Lowenstein Sandler's In the Know Series
Video 19 – Maximizing Commercial Property Insurance in a Hardening Market

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Eric Jesse: Hi, I'm Eric Jesse from Lowenstein Sandler's **Insurance Recovery Group**. Welcome to "**In the Know**."

Today we're going to discuss the state of the property insurance market and three things companies can do to make themselves an attractive risk to insurers.

Commercial property insurance is a core coverage for businesses. It protects your business' buildings and structures from loss or damage, along with property, equipment, and other personal property that's inside those buildings. Property insurance typically covers lost business income lost as a result of a covered event. This coverage was in the spotlight during the COVID-19 pandemic when businesses were forced to shut down or operate with restrictions.

So, what is going on in the market? Billion-dollar natural disasters, supply chain issues, and inflation issues are some of the events that are contributing to significant losses and insurer payouts and—relevant to you—a hardening insurance market. This means increasing premiums, but it also means insurers are increasing deductibles, offering lower limits, adding sublimits, and including more restrictive coverage grants and broader exclusions.

Despite that, there are a few things businesses can do to navigate this tough market, to minimize the impact of these widespread events, and to ultimately be a more attractive risk.

First, work with a knowledgeable broker and coverage counsel who will know the ins-and-outs of the market and will advocate for you. Also, just be proactive. Don't wait until a few weeks or a month before your policy is set to renew. The renewal process takes time, and getting a head start can give you a better chance at negotiating better terms.

Second, ensure your business has robust risk management procedures. For example, if your business enters into subcontracts, make sure that those subcontractors have their own insurance and that your company is named as an additional insured. Insurers will be more comfortable insuring you if there are other potential sources of recovery in the event of a loss, that spread out their risk exposure.

Third, be ready for a more intensive underwriting process and anticipate the questions that will come your way. For example, does your business have a current statement of values so that insurers can understand the magnitude of the risk they are taking on? On the business interruption side, what does your supply chain look like? Do you have a list of vendors you rely on to run your business? Preparing these materials in advance will allow for a smoother underwriting process and also show prospective insurers that your company has its act together.

Thank you for joining us, and we look forward to seeing you next time on "**In the Know**."