shpak, *Marketing Representative*
 Davina Bachman, *Production Representative*

Carolyn Bokon, *Production Representative*
 Sharon Moody, *Account Executive*
 Jodi Neubaum, *Account Executive*
 Amy Smith, *Account Executive*
 Lori Luponio, *Marketing Coordinator*

Risk Control and Consulting

Jeff Weslow, *Director, Risk Control and Consulting*
 Joseph Noel, *Risk Control Supervisor*
 Jeff Briggs, *Senior Risk Control Associate*
 Allan Brown, *Senior Risk Control Associate*
 Stan Gornicz, *E-Commerce Communications Coordinator*
 John Laverty, *Risk Control Associate*
 Beth Rohr, *Risk Control Associate*
 John Stath, *Risk Control Associate*
 Debbie Bower, *Program Assistant*
 Nancy Swistak, *Administrative Assistant*

Underwriting

Dominic Mazzocchi, *Vice President, Underwriting*
 Gibriel Cham, *Assistant Director, Underwriting and Corporate Risk Manager*
 Judy Tripp, *Manager, Small Business Unit*
 George Bartholomay, *Program Manager*
 Dave Prosser, *Product Development Manager*
 Ellen Kisiel, *Product, Compliance and Policy Administration Manager*
 Valerie LaFontaine, *Policy Administration Manager*
 Linda Blanc, *Senior Underwriter*
 Bob Miller, *Senior Underwriter*
 Lori Monahan, *Senior Underwriter*
 Angela Taylor, *Statistical Analyst*
 Stephen Moore, *Senior Product Management Analyst*
 James Jean, *Product Management Analyst*
 Jean Solla, *Underwriter*
 Robert Stanczykiewicz, *Underwriter*
 Kathy Lewis, *Underwriter*
 Robert Mensah, *Underwriter*
 Julius Whitehead, *Underwriter*
 Brandi Rowe, *Assistant Manager, Policy Administration and Support*
 Maria Diaz, *Collection Specialist*
 Robert Alexander, *Commercial Lines Rater*
 Donna Vreeland, *Commercial Lines Rater*
 Laurie Davidson, *Assistant Underwriter*
 Jeanne Aransky, *Assistant Underwriter*
 Jane Renauld, *Assistant Underwriter*
 Esther Lerner, *Insurance Services Representative*
 Carmen MacArthur, *Insurance Services Representative*
 Lori Jentzen, *Insurance Services Representative*
 Kate Barbera, *Insurance Services Representative*
 Pauline Tavares, *Insurance Services Representative*
 Sandee Foster, *Support Specialist*

Financial Statements

As of and for the Years Ended December 31, 2008 and 2007

Housing Authority Risk Retention Group, Inc.

Housing Authority Property Insurance, A Mutual Company

Housing Enterprise Insurance Company, Inc.

Housing Authority Insurance, Inc.

Housing Telecommunications, Inc.

Housing Investment Group, Inc. and Subsidiaries

The following financial information should be read in conjunction with the financial statements and related notes as presented in HAI Group's 2008 Audited Financial Statements supplement.



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Insurance Group

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Housing Authority Risk Retention Group, Inc.

Balance Sheets

December 31, 2008 and 2007	2008	2007
Assets		
Investments:		
Available for sale - at fair value	\$ 222,776,595	\$ 211,995,999
Surplus notes	-	5,000,000
Investment in HIG	3,350,473	2,466,651
Investment in HEIC	13,803,223	11,663,263
Total investments	239,930,291	231,125,913
Cash and cash equivalents	16,127,450	17,057,733
Reinsurance recoverables on unpaid losses	10,989,091	13,576,845
Premiums receivable	8,329,012	7,076,376
Prepaid reinsurance premiums	662,013	711,462
Due from affiliates	1,983,885	1,603,226
Accrued investment income	2,013,272	2,093,720
Property and equipment, net	4,250,231	4,442,095
Other assets	1,538,848	2,352,416
Total assets	\$ 285,824,093	\$ 280,039,786
Liabilities and Members' Equity		
Unpaid losses and loss adjustment expenses	\$ 149,299,223	\$ 159,050,290
Unearned premiums	15,541,231	17,861,846
Reinsurance balances payable	1,392,662	3,219,540
Accrued policyholder dividends	5,350,695	6,475,661
Deferred income	2,963,436	3,088,453
Advance premiums	3,025,084	1,251,807
Line of credit	-	2,212,080
Due to affiliates	140,467	388,022
Accrued expenses and other liabilities	5,038,281	4,431,451
Total liabilities	182,751,079	197,979,150
Members' equity:		
Members' contributions	9,803,972	9,277,933
Accumulated other comprehensive (loss) income	(1,565,335)	1,089,562
Unassigned surplus	94,834,377	71,693,141
Total members' equity	103,073,014	82,060,636
Total liabilities and members' equity	\$ 285,824,093	\$ 280,039,786

