

28 WAYS TO SAVE MONEY ON BUILDING INSURANCE



Now, more than ever before, New York City area building owners like you can lower their insurance costs without sacrificing coverage. Because the insurance market for small (less than 100 units) habitational buildings—apartments, co-ops and condominiums—has expanded recently, you have an unprecedented opportunity to save on your insurance premiums.

These 28 tips can save you money and expand your coverage options on both your property and liability insurance premiums.

PROPERTY INSURANCE

The best way to save the most money and get the best available property insurance coverage is to submit the best possible risk profile for your building. A risk profile is a term used by insurance companies that looks at the characteristics and condition of your building.

*Follow these tips **BEFORE** submitting your building to insurance carriers for coverage to improve your building's risk profile and save money on property insurance:*

For Individual Units

1. **Use hard-wired smoke detectors.** Wherever possible, use hard-wired smoke detectors with battery back-up for each of the apartments in your building. Hard-wired smoke detectors cannot be disabled by your tenants, making them all the more attractive to insurers.
 2. **Install UL-approved carbon monoxide detectors.** In addition to smoke detectors, install carbon monoxide detectors in all habitational property. In many locations, including New York City, carbon monoxide detectors are required by local law.
 3. **Install child-safe window hardware.** Install window safety guards on all apartment windows where children under the age of 11 reside.
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For Common Areas

4. **Check hallway and walkway lighting.** Replace any burned-out light bulbs, and make sure hallway and walkway lighting is sufficient to see obstacles and stairs at all times.
5. **Check your building's elevators.** Make sure elevators are operating properly. Ensure all required elevator inspections are up-to-date and that your elevators don't violate any building code requirements. It will pay to have your elevator service company inspect the elevators *before* the insurance company does.
6. **Check HVAC, electrical and plumbing systems.** Make sure your central heating, ventilating, air conditioning and plumbing systems are all in working order and have been inspected and serviced as required. If you upgrade any of your building's systems, let your insurance company know. You should get credit for these upgrades in the form of lower rates.
7. **Make sure that all maintenance issues are under control.** For example, before the inspection, repair any mold conditions and any defects to the building's façade. Repair or replace any worn or torn carpeting that could pose a tripping hazard.

For Emergency Preparedness

8. **Check all handrails and fire escapes.** Make sure all handrails and fire escapes are securely anchored and comply with local building code requirements.
 9. **Check all fire doors and panic hardware.** The building's fire doors (such as those leading to the roof) should be closed securely and equipped with panic hardware, which allows tenants to exit easily in an emergency by pushing a bar.
 10. **Post emergency exit diagrams.** Display emergency exit diagrams in all public buildings on each floor.
 11. **Mark all exits.** Self-illuminated exit signs should be located above all passages/doorways leading to the outside. Make sure they are all in working order. Also make sure that nothing is obstructing any of your emergency exits or stairwells and that they are well lighted.
 12. **Check portable fire extinguishers.** If any portable fire extinguishers haven't been serviced within the past year, have them serviced.
 13. **Check the building's sprinkler system.** If the building is sprinklered, inspect the system at least every other year, and service as necessary.
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LIABILITY INSURANCE



As a property owner, you face the risk of potential lawsuits from the public, your tenants and their guests, as well as workers on your property. The better you manage your liability exposure, the more you'll save on insurance and reduce the risk of an expensive lawsuit that could force you into bankruptcy.

*Follow these tips **BEFORE** submitting your building to insurance carriers for coverage to reduce your liability risks and save money on liability insurance:*

Liability from Tenants

14. **Require that each tenant maintain liability coverage of their own.** Insist that all tenants have homeowners or commercial general liability insurance so you can get reimbursed for any damage caused by the tenant. Have your tenants submit a certificate of insurance to you annually.
15. **Include an indemnity agreement in the lease.** Your attorney can help you with indemnity language in the lease that transfers liability for damages or injury to your tenant to the fullest extent allowed. Such agreements must be consistent with the laws of your state.
16. **Include a waiver of subrogation clause in your lease.** This clause provides that neither the tenant nor the tenant's insurer has a right of reimbursement against you or your insurer in the event of a claim paid under the tenant's policy.

Liability from the Public and Guests

17. **Check the condition of your sidewalks, parking lot and entrances.** Brick, concrete and asphalt surfaces are all subject to cracks, dips, shifting and heaving over time. Make sure any major imperfections and uneven areas that may present a tripping hazard are repaired. If dips are large enough to puddle and freeze over in the winter, have them corrected.
 18. **Check exterior lighting.** The lighting in your parking lots, garages and outside walkways is important. Proper lighting not only adds a level of security, but it can also help prevent trips and falls around the building. Make sure potential obstacles are well marked to be seen in low-light conditions, and replace any burned-out light bulbs
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Liability from Workers on Your Property

19. **Hire only licensed, qualified and competent contractors.** Make sure any contractors or other workers you hire hold all required licenses to do the work. Ask for and follow up on all contractors' references.
20. **Verify the contractor's insurance coverage.** Verify that the contractor has workers' compensation coverage and a general liability policy with limits of at least \$1,000,000.
21. **Get a certificate of insurance.** Secure written confirmation that your contractor's insurance company has named you as an additional insured on its general liability policy before the contractor starts work.
22. **Include indemnity agreements in contract language.** Include "hold harmless" and other indemnity agreements that protect you in written contracts or work orders. These agreements make the contractor—not you—responsible to pay for any accidents or losses resulting from their own negligence. Your agent or attorney can provide you with appropriate wording that will protect you.

