

CHAPTER 6. THEFT, DISAPPEARANCE AND DESTRUCTION
INSURANCE EXPLANATION AND REQUIREMENTS

6-1. APPLICABILITY [WAIVE] OF ACC REQUIREMENT FOR BURGLARY AND ROBBERY INSURANCE.

Section 1 of this policy form covers "money" and "securities" inside the insured's premises or a banking premises against theft, disappearance, or destruction. Section 2 covers loss from the same perils outside the premises while in the care and custody of a messenger.

Experience indicates that premiums paid for burglary and robbery coverage far exceed loss recoveries. If such form of protection were dispensed with, it is felt that no HA would be permanently injured because of an uninsured loss of this type. Such losses would not assume catastrophic proportions because of existing accounting safeguards as stated in Low-Rent Housing Accounting Guide HMG 7511.1.

Therefore, the ACC does not require HAs to purchase burglary and robbery insurance, if the amount of cash and checks on hand at any one time does not exceed the amount prescribed by the Department. It is currently \$5,000. HAs should notify the Field Office if they are in this category and do not purchase this insurance, in order that the Field Office may mark their records accordingly. A waiver may be considered for "good cause" if the HA believes that sufficient safeguards have been established to prevent such losses from occurring, when amounts on hand exceed \$5,000. Requests for such a waiver should be submitted in writing to the Field Office with full particulars as to why a waiver should be granted.

6-2. RECOMMENDED TYPES OF COVERAGE.

Loss of business personal property caused by theft, burglary, or robbery is covered under the "all risks" property insurance form. The required coverage under this Chapter is only for money and securities, equivalent to Coverage Form C of the Insurance Services Office (ISO) Crime Form.

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6-3. OVERNIGHT PROTECTION OF FUNDS.

If funds are retained in the development office overnight, a safe should be purchased for this purpose. If burglary insurance is carried, and a reduction in premium sufficient to justify the cost will result, not less than an 'E' classification burglary resistive safe is recommended. Where burglary insurance is not carried, the class of safe purchased should depend on the amount of funds that will be left overnight.

NOTE: A class "E" safe is equipped with a combination lock with all sides and door(s) constructed of steel with a minimum thickness of two inches.

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