Housing Authority Risk Retention Group, Inc.**Statements of Net Income**

For the Years Ended December 31, 2008 and 2007

2008

2007

Revenues:

Premiums earned	\$ 38,560,659	\$ 41,965,188
Ceded premiums earned	(4,290,361)	(2,538,670)
Net earned premiums	34,270,298	39,426,518
Investment income (net of expenses of \$383,081 in 2008 and \$361,757 in 2007)	13,638,881	14,645,628
Net realized investment losses	(114,145)	(167,476)
	13,524,736	14,478,152
Total revenues	47,795,034	53,904,670

Expenses:

Losses and loss adjustment expenses	9,569,280	21,788,607
Salaries and other compensation	4,260,636	4,256,834
Contractual services and professional fees	989,910	1,168,033
General and administrative expenses	2,701,500	2,902,988
Policy acquisition costs	945,029	1,085,491
Total expenses	18,466,355	31,201,953

Net income before policyholder dividends	29,328,679	22,702,717
Policyholder dividends	(5,437,884)	(5,634,178)
Net income	\$ 23,890,795	\$ 17,068,539

Housing Authority Risk Retention Group, Inc.
Statements of Changes in Members' Equity

For the Years Ended December 31, 2008 and 2007	Members' Contributions	Accumulated Other Comprehensive (Loss) Income	Unassigned Surplus	Total
Balance at January 1, 2007	\$9,137,155	\$ 30,389	\$55,041,617	\$ 64,209,161
Comprehensive income				
Net income	-	-	17,068,539	17,068,539
Unrealized holding gains	-	891,697	-	891,697
Reclassification adjustment for losses included in net income	-	167,476	-	167,476
Other comprehensive income	-	1,059,173	-	1,059,173
Comprehensive income				18,127,712
Equity dividends	-	-	(171,771)	(171,771)
Members' distributions, net	(104,466)	-	-	(104,466)
Members' recapitalization dividends	245,244	-	(245,244)	-
Balance at December 31, 2007	9,277,933	1,089,562	71,693,141	82,060,636
Comprehensive income:				
Net income	-	-	23,890,795	23,890,795
Unrealized holding losses	-	(2,769,042)	-	(2,769,042)
Reclassification adjustment for losses included in net income	-	114,145	-	114,145
Other comprehensive loss	-	(2,654,897)	-	(2,654,897)
Comprehensive income				21,235,898
Equity dividends	-	-	(287,077)	(287,077)
Members' contributions, net	63,557	-	-	63,557
Members' recapitalization dividends	462,482	-	(462,482)	-
Balance at December 31, 2008	\$9,803,972	\$(1,565,335)	\$94,834,377	\$103,073,014

Housing Authority Property Insurance, A Mutual Company
Balance Sheets

December 31, 2008 and 2007

2008

2007

Assets

Investments:

Available for sale - at fair value	\$ 102,087,064	\$ 102,974,589
Investment in HEIC	13,803,223	11,663,263
Investment in HIG	3,143,534	2,401,555
Total investments	119,033,821	117,039,407
Cash and cash equivalents	21,802,291	20,850,317
Premiums receivable	18,529,299	13,396,156
Reinsurance recoverables	7,917,102	8,773,128
Commissions receivable	1,662,756	1,713,633
Other assets	1,932,134	1,964,610
Due from affiliates	157,012	159,655
Prepaid reinsurance	3,513,006	1,759,284
Total assets	\$ 174,547,421	\$ 165,656,190

