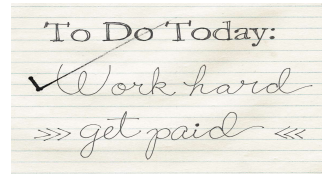


Broke as a Joke in 2023: Commercial Property Edition

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Course Description

Your insured's commercial property insurance policy is broken. This course will provide several tools (tips and endorsements) which should, with a little help from the insurance company, fix it.



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SHAMLESS PLUG

If you need CE in a pinch or are looking for ways to sharpen your skills, try the association's Webinars! Visit the education schedule online.

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Debris Removal

de·bris
[də'brē, ,dā'brē]
NOUN
1. scattered fragments,
typically of something
wrecked or destroyed...

Source: Oxford
Dictionaries



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Debris Removal



Who Really Cares?

Construction type/size, CAT exposed, urban locations

What's the Deal?

Formula in policy, covered loss, Additional coverage amount

Let's see that form language!

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Debris Removal – some ISO policy language

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.



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Debris Removal, cont.



ISO Endorsement: ***Debris Removal Additional Insurance - CP 04 15***

What's the Special Sauce?

Increase Additional Coverage

Side Effects?

Underwriting limits on increased amount

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Vacancy

Definition of VACANT

1 : not occupied by an incumbent, possessor, or officer a *vacant* office

2 : being without content or occupant

3 : free from activity or work

4 : devoid of thought, reflection, or expression

5 : not lived in

6 a : not put to use *vacant* land

6 b : having no heir or claimant

Source: Merriam-Webster



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Vacancy

Who Really Cares?

Owners of sparsely occupied buildings (huh???...)

What's the Deal?

Vacancy definition, penalties on loss payment

Let's see that form language!

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Vacancy – some ISO policy language

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

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Vacancy, cont.



ISO Endorsement: ***Vacancy Changes- CP 04 60***

What's the Special Sauce?

Lowers square footage occupancy requirement down to as low as 10%

Side Effects?

Won't work for unoccupied buildings

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Property Covered and Property NOT Covered

Why does it matter?

1. What the check is for (or not)
2. Coinsurance compliance
3. Claim advocacy by agent



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Covered Property

Who Really Cares?

Manufacturers, landlords, owners of property who don't want to insure

What's the Deal?

"Over-insuring", lack of insured's control of coverage/limits

Let's see that form language!



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Covered Property – some ISO policy language

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2. Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

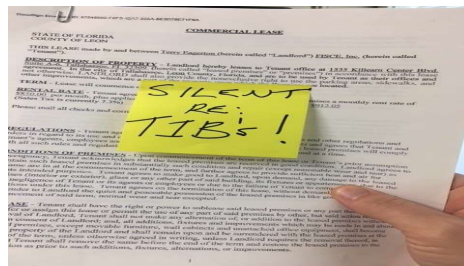
a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;

(4) **Personal property**, owned by you that is used to maintain or service the building or structure or its premises, including:

- (a) Fire-extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:



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Covered Property, cont.



ISO Endorsement: **Additional Property Not Covered- CP 14 20**

What's the Special Sauce?

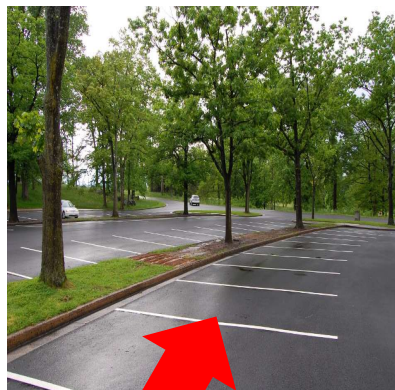
Choose items to remove from coverage

Side Effects?

Items no longer covered, coverage disputes with TIB's

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TAKE A GUESS – are these Covered Property...yes or no?



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Property NOT Covered

Who Really Cares?

Owners of paved surfaces, foundations of buildings, certain outdoor property and other property NOT covered

What's the Deal?

Common property items considered property NOT covered

Let's see that form language!



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Property NOT Covered – some ISO policy language

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor, or



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Property NOT Covered, cont.



ISO Endorsement: ***Additional Covered Property- CP 14 10***

What's the Special Sauce?

Expand coverage to property otherwise not covered

Side Effects?

Coinsurance compliance, underwriting restrictions

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Additional Building Property

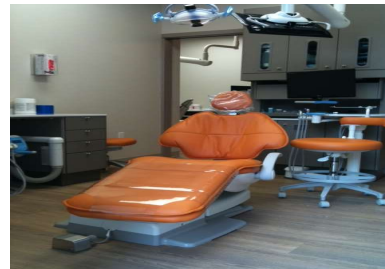
Who Really Cares?

Manufacturers, owners of sedentary equipment not permanently installed



What's the Deal?

“Permanently installed” not defined, rating/premium difference, coinsurance



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Additional Building Property, cont.



ISO Endorsement: ***Additional Building Property- CP 14 15***

What's the Special Sauce?

Changes definition of specifically described property, allows for building rate

Side Effects?

Underwriting restrictions, coinsurance due to inadequate building limit

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Landscaping

Who Really Cares?

Retail, office, restaurant, landlords,
“curb appeal”

What’s the Deal?

Limited coverage, named perils

Let’s see that form language!



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Landscaping – some ISO policy language

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are “stock” or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.



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Landscaping, cont.



ISO Endorsement: ***Outdoor Trees, Shrubs and Plants- CP 14 30***

What's the Special Sauce?

Increase limits, expand perils

Side Effects?

Loss due to temperature change, rain, snow, ice, sleet excluded. (Insured can choose to exclude vehicle damage)

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Outdoor Signs

Who Really Cares?

Retail, restaurant, service risks

What's the Deal?

Sublimit (\$2500) in policy

Let's see that form language!



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Outdoor Signs – some ISO policy language

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.



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Outdoor Signs, cont.



ISO Endorsement: ***Outdoor Signs- CP 14 40***

What's the Special Sauce?

Increase sublimit, option for coinsurance

Side Effects?

Doesn't expand causes of loss, subject to policy deductible and valuation (possibly ACV). Explore Inland Marine form

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Leasing Property

Who Really Cares?

Offices, restaurants, startups,
machine shops, manufacturers



What's the Deal?

Contractual responsibility to insure, property
of others, limits on loss settlement (ACV)

27



Leasing Property, cont.



ISO Endorsement: **Leased Property- CP 14 60**

What's the Special Sauce?

Conform loss settlement to lease requirement.
Can write at RC or Agreed Value

Side Effects?

Must interpret lease requirements correctly

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