



**Large Commercial Real Estate Insurance
Habitational Insurance
Alliant's Habitational Insurance Platform [HIP]**

SRMC Conference
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Large Commercial Real Estate Insurance
Habitation Operational Insurance
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Large Commercial Real Estate

- What is it?
- Trends & Points of Pain
- Placement Solutions
- Placement Process
- Avoiding E&O
- Alliant strengths

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Habitation Insurance

- Market Overview
- Trends & Points of Pain
- What is Alliant's HIP Solution?
 - Evolution
 - What is a "Platform" vs. a "Program"
 - What is "Select"?
 - Key Terms & Conditions
 - HIP Team
 - Pipeline

Q&A

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Key Take-Aways

- Overview of Large Commercial Real Estate and Trends/Solutions
- Overview of the Multi-Family Habitation Market and Trends/Solutions
- Understand Alliant's HIP Solution
- Understand How Alliant Differs from Others
- Answer Your Specific Questions

What will you do the same/different tomorrow?

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Large Commercial Real Estate:
What is it?

Insurance Carrier Point of View

- TIV – Single location >\$100M, Combined \$500M+ [varies by carrier]
- Gross Revenue >\$100M, >\$500M, >\$750M
- Minimum Premium: \$100K to \$250K (their share)
- “Risk Engineered” in many cases
- Global: Special compliance handling
- # Locations: >25, >50, >100 segmentation (some carriers)
- # Employees: Usually Not a Factor except when carrier also looking at GL and Workers Comp

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Large Commercial Real Estate:
What is it?

Insurance Carrier Point of View (Cont'd)

- Middle Market versus “Large Property / Global” is segmented in every major insurer
- Industry Silos (examples: Healthcare, Real Estate, Manufacturing)
- Centers of Excellence (underwriting)
- Home Office Referral almost assured
- Whole Account Relationship Managers [multi-line] (example – Zurich)

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Large Commercial Real Estate:

What is it?

Insurance Buyer's Point of View

- Relationship (Multi-line)
- Relationship (Mono line)
- Carrier & Broker Industry expertise
- Old School “Risk Manager” vs. New School** [**“C-Suite” or “HR” or “General Counsel” insurance buyer]
- Friction costs of-, or desire for- “Risk Engineered”
- Price with stability

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Trends & Points of Pain

- Acquisitions/Divestitures (change is only constant in Real Estate)
- Need for Speed
 - Data vs. time and confidentiality
 - CAT Modeling
 - Pro-forma vs. time and confidentiality
 - Placement/Proof of Coverage
 - NFIP
 - Valuation

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Trends & Points of Pain (Cont'd)

- Lender Requirements (“tail wagging the dog”)
 - Crazy/Lazy inflexible terms
 - Crazy/Lazy generic “up to the Lender” terms
 - Crazy/Lazy gatekeepers (box checkers)
 - Terms/intent compete against Insured’s desire for more Self-insurance options to lower costs
 - Lawyers writing insurance sections or gatekeeping them
- Builder’s Risk
- Pollution/Environmental
- Northeast CAT Risks

What are you seeing/feeling?

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Placement Solutions

- One Carrier – Direct
- One Carrier – via E&S
- Multi-line
- Package
- Structured (silo; layered, checkerboard) – most common
- Creative deductibles
- Ocean Marine
- Boiler-Machinery
- Manuscript versus carrier forms
- US with Local Country policies versus Master Global with or without local country policies
- NFIP

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PLACEMENT PROCESS

- **Quantifying the Property Exposures**
 - **Overall limit needed**
 - Largest location
 - Largest concentration
 - MFL Study
 - Loan Requirement
 - Account TIV
 - Valuation Review
 - What's Available in Market?

Determine the Need and then Determine if any benefit to higher limits

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PLACEMENT PROCESS

– **Catastrophe Limits**

- Catastrophe Modeling
- Flood Maximum Foreseeable Loss (MFL)
- Loan Requirements
- Concentration of Values by Zone or County

- **Terrorism** – concentration by zip code in hot zones [Major metro, Adjacent to government buildings, or to major landmarks or to sports/entertainment facilities]

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PLACEMENT PROCESS

- **Program Structures – Pros and Cons**
 - Single Carrier
 - Single carrier plus DIC capacity
 - Shared program
 - Shared & Layered program

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PLACEMENT PROCESS

- **Broker Competition:**
 - Choose the Broker Before A Portfolio Goes to Market
 - Challenging / Large property programs require multiple carriers to develop the necessary capacity.
 - Competition where multiple brokers are each given a handful of markets to develop a shared and layered program does not serve the client well as true competition is created by a single broker having access to all markets who then compete against each other. >>Exception: Proprietary Solution/MGA

Key Words/Phrases:

