

MULTIFAMILY 360 YOUR COMPLETE RISK SOLUTION



INTRODUCTION

The multifamily real estate investment market is in a buying frenzy. Apartments have become more attractive to renters and real estate investors and developers due to several factors. As growth and competition in the multifamily market intensify, owners, managers, and investors must sharpen their ability to anticipate potential risks.

Marsh can help you understand and manage multifamily risks throughout the real estate leasing lifecycle. We offer insurance coverage knowledge that is backed by strong relationships with leading commercial insurers and our data and analytics capabilities. This enables us to deliver innovative and effective insurance and risk solutions to help you address your most critical risks.

HEADWINDS SHAKING UP THE MULTIFAMILY MARKET: UNDERSTANDING YOUR RISKS

Successfully managing multifamily risks means considering a variety of potential threats, including:

- **Demographics:** Multifamily real estate properties are exposed to the behavior and activities of their tenants. Non-weather losses, including fire and personal injury, are common, and demographic shifts, including urbanization, the rise of experiential retailing, and evolving workplace trends, are altering the risk profiles for multifamily owners.



- **Catastrophe exposure:** Hurricanes and windstorms, flooding, earthquakes, and other hazards can cause serious damage to multifamily properties, potentially disrupting their operations or threatening their viability.

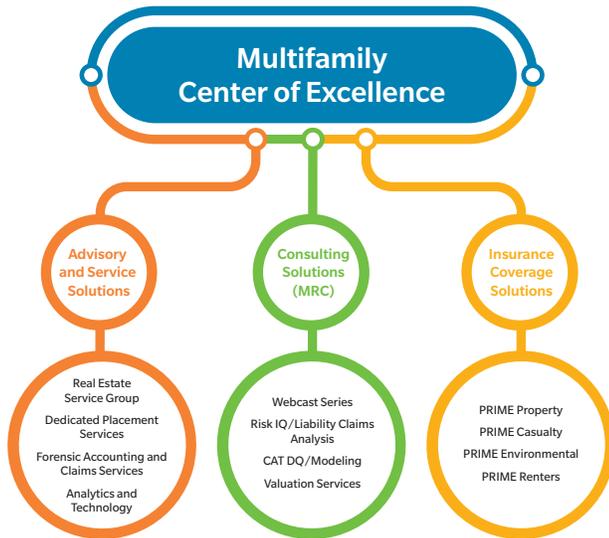
- **Liability and safety:** Multifamily companies must protect employees and guests from potential threats ranging from slips and falls to active shooter events.
- **Insurance market challenges:** Some property insurers have stopped writing policies for catastrophe-exposed multifamily units or made them cost-prohibitive. Others have imposed stricter underwriting requirements, reduced capacity, and increased deductibles and retentions, making it more difficult for some buyers to secure adequate insurance. At the same time, slips and falls, violent attacks, sexual assaults, and other casualty risks have made multifamily risks unprofitable for many general liability insurers.



- **Information technology and network security:** Technological advances and the sharing economy continue to present new risks for the real estate industry, including multifamily property owners. Smart locks, smart thermostats, and cloud-connected devices in buildings can offer tenants security, convenience, and comfort, but can also represent significant vulnerability for owners and operators. Multifamily companies also often collect and store a significant amount of data about tenants and employees, making them an attractive target for cyber-attackers.
- **Construction and development risk:** A variety of construction, environmental, contract, subcontractor default, professional liability, and workplace health and safety issues can arise even before tenants move into a property.
- **Environmental liabilities:** The real estate industry can be subject to frequent and often significant environmental losses that can arise throughout the development and leasing lifecycle, as well as during mergers, acquisitions, and other transactions.

MARSH'S MULTIFAMILY CENTER OF EXCELLENCE

From construction, development, and property hazards to tenant and employee



dangers and technology exposures, Marsh's Multifamily Center of Excellence (COE) delivers risk and insurance solutions to help assess and manage important risks. The Multifamily COE serves owners, managers, and developers of properties across the multifamily sector, providing solutions from across Marsh, including data and analytics tools, risk consulting services, and insurance program design capabilities. We can help to protect your bottom line and gain a competitive advantage to unlock growth opportunities.

Marsh's Multifamily COE offers:

- **Multifamily industry knowledge:** By understanding your business, we can help you identify, quantify, and manage key risks, offering insurance coverage capabilities related to information and network security, brand and reputation management, employee and tenant safety, natural hazards, business interruption, construction, employee benefits, and more.
- **Extensive insurance product capabilities.** Effectively managing

multifamily projects means considering several areas of risk, including property, casualty, environmental, cyber, professional liability, and builder's risk. We have developed award-winning insurance solutions — including PRIME Habitational, PRIME Property Facility, and other similar insurance solutions for casualty, environmental, and other risk areas — to help multifamily owners and operators obtain competitive terms and pricing for critical coverages. Through December 2017, we placed more than 125 PRIME programs, covering more than 200,000 residential units.

- **Industry-leading data and analytics capabilities.** Marsh's suite of analytical tools and industry loss trend

data can help companies make more informed decisions on how to best structure risk management programs, transfer risk, and properly negotiate with lenders and other capital providers. The analytics tools provided by Marsh include:

- Property valuations and flood zone determinations.
- Catastrophe modeling and loss projection modeling.
- Risk bearing capacity analyses.
- Peer comparisons based on data capturing premiums, rates, limits, and deductibles/retentions.

- **Broad risk management advice and guidance.** Insurance can offer significant protection for key risks, but it's not the only way to manage risk. Marsh Risk Consulting and other resources from across Marsh & McLennan Companies can provide assistance in loss control and prevention, human capital, brand management, and other areas to help you better quantify

and reduce a variety of insurable and uninsurable risks. For example, Marsh offers a webcast series designed to educate property managers on a number of multifamily loss control topics.

- **Our customized service platform.** Through our Real Estate Service Group (RESG), Marsh is the only insurance broker that can offer real estate clients a single point of contact to streamline administrative services related to their insurance programs. The RESG comprises professionals that can manage or execute the service requirements — including allocations, invoicing, certificates, and contract insurance requirements review — of large real estate insurance programs. The RESG administered \$275 million in property/casualty program costs in the year ending June 30, 2017.
- **Superior claims advocacy.** Aggressively reviewing key areas of the claims management and administration process is critical to controlling an organization's claim costs. Marsh's claims advocates are committed to helping companies maximize their financial recovery under their insurance programs.
- **Networking and educational opportunities.** We understand the importance of staying connected with your peers to learn and share best practices for risks. Each year, we provide clients with several education and learning opportunities designed to connect risk professionals with insurers and other resources. These opportunities include:
 - Marsh's Global Real Estate & Hospitality Conference.
 - Regional industry forums and roundtables.
 - Marsh's real estate reception at the annual RIMS conference.
 - Industry webcasts.



A LEADER IN REAL ESTATE

Marsh's Real Estate Practice serves risk professionals and property owners and managers in all sectors of the industry. With experience spanning conventional apartment communities, affordable housing, distressed properties, and new construction lease-ups, Marsh has the people and resources to help organizations protect their real estate value. Placing more insurance premiums for real estate entities than any other insurance broker, Marsh provides clients with solutions to effectively navigate the evolving nature of real estate risks.

For more information on how Marsh can help, visit marsh.com, contact your Marsh representative, or contact:

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Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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