

UHAB | URBAN HOMESTEADING ASSISTANCE BOARD

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June 2, 2009

FOR IMMEDIATE RELEASE

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NEW MUTUAL INSURANCE COMPANY TO OFFER COMPETITIVE INSURANCE COVERAGE TO AFFORDABLE HOUSING CO-OPS

NEW YORK – The Urban Homesteading Assistance Board announces its newest service to members with the formation of UHAB Mutual.

UHAB is a nonprofit organization that creates, supports and preserves affordable limited-equity cooperative housing in New York City.

UHAB Mutual will provide low-cost insurance to limited-equity cooperative housing.

The insurance company, which will be capitalized with a \$2 million low-cost loan from Bank of America's New Markets Tax Credit program, will provide liability and eventually, property insurance to the UHAB portfolio of properties. Moreover, as a mutual insurance company, the policyholders will ultimately shape the company and gain a measure of cost certainty regarding the cost of insurance.

Bollinger Insurance, which was an active participant in the creation of UHAB Mutual, will provide brokerage services for the company.

It is expected that the first policies will be issued in early summer.

"The goal was to be able to allow our co-ops to have access to quality insurance at a good price," said Andrew Reicher, UHAB's Executive Director. "We are pleased to see the plan come to fruition after 25 years, and at a time when savings are needed more than ever before."

"This is a very progressive approach," said James A. Fenniman, Executive Vice President for affordable housing services at Bollinger, Inc. "No one has ever done anything like this before."

"Other cities will be looking at this model, and there's a possibility of UHAB taking this outside of New York City," he said.

The profits generated by UHAB Mutual will be directly reinvested in the co-op community in the form of discounts on insurance premiums.

UHAB Mutual's insurance will be provided through UHAB's existing FLIP Insurance program with more than \$5.6 million in premiums. At the start, 80% of the insurance will be provided by Castle Point Holdings/Tower Group.

Over 600 housing cooperatives will be insured with over 12,000 units of housing and about \$1.7 billion of property value.

"Insurance is one of the largest and most variable expenses that property owners must deal with when preparing annual budgets. Depending on the market, insurance costs can vary as much as 30-50% or more from one year to the next," said Michael Solomon of Bank of America, who is a board member of UHAB Mutual.

"With UHAB Mutual we will be able to provide affordable cooperatives some cost certainty," he said.

Moreover, studies done by UHAB have shown that the HDFCs that will be covered by UHAB Mutual have lower losses than the average multifamily building.

"We believe that our HDFCs should be rewarded with lower premiums based on a lower loss ratio," said Solomon.

The company was formed with the help of Milliman, Inc., a leading actuarial consulting firm, pro bono legal services provided by Katten Muchin Rosenman LLP and pro bono assistance from many other insurance professionals over the past 25 years. UHAB Mutual was enabled at the start by a grant from the Goldman Sachs/Yale School of Management business plan competition in 2004.