
Commercial Property Insurance Planner



Make the right decisions to protect your real estate investment

Pre-packaged commercial insurance policies don't always offer the most practical or cost-effective coverage. Use this planner to consider the coverage that makes sense for your commercial property; then compare policy costs so you can make the most informed decision.

The appendix offers more detail on many of the coverages and terms. [Call City Building Owners Insurance Program at 877-576-5200](https://www.citybuildingowners.com) for a custom quote or help with insurance questions.

Coverage

Carrier Name & Rating

Rating is based on stability and financial strength; scale varies, depending on the rating service

Is it part of the New York Guaranty Fund?

Building Limit

What is the total building coverage limit?

Does the policy include Special Form and Replacement Cost Coverage? (see *appendix*)

Business Personal Property

Protects personal contents such as common area furniture, kitchen appliances, etc.

Coinurance Clause

Allows the carrier to penalize you on partial losses if the building is underinsured (see *appendix*)

Loss of Rents

Replaces lost rental income during repairs (up to 12 months) if covered damage requires tenants to vacate the premises

Ordinance or Law

Provides additional funds to pay for the cost of complying with current construction codes

Coverage B – Cost to demolish undamaged portion of building

Coverage C – Increased cost of construction

Boiler & Machinery Breakdown

Includes failures of elevators, boilers and HVAC systems

Backup of Sewers & Drains

Protects you against water backup of sewer system within your building

Earthquake

Covers property damage from seismic activity

Policy A

Carrier name _____

A.M. Best rating _____

☐ New York Guaranty Fund

Per location limit \$ _____

☐ Special Form Coverage

☐ Replacement Cost Coverage

☐ Included

Limit \$ _____

☐ Percentage on coinsurance clause _____%

☐ No coinsurance

☐ Agreed Amount Endorsement

☐ Included

Annual rent roll \$ _____

☐ Actual loss, up to 12 months

☐ Included

Coverage B limit \$ _____

Coverage C limit \$ _____

☐ Included

Limit \$ _____

Deductible \$ _____

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Deductible \$ _____

Policy B

Carrier name _____

A.M. Best rating _____

☐ New York Guaranty Fund

Per location limit \$ _____

☐ Special Form Coverage

☐ Replacement Cost Coverage

☐ Included

Limit \$ _____

☐ Percentage on coinsurance clause _____%

☐ No coinsurance

☐ Agreed Amount Endorsement

☐ Included

Annual rent roll \$ _____

☐ Actual loss, up to 12 months

☐ Included

Coverage B limit \$ _____

Coverage C limit \$ _____

☐ Included

Limit \$ _____

Deductible \$ _____

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Deductible \$ _____

Coverage

Policy A

Policy B

Flood

Protects against property damage from flood (outside water coming in)

☐ Included

Limit \$ _____

Deductible \$ _____

☐ Included

Limit \$ _____

Deductible \$ _____

Terrorism

Protects against losses incurred as the result of terror acts

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Liability Coverages

Standard limits and coverages for bodily injury and property damage

Limits

Per occurrence \$ _____

Aggregate \$ _____

Limits

Per occurrence \$ _____

Aggregate \$ _____

Water Damage Legal Liability

Applies to third-party water damage (damage to neighboring building or property)

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Medical Payments

Pays for medical treatment of guests injured on the property

☐ Included

Each person \$ _____

Each accident \$ _____

☐ Included

Each person \$ _____

Each accident \$ _____

Non-Owned Auto (Optional)

Applies to liability exposure from employees that drive their cars on duty for you

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Hired Auto (Optional)

Applies to liability exposure from renting cars for business use

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Umbrella or Excess Liability (Optional)

Protection from lawsuits

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Crime Coverages (Fidelity)

Covers theft by employees and officers

☐ Included

Limit \$ _____

☐ Included

Limit \$ _____

Annual Premium

\$

Deductible

\$

Annual Premium

\$

Deductible

\$

Appendix

Actual Cash Value (ACV). One of two primary methods for establishing the value of insured property in a loss, actual cash value means that the claim payment will be made on the depreciated value of the asset, which can be significantly less than its replacement cost. Compare to Replacement Cost Value (RCV).

Agreed Amount Endorsement. The carrier agrees that the amount of coverage carried will be sufficient to avoid additional penalties in partial losses. This endorsement does not guarantee that the coverage level will cover the loss, but a partial loss will avoid a coinsurance penalty. Compare to Coinsurance.

Basic or Broad Form Coverage. These types of policies only cover perils that are specifically listed. Broad Form coverage is more inclusive than Basic Form coverage, which tends to be limited in scope. Compare to Special Form Coverage.

Boiler & Machinery (Equipment Breakdown). This coverage can pay for repair or replacement of building systems, including heating, air conditioning, boilers, generators, etc. The policy covers most sudden and accidental breakdowns, but not wear and tear.

Building Limit. This describes the amount of insurance coverage for the building and usually includes everything attached to it.

Business Personal Property. This coverage protects personal property not attached to the building, such as furniture in common areas. Some companies include appliances, such as washers, dryers, refrigerators, etc., in the definition of building; others do not and would require this type of coverage.

Coinsurance. This provision penalizes an insured party for not carrying enough insurance on a property. A coinsurance clause states a required percentage (often 80%) of the building replacement cost that must be insured at the time of loss. Failing to meet this minimum coverage requirement will incur penalties, even on partial losses.

For example, a building valued at \$1 million has a coinsurance clause of 80%, but is only insured for \$700,000. Because the insured value is less than 80% of its replacement value, the insurance payout would be decreased by the underreporting penalty, as calculated below:

- Required amount of insurance: $.80 \times \$1,000,000 = \$800,000$
- Percentage of actual coverage compared to coinsurance requirement: $\$700,000 / \$800,000 = 87.5\%$
- For a loss of \$200,000, the carrier would pay \$175,000 (less any deductible), an underreporting penalty of \$25,000.

Hired Auto Coverage. If you ever rent a car for business purposes, this type of coverage can provide liability protection since rental car companies typically do not.

Liability. Most policies include \$1 million general liability coverage per occurrence and \$2 million aggregate per policy year for bodily injury and property damage to others.

Loss of Rents. This coverage pays for the loss of rental income during repairs, up to 12 months, after a covered loss. Rent rolls should be updated annually to keep this coverage current.

Non-Owned Auto Coverage. If an employee of the building, such as a property manager, has an auto accident while on the job, the building owner could be brought into the lawsuit. This type of coverage can pay for defense and judgment costs in such cases.

Ordinance or Law. Especially important for older buildings, this coverage provides additional funds to repair a building to comply with current construction codes after a loss.

Coverage B. This pays for the cost to demolish the undamaged portion of the building, if required by construction code.

Coverage C. This covers the additional cost to rebuild the damaged structure in compliance with current construction codes if that cost would exceed normal repairs.

Replacement Cost Value (RCV). One of two primary methods for establishing the value of insured property in a loss, replacement cost basis means that the insurance claim will repair or replace the damaged property without deducting for depreciation. Compare to Actual Cash Value (ACV).

Special Form Coverage. This type of policy offers the broadest type of protection, covering any type of sudden and accidental loss unless it is specifically excluded from the policy. Compare to Basic or Broad Form Coverage.

Umbrella or Excess Liability. This type of policy adds coverage above the limits of the primary policy, providing additional protection against lawsuits. A single umbrella policy can usually include all owned properties.