- Oversubscription
- Burning Markets

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Avoiding an E & O

- Quantify your exposure – all of them
- Obtain client sign-off on limits and critical sublimits
- Manage the limits as the account changes through the policy period
- Demand carriers follow the same form and eliminate any non-concurrencies
- Obtain client sign-off on any non-concurrencies

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Alliant strengths

- Private Equity is in our DNA
- Nimble
- Customer / relationship focused
- Large enough for carrier treatment equal to the alphabet brokers
- E&S bench strength
- **Non-territorial (no internal infighting)**
- London bench strength

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Alliant strengths (Cont'd)

- Real Estate; Public Entity; Construction; Energy
- Environmental (often loan required)
- Claims advocacy
- Lender negotiations (insurance language and compliance management)
- Executive Lines
- Employee benefits

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APIP [Alliant Property Insurance Program]:

Public Entity, Tribal Nations, HAARP (Healthcare), C-SAC

- Evolved over 20 years (Ralph Hurst) and is the DNA of Alliant's many Large Property Solutions: grew from \$200M Total Insured Values (TIV) to over \$380B
- World's largest Property Program Placement
- World's largest California EQ placement
- Foundation: Public Entity: California Counties (write all but a couple of them)
- Tribal Nations: Write almost all of them in country
- HAARP: fiercely competitive healthcare and large hospital solution

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APIP [Alliant Property Insurance Program]: (Cont'd)

- Structured solution with captive and multiple complex enhancements.
- Alliant holds the underwriting pen. Technical Expertise in-house (AUS).
- Common effective date – over 7,000 policies issued
- Long term carrier partners recognize Alliant and we use same for other large property solutions (see below)

Blackstone Real Estate Portfolio (BREP)

KKR's Master Real Estate Program

Alliant's Habitational Insurance Platform [HIP]



Habitational Operational Insurance Alliant's Habitational Insurance Platform [HIP]

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Trends & Points of Pain

All those for Large Commercial Property...AND:

- Renter's Insurance
- Podium - Frame Construction
- Mother Nature / El Nino
- Fannie/Freddie vs. CMBS loans
- Ordinance & Law
- GL – Student Housing
- GL – What is right Excess Liability Limit?
- GL – R.E. Developers exclusion
- GL – Discrimination
- GL – Exclusions / Sublimits to the CG 0001
 - A/B, Sexual Molestation, Animal/Dog Bites
- GL – Florida (the new “Northeast”)
- Environmental (Ebola scare)
- Cyber risk

What are you seeing / feeling?

Habitation Insurance Platform [HIP]

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HIP BASICS

What is a “Platform” vs. a “Program”?

A (Hab) “PROGRAM”

- Implies “open to world” [i.e., lacks exclusivity]
- Often no flexibility of the product purchased (can only buy what’s on the shelf)
- Program Administrator most often has underwriting pen
- Inherent higher risk of volatility (“non-Select”)
- Frequently unstable (“Hab Programs” come and go –burning bridges with insurance carriers)
- Little or no transparency on any shared limits
- May not be Freddie or Fannie loan compliant
- Cross-subsidization (numbers games)
- Transactional – lacks services; minimum claims advocacy
- A “four letter word” for carriers = history of being burned, legal questions (“bad brokers”), loss ratios



Habitation Insurance Platform [HIP]

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HIP BASICS

What is a “Platform” vs. a “Program”?

A (HIP) “PLATFORM”

- Base of carrier partners with common vision and long term commitment
- Can build multiple towers/solutions off base (similar to APIP)
- HIP “Select” differs from a “Program” as follows:
 - “Select” portfolios (exclusivity)
 - We do not have “the pen” – instead use similar in-house expertise to control as much as possible
 - Flexibility of deductibles and a la carte perils coverage
 - Ability to build custom solutions (Towers) for larger portfolios
 - Transparency



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HIP BASICS

What is “Select”?

- Minimum portfolio size of 1,000 units
- Class “A” or “B” portfolios**
- 5-year loss ratios <20% for premier rating
- Hard copy of currently valued loss runs
- Professionally managed
- Proper asset valuations including replacement cost
- >50% portfolio values fire sprinklered
- 3-year occupancy rates >90%

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HIP BASICS

NON-QUALIFYING RISKS *(for HIP "Select")*

- Public housing/public entities
- Assisted living or nursing homes
- High-rise construction >\$75M TIV
- “Flip” based portfolios
- Locations in New York State
- Countries other than the United States

Habitational Insurance Platform [HIP]

Producer Webinar

HIP BASICS

HIP's SERVICE TEAM

- Centralized in Newport Beach
- Experts in dealing with Lenders
- Reduces friction costs of all involved

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HIP BASICS

HIP PIPELINE

“Build a better mouse trap....”

- Insureds – organic growth and referrals
- Lender referrals
- **Consultant referrals/submissions**
- Co-Brokers
- Construction Group
- Key Alliant Production Team
- Wholesaler referrals
- Renter’s Insurance provider referrals
- NMHC
- IMN
- Private Equity Partners (past and present)