Liabilities and Members' Equity

Unpaid losses and loss adjustment expenses	\$ 36,541,711	\$ 39,609,487
Unearned premiums	20,242,149	18,889,720
Reinsurance payable	5,739,337	7,652,294
Surplus notes	-	5,000,000
Accrued expenses and other liabilities	5,342,072	3,412,593
Accrued policyholder dividends	6,427,729	7,700,686
Due to affiliates	4,117,741	5,228,646
Advance premiums	6,878,309	1,083,265
Total liabilities	85,289,048	88,576,691
Members' equity:		
Members' contributions	6,810,003	5,958,479
Accumulated other comprehensive (loss) income	(778,884)	439,569
Unassigned surplus	83,227,254	70,681,451
Total members' equity	89,258,373	77,079,499
Total liabilities and members' equity	\$ 174,547,421	\$ 165,656,190

Housing Authority Property Insurance, A Mutual Company
Statements of Net Income

For the Years Ended December 31, 2008 and 2007

	2008	2007
Revenues:		
Premiums earned	\$45,142,689	\$ 40,063,112
Ceded premiums earned	(6,687,031)	(4,752,240)
Net premiums earned	38,455,658	35,310,872
Investment income (net of expenses of \$192,561 in 2008 and \$186,746 in 2007)	7,544,871	7,516,088
Net realized investment losses	(449,759)	(254,009)
Total revenues	45,550,770	42,572,951
Expenses:		
Losses and loss adjustment expenses	15,494,558	13,675,955
Salaries and other compensation	1,751,253	1,435,469
General and administrative expenses	7,232,513	6,135,765
Contracted services and professional fees	511,567	456,455
Risk control expenses	237,420	222,952
Total expenses	25,227,311	21,926,596
Net income before policyholder dividends	20,323,459	20,646,355
Policyholder dividends	(6,853,184)	(6,778,107)
Net income	\$ 13,470,275	\$ 13,868,248

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

For the Years Ended December 31, 2008 and 2007	Members' Contributions	Accumulated Other Comprehensive (Loss) Income	Unassigned Surplus	Total
Balance at January 1, 2007	\$5,142,281	\$ (514,422)	\$57,790,480	\$ 62,418,339
Comprehensive income:				
Net income	-	-	13,868,248	13,868,248
Unrealized holding gains	-	699,982	-	699,982
Reclassification adjustment for losses included in net income	-	254,009	-	254,009
Other comprehensive income	-	953,991	-	953,991
Comprehensive income				14,822,239
Equity dividends	(77,520)	-	-	(77,520)
Members' distributions, net	-	-	(83,559)	(83,559)
Members' recapitalization dividends	893,718	-	(893,718)	-
Balance at December 31, 2007	5,958,479	439,569	70,681,451	77,079,499
Comprehensive income:				
Net income	-	-	13,470,275	13,470,275
Unrealized holding losses	-	(1,668,212)	-	(1,668,212)
Reclassification adjustment for losses included in net income	-	449,759	-	449,759
Other comprehensive loss	-	(1,218,453)	-	(1,218,453)
Comprehensive income				12,251,822
Equity dividends	-	-	(153,195)	(153,195)
Members' contributions, net	80,247	-	-	80,247
Members' recapitalization dividends	771,277	-	(771,277)	-
Balance at December 31, 2008	\$6,810,003	\$ (778,884)	\$83,227,254	\$ 89,258,373

Housing Enterprise Insurance Company, Inc.
Balance Sheets

December 31, 2008 and 2007	2008	2007
Assets		
Cash and cash equivalents	\$ 1,489,971	\$ 2,418,078
Investments, at fair value	32,844,278	28,209,239
Premiums receivable	1,493,203	1,445,122
Due from investment broker	13,063	-
Service fee receivable	157,733	135,112
Deferred policy acquisition costs	752,674	738,078
Deferred tax asset	167,048	323,903
Accrued interest and other assets	355,627	302,002
Total assets	\$ 37,273,597	\$ 33,571,534
Liabilities and Shareholders' Equity		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 5,644,787	\$ 5,936,852
Unearned premiums	2,551,436	2,503,083
Accounts payable and other liabilities	556,964	768,067
Due to affiliates	390,120	291,748
Deferred service fee income	286,826	281,037
Federal income taxes payable	237,017	464,222
Total liabilities	9,667,150	10,245,009
Shareholders' equity:		
Common stock, \$10,000 stated value, 10,000 and 2,000 shares authorized for 2008 and 2007, respectively, 2,000 issued and outstanding in 2008 and 2007	20,000,000	20,000,000
Contributed surplus	4,000,000	-
Accumulated other comprehensive income	267,116	57,701
Retained earnings	3,339,331	3,268,824
Total shareholders' equity	27,606,447	23,326,525
Total liabilities and shareholders' equity	\$ 37,273,597	\$ 33,571,534

