

Savings and improved coverage amid a challenging real estate market



The Challenge

The owner of one of the premier high rise luxury condominiums in the Los Angeles area came to Newfront for an insurance solution. While the owner's real estate company was having success from a loss-performance standpoint, they faced industry-wide challenges. Insurance rates were spiking due to rising property valuations; losses were piling up from weather-related events like wildfires and flooding; and rising inflation was impacting the cost of building and repair. The real estate company was told to budget a minimum 10% increase in insurance costs for their next renewal. The Newfront team knew it could do better, and set out to try.

The Strategy

Newfront's Real Estate Practice Leader Jonathan Naranjo began with a comprehensive analysis of their current insurance programs. "I noticed inefficiencies that didn't make sense given their exposures and building type," he said. The condos were part of the developer's insurance program and hadn't been transitioned into an HOA or community association policy. And, there was a \$40,000 risk-management fee attached to the policy, a service Newfront offers for free.

Naranjo also pinpointed a high water-damage deductible. This was not uncommon, since leaks or flooding can cause hundreds of thousands—or even millions—in damage to a luxury condominium, and Class A buildings and HOAs were seeing rate increases or even non-renewals. But Naranjo suggested wireless water detection systems throughout the building as a means of addressing the cost of risk, adding value for the tenants, and showcasing goodwill to the insurers.

Naranjo then put together an application for coverage, leveraging Newfront's technology platform and the real estate team's proprietary client questionnaire. With the questionnaire, Naranjo had all information he needed to address underwriting questions regarding property and casualty data, as well as additional exposures, such as crime, D&O, or pollution. "There's a domino effect when you do things thoughtfully and spend extra time capturing information," Naranjo said. "You save time on the back end, and execute a result your competitors couldn't have gotten with less thorough submissions."

The Solution

Naranjo leaned on his strong client advocacy skills and credibility with insurers to get a competitive result. Though the client had budgeted for a 10% increase, Naranjo was able to cut this forecast in half to a 5% increase, well below industry trends—and with better coverage. The client originally had a \$25 million liability umbrella policy, but was able to double their limit to \$50 million and still save money.

MORE THAN

\$80,000

SAVED IN YEAR-OVER-YEAR
REDUCTIONS—WITH TWICE
THE COVERAGE

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Practice Leader
National Real Estate, Newfront