# REDUCING THE COSTS OF RISK FOR HABITATIONAL REAL ESTATE

Marsh is a leader in habitational real estate, placing the insurance for more than two million doors. Our team of dedicated real estate professionals, including experts from Marsh Risk Consulting (MRC), provides effective and sustainable management solutions and strategies that help real estate firms anticipate, prevent, and mitigate potentially costly losses.

## LEADING CAUSES OF LOSSES

Our claims data analyses and experience with a large and diverse real estate client base show that the leading loss cost challenges for habitational real estate reside within five key areas:

- Unsafe acts of tenants.
- Security of residents.
- Pedestrian hazards (slips, trips, and falls; vehicular impact).
- High-hazard amenities (swimming pools, fitness rooms, playgrounds).
- Natural hazards (windstorms, floods, earthquakes).

## MARSH'S APPROACH TO LOSS REDUCTION

Our proven approach to reducing these key loss cost drivers can include:

### UNSAFE ACTS OF TENANTS

- Behavior modification of tenants through consistent and clearly posted guidelines and regular safety awareness communications.
- Training of site personnel to recognize unsafe acts and conditions.

### SECURITY OF RESIDENTS

- Identifying foreseeable dangerous conditions and developing corrective actions.
- Establishing documented guidelines to promptly identify and communicate any security issues to tenants.

### PEDESTRIAN HAZARDS

- Identifying traffic patterns, uneven walking surfaces, and trip hazards that can lead to multiple claims.

### HIGH-HAZARD AMENITIES

- Evaluating location, design, and construction standards of playgrounds and fitness rooms.
- Assessing and improving security features around swimming pools.

### NATURAL HAZARDS

- Identifying construction conditions in need of improvement or that could lead to significant losses.
- Modeling natural hazards exposures to produce the most accurate probabilities and loss estimates.

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## THE FIRST STEP: BENCHMARKING ASSESSMENT

Our experience has repeatedly demonstrated that minimizing the costs of risk is best achieved through robust, consistently-implemented loss control programs and effective claims management. To assess the current state of such program elements, our consultants will first meet with key management staff to discuss:

- Current loss statistics.
- Current loss prevention programs.
- Property locations.
- The claims handling process.
- Any special issues or features within the portfolio.

In addition, we will mutually select three to five locations for physical assessments that will evaluate each of the previously mentioned five loss cost driver areas. Each target area will be benchmarked against leading industry guidelines and/or best practices.

The results and findings of the benchmarking assessment will be consolidated into an executive summary report. Systemic physical issues or program deficiencies can then be readily extrapolated across the portfolio. By sharing this information, and implementing consistent loss reduction strategies across the portfolio, clients can derive maximum benefit from the Marsh approach.

## WHY MARSH?

Marsh has a long and successful history of providing cost-effective risk solutions to our Real Estate Practice clients. Our presence and commitment of dedicated brokerage and consulting resources is unparalleled in the industry. We recognize that owners and managers of habitational real estate face exposures that are diverse, complex, and potentially catastrophic. Our experience and expertise in managing those exposures translates into the best possible advice for our clients.

If you have questions about how our experts in Marsh's Real Estate Practice and MRC can support and improve your total cost of risk, please contact your local Marsh or MRC representative. You can also contact us as follows:

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