CHOOSING THE RIGHT BROKER, COVERAGE AND INSURER

The insurance broker you choose, the carrier that's selected to insure you, and the coverages you select all play a role in how much money you can save on insurance and the level of service you'll receive.

Follow these tips BEFORE choosing an insurance broker and carrier to get the broadest coverage and best service for the lowest cost:

23. **Know the financial strength and status of your insurance carriers.** Make sure any insurance company with which you do business is licensed in the state where your building is located and would therefore be backed by the state's Guaranty Fund, which protects you if an insurer is financially unable to pay claims. Ask for a copy of its rating by A.M. Best & Co., Standard & Poor's, or Duff & Phelps from your broker or the company itself.

If your insurance coverages are layered (meaning one insurer is primary and one or more is considered "excess," such as an umbrella or other type of excess liability policy), make sure the strongest company is the one providing primary coverage.
 24. **Choose a year-round insurance broker.** Use a qualified, licensed insurance broker who works with you all year to help you manage risk and save money. Brokers have the ability to shop insurance carriers for the best coverage at the lowest cost. Insurance agents represent a single company. Good brokers make
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themselves available to you year-round to answer questions and give you advice. They represent *you*, not the insurance company.

25. **Work with an insurance broker who specializes in real estate insurance.** Few insurance agents that traditionally insure smaller buildings like yours actually specialize in real estate insurance. By hiring a specialist who knows your business, along with the ins and outs of real estate, property management, risk management and insurance, you'll get better coverage and save money at the same time.
26. **Consider a master policy when insuring multiple buildings.** You can often negotiate better rates by using one insurance company for multiple buildings under a single master policy that lists individually scheduled properties.
27. **Evaluate which extra coverages make sense for you.** Besides the usual property and liability insurance coverages, extras such as loss of rents, personal injury, ordinance of law, lead, mold, excess liability, employee crime and other exposures should be discussed with your broker.
28. **Consider an umbrella policy.** Umbrella policies are relatively inexpensive and pick up where your other coverages leave off. For example, if your comprehensive general liability policy has a \$1,000,000 liability limit and you have an umbrella policy with a \$5,000,000 limit, you'll have a total of \$6 million in insurance coverage for covered losses.

REFERENCES

- National Association of Insurance Commissioners (NAIC) Insurance Guide for Small Business (<http://www.insureuonline.org/smallbusiness/>)
- New York State Insurance Department (<http://www.ins.state.ny.us/>)
- *8 Ways to Make Buildings More Attractive to Insurance Company*, by Stuart Cohen. *New York Housing Journal* newsletter, July/August 2009.
- *Seven ways building owners can negotiate to lower their insurance rates* by Stuart Cohen. *New York Real Estate Journal*, Spring Preview Edition, April 28 - May 11, 2008.

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ABOUT STU COHEN:



Independent insurance broker Stuart (Stu) Cohen is one of the premier insurance brokers for insuring small buildings in New York. He is a licensed insurance broker and consultant in the states of New York, New Jersey and Connecticut. He is a member of the Real Estate Board of New York (REBNY), the Bronx-Manhattan North Association of Realtors (BMNAR),



and the Community Housing Improvement Program (CHIP), a trade association representing more than 2,500 apartment-building owners in New York City's five boroughs.

In addition to regular speaking engagements before co-op and condominium boards, Stu has been called upon to share his expertise before the Small Property Owners of New York (SPONY), a non-profit self-help organization. His articles have appeared in numerous publications, including the *New York Housing Journal* and the *New York Real Estate Journal*.

With more than 30 years' experience in New York City area insurance and real estate, Stu is the leading resource for owners of small apartment, condominium and co-op buildings in the New York metropolitan area.

ABOUT THE CITY BUILDING OWNERS INSURANCE PROGRAM

The City Building Owners Insurance Program, founded by Stu Cohen, is perfect for habitational, commercial or industrial building owners who want to cut costs without sacrificing insurance coverage. Through the City Building Owners Insurance Program:

- Many building owners have seen savings of as much as 37%, compared to their previous insurance premiums.
- Risks are matched to the insurance carrier that offers the best fit in the way of coverages and rates.
- Building owners have the advantage of a totally outsourced risk management department that offers year-round service, education and advice.



THE EXPERIENCE AND KNOW-HOW TO SAVE YOU MONEY

Through Stu Cohen's City Building Owners Insurance Program:

- You'll save money.
- You'll get personalized service in a market "the big guys" ignore.
- You'll get someone who negotiates on **your** behalf to get **you** the best possible rates.
- You'll get expertise in BOTH insurance AND real estate.

CALL TOLL-FREE AT (877) 576-5200 AND START SAVING TODAY!
