MARSH

Real Estate Practice

INSURANCE DIAGNOSTIC FOR REAL ESTATE COMPANIES

The real estate industry faces a number of challenges, including:

- a profound economic downturn affecting virtually every market subset;
- reduced asset valuations;
- intense expense control;
- lender constraints; and
- a focus on insurer security.

Despite these challenges, the real estate industry is slowly recovering in the United States and internationally. Industry changes and increased competition are bringing new risks that need to be identified, quantified, managed, and either retained or transferred. Marsh's Real Estate Diagnostic Tool helps clients identify and understand their cost drivers, peer benchmarking, modeling, program structure alternatives, and coverage gaps.

DIAGNOSTIC TOOLS HELP IDENTIFY OPPORTUNITIES

Marsh's Real Estate Practice offers diagnostics of your organization's core insurance programs. Our diagnostics identify significant opportunities to enhance coverage and reduce your total cost of risk. The diagnostics can cover any or all of the following lines of insurance:

- Property, business interruption, and catastrophic risk
- General liability
- Environmental liability
- Directors and officers (D&O) liability
- Fiduciary liability and crime
- Employee benefits
- Auto liability
- Workers' compensation

DRIVEN BY OUR REAL ESTATE SERVICE CENTERS

Marsh's Real Estate Service Centers allow us to better serve you by concentrating our resources as we help you manage risk. Our industry specialists deliver unparalleled insights into each client's unique risk issues, with a goal identifying improvements and implementing savings.

Who it's for:

Real estate companies focusing on:

- Cost reduction priorities
- Merger/acquisition/divestiture activity
- International expansion
- Formalization of risk management processes

What you get:

Industry-leading feedback on your insurance program:

- Commentary on pricing
- Recommendations on the most effective insurance structure(s)
- Identification of any coverage terms and condition gaps
- Benchmarking against your peers
- Consolidated modeling analysis

REQUESTED INFORMATION

COPY OF POLICIES	STATEMENT OF VALUES
GROSS LOSS HISTORY	INSPECTION REPORTS WITH MAXIMUM FORESEEABLE LOSS (IF AVAILABLE)

THE METHODOLOGY

RISK ASSESSMENT → INDUSTRY BENCHMARKING → DESIGN ANALYSIS → PROGRAM ALTERNATIVES → PROGRAM RECOMMENDATIONS

RISK ASSESSMENT — We will perform natural catastrophic modeling, values stratification, and a policy review to assist in determining coverage breadth and limit adequacy.

INDUSTRY BENCHMARKING — We will benchmark limits, deductibles, and rates. We will also complete an analysis of your financial capacity to retain risk.

DESIGN ANALYSIS — Our program analysis will include a structure critique, rate analysis, limits and deductible assessment, and identification of potential markets.

PROGRAM ALTERNATIVES — We will present ideas to reduce your cost of risk transfer while continuing to provide appropriate asset protection. With each cost reduction idea we will provide the upside and downside along with our top recommendations.

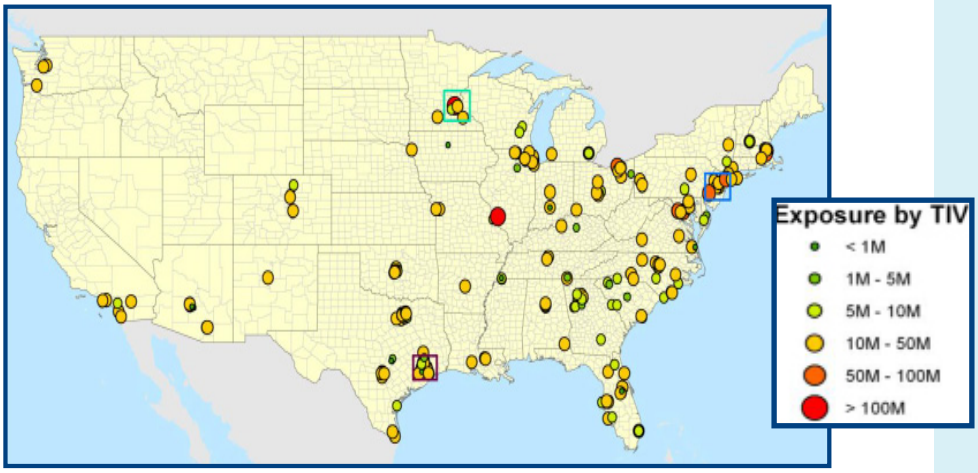
PROGRAM RECOMMENDATIONS — We will conclude our report with a summary of our recommendations and a suggested timeline for implementation.

EXAMPLE DIAGNOSTIC RESULTS

COVERAGE AND PRICING REVIEW

Line of Coverage	Coverage Terms		Limits & Retentions		Pricing	
Property	●	Coverage terms in line with market	●	Property and business income deductibles are high benchmarked against peers	●	Pricing 20% to 40% above benchmarks
Professional & General Liability	●	3 exclusions create potential gaps in coverage	●	Both limits and retentions close to median for peers	●	Likely achieve premium reductions of 10% to 15%
Directors & Officers Liability	●	6 key endorsements / amendments should be added to policy	●	Inadequate entity coverage and no Side A coverage dedicated for directors and officers	●	Rate reductions in the range of 15% to 20%
Fiduciary	●	Coverage terms in line with market	●	Both limits and retentions close to median for peers	●	Pricing in line with benchmarks
Crime	●	Coverage terms in line with market	●	Limits at 3rd quartile for peer group	●	Pricing in line with benchmarks
Workers' Compensation	●	Statutory coverages	●	Guaranteed Cost program	●	Current program is competitively priced. Could potentially receive 5% reduction with preferred rates

STRATIFICATION OF VALUES



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