



**A FAINT GRIN** belies the business acumen of Dan J. Labrie, CEO of the Housing Authority Insurance Group. The group has grown and insures authorities in 43 states.

**Meet Dan J. Labrie. He runs a company in Cheshire, Conn., that insures public housing authorities. The Housing Authority Insurance Group is domiciled in Vermont and provides liability insurance for housing authorities in 43 states. Labrie continues to be a leader in the captive community.**

**BY THOMAS J. SLATTERY**

● **COVER STORY**

# Cheshire Cat

Like thousands of junior insurance industry executives, Dan J. Labrie began his career at blue-chip firms, first as an account executive at The St. Paul Cos., and then as a captive program manager with Travelers.

But despite the good salary,

the smart suits, the silk ties and the MBA in international management, life was turning into a harried blur as he found himself rushing from one airport gate to the next.

Labrie, now CEO of the

Housing Authority Insurance Group of Cheshire, Conn., had reached the point where he even relished the pauses in the waiting lounges of J.F.K. International Airport. He overslept one day, after dozing for two hours, and found his gate empty. Maybe it was time to move on, he thought.

And move on he did, to the Housing Authority Insurance Group, in 1988, where life was different but no calmer. Back then, the organization was a single risk retention group. Today, it has spawned five subsidiaries.

“Our mission,” says Labrie, who has been CEO for the past seven years, “is to serve the insurance and risk management



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needs of our members, who are housing authorities throughout the United States.”

In the mid-’80s, he recalls, insurers took a dim view of public housing risks, as they did of so many others. “It was a class of business at that time that had a very difficult time getting insurance,” he says, “specifically liability insurance, at a reasonable cost.”

Back then, it was common for carriers to cancel policies,

cancel renewals or demand sky-high premiums.

#### **VOLUMINOUS GROWTH**

“I think, from the point of view of the insurance industry, public housing is a class of business that has a high frequency of claims,” says Labrie. “I think a lot of underwriters, based upon that, felt the class or the risk, because of that high frequency, was difficult to price.”

In addition to the frequency

of claims, the severity potential of many housing claims further alienated underwriters.

In a bind, 26 housing authorities banded together, each agreeing they had a large market, wanted control over their destiny, and yearned to escape the misery of insurance cycles. In 1985, the industry decided to take matters of insurance into its own hands.

In 1985, the Council of Large Public Housing Authorities held a meeting in Chicago to find a solution. Two years later, that solution emerged: the Housing Authority Risk Retention Group. The group found a home in Vermont, and eventually grew to provide liability insurance for housing authorities in 43 states.

Today, that company is one of Housing Authority Insurance Group’s five subsidiaries. The others are Housing Authority Insurance Inc.; Housing

**ONE-HALF HORIZONTAL  
(7" X 4-7/8")**





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Authority Property Insurance, now a mutual insurance company; Housing Enterprise Risk Services Inc., a so-called rent-a-captive, or sponsored captive; and Housing Insurance Services Inc., an insurance agency licensed in 44 states. All are incorporated and domiciled in Vermont, but operate out of Cheshire, Conn.

HAIG currently operates in 43 states and represents close to 800 public housing authorities.

The group began in 1987 with \$6 million in assets. Today, the assets of the combined companies are worth \$350 million. Surplus exceeds \$80 million, up from \$3 million when the company started.

“We started with roughly \$6 million in annualized premiums, and today we’re at \$110 million,” he says. “We have a staff of 97 today in-house; we started with one.”

Labrie says that in 1987, an

association captive handled product lines a risk retention group is forbidden from handling: property, workers’ comp, fidelity and boiler. Two years ago, the captive was converted to a licensed mutual insurance company, the Housing Authority Property Insurance Co. Inc.

Housing Enterprise Risk Services, or HERS, is a sponsored captive. It provides property and liability insurance to housing entities in the mixed-income housing market.

Why did Labrie choose a Vermont domicile?

“We decided back in 1987 to incorporate the first company there, which was the risk retention group,” he says. “We felt they had the infrastructure and the regulatory experience to meet our needs. It made more sense to us long term. So we decided to go to Vermont, not offshore.” And so it was that they invested \$3 million and started the risk retention group with 26 housing-authority members.

HAIG’s mission, he says, is to meet the needs of policyholders and member housing authorities at a reasonable price.

He reads off a list of products and services HAIG provides: accident incident training, risk management videos and presentations to housing groups, interactive training sessions broadcast throughout the country via an in-house satellite television network.

“We have an extensive and global way of providing risk management services here,” says Labrie. “The level of products and services we provide in the risk management area is very broad and very extensive.”

Additionally, there are blueprint and coverage reviews, safety code consultations, loss reviews and analyses, risk control audits, NFPA code assistance, risk control program audits, site inspections and risk management work plant support.

“There are also promotional services to encourage our housing authorities to promote the risk management mission,” he says. There’s a personnel and employment hotline, a housing authority risk management achievement award, and poster contests for kids living in developments on preventing fires.”

## A DUAL STRATEGY

Labrie says there were two strategies that made the insurance operation a success:

“First of all, back in 1988 — that’s when I got hired — we were a niche provider. Also, being a part of the captive insurance industry, we decided at that time that the long-term strategy should be not only to provide liability insurance but to be a one-stop shop,” he says. “Our mission was to provide the insurance needs, whatever they are, from traditional to nontraditional insurance lines, so we set up an organization to provide all the insurance needs to meet our members’ satisfaction.”

The other strategy was to build an in-house capacity to manage the organization, as well as to serve insurance and risk management needs of clients.

“We’ve built our capacity in all areas of the insurance operation,” he says, referring to risk management, underwriting, finance management, training and professional development. “Even our MIS systems and software are tailor-made, very specific, very niched.”

Come to think of it, there’s a third significant factor.

“Part of our mission statement says that we need to have grass-roots participation,” says Labrie. “Our committees and our boards are made up of housing authority management and housing authority executive directors. We do get quite a bit of feedback from them, and we’re able to anticipate changes in public housing and changes



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in mixed-income housing to address and to respond to the ongoing changes of the industry.”

### **DIVERSIFICATION**

What are those changes? And what are the dynamics unique to the housing market and the housing authority business?

“One challenge we see coming is that housing authorities are diversifying, getting involved in

other areas of low-income and mixed-income housing,” he says.

There’s a significant move afoot, he adds, for both the private sector and public sector to gather adequate capital to build low- and mixed-income housing, and housing authorities are involved in these types of arrangements.

“If you take a look at our risk profile,” he says, “we have a significant segment of elderly housing and we also have family housing. In dealing with low- and mixed-income housing, it’s mostly all family housing. We don’t have a combination of both.”

Then too, says Labrie, public housing is involved more deeply in assisted living exposures, and the issue of professional liability as it relates to assisted living.

Another example, he says, is how to cover exposures related to mold. “We put together a mold

liability program about a year ago that’s available to our housing authorities, because some of them have that exposure, and we have to find ways to provide adequate liability protection and to survey the risk and identify it and come up with recommendations to reduce the mold problem in these units,” he says.

Going forward, says Labrie, his biggest challenge is “to efficiently manage reinsurance to provide affordable rates and capacity for the largest losses.”

That’s one big ticket item, and one tough agenda.

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