



Air Force Housing Privatization Portfolio Management Insurance Reviews



AIR FORCE CENTER FOR ENVIRONMENTAL EXCELLENCE Information Sheet

There are many risks inherent in housing privatization transactions. One significant way of minimizing risk is to ensure that all project stakeholders required to carry insurance have adequate coverage.

The type and amount of insurance required stakeholders carry must meet or exceed the requirements of the transaction documents. Consequently, the Air Force requires stakeholders to submit certificates of insurance to the Air Force at transaction closing as proof of insurance coverage. The Portfolio Manager* must determine that the coverages are in compliance with insurance requirements. In addition to reviewing insurance type and amount, the Portfolio Manager must examine policy endorsements, coverage limits, exclusions, named insureds, and additional named insureds.

To ensure compliance, the Portfolio Manager performs a three-step insurance summary, which includes

- Listing which transaction documents include insurance requirements

- Listing the requirements and their compliance status, highlighting requirements that need scrutiny
- Developing an action plan to address requirements that need attention

Once the insurance summary is complete and compliance is established, the Portfolio Manager conducts subsequent insurance reviews to ensure continuing compliance. Although insurance requirements are determined on a project-by-project basis, the chart below lists the recommended minimum insurance requirements for all housing privatization projects.

Recommended Minimum Insurance Requirements

TYPE OF COVERAGE	MINIMUM AMOUNT OF COVERAGE
Worker's Compensation	• Statutory Limits (varies by state)
Employer's Liability	• \$500,000 each accident • \$500,000 disease—per employee • \$500,000 disease—policy limit
Commercial General Liability	• \$1,000,000 each occurrence • \$2,000,000 general aggregate • \$2,000,000 products/completed operations aggregate
Automobile Liability	• \$1,000,000 each accident
Umbrella Liability	• \$5,000,000 each occurrence • \$5,000,000 annual aggregate
All-Risk Property Insurance	• Replacement Cost
Errors and Omissions	• \$1,000,000 minimum

* The Air Force Housing Privatization Portfolio Manager is the Air Force Center for Environmental Excellence, which executes duties with the assistance of Jones Lang LaSalle, the current Portfolio Management support consultant.



**PORTFOLIO
MANAGEMENT SERIES**

This Information Sheet is one in a series on the subject of Portfolio Management. In February 2001, the Air Force Center for Environmental Excellence (AFCEE) was designated as the Air Force Housing Privatization Portfolio Manager. AFCEE executes its Portfolio Management responsibilities with the assistance of Jones Lang LaSalle (JLL), the current Portfolio Management support consultant.

From transaction closing through project closeout, the Portfolio Manager acts in oversight, monitoring, and guidance roles on behalf of the Air Force to protect the Government's interests. (Project closeout is at the conclusion of the transactional performance period, assets are disposed of and the project is closed out.)

**FOR MORE
INFORMATION**

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