

# **10 Ways to Save Money on your Apartment Insurance**

1. **SHOP for the BEST RATES:** You should look for an independent agent that specializes in insuring Apartment Buildings. Make sure that the agent represents several insurance companies that specifically want to insure Apartment Buildings. This is vitally important for many reasons, no one company is interested in every Apartment Building and if they were you would likely be paying a higher premium, using multiple companies helps the agent to offer you the best coverage/price combination for your specific Apartment Buildings. Such a specialist also knows how best to protect your assets because they are working with accounts just like yours day in and day out.
2. **RAISE YOUR DEDUCTIBLE:** Deductibles are the amount of money you have to pay toward a loss before your insurance company starts to pay a claim on your policy. The higher your deductible, the more money you can save on your premiums. Insurance companies typically recommend a deductible of at least \$500. If you can afford to raise your deductible to \$1,000, you may save as much as 25 percent on your premium.
3. **COMBINE POLICIES/LOCATIONS ONTO ONE POLICY:** Often companies offer multiple location/building discounts. Such discounts often increase with the number of locations on a policy. Discounts of 5-30% are common!
4. **DON'T CONFUSE MARKET VALUE/ASSESSMENT VALUE WITH REBUILDING COSTS!:** When you are insuring a new building the market value typically equals the Replacement Cost of the building plus site preparation plus initial land value. When it comes to insurance the insurance company is only concerned with the Replacement Cost of the Building. So in the case of a new building market value would be a higher limit than you would need to have insured. If this is the case you can lower your Building limit to Replacement Cost and reduce your premium. HOWEVER, the exact opposite occurs for older buildings. Typically older building construction techniques are much more expensive to duplicate than modern construction techniques and this can make the Replacement Cost of an older building up to 100% more than modern construction. This issue is often compounded by building owners that purchase a building (at Market Value) for far less than what it would cost to rebuild even with modern day construction techniques! BEWARE, Most insurance companies use a policy stipulation called COINSURANCE when insuring older buildings. In short, it requires that the policy holder insure to the proper coverage limit and if you don't the company may penalize you when there is a loss. I have seen situations where a Apartment Building Owner was so underinsured that he would have only been paid \$20 for every \$100 of repair work needed. (E.G. \$100,000 cost to repair the building, would only get \$20,000 from the insurance company). This is the #1 reason why Apartment Owners don't get paid what they need after a major loss.
5. **IMPROVE SECURITY/FIRE SAFETY:** Hardwired smoke detectors, Central Station reporting Fire & Burglar alarms, Sprinkler systems, Etc. These may generate discounts of up to 50%.

6. CHANGE COINSURANCE PERCENTAGE TO MATCH YOUR NEEDS: If you are insuring your buildings to their full replacement cost then increase your coinsurance percentage to 100% (increasing the coinsurance from 80 % to 100% will reduce the rate that you pay). The opposite may be true for older buildings, if you could fully rebuild your building using modern construction techniques for less than it would cost to replace with like kind and quality you may reduce the buildings replacement cost to a limit equaling the Modern Construction Replacement Cost. So, if that limit is 20% lower than the full Replacement Cost you insure at the lower limit and reduce the coinsurance requirement to 80%. This can be confusing, just ask us for clarification.

7. LOOK FOR ADMITTED INSURANCE IF YOU ARE WITH AN EXCESS/SURPLUS COMPANY: Your property may have been insured with a non-admitted carrier (Surplus Lines, if you are paying tax on your policy it is insured with a Surplus Lines company). There are typically only a few reasons for your property to be insured in the Surplus lines market place, they are: Poor Condition of your property, Transient occupancy (EG. Boarding house) or the agent that you are working with doesn't have access to the companies that want to insure Apartment Buildings.

8. IMPROVE THE EXTERIOR APPEARANCE OF YOUR PROPERTY: Most insurance companies want to see photos of the property before giving the cost of the insurance. I have seen many companies offer higher pricing or refuse to insure the property due to how the property appears on the outside. Big negatives include: peeling paint, damage/deteriorating siding, roof in bad shape, garbage in hallways or outside the building, lack of handrails, Etc.

9. ASK ABOUT OTHER DISCOUNTS: A number of discounts may be offered by companies as we mentioned, but they may not offer the same discount or the same amount of discount in all states. You must ask your agent or company representative about any discounts available. Nothing is automatic. Shop, compare and ask. Insurance Knowledge is powerful! Be informed.

10. REQUIRE ALL TENANTS TO CARRY RENTERS INSURANCE: Most apartment building owners have a clause in their lease requiring the tenant to carry renters insurance. While this is a plus for them it also helps you save money in the long run. Tenants do dumb things and often those dumb things end up getting covered by your insurance policy because the tenant didn't carry renters insurance. If they do carry renters insurance then their policy will pay for many liability and property losses on your premise. The less claims that you have the lower your cost of insurance.