Housing Enterprise Insurance Company, Inc.
Statements of Operations and Comprehensive Income

For the Years Ended December 31, 2008 and 2007

	2008	2007
Revenues:		
Assumed premiums earned	\$ 4,477,222	\$ 4,686,457
Claim service fee income	499,931	519,269
Investment income, net	1,686,298	923,211
Total revenues	6,663,451	6,128,937
Losses and expenses:		
Losses and loss adjustment expenses	1,550,745	1,042,823
Salaries and benefits	739,068	577,794
General and administrative expenses	1,446,089	1,116,836
Ceding commission	1,320,279	1,437,911
Total losses and expenses	5,056,181	4,175,364
Net income before federal income tax expense	1,607,270	1,953,573
Federal income tax expense	536,763	661,072
Net income	1,070,507	1,292,501
Other comprehensive income, net of tax:		
Unrealized holding gains on available for sale securities, net of tax expense of \$235,402 in 2008 and \$104,861 in 2007	456,957	203,557
Reclassification adjustments for amounts included in net income, net of tax (expense) benefit of (\$127,522) in 2008 and \$20,611 in 2007	(247,542)	40,007
Other comprehensive income	209,415	243,564
Comprehensive income	\$ 1,279,922	\$ 1,536,065

Housing Enterprise Insurance Company, Inc.

Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2008 and 2007	Common Stock		Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2007	1,000	\$ 10,000,000	\$ -	\$ (185,863)	\$ 1,976,323	\$ 11,790,460
Common stock issued	1,000	10,000,000	-	-	-	10,000,000
Comprehensive income	-	-	-	243,564	-	243,564
Net income	-	-	-	-	1,292,501	1,292,501
Balance at December 31, 2007	2,000	20,000,000	-	57,701	3,268,824	23,326,525
Dividends	-	-	-	-	(1,000,000)	(1,000,000)
Contributed surplus	-	-	4,000,000	-	-	4,000,000
Comprehensive income	-	-	-	209,415	-	209,415
Net income	-	-	-	-	1,070,507	1,070,507
Balance at December 31, 2008	2,000	\$ 20,000,000	\$ 4,000,000	\$ 267,116	\$ 3,339,331	\$ 27,606,447

Housing Authority Insurance, Inc.
Statements of Financial Position

December 31, 2008 and 2007	2008	2007
Assets		
Cash	\$174,703	\$ 77,077
Accounts receivable - HARRG	-	20,405
Accounts receivable - HAPI	-	46,542
Accounts receivable - HIS	25	-
Other assets	723	595
Total assets	\$175,451	\$ 144,619
Liabilities and Net Assets		
Accounts payable	\$ 14,059	\$ 44,853
Accounts payable - HTI	-	11,447
Accounts payable - HARRG	95,451	39,039
Total liabilities	109,510	95,339
Unrestricted net assets	65,941	49,280
Total liabilities and net assets	\$175,451	\$ 144,619

Housing Authority Insurance, Inc.**Statements of Activities**

For the Years Ended December 31, 2008 and 2007

	2008	2007
Unrestricted revenues:		
Membership fees	\$ 941,317	\$ 582,050
Interest income	2,158	1,720
Total unrestricted revenues	943,475	583,770
Unrestricted expenses:		
Salaries and benefits	203,921	175,876
General and administrative expenses	440,919	480,182
Member benefits	281,974	-
Total unrestricted expenses	926,814	656,058
Change in net assets	16,661	(72,288)
Unrestricted net assets, beginning of year	49,280	121,568
Unrestricted net assets, end of year	\$ 65,941	\$ 49,280

