IN THIS ISSUE, WE:

...provide the session highlights of the Fourth Annual Real Estate, Hotel and Gaming Symposium held this past September in Nashville in conjunction with the Twenty-First Annual Construction Conference. This gathering of professionals addressed a wide range of real estate and construction risk management topics as well as the current state of the insurance market.

...explore the severity of potential Legionnaires’ disease claims that can originate from building water systems and HVAC equipment and what risk mitigation and risk transfer strategies are available to owners and managers of commercial real estate.

...review the steps that should be considered by business owners to address protest activities in order to better protect business operations against property damage and employee injury.

...present the new Leonardo247 online software application available to property owners and managers that enables them to proactively establish risk management objectives and monitor performance at each property location in order to reduce claim frequency and severity.

...cite the Internal Revenue Service announcement on the tax treatment of identity protection service expenses incurred by a company for data breach victims, which can include a company’s employees as well as its customers.

...investigate the compliance issues presented by traditional notice of cancellation and nonrenewal language contained in most real estate leases and offer a practical solution for your consideration.

...confirm the critical need for a waiver of subrogation in favor of the property manager as part of any property management contract in order to avoid the unintended financial consequences that can arise from a property loss that occurs at a managed property.
2015 WILLIS REAL ESTATE, HOTEL AND GAMING SYMPOSIUM

Approximately 400 clients, prospects and Willis Associates attended the combined Fourth Annual Willis Real Estate, Hotel and Gaming Symposium and 21st Willis Construction Conference on September 16-17 in Nashville. The Real Estate Symposium had 47 registrants and attendance increased by over 34% over the 2014 event. Attendees participated in two days of interactive sessions and networking.

A Joint Construction and Real Estate General Session on Emerging Risks in Construction and Real Estate led by Global Construction Leader Bill Creedon, Paul Becker, Chairman, Willis North America Construction and Brian Ruane, EVP and Director, Willis Real Estate and Hotel Practice opened the event and included an interactive question and answer period. This was followed by the keynote address given by Dr. Steven Vavrus of the University of Wisconsin, who presented a thought provoking presentation: “Crazier Weather and Climate Change – Are They Connected and Does It Matter?” The morning concluded with a follow-up session on “Building Resilience – Practical Design and Retrofit Decisions to Achieve Greater Building Resilience” in the face of increased amounts of rain, flooding and increased storm intensities. Attendees were challenged to look out to the horizon of changing risks.

The “Security in Real Estate and Mixed Use Properties” session drew a lot of interest from our attendees. Our panelists included a defense attorney and the head of Willis’s Risk Control Services Security Practice Leader who addressed the increasing liability of real estate owners and managers for violent attacks by a third party on their properties. Using case studies, the attendees were told that the elements are the same as with any other negligence claim, and like those claims, duty hinges on foreseeability. The panelists discussed what owners need to do operationally, organizationally and legally to best prepare their companies for a potential event. The case studies engaged the attendees and they in turn engaged the panelists through a myriad of questions. Having a well thought out security plan, including relationships with experienced counsel, is important in addressing this exposure where both the financial and reputational losses can be significant.

“Contract Reviews, The Good, The Bad, and The Ugly” focused on controlling the assumptions of liabilities under contracts, preferably through a clear and consistent process with pre-determined levels of authority regarding who can do what is required via risk transfer or assumption of liability. The Panel emphasized that:

- All contracts, regardless of size, should be reviewed by legal and risk management (including insurance brokers).
- Companies should develop a set of standardized agreements, which can be easily tailored for specific contracting situations.
- It is important to avoid “outdated” wording and/or policy endorsement forms.

