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## A Guide to Comparing Apartment Insurance Quotes

**Most apartment owners have to wear many hats in the course of doing business. To some extent owners are simultaneously entrepreneurs, bookkeepers, and mediators of tenant disputes. Some owners even go as far to double as grounds custodians, gardeners and handymen.**

When it comes to examining legal documents, however, most do not get involved and hand the legal work off to an attorney. Ironically, an insurance policy is every bit as much a legal document as a tenant lease or an unlawful detainer. The customs involving insurance are much different. Insurance buying is much more subject to involving multiple bids and turnover of agents than other legal work.

General economic conditions are making it relevant to consider areas to curtail expenses. One of the areas that gets attention is apartment insurance.

A big problem with insurance is that when you compare quotes and have questions; you usually have to ask the agent who gave you the quote. Talking to one eager insurance salesperson, anxious to make a sale is hard enough, but talking to several can be terrible. Woody Allen even depicted torture as being lowered into a room with two insurance salesmen! The agent has a vested interest in selling you on their particular quote so you will hear their spin on their proposal. As a result, it can be hard to get answers without avoiding high-pressure salespeople.

Comparing proposals can be difficult also if not all of the details of the included coverage or exclusions of coverage are included in the quote. Often, a quote will arrive in the form of an extremely simple outline, perhaps building amount, contents amount, liability amount and premium. While this can be a good starting point to ask for more information, it does not offer much information for which to make an informed decision.

Think about it — Picture yourself buying a new car, and after calling a local dealer you received a quote that reads: Four wheels, steering wheel, hardtop, interior seats and outside body, \$20,000. Wouldn't that make you laugh? You might be looking for a station wagon, an SUV, a sports car or a sedan but no information is included in the dealer's quote. You would want to know the make, model, included options, color, warranty details, etc. These days, you would probably be interested in the gas mileage, horsepower, etc. You might want to know the reputation of the dealership, parts availability and cost, safety ratings, insurance cost, and whether the car is safe to loan to your teenage son.

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When you buy insurance or compare insurance for an apartment building, you have considerations also. Most of the time, the starting point is the price. If you are looking for more a more competitive quote, it is a good idea to be sure that you are not gutting your security for the sake of saving a few hundred dollars.

Here are some very basic tips for comparing quotes:

First, check the basics;

Beware of *low-balling* business practices, which is what happens when an agent lures you with a low price and then the company increases the price later. Be sure that the liability limits, building limits, business-income and property coverage are similar. After all, it is no mean feat for an agent to quote you half the building coverage and save you money. For workers compensation quotes, be sure that the amounts of payroll used (which determines the premium) are similar.

Are the companies comparable in size and reputation? Some agents will not disclose the name of the company they are quoting until you buy the policy. If the agent will not disclose the name of the company, ask the agent for the Best's rating and financial size of the company. Ask the agent if the company is quoting with an admitted or a non-admitted carrier. Non-admitted carriers are not necessarily bad, but if the agent is quoting with a non-admitted carrier, you have to be sure that the carrier is a well established, solid carrier, because they are not covered by the California Insurance Guarantee Association. Just as a point of information. The Guarantee Association only covers the first \$500,000 of a claim, so just because a carrier is admitted, does not make it bullet-proof. The public can log on to <http://www.ambest.com> and enter the name of the insurance company. You can also find an explanation of what the ratings mean on the same site.

Does your quote include special form (preferable to general or basic form) for the building? Is the building coverage on a replacement cost basis? Is there coinsurance on your policy or on the quote, and if so, are these the same percentages? Are the deductibles similar? Does the quote include building ordinance coverage and code upgrade coverage? Is that coverage on your existing policy? If you have a resident manager, does the quote include non-owned automobile liability coverage? Does the quote include personal-injury liability with wrongful eviction coverage?

Here are some other things to think about: Do you have an agent that you are comfortable with, one that attends to business promptly and looks out for you? If so, it could be worth sacrificing some premium savings to continue that relationship. If you insure 2-4 units, check that your carrier does not tie automobile insurance discounts into the deal. Also, new carriers

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mean new inspections and possible new discovered deficiencies. Some carriers allow in house financing, others do not, so be sure to cover all of your bases.

The moral is that if you are considering switching your coverage and have received a rate proposal that looks interesting, ask for a proposal that details all the coverage and exclusions, along with the company name and Best rating. You will then be armed with more information to make the best decision, safeguard your investment, and maximize your insurance dollars. If you have the patience to ask the agent quoted you for more information, it is okay as long as you remain aware of a certain bias factor toward their quote.

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