

IOA/VASP™ - An Innovative Alternative to Rental Security Deposits

IOA/Voluntary Alternative Security Program (“IOA/VASP™” or “Program”) is a rental deposit replacement product created through a partnership of IOA Insurance Services, a unit of the Insurance Office of America, and **DepositSaver™**, LLC, a developer of alternative risk solutions for unique and emerging exposures. Adapted from a prior **DepositSaver™** structure that we developed for owners of market-rent properties, the Program targets the affordability aspect of traditional cash security deposits for low- and moderate-income renters (“**LMI renters**”), while assuring suitable protection for owners and landlords from tenant defaults associated with unit damage and unpaid rent.

IOA/VASP™ Essentials

IOA/VASP™ is an indemnity insurance product that is fully compliant with both State of New York Department of Homes & Community Renewal Regulations and the requirements stipulated in the recent City of New York (“**City**”) Request For Expressions of Interest for Security Deposit Alternatives for **LMI renters** of City- and/or Housing Development Corporation-financed housing units. Key elements of the Program include:

1. **Voluntary Participation** – With Owner approval, the Tenant has the option of electing coverage as a replacement for a cash security deposit
2. **Eligibility & Approval** – Vetting of Tenant creditworthiness for coverage eligibility rests with owner or property management firm
3. **Program Insurer Financial Strength** – Rated A (Excellent) XV (Surplus > \$2 Billion) by A.M Best Company and AAA by Standard & Poor’s
4. **Insured Parties** –
 - o Tenant and Owner (under a *Loss Payable Clause*), where the Tenant purchases coverage directly
 - o Owner, where Owner purchases coverage through adjustment to the Tenant’s monthly rent
5. **Coverage** –
 - o Begins with payment of first premium installment, with a Limit set at amount equal to security deposit it replaces, e.g., \$1,000 security deposit = \$1,000 Limit
 - o Ceases at end of tenancy
6. **Cost** – Premium set at 92% of Limit, e.g., \$920 for \$1,000 Limit
7. **Monthly Payment** – Premium ÷ 60 months, e.g., \$920/60 = \$15.33/Month
8. **Claim Processing & Recovery** – Owner collects and submits documentation of losses (through a *Proof of Loss*) and recovers directly from Insurer
9. **No Recourse** – Tenants are not liable for claims paid by the Insurer (up to the Limit of Insurance)
10. **Portability** – Coverage (net of claims paid from a preceding tenancy) follows Tenant in move to another rent-modified unit within the **City**

Applying for Coverage

Another feature that enhances the attractiveness of IOA/VASP™ is its easy accessibility through a web-based platform www.ioa-vasp.com. The site is currently undergoing structural modifications, however, it will be back online soon.

To accommodate the distinction in interests between Tenants and Owners visiting the site, we include an Owners Information Section, which outlines an alternative, “owner centric” approach to structuring a program.

Additional Information

For additional information beyond this cursory overview, please feel free to contact us through either of the individuals identified below:

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