Finally, considerable time was spent on ISO additional insured endorsements and vertical or horizontal exhaustion; appropriate wording was discussed.
An underwriter panel discussion was held with representatives from Allied World Assurance Company, Chubb, Liberty Mutual, Zurich as well as the heads of Willis's North America property and London and Bermuda broking operations. The key observations made by the panel:

- Market will remain soft into 2016 with no end to this cycle as abundant surplus, at an all-time high, fuels competition.
- Underwriters will continue to expand their use of data analytics, e.g., determining crime statistics for liability underwriting.
- Pressure will increase to maintain and improve underwriting results to compensate for low returns on fixed income investments. All are seeking to achieve double-digit ROEs.
- Aging population is expected to increase the medical portions of general liability, excess liability and workers’ compensation claims.
- With increasing use of solar panels as part of movement to sustainability, some property underwriters are concerned with complications in fighting fires.
- Global warming, rising sea levels, more frequent and intense storms make the issues of resiliency and disaster recovery plans a key component of the underwriting process.
- Some underwriters are expressing increasing concern about earthquake exposure in the Pacific Northwest. Are buildings capable of sustaining a major event like the earthquake on January 1, 1700? Some feel insurance carriers have not paid enough attention to this issue and the exposures proximate to the New Madrid Fault.
- The London market is seeking to expand their writings in every sector. Lower deductibles are being achieved through competitively priced deductible buybacks.
- Office, retail, industrial and hotels are all targeted sectors for many carriers. The standard market has been slow to embrace the residential sector, which is something we are seeking to address.
- The underwriters all agree with our panel on security that more responsibility and liability is flowing back to the building owner and historical defenses are becoming more difficult to use successfully.

The cyber session on “It Happens – What do we do now?” was very lively. The panel, consisting of an attorney, underwriter, claim expert (also an attorney) and a Willis Cyber Practice leader, discussed and interacted with attendees on developing a plan for a “breach response.” Best practices included:

- Staying on top of new and evolving threats
- Evaluating risks posed by your vendors, which in some fields are always changing
- Having a plan and updating it regularly with clear lines of authority and responsibility; designating one individual as the point person for the incident response
- Training all of your employees, emphasizing that it is not just an IT issue

- Testing your plan – running mock table-top exercises with all intended parties
- Selecting good experienced counsel before you need them
- Finally, considering Cyber Insurance and reviewing coverage, limits and retention in light of evolving needs and risks

The variety of questions confirmed that this is a hot topic that is definitely on the agendas of our risk managers and clients.

The Risk Managers’ Roundtable Session is always one of the most productive sessions for both networking and sharing of information and best practices. The attendees split into three groups and tackled strategic, breakthrough and hot issues as well as some of the blocking and tackling issues (our football metaphor) they face. The teams reported back to the entire group, followed by a general discussion with Q&A as to what had been presented by the teams. We will attempt to schedule this session on day 1 in 2016 as it accelerates the networking process.

The closing session was “Seven Habits of Highly Effective Risk Managers.” The presenters shared career stories and experiences that highlighted the seven habits developed by Stephen Covey in his book, Seven Habits of Highly Effective People, which has sold over 25 million copies. While most of the sessions were focused on product, exposure, or risk management process knowledge, the closing session focused on professional and career development. Attendees were encouraged to: Be Proactive; Begin with the End in Mind; Put First Things First; Think Win-Win; Seek First to Understand and Then to be Understood; the Value of Synergy; and to Always Sharpen the Saw with respect to personal growth and development. Naturally, attendance at the Willis Real Estate, Hotel and Gaming Symposium qualifies as “Sharpening the Saw.”

We look forward to the 5th Willis Real Estate, Hotel and Gaming Symposium, which will be held jointly with the 22nd Willis Construction Conference in Plano, Texas on September 13 and 14, 2016 at the Dallas/Plano Marriott at Legacy Place.
Town Center. Save the date now!

LEGIONNAIRES’ DISEASE: MICROSCOPIC, DEADLY—AND INSURABLE

What the New York City Health Commissioner describes as “the largest outbreak of Legionnaires’ disease that we are aware of in New York City” has so far infected 97 people, but it is just one of many such outbreaks the U.S. can expect this year. The U.S. Centers for Disease Control estimates 8,000-18,000 hospitalizations for Legionnaires’ disease annually—many of which result in death and/or severe life-threatening medical conditions.

The primary concern in such outbreaks is always for those infected by the disease, their loved ones and those suddenly faced with the fear of contracting it. Understanding, preventing and treating it are the highest priorities.

THE DISEASE

Legionella bacteria are common and can be found in rivers, lakes and reservoirs. Bacteria growth occurs at temperatures around 68º – 113º F (20º – 45ºC), with the optimum temperature for bacteria virulence being human body temperature.