Housing Telecommunications, Inc.
Statements of Financial Position

December 31, 2008 and 2007	2008	2007
Assets		
Cash	\$816,642	\$ 651,550
Accounts receivable - PHAs, net of allowance for doubtful accounts of \$15,000 in 2008 and 2007	22,619	66,621
Contributions receivable - Travelers	35,000	35,000
Prepaid expenses	9,526	2,448
Due from related parties	20,755	62,763
Total current assets	904,542	818,382
Trademark	2,500	2,500
Total assets	\$907,042	\$ 820,882
Liabilities and Net Assets		
Accounts payable	\$ 41,774	\$ 58,484
Due to related parties	96,973	172,925
Deferred income	22,500	-
Unearned subscription fees	192,729	178,124
Total liabilities	353,976	409,533
Unrestricted net assets	553,066	411,349
Total liabilities and net assets	\$907,042	\$ 820,882

Housing Telecommunications, Inc.**Statements of Activities**

For the Years Ended December 31, 2008 and 2007	2008	2007
Unrestricted revenues:		
Broadcast income	\$ 350,000	\$ 350,000
Consulting services	312,000	312,000
Subscription fees	432,745	437,312
Contributions and other income	40,260	48,911
Pay per view fees	55,259	98,420
Total unrestricted revenues	1,190,264	1,246,643
Unrestricted expenses:		
Salaries and benefits	510,540	574,152
General and administrative expenses	412,772	363,015
Program acquisition costs	125,235	161,106
Bad debt expense	-	15,000
Total unrestricted expenses	1,048,547	1,113,273
Change in net assets	141,717	133,370
Unrestricted net assets, beginning of year	411,349	277,979
Unrestricted net assets, end of year	\$ 553,066	\$ 411,349

Housing Investment Group, Inc. and Subsidiaries
Consolidating Balance Sheet

December 31, 2008	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Elimination Entries	Consolidated
Current assets:					
Cash	\$ 127,475	\$ 332,232	\$ 9,422,108	\$ -	\$ 9,881,815
Loss payments receivable	-	-	31,341	-	31,341
Premiums receivable	-	-	14,405,931	-	14,405,931
Due from related parties	-	-	3,198,746	-	3,198,746
Deferred tax asset	-	(18,368)	86,466	-	68,098
Tax receivable from affiliate	2,670	12,110	-	(14,780)	-
Other assets	34	945	14,963	-	15,942
Total current assets	130,179	326,919	27,159,555	(14,780)	27,601,873
Equipment (net of accumulated depreciation of \$397,195)					
	-	123,743	-	-	123,743
Investment in STI, at cost	1,585,500	-	-	(1,585,500)	-
Investment in HIS, at cost	130,000	-	-	(130,000)	-
Total assets	\$ 1,845,679	\$ 450,662	\$ 27,159,555	\$ (1,730,280)	\$ 27,725,616
Liabilities:					
Premiums payable	\$ -	\$ -	\$ 17,879,347	\$ -	\$ 17,879,347
Deferred commissions	-	-	1,055,432	-	1,055,432
Accounts payable and accrued expenses	10,000	5,218	227,880	-	243,098
Income tax payable	-	964	355,217	(7,143)	349,038
Tax payable to affiliate	-	-	7,637	(7,637)	-
Due to related parties	13,664	2,050	626,006	-	641,720
Total liabilities	23,664	8,232	20,151,519	(14,780)	20,168,635
Stockholders' equity:					
Common stock, Class A	10,000	-	-	-	10,000
Common stock, Class B	1,200,000	-	-	-	1,200,000
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	-	-	25,000	(25,000)	-
Additional paid-in capital	269,664	-	-	212,570	482,234
Less: Stock subscription receivable	-	(14,500)	-	14,500	-
Retained earnings (accumulated deficit)	342,351	(1,143,070)	6,983,036	(317,570)	5,864,747
Total stockholders' equity	1,822,015	442,430	7,008,036	(1,715,500)	7,556,981
Total liabilities and stockholders' equity	\$ 1,845,679	\$ 450,662	\$ 27,159,555	\$ (1,730,280)	\$ 27,725,616

