Seattle
Office of Housing

Insurance Requirements for OH-Financed Properties

Owners of affordable multi-family housing with a loan from the Seattle Office of Housing (OH).

Coverage you must carry

Property insurance ("All Risk"). Cover all buildings, improvements, and fixtures at 100% of current replacement cost, updated at least yearly. It must include fire and direct physical loss (at least as broad as Special Form CP 10 30), water and sprinkler damage, sudden breakdown of major equipment (boilers, HVAC, elevators), and business interruption / extra expense equal to your projected gross annual rents. Earthquake is required only if OH requests it in writing; flood is required in a flood hazard area. During construction, an in-force Builders Risk policy covers this.

Commercial General Liability (CGL). Standard occurrence form (ISO CG 00 01), with minimum limits of $5,000,000 combined single limit and $6,000,000 general and products/completed-operations aggregate. Primary plus umbrella/excess policies can be combined to reach these limits.

Naming the City

- **CGL additional insured:** Add "The City of Seattle, its officers, elected officials, employees, agents, and volunteers, and their successors and/or assigns as their interests may appear" as an additional insured on a primary, non-contributory basis, on your policy, your contractor's, and your subs' (all first-tier subs, plus any sub at any tier with a subcontract of $50,000 or more). Use the required endorsement forms (e.g., CG

20 26; CG 20 26 11 85 for your contractor; CG 20 37 for completed operations). The "Owners, Lessees or Contractors" forms (CG 20 09, 20 10, 20 33) are **not** accepted.

- **Property mortgagee/loss payee:** Name "The City of Seattle, its successors and/or assigns" using the Standard Mortgagee Clause 438BFU.

Conditions

- **Insurers:** Licensed in Washington and rated at least A- VII by A.M. Best (or placed as surplus lines under RCW ch. 48.15).
- **Cancellation notice:** At least 30 days in advance (10 days for non-payment).
- **Waiver of subrogation** in the City's favor on property, CGL, auto, and employer's liability.
- **Deductibles** must be disclosed and are subject to OH approval; you're responsible for amounts within them.

Submitting proof

Submit your Certificates of Insurance (COIs) as part of your annual reporting supplemental uploads. Along with certificates, be ready to provide declarations pages, endorsement copies, and the mortgagee clause; a binder is acceptable if a policy hasn't been issued yet, with full evidence to follow.

Good to know

- These are minimums; meeting them doesn't cap your responsibility.
- OH can require higher coverage with 90 days' notice. If market conditions make a requirement impossible despite your best efforts, you can request a waiver with 30 days' notice, and OH won't unreasonably deny it.
- Not meeting these requirements is a material breach. If coverage lapses, OH may buy it and bill you back with 12% annual interest.

Insurance for NPIP-Insured Owners

Before you submit your Certificate of Coverage to the Office of Housing (OH)

Many affordable housing owners insure through the Non-Profit Insurance Program (NPIP). NPIP is a solid program, but its standard certificate often leaves out a few things OH requires, usually on the property side. Run through this list with your broker before you upload, so your submission isn't sent back.

Submit your certificate and supporting documents as part of your annual reporting supplemental uploads.

Naming OH correctly

- ☐ Certificate holder is: City of Seattle, Office of Housing, PO Box 94725, Seattle, WA 98124-4725
- ☐ The borrowing entity (the LLC or partnership that owns the property) is the named/covered member on the coverage, not just referenced in the description
- ☐ OH is named using the full required wording: *"The City of Seattle, its officers, elected officials, employees, agents, and volunteers, and their successors and/or assigns as their interests may appear"*

Liability coverage

- ☐ Commercial General Liability is written on an occurrence form
- ☐ Limits are at least $5,000,000 per occurrence and $6,000,000 general and products/completed-operations aggregate (primary and excess/umbrella can be combined)
- ☐ OH is named as additional insured on the general liability coverage, primary and non-contributory, including products/completed operations, with the actual endorsement attached
- ☐ Waiver of subrogation in OH's favor on the liability coverage

Property coverage; where NPIP certificates most often fall short

- ☐ All-Risk property coverage on all buildings, improvements, and fixtures
- ☐ Insured to 100% replacement cost; attach your Statement of Values (SOV) showing this building's replacement value
- ☐ OH named as Mortgagee and Lender's Loss Payee on the property coverage, using the Standard Mortgagee Clause 438BFU (this is separate from being additional insured on liability, the NPIP certificate usually does *not* include it unless you ask)
- ☐ Business interruption/loss of rents and extra expense, at an amount equal to your projected gross annual rents

- Equipment breakdown (boiler & machinery) coverage, if the property has boilers, HVAC, elevators, or similar equipment
- Waiver of subrogation in favor of OH and the Trustee on the property coverage

Flood and earthquake (NPIP excludes both by default)

- Flood: required if the property is in a flood hazard area, confirm your flood zone; if you're in one, you need separate flood coverage
- Earthquake: required only if OH has asked for it in writing for your property

Other conditions

- Cancellation notice of at least 30 days (10 days for non-payment of premium), confirm this is in place, not just "per program provisions"
- Deductibles and self-insured retentions (SIR) are shown on the certificate

Documents to include

- The Certificate of Coverage
- The additional insured endorsement (liability) and the mortgagee/loss payable endorsement (property, 438BFU)
- Declarations pages and the schedule of forms and endorsements for the liability and property coverage
- The Statement of Values confirming 100% replacement cost