People can be exposed to Legionella when they breathe in a mist or vapor that has been contaminated with the bacteria. Unfortunately, it can have symptoms similar to many forms of pneumonia, making it difficult to initially diagnose.

BUILDING AND PROPERTY RISKS

While legionella bacteria are found naturally in the environment, they can originate from ideal warm-water breeding grounds, such as:

- Water cooling towers (as suspected in the New York outbreak)
- Hot tubs
- Water systems incorporating an evaporative condenser
- Hot and cold water systems (including water storage tanks)
- Extensive plumbing systems
- Any variety of plant or water system that contains water likely to exceed temperatures of 68º F (20ºC) and which may release a spray or aerosol of water droplets (either during day-to-day operation or when being maintained) and then aerosolized via shower heads, faucet aerators, spas, air conditioner/cooling tower units, fountains and other exposure pathways

With building water systems often implicated in its transmission, Legionnaires is of particular concern for building or property owners, who must worry about the potential liability and legal costs associated with this disease.

MITIGATING THE RISK OF LEGIONNAIRES

It’s not something many of us want to think about, but risk managers and other stakeholders must contemplate this exposure and manage the risk accordingly. From both a human and a business standpoint, preventing an outbreak is of course the desired outcome. Prudent risk management can include:

- Risk assessment of water systems
- The development of water management and monitoring plans
- Safety processes and prevention protocols

LEGIONNAIRES’ DISEASE CAN BE COVERED

While most insurance policies exclude coverage for Legionnaires’ Disease via various “pollution” and “contamination” exclusions, many environmental insurance carriers have built in affirmative coverage grants to their forms via a modification to their definition of “pollutants” to include

...legionella pneumophila in any structure on land and the atmosphere contained within that structure...

Many companies are incorporating environmental liability insurance into their risk management strategy as an effective risk transfer solution to protect against the potential costs, liabilities, defense and reputational damages associated with this exposure.

We also invite you to visit our website for past publications or other information about environmental issues. For additional information please contact Anthony Wagar in our Environmental Practice at 212 915 7768 or anthony.wagar@willis.com.
PRIORITIES WHEN PREPARING FOR PROTESTS

In a previous article about preparing for protests, I discussed the various ways that protests can cause harm to business and do damage to people and property. In light of the latest protests in Baltimore and other cities, I thought I would outline the dangers that can be a concern in and around protests, and what business owners and corporate leaders can do to avoid or minimize damage – both direct and collateral.

PREPARE IN ADVANCE OF PLANNED PROTEST ACTIVITY
Prepare and ready your business as soon as possible when you are aware of protest activity in your area. Just like weather preparedness, being ready for protest activity helps you keep your business and personnel safe. During a protest is not a good time to be reactive – use your awareness of any event to your advantage and prepare accordingly.

STAY IN CONTACT WITH LAW ENFORCEMENT
Stay in close contact with police and law enforcement personnel. Use all available resources, such as local television and radio news information, Twitter feeds, police radio, and direct communication with officers to help keep your business safe and aware of any potential risks and hazards to avoid. Additionally, be sure to follow any police instruction, especially pertaining to evacuation around your area. You want to make sure that your people are safe, and that your business is following the law in what may be a very unusual situation and time of crisis.

PEOPLE FIRST, PROPERTY SECOND
When it comes to safety around protest environments, always remember to secure your people first, and then secure your property. Property can always be replaced or fixed, but people in potentially dangerous situations are at huge risk and you should take every precaution to keep your personnel and clients safe from harm.

LIMIT ACCESS TO YOUR FACILITY
During protests there is an increased risk of unauthorized access – so be aware of who is in your facility and restrict access to anyone who does not have the proper credentials.

KEEP THE EXTERIOR SAFE
Remove objects, benches, planters and other objects that can be used as projectiles indoors and secure them.

REVIEW AND PRACTICE EMERGENCY ACTION PLAN PROCEDURES
Review EAP procedures so that you are prepared at such time as you need to implement them. Don’t get caught unprepared in a state of emergency.

With these simple guidelines, you can greatly reduce risk for your business and your clients. While the vast majority of protests are peaceful in nature, some have rogue elements that can cause problems and destruction. Taking these steps can keep the damage to an absolute minimum.