Housing Investment Group, Inc. and Subsidiaries

Consolidating Balance Sheet

December 31, 2007	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Elimination Entries	Consolidated
Current assets:					
Cash	\$ 3,341	\$ 260,546	\$ 6,040,968	\$ -	\$ 6,304,855
Loss payments receivable	-	-	566,783	-	566,783
Premiums receivable	-	-	11,695,151	-	11,695,151
Due from related parties	5,542	-	4,387,309	(5,542)	4,387,309
Tax receivable from affiliate	122,968	29,005	-	(151,973)	-
Other assets	53	21,869	12,902	-	34,824
Total current assets	131,904	311,420	22,703,113	(157,515)	22,988,922
Equipment (net of accumulated depreciation of \$330,564)	-	184,966	1,888	-	186,854
Investment in STI, at cost	1,585,500	-	-	(1,585,500)	-
Investment in HIS, at cost	130,000	-	-	(130,000)	-
Total assets	\$ 1,847,404	\$ 496,386	\$ 22,705,001	\$ (1,873,015)	\$ 23,175,776
Liabilities:					
Premiums payable	\$ -	\$ -	\$ 14,991,647	\$ -	\$ 14,991,647
Deferred commissions	-	-	1,083,728	-	1,083,728
Accounts payable and accrued expenses	3,577	2,166	418,552	-	424,295
Deferred tax liability	-	21,010	-	-	21,010
Income tax payable	-	964	276,448	-	277,412
Tax payable to affiliate	-	-	151,973	(151,973)	-
Due to related parties	6,433	1,150	563,975	(5,542)	566,016
Total liabilities	10,010	25,290	17,486,323	(157,515)	17,364,108
Stockholders' equity:					
Common stock, Class A	10,000	-	-	-	10,000
Common stock, Class B	1,200,000	-	-	-	1,200,000
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	-	-	25,000	(25,000)	-
Additional paid-in capital	269,664	-	-	212,570	482,234
Less: Stock subscription receivable	-	(14,500)	-	14,500	-
Retained earnings (accumulated deficit)	357,730	(1,114,404)	5,193,678	(317,570)	4,119,434
Total stockholders' equity	1,837,394	471,096	5,218,678	(1,715,500)	5,811,668
Total liabilities and stockholders' equity	\$ 1,847,404	\$ 496,386	\$ 22,705,001	\$ (1,873,015)	\$ 23,175,776

Housing Investment Group, Inc. and Subsidiaries
Consolidating Statement of Operations and Retained Earnings
(Accumulated Deficit)

For the Year Ended December 31, 2008	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Elimination Entries	Consolidated
Revenues:					
Management services	\$ -	\$ -	\$ 5,858,338	\$ -	\$ 5,858,338
Commission income	-	-	2,165,791	-	2,165,791
Studio rental income	-	166,435	-	-	166,435
Interest income	-	-	87,532	-	87,532
Other income	90,000	595	-	(90,000)	595
Total revenues	90,000	167,030	8,111,661	(90,000)	8,278,691
Expenses:					
Salaries and benefits	39,565	20,407	3,454,863	-	3,514,835
General and administrative	73,736	123,568	1,556,887	(90,000)	1,664,191
Depreciation	-	66,473	2,831	-	69,304
Total expenses	113,301	210,448	5,014,581	(90,000)	5,248,330
Income (loss) before income taxes	(23,301)	(43,418)	3,097,080	-	3,030,361
Income tax expense (benefit)	(7,922)	(14,752)	1,307,722	-	1,285,048
Net income (loss)	(15,379)	(28,666)	1,789,358	-	1,745,313
Retained earnings (accumulated deficit), beginning of year	357,730	(1,114,404)	5,193,678	(317,570)	4,119,434
Retained earnings (accumulated deficit), end of year	\$ 342,351	\$ (1,143,070)	\$ 6,983,036	\$ (317,570)	\$ 5,864,747

Housing Investment Group, Inc. and Subsidiaries
Consolidating Statement of Operations and Retained Earnings
(Accumulated Deficit)

