

# MARSH'S PRIME HABITATIONAL PROPERTY INSURANCE FACILITY



Staying competitive in the dynamic world of habitational real estate requires a thorough understanding of risk and insurance trends affecting the industry. Habitational is typically seen as a bright spot in the real estate market. Current forecasts for rentals remain strong, calling for low vacancy rates, rising rents, and solid demographic trends. Increased demand for habitational properties is fueling an expansion of investment into multifamily housing. However, this positive outlook by real estate investors is not always shared by property insurers, which generally are increasing premiums and shrinking capacity for owners and managers of habitational and single family properties. Marsh's Real Estate Practice addresses these challenges by providing a customized property insurance solution specifically designed for habitational property owners.

Recent high-severity events, coupled with a challenging economic environment and major updates to catastrophe models, have caused insurers to tighten underwriting guidelines for habitational properties. To help owners of habitational units

address these concerns, we developed Marsh's PRIME Habitational Property Insurance Facility (Marsh's PRIME).

## MARSH'S PRIME COVERAGE AND PRODUCT DETAILS

Marsh's PRIME can help risk professionals obtain competitive coverage terms and pricing for habitational risks. With coverage capacity provided by the strength of Lloyd's of London and Bermuda insurers — S&P rated A+ and A.M. Best rated A — Marsh's PRIME is well placed to deliver habitational risk solutions. Product details include:

- Limit: Up to \$100 million in primary placements.
  - No shared limits.
- Deductible: A minimum of \$25,000.
- Policy wording: Pre-agreed, best available habitational wording provided by Marsh based on manuscript form with Lloyd's of London amendments that are tailored to individual risk profiles.

### Who it's for

Habitational risk professionals, including:

- Owners and managers of multifamily properties and single family portfolios.
- Owners of managed real estate portfolios.
- Real estate investors.

### What you get

Dedicated coverage and capacity for each policyholder for habitational property risks backed by the strength of Lloyd's of London and Bermuda.

- Claims: Pre-agreed claims process through third-party administrator arrangements.
- Coverages include:
  - Newly acquired locations.
  - Ingress/egress.
  - Civil or military authority.
  - Contamination or pollution cleanup.
  - Debris removal costs.
  - Extra expense costs.
  - Extended period of indemnity.
  - Fire department service costs.
  - Land improvements.
  - Downzoning.
  - Leasehold interest.
  - Tax credit coverage for low income or historic properties.

## ADDITIONAL CAPACITY FOR CATASTROPHE (CAT) EXPOSURES

A significant portion of multifamily properties are located in high-hazard wind, flood, and earthquake zones. Due to modeling changes, reinsurance costs, and high frequency of low-severity claims, a number of mainstream retail insurers have stopped insuring CAT-exposed habitational units or significantly tightened terms, conditions, minimum deductible requirements, and pricing.

Marsh's PRIME has the ability to provide capacity for multifamily units and single family dwellings in CAT-exposed locations, including

flood, earthquake, windstorm, and tornado risk areas. While terms, conditions, and pricing for each risk are individually rated, the facility's capacity provides property owners with a competitive risk transfer option for difficult-to-place risks.

## A LEADER IN REAL ESTATE

Marsh's Real Estate Practice serves risk professionals and property owners and managers in all sectors of the industry. With experience spanning conventional apartment communities, affordable housing, distressed properties, and new construction lease-ups, Marsh has the experience, people, and resources to maximize organizations' real estate value. Placing more insurance premium for real estate entities than any other insurance broker, Marsh provides clients with the solutions to effectively navigate the evolving nature of real estate risks and exposures.

Marsh's exclusive PRIME program, a customized property insurance solution specifically designed for habitational clients, offers a competitive risk transfer option for difficult-to-place risks and drives reductions in premium costs, which can ultimately lower overall expenses per door.

- Completed more than 108 PRIME programs for new multifamily/habitational clients since January 2014. - Placed more than 290,000 units and more than \$27 billion in values.
- Resulted, on average, in a 20% reduction in premium costs.
- Generated a loss ratio of less than 30% to the market, helping to facilitate stable and competitive pricing for all members.
- Winner of Business Insurance's 2015 Innovation Award which recognizes leadership and innovation in new products and services for professional risk managers.

### For more information on multifamily and real estate risk issues, contact your Marsh representative or:

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