For more information, contact Kevin C. Wilkes, Senior Vice President Midwest Regional Director, Risk Control Services Security Practice Leader, Security Risk Consulting, Risk Control and Claim Advocacy Practice at 412 863 4789 or kevin.wilkes@willis.com.
GAME-CHANGER IN RISK MANAGEMENT FOR REAL ESTATE OWNERS AND MANAGERS: LEONARDO247

Property managers have a lot to think about. Creating and implementing operating protocols, setting and following maintenance plans, handling vacancies and tenant movement, and managing risks so that owners can secure insurance coverage for the best possible price – there is much to consider on a day-to-day, week-to-week, and quarterly basis.

One way to handle the massive to-do list is to create paper binders or Excel spreadsheets and hope that staff is attentive enough (and persistent enough) to wade through what needs to be completed, recognize critical timeframes, and meet deadlines. Unfortunately, gaps in these systems often were not recognized until after serious consequences arise...until now.

WHAT IS IT?
Leonardo247 is a one-of-a-kind software application that can instantaneously generate custom risk management programs for property owners based on their properties’ unique locations, amenities and property and equipment characteristics.

Leonardo generates daily to-do lists throughout the year for owners and their property managers to comply with the risk reduction program objectives created by their organization.
Property managers log in to the cloud-based web application from any device and check off items as they are completed, create notes regarding the mitigation measures taken, and get instant access to additional instructions and details if more guidance is needed. Automatic variance reports are generated and sent to designated regional managers and/or corporate executives to provide them the opportunity to take timely, corrective action for those properties that are not in compliance with the critical risk management objectives.

Employees of even the best management companies struggle to adhere to risk management programs. At last, property owners can finally rest assured knowing that their managers are following the right risk management procedures and have a documented record of completion dates and notes to help defend against potential negligence claims following a loss.

**LOWER INSURANCE PREMIUMS**
Insurance carriers appreciate the pro-active approach to risk management that Leonardo247 achieves, as well as the level of accountability it provides the property owners and insurance carriers alike. Clients are seeing reductions in the frequency and severity of claims due to third-party slips, trip and falls, serious employee injuries and property damage caused by fire or structural issues. As a result of this industry-leading functionality, Willis has pre-negotiated credits (5%+) with several insurance carriers for those clients that use the Leonardo247 product.

**HOW MUCH DOES IT COST?**
The credits offered on the annual insurance premiums for liability and property coverages more than pay for the cost of Leonardo247. Below is the pricing model for the residential apartment subsector:

<table>
<thead>
<tr>
<th>Size of Multifamily Portfolio (# of Units)</th>
<th>Leonardo247 Base Pricing</th>
<th>Pricing for Willis Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 4,999</td>
<td>$6.00/unit/year</td>
<td>$5/unit/year</td>
</tr>
<tr>
<td>5,000 – 9,999</td>
<td>$5.70/unit/year</td>
<td>$4.70/unit/year</td>
</tr>
<tr>
<td>10,000 – 19,999</td>
<td>$5.10/unit/year</td>
<td>$4.10/unit/year</td>
</tr>
<tr>
<td>20,000+</td>
<td>$4.20/unit/year</td>
<td>$3.20/unit/year</td>
</tr>
</tbody>
</table>

* Different pricing models for other real estate subsectors are available upon request (i.e. hotel, assisted living, shopping center, hospitality, retail and more).

Example: A multifamily risk with 3,768 units was paying $1,200,000 annually for their property and casualty insurance. By choosing Leonardo247 and Willis, they pay $18,840 annually for the software application, but save $72,000 annually on their insurance premiums alone, for a net premium savings of $53,160. They have also seen a reduction in their loss ratio, fewer out-of-pocket costs for deductibles, and better policy terms offered by their insurance carriers.

To learn more, contact Leonardo247’s Sales Manager, Todd Feldman, at Todd@Leonardo247.com or 323 819 0850. If you would like to see Leonardo247 online, visit www.leonardo247.com. In addition, you may contact Willis Real Estate and Hotel Practice Directors Brian Ruane at brian.ruane@willis.com or 212 915 7971 or Steve Sachs at steve.sachs@willis.com or 410 964 5800.
EMPLOYER-PROVIDED IDENTITY PROTECTION SERVICES FOR DATA BREACH VICTIMS NOT TAXABLE

In Notice 2015-22, the Internal Revenue Service (IRS) announced that it will not require the value of identity protection services to be treated as income when provided to individuals whose personal information may have been compromised by a data breach.

