



PREPARATION IS THE KEY TO SUCCESS

There Is No Substitute For Understanding Your Insurance

Not many owners and managers want to spend their evenings or weekends poring over the fine print in their insurance policies. It's certainly not easy to understand specialized terminology, as well as the complex way policies are written. It might seem like you are well protected in a paragraph on page 5 of your policy, only to find there are major coverage exclusions on page 55. This complexity works to the benefit of the carriers but to the detriment of owners and managers.

Nevertheless, there is no substitute for understanding your insurance. You may be willing to accept some risks in return for a lower premium, but that's a decision for you to make—not one that the carrier attempts to hide behind a slew of words and confusing provisions.

Secondly, take steps to document the condition of your property with photos, videos, purchase orders, invoices and payments to service providers and contractors. This is especially important if there was recent construction work on one or more of the buildings prior to the loss. Being able to show photos of a repaired roof prior to a loss from storm or fire is helpful to recovery if the carrier decides to dispute your claim.

In summary, preparation is the key to any success in dealing with an insurance claim. It means having the on-site management team maintain thorough documentation of the condition of your assets and update that documentation on a regular basis. Those two steps will go a long way to managing the claims process and provide a solid foundation for an equitable recovery following a disaster.



LOSS OF INCOME FOR MULTIFAMILY BUILDING OWNERS

Few Multifamily Building Owners Are Prepared For The Worst



The greatest challenge for multifamily building owners is the loss of income following damage to the property. Even if you have adequate property and casualty (P&C) insurance – enough to rebuild your multifamily building – you will still suffer a loss of income for many weeks or months until the property can be made ready for tenants. One solution is to purchase a business interruption policy that can help to cover that gap in your income stream.

Following a loss, insurance carriers have a tendency to wrongfully push their Insured to compensate for lost income by using any remaining available inventory. But, of course, they fail to compensate owners for doing so. Only when they are challenged during the claims adjusting process or in litigation do they rightfully tender the amount owed for the loss of income.

However, loss of rental income is certainly a major risk for owners and manager. After all, who wants to rent in a building that has just suffered a major fire? How can you rent the units in a building with major roof leaks? Are there any tenants who want to live in the middle of a construction site when other locations are available?

These are obvious factors that affect an insured's ability to obtain new leases and begin to restore the flow of income. While a damaged or otherwise undesirable building is likely to be at a serious disadvantage in the local multifamily market, an insurance carrier's primary concern will be minimizing its own loss payout by having the owner shift inventory.

Insureds need to be familiar with their lease agreements and their tenants' rights, which may vary from city to city or state to state. Do tenants have the right to opt out of their lease if their unit is untenable? How long after the loss occurs until the tenant can exercise these rights?

Too often these questions are not raised by owners and managers until it's too late. They are certainly not a consideration for the carriers selling insurance policies. Regaining that flow of rental income involves many more factors than the simple formula the carrier may lead you to believe and may try to use in determining the extent of a loss at a multifamily building.

CLAIMS ADVOCATE*Insurance Information You Can Use***GlobalPro**
Managing Risk to **Recovery****PLACING INSURANCE FOR MULTIPLE LOCATIONS***The Devil Is In the Details – Save Time and Money*

Talk with your insurance agent or broker about placing the proper amount of coverage for your income-producing multifamily properties. This should include provisions related to loss of business income and extra expense. For some policies, extra expense covers you for out-of-pocket expenses to resume business as close to normal as possible, such as, temporary generator power or added security to protect the damaged property. While everyone wants to pay a low premium, you have to balance those financial rewards with the risks to your income stream as well as the value of your assets.

When it comes to obtaining coverage, multifamily building owners who own more than one property tend to add newly acquired buildings to their existing policies. Obviously, discounted coverage can be a great benefit but you must be careful if a schedule of values (SOV) accompanies that policy. Often information contained in the SOV differs from policy to policy and how it is managed and updated may differ as well. The intent of the SOV is to list all properties covered by one particular policy or binder of policies. The list typically in a table format provides the owner and manager a quick review of each of the applicable limits and coverage issues associated with each property. This list may be amended with or without an endorsement, as new properties are included. Most often the policy itself does not reference the SOV but rather the corporation or named insured that first purchased the policy. This is where it gets confusing and may lead to disproportional limits. Take care in reviewing the SOV to ensure it lists each of the named insurers of respective properties under the applicable policy with the desired limits.

If these newly acquired buildings are in other cities and states, additional endorsements or exclusions may be required. This is something you should discuss with your agent or broker to be sure that you have the same level of coverage for all your assets. Again, you may get the benefit of a discount on a combined policy but if the coverage values and provisions are changed when that newly acquired building is added to your policy, you may find yourself facing a serious financial loss if disaster strikes.

Today's complex deductibles can also pose significant challenges to your insurance claim. For example, you may incur expenses for putting up a fence or wall around a damaged building to protect the public safety or incurring costs for fire watch—all required in most municipal ordinances, but often included at the end of a building estimate or paid as an extra expense. But, how should that cost really be paid by your carrier in accordance with the language in the policy and should a deductible be applied to the recovery? It takes careful review of the policy and a keen understanding of each of these issues to determine how coverage should be determined for any one claim.

PREFERRED CLIENT SERVICES™*Ready. Recover. Rebuild.™*

Whether you are concerned about your home, business, or association, GlobalPro is on your side. It is this commitment that led to the creation of the Preferred Vendor Program – a service from GlobalPro Recovery. As a leading public adjusting firm, the goal is to protect the rights of the insurance policyholder, so that GlobalPro can maximize your recovery while assisting with filing your claim. However, the best way to utilize the GlobalPro professional services begins with advance planning and preparation, well before a loss occurs and a claim is filed. By joining the Preferred Vendor Program, you can receive assistance with that preparation process – as well as other benefits to help safeguard yourself, your business or association. So take advantage of the many benefits of membership and join today. Give your Association or Business piece of mind, you deserve it.

Risk Evaluations · Inventory Specialists · Alerts · Quick Response**About Globalpro Recovery, Inc.****24hr Support: 855-487-7475**

GlobalPro Recovery, Inc. is multidisciplinary professional firm that helps clients manage the risks to a financial recovery following a loss caused by wind, water, fire, theft or other calamity. We assist with pre-loss planning and documentation, crisis management, the adjustment of insurance claims and coordinating the reconstruction process. Our family owned and operated international business has represented the interest of policyholders for over 25 years. **Visit us online, <http://www.getglobalpro.com> or email us at support@getglobalpro.com.**

THIS IS A SOLICITATION FOR BUSINESS. IF YOU HAVE HAD A CLAIM FOR AN INSURED PROPERTY LOSS OR DAMAGE AND YOU ARE SATISFIED WITH THE PAYMENT BY YOUR INSURER, YOU MAY DISREGARD THIS ADVERTISEMENT.