For the Year Ended December 31, 2007	Housing Investment Group, Inc.	Satellite Telecommu- nications, Inc.	Housing Insurance Services, Inc.	Elimination Entries	Consolidated
Revenues:					
Management services	\$ -	\$ -	\$ 5,508,664	\$ -	\$ 5,508,664
Commission income	-	-	2,035,669	-	2,035,669
Studio rental income	-	138,804	-	-	138,804
Interest income	-	-	71,373	-	71,373
Dividend income	400,000	-	-	(400,000)	-
Other income	70,000	-	-	(70,000)	-
Total revenues	470,000	138,804	7,615,706	(470,000)	7,754,510
Expenses:					
Salaries and benefits	34,407	1,028	3,373,149	-	3,408,584
General and administrative	50,136	94,287	1,251,217	(70,000)	1,325,640
Depreciation	-	68,164	2,831	-	70,995
Total expenses	84,543	163,479	4,627,197	(70,000)	4,805,219
Income (loss) before income taxes	385,457	(24,675)	2,988,509	(400,000)	2,949,291
Income tax expense (benefit)	8,619	(7,995)	1,134,557	-	1,135,181
Net income (loss)	376,838	(16,680)	1,853,952	(400,000)	1,814,110
Retained earnings (accumulated deficit), beginning of year	(19,108)	(1,097,724)	3,739,726	(317,570)	2,305,324
Equity dividend	-	-	(400,000)	400,000	-
Retained earnings (accumulated deficit), end of year	\$ 357,730	\$ (1,114,404)	\$ 5,193,678	\$ (317,570)	\$ 4,119,434

Credits

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Housing Authority Insurance Group

Housing Authority Risk Retention Group, Inc. (HARRG)

HARRG is a nonprofit, tax-exempt mutual insurance company owned by public housing authorities. It was licensed in 1987 in the State of Vermont and operates under the Federal Liability Risk Retention Act. It began operations on June 1, 1987. This company writes the following liability insurance coverages: general liability; public officials' errors and omissions; law enforcement; lead-based paint; mold liability; employee benefit administration liability; and primary excess auto liability insurance.

Housing Authority Property Insurance, A Mutual Company (HAPI)

HAPI is a nonprofit, tax-exempt, traditional mutual insurance company owned by public housing authorities. It was licensed in 1988 as an association captive insurer in the State of Vermont. HAPI commenced operations August 1, 1988 and utilizes a fronting insurer licensed in each state where member PHAs are located. Effective in 2003, HAPI converted its charter in the State of Vermont to a traditional mutual insurer. HAPI is currently licensed in 46 states. HAPI acts as a reinsurer and insurer for commercial property, automobile physical damage, inland marine, boiler and machinery, fidelity and crime, and liability coverage. In 2003, HAPI began issuing policies to selected PHAs on a direct basis.

Housing Enterprise Insurance Company, Inc. (HEIC)

HEIC is a licensed stock insurance company domiciled in the State of Vermont and owned by HARRG and HAPI. The net income generated by HEIC is fully taxable. HEIC provides insurance and risk management services to low- and mixed-income housing entities that are not in the public housing authority program.

Housing Authority Insurance, Inc. (HAI)

HAI is a nonprofit association incorporated in 1987. Its membership includes PHAs and low- and mixed-income housing entities. It is principally responsible for the development of public housing insurance programs. This association provides access to a risk

management video library, loss control bulletins, and risk management publications such as InSite. Also, members may attend our risk management training programs.

HAI serves as an umbrella organization for information on sponsored insurance programs. The association provides advocacy services on member risk management related issues. HAI also sponsors an internship program, a scholarship program, and other charitable programs. Its advocacy work also extends to legislative and regulatory issues in order to help improve the political environment of the public housing industry and exert political influence on behalf of its own insurance interests.

Housing Investment Group, Inc. (HIG)

HIG was incorporated in Delaware in June, 1995. HIG owns two taxable subsidiaries, Housing Insurance Services, Inc. (HIS) and Satellite Telecommunications, Inc. (STI). It is an investment holding corporation owned jointly by HARRG and HAPI. This corporation invests in business opportunities that further the missions of HARRG, HAPI, and HEIC where a substantial ownership interest is acquired.

Housing Insurance Services, Inc. (HIS)

HIS serves as an agent and MGA to various insurance companies. In addition, HIS serves as an independent agency and surplus lines broker for insurance products not provided by HARRG, HAPI, and HEIC.

Housing Telecommunications, Inc. (HTI)

HTI was incorporated in Connecticut in September, 1993. HTI is a nonprofit organization that delivers training and educational programming to PHAs through web-streaming technologies owned by Satellite Telecommunications, Inc.

Satellite Telecommunications, Inc. (STI)

STI was incorporated in June, 1995 in Delaware. It is wholly-owned by HIG. The company owns the web-streaming equipment that is used by HTI, HARRG, and HAPI.



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