BACKGROUND

It is not uncommon for organizations, including employers, to provide credit reporting and monitoring services, identity theft insurance policies, identity restoration services, or other similar services to the customers, employees, or other individuals whose personal information may have been compromised as a result of the data breach. These identity protection services are intended to prevent and mitigate losses due to identity theft resulting from the data breach.

Existing IRS guidance does not address the questions that have been raised concerning the taxability of identity protection services provided at no cost to customers, employees or other individuals whose personal information may have been compromised in a data breach.

Discussion

According to the announcement, the IRS will not require that an individual whose personal information may have been compromised in a data breach include in gross income the value of the identity protection services provided by the organization that experienced the data breach. Additionally, employers providing identity protection services to employees whose personal information may have been compromised in a data breach of the employer’s (or employer’s agent or service provider’s) recordkeeping system will not be required to include the value of the identity protection services in the employees’ gross income and wages. The IRS also will not require these amounts to be reported on an information return (such as Form W-2 or Form 1099-MISC) filed with respect to such individuals.

Note, however, that this announcement does not apply to cash received in lieu of identity protection services, or to identity protection services received for reasons other than as a result of a data breach, such as identity protection services received in connection with an employee’s compensation benefit package. It also does not apply to proceeds received under an identity theft insurance policy, since these payments are covered by existing law governing insurance recoveries.

Conclusion

Under the Internal Revenue Code, all compensation or benefits provided to an employee by an employer are taxable as income unless exclusion applies. Given the increasing frequency of data breaches and the fact that identity protection services are commonly offered as a method of mitigating the risk of identity theft, the IRS guidance is welcome news to employers and other organizations offering such services.

The Willis Human Capital Practice offers a variety of health care reform-related tools, publications and presentations. We invite you to click here to review the archive of available information.

We update our site as new developments occur and new guidance is published, so please check back often.
TENANT NOTICE OF INSURANCE CANCELLATION/ NONRENEWAL LEASE PROVISIONS – AN IMPERFECT WORLD!

Commercial real estate leases typically provide that tenant’s insurance company must give landlord at least 10 days advance written notice for cancellation due to nonpayment and 30 days advance written notice before such insurance company cancels or non-renews any of tenant’s commercial insurance policies. This requirement is inconsistent with the language of unendorsed commercial insurance policies.

For example, the standard ISO Commercial Property form cancellation provisions are as follows:

COMMON POLICY CONDITIONS
All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation
1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
   a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
   b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured’s last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice. Note: a state amendatory endorsement may change these time periods.

With respect to commercial property coverage, there are two circumstances for which an insurance company will provide written notice to a person or entity other than the (first named) insured.

- First, an insurance company will provide written notification to a mortgage holder at least (a) 10 days before the effective date of cancellation in cases of nonpayment of premium; (b) 30 days before the effective date of cancellation if cancellation occurs for any other reason; and (c) 10 days before the expiration date of the policy if the insurance company elects not to renew the policy.

- Second, an insurance company will give the same advance written notice to a loss payee whose interest as a creditor has been established by a written agreement; provided, however, that the insurance policy has been properly endorsed to include a lender’s loss payable clause. Leases usually require the landlord be named as a loss payee with respect to a landlord’s financial interest in a tenant’s improvements and betterments.

The standard Commercial General Liability form has cancellation provisions similar to those found in the Commercial Property form discussed above. Obtaining a notice of cancellation/nonrenewal endorsement for Commercial General Liability or other casualty coverages is more problematic. The landlord (additional insured) must successfully negotiate to have the tenant’s insurance carrier(s) provide a manuscripted endorsement or modify an existing endorsement to achieve notification, which is not easily accomplished. A few carriers offer special proprietary endorsements to comply with cancellation requests, such as a “Designated Entity – Earlier Notice of Cancellation/Nonrenewal Provided.”
by Us” endorsement. This endorsement provides for notice of cancellation, nonrenewal, or material limitation in coverages for a specified number of days in advance for any statutorily permitted reason other than nonpayment of premium. Again, this type of endorsement is not readily available in the marketplace.

