

Property insurance worldwide, and especially in Florida, is being affected by a number of factors

- two of which we will review here.



1. Valuation scrutiny

lenders and insurance companies are wanting to make sure that the values listed on an insurance policy are sufficient to get back to speed after an event. There is always the debate of "How much is enough?" Certainly, a General Contractor's estimate of approximate cost/Square Foot is helpful; but, that again can be easily changed. For instance, if a tornado is spun off a hurricane and dozens of buildings are destroyed or significantly damaged – including yours – the cost to repair your building will be a lot higher than if you had a major fire and your building, and yours alone, was affected because you're immediately competing with the other property owners for labor & materials to restore your building.

2. Loss control reports

by having a credentialed professional go through your properties and affirm the quality and integrity of your structures you are way ahead of the competition trying to get reasonable insurance rates on your properties. Underwriters are loathe to extend coverage to "older" properties (in Florida, "older" means 20+years); and, having the backup of a loss control report performed by an independent person strengthens your position and gives the underwriter flexibility to extend coverage or offer improved rates.

3. In addition,

many organizations are looking at Alternative Risk Strategies: proactively managing their risk while taking on increased deductibles and reducing premium spend

Risk Appetite Spectrum

Self-Insured Trust

 Complete assumption of risk with limited regulation

Single Parent Captive

- Complete assumption of risk
- Subject to regulatory oversight

Group Captive

- Pooling of risk
- Participants subject to corporate governance

Deductible Policy

• Significant/complete risk assumption in exchange for deductible credit

Retro Policy

- Assumption of limited risk in exchange for potential return premiums
- Deferred "pay-in" premium

Guaranteed Cost

- Complete transfer of risk
- Commercial insurance with no deductible

Financial Control

Program Control



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