

SECTOR FOCUS: PROPERTY

Rider on the storm

Tornados, wildfires and judicial ‘hell holes’ – it’s biblical out there, but **REInsurePro** is a firm hand for residential investors in any kind of market

THE WINDS have changed for the residential and investment property insurance market – literally.

Hurricanes and tornadoes are occurring more frequently, while new data from climate experts is showing a shift in the areas traditionally prone to hail and extreme rain.

Historically, the Great Plains region has been dubbed “tornado alley,” but recently, trends have shifted more toward the Mississippi Valley.

“Louisiana, specifically, has experienced unprecedented tornado frequency and intensity of late,” says REInsurePro chief executive Shawn Woedl.

Inclement weather in areas not known for climate events is a microcosm of the challenges that have beset the overall market for property and liability insurance in residential real estate recently.

Other negatives include rising material costs, labor shortages, wildfires, the fallout from COVID around inflation, a rise in lawsuits, and a cyclical hardening of the property market – all factors putting pressure on capacity available from carriers.

Despite the challenges, REInsurePro is riding the storms of change and can offer a safe harbour for property investors, as well as some advice on how to approach a market in constant flux.

Woedl explains how each factor affects real estate insurance.

Higher material costs and labor shortages are affecting claims payouts for carriers, sometimes more than doubling them.

“This, in turn, can lead to rate increases at best, and canceled policies or carrier insolvency at worst,” says Woedl.

“Moreover, the longer length of time it may take for repairs to be completed leaves the investor missing out on potential rental income in the meantime.”

REInsurePro has worked closely with its carrier partners to implement incremental changes to try to minimize the financial impact on the investor, while also keeping each carrier’s book healthy.

These changes include things like integrating minimal increases into the insurance-to-value (ITV) requirements, while still keeping those thresholds among the lowest in the market.

Extreme weather in Florida is nothing new, but its cumulative effects are

pulling out of the market and/or going insolvent altogether,” says Woedl.

Light my fire

Fire events are also leaping into virgin territory and negatively affecting some carriers’ and programs’ profitability.

“This is particularly difficult because these wildfires are happening largely in areas of the country that have historically been highly profitable,” says Woedl.

“Property rates in these areas are a fraction of what they are in, say, the midwest or southeast, so one credible event can drastically affect a carrier or program’s profitability.”

This is causing many carriers to shift their appetites away from some western states where the recent wildfires have been occurring.



“Wildfires are happening largely in areas of the country that have historically been highly profitable”

Shawn Woedl, REInsurePro

weighing on the regional market, driven by catastrophe losses over the last several years, coupled with fraudulent claims driven by poorly enforced regulations.

“Florida is currently in the midst of a bit of an insurance crisis, with many homeowners’ carriers dramatically increasing rates to remain solvent, canceling policies,

Another dynamic affecting liability insurance is a resurgence in lawsuits in parts of the country where the law may be less than clear. This is creating “judicial hell holes” and huge challenges for carriers to properly rate and maintain profitability, says Woedl.

“As these types of lawsuits continue and change the judicial landscape, we will need to

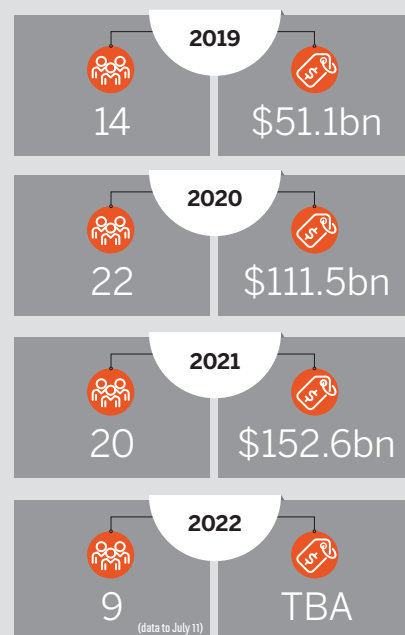
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RECENT BILLION-DOLLAR WEATHER AND CLIMATE EVENTS IN US

 Number of billion-dollar events

 Price tag (CPI-adjusted)



Source: NOAA National Centers for Environmental Information

keep a close eye on the fallout and stay ahead of trends.”

Inflation deriving from fiscal stimulus to combat COVID has also coincided with a cyclical hardening of the property market. Even the war in Ukraine has put pressure on reinsurers who back both foreign and domestic carriers, says Woedl.

This is (not) the end

Tornadoes, floods, judicial hell holes – some might say it is biblical out there for players like REInsurePro. But it is in times like these that the country's largest property and liability program for residential real estate investment properties shows its true value proposition.

“Our custom-built technology platform is designed to offer maximum flexibility and

speed, which is especially important in this challenging market where sometimes the first reply gets the business,” says Woedl.

“In many cases, an agent can obtain a proposal within minutes, giving them the ability to turn business faster for their clients.”

REInsurePro can underwrite a location completely, to the carriers' satisfaction, through remote technology. This circumvents the need to physically visit each property, inspect it, and charge the client for that inspection to underwrite the risk properly.

“Underwriting can be done in a matter of seconds through our tech platform when an agent completes a proposal request,” says Woedl.

“These tech tools immediately tell us whether the property is eligible for the

program, what deductible options and coverage specifications each given location has available to it, then identifies the carrier options that are the best fit.”