With the issuance of the current ACORD 25 (Certificate of Liability Insurance) and 28 (Evidence of Commercial Property Insurance) forms, insurance policy cancellation provisions are found in the actual policy or by policy endorsement.

“SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.”

Typing the cancellation provisions on an ACORD insurance certificate, as was done in the past, does not convey actual coverage to the certificate holder and is not permitted in most states. It should be easy enough to check a tenant’s most recent insurance certificate(s) to determine if notices of cancellation endorsements consistent with the lease requirements are attached.

What all this means is that the landlord’s tenant must have a notice of cancellation endorsement in place from each insurance carrier that reflects the lease cancellation provisions in order to be in compliance.

Therefore, consideration should be given to using the following lease language concerning policy cancellation due to nonpayment or nonrenewal.

All of Tenant’s insurance required by this lease shall contain a clause or endorsement prohibiting cancellation or failure to renew without the insurer having provided Tenant with at least the number of days of prior written notice required by applicable state law. Tenant covenants and agrees to send any and all of such notices to Landlord by certified or registered mail, return receipt requested, within one business day after Tenant’s receipt of each such notice.

For example, review of New York commercial insurance cancellation provisions shows different notification requirements for nonpayment and nonrenewal for workers’ compensation and other commercial lines which support the use of “required by state law” in the language used above. The state law also addresses notice required for premium or coverage changes. Further, over the life of a lease, state requirements may change, which is another reason not to use static language. For example, current New York law time periods for notification due to nonpayment for a commercial lines policy (other than workers’ compensation) is 20 days within the first 60 days of a policy and 15 days after the policy has been in force for more than 60 days, which may be in conflict with the language contained in older leases.

As a practical matter, under the suggested lease language, a tenant would be contractually required to send all cancellation or non-renewal notices upon receipt to the landlord as direct notification of the landlord by the tenant’s property and casualty insurance carriers, which is unlikely to happen unless endorsements requiring such notification have been added to the tenant’s insurance policies. For obvious reasons, this is an imperfect solution to address an imperfect insurance notification process, but it may be the best option for a landlord to consider if a tenant’s insurance policies cannot be properly endorsed.
PROPERTY MANAGEMENT CONTRACT WAIVERS OF SUBROGATION

A managed property sustained a fire loss totaling $6 million. It was alleged that an employee of the property management firm used the wrong wattage bulb in electric light ballast, which caused the fire. An older property management contract in force did not require that the owner’s property insurance carrier provide a waiver of subrogation in favor of the property manager. This enabled the owner’s property insurance carrier to subrogate against the property management firm to recover the $6 million loss. The property manager’s primary and excess liability insurance carriers both had an exclusion for property damage to managed property caused by the property manager or its employees. Fortunately, the property insurance carrier also subrogated against the manufacturer of the light ballast and the electrical contractor who were ultimately determined to be responsible for the loss.

It is not unusual for a property manager’s Commercial General Liability (CGL) and/or Excess Liability carriers to have an exclusion similar to ISO CG 2270 – Real Estate Property Managed, which excludes damage to “property you operate or manage or as to which you act as agent for the collection of rents or in any other supervisory capacity.” The endorsement goes on to further state that coverage under the policy is excess of any valid or collectible primary or excess insurance that may be available to the insured with respect to any liability that may arise from real estate management activities. However, as the loss described above illustrates, it is important for property management firms to review all existing contracts to ensure that a waiver of subrogation is provided with respect to their management activities by the owner’s property insurance carrier. If a waiver of subrogation is not provided in any contract, steps should be taken to have that contract amended if at all possible. Some insurance carriers will remove the Real Estate Property Managed exclusion for an additional premium charge if the underwriter is comfortable with the property management firm consistently requiring a waiver of subrogation from each owner’s property insurance carrier in its property management contracts. The removal of this exclusion may also serve as a hedge for property management firms that are not 100% confident that they have a waiver in place in all contracts.
CONTACTS

For additional information on this issue’s topics, or any others for which our Real Estate and Hotel Practice might provide assistance, please visit our website at willis.com.

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