Insurance Market and Quoting FAQ

What is the current insurance market landscape?

- Near-term return to a buyer's market is not anticipated as we are seeing a fundamental shift in underwriter philosophies where profitability is prioritized over market share.
- Multifamily portfolios with affordable occupancies, in tough jurisdictions and/ or poor loss history are expected to continue experiencing unfavorable renewal pricing and terms.
- Texas and Louisiana freeze losses are expected to total between $10 billion and $15 billion. Catastrophic-inclined carriers took a massive hit and as such have abandoned both quoting processes and their catastrophic-friendly pricing (think Texas and Florida storm exposures).
- Master property and casualty programs aren't always the best course of action. Current market conditions demand exploration of standalone placements, mini masters, etc.

Why can't I get an insurance quote as quickly as I have in the past?

- Carrier underwriting authority has shifted from the 'desk-underwriter' to Chief or Executive Underwriting Officers, causing an extensive delay in the quoting process and an abandoning of pre-negotiated rates.
- For firms seeking relief in standalone policy placements, carriers are facing a continuously increasing volume of submissions on a rushed request basis. Stand-alone options also often require more information typically not provided before DD.

What's the bare minimum information needed to get the deal done?

- Data supported differentiation is key. The best way to expedite the carrier quoting process and attract more favorable pricing is through the delivery of comprehensive information including a complete Statement of Values (construction detail), 5 years of loss history, Property Condition Assessments (PCAs) and third-party agreements. Our goal is to highlight and validate why this is a good risk.
- We have seen carriers immediately decline to quote or unfavorably gross up their rates without this complete information.
- Securing premium estimates without the above information puts the deal at risk of blowing up at the last minute due to unexpected insurance costs.

Why is the OM pricing and our peers' pricing better than our current quotes?

- There are many variables involved in the current cost per door including deductibles, loss history, product type/age/geography. These swings can affect pricing significantly (i.e. adverse loss history can double per door pricing).
- Many multifamily owners allocate premiums across assets with methodologies that do not directly correlate to carrier generated rates.
- The insurance market for multifamily changes month to month. Depending on when the prior owner/peer benchmark renewed their program, the pricing could be outdated (i.e. rates post Storm Uri in TX are dramatically different).
- OM and peer pricing information are typically the marketing broker's estimates, which are based on dated/incorrect information.

LOCKTON®