REInsurePro's program accommodates for tenant-occupied, vacant, renovation, and new construction properties, from single-family homes up to 20-unit multifamily locations, plus mobile homes, condos, vacation rentals, and even vacant land.

If a location changes from renovation to rented, it is a simple change in the REInsurePro technology platform rather than canceling and rewriting coverage.

“Clients only pay for the coverage while they need it, with no minimum-earned premiums, and agents earn recurring revenue with monthly commission.”

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“Hard markets like this one provide us with a unique opportunity to better connect with our clients” Shawn Woedl, REInsurePro

The program allows agents to customize their investors' coverage package with an ever-growing arsenal of ancillary add-on coverage options to fill critical gaps in standard property and premises liability policies, including lines such as earth movement, terrorism and political violence, and private flood.

A standout product recently has been its Tenant Protector Plan, which acts much like renters' insurance, but is managed by the property owner to ensure the coverage is in force.

It provides a limit of liability for tenant-caused negligent losses to shift the responsibility of the loss away from the investor's property carrier to help stabilize their rates long-term, and provides some contents coverage for the tenant and the non-negligent tenants of adjoining units that may have been damaged.

“Most uniquely, [it] has a sublimit for skip-rent coverage to recover some lost income if a tenant suddenly moves out without notice, is deployed, passes away mid-lease, or is evicted,” says Woedl.

Hello, I love you, let me jump in your game

While it's a tough market out there, Woedl says that communication with the client is key.

“The biggest thing that agents can do is understand the state of the market and advise their clients the best they can, clearly explaining what is and isn't covered and where they have exposures.”

Agents who can sell on benefits over price will have the upper hand.


“Hard markets like this one provide us with a unique opportunity to better connect with our clients,” says Woedl.

Creating value and focusing on taking the time to learn about clients' businesses and what they need is easier with technology-enabled solutions such as those provided by REInsurePro.

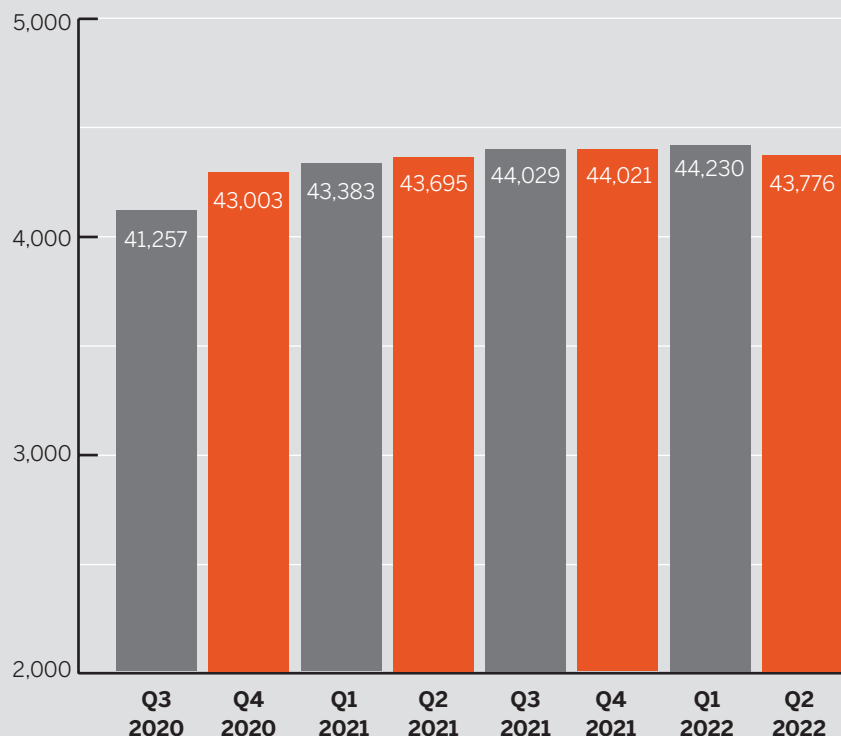
“Those who provide transparent communication and responsive service, have access to programs like ours that specialize in these niche markets, and have experience working with real estate investors will be better equipped to ride out this storm.” **IB**

ABOUT REINSUREPRO

REInsurePro (pronounced R-E-Insure-Pro) is a national program manager with expertise in building specialty programs for niche property risks. Our flagship program for real estate investment properties is the largest and most comprehensive of its kind for tenant-occupied, renovation, and vacant properties up to 20 units. Our monthly reporting form provides flexibility for investors and simplified billing for agents. And our state-of-the-art technology platform simplifies the process of quoting, binding, and servicing these complex clients.

 REInsurePro.com

NUMBER OF RENTER-OCCUPIED HOUSING UNITS IN THE UNITED STATES



Source: Federal Reserve Bank of St. Louis



GOOD AS GOLD



We are the solution to property and liability insurance challenges faced by independent insurance agents and their residential real estate investor clients.

Our innovative online platform allows agents to quote and bind coverage, submit to underwriting when required, and access a Sales Manager to answer any questions and help with complex portfolios.

Our Program is the gold standard, featuring monthly reporting and billing for investors with any number of properties.

We offer customizable coverage packages with a suite of ancillary options to meet the needs of each investor.

Do you have clients that could benefit from this 5-star program? Go for the gold! We are actively seeking agent partners. Visit REInsurePro.com/5-Star to get appointed with us.