

How Important Are Those Renewal Certificates Of Insurance?

While the current economic conditions may show some signs of improvement, the commercial real estate market remains questionable. Property values continue to be below their highs of a year or two ago, and vacancy rates are a continuing concern due to company's shrinking their workforces, and needed less space. Building owners will look at every expense carefully to make sure that they are not over-paying for their products and services. Insurance costs are always a prime target for this cost cutting. Building owners will want to "market" their insurance to make sure they have the most inexpensive insurance program in place.

While we have no problem with some good market competition, we are concerned about the quality of coverage that may result from these cost cutting processes. It is very important that all of our clients carefully scrutinize the proofs of insurance they receive. (Continued Next page)

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"Far and away the best prize that life has to offer is the chance to work hard at work worth doing." - Theodore Roosevelt



Insurance Trivia Question:
This world famous insurance institution started in a coffee shop.
(Answer on next page)

Omega Company News Spotlight

Omega Risk Management, is proud to announce that Philipp J. Bischoff has been named Chief Operating Officer. Jim Branigan, President and CEO, said that his knowledge and hard work are a great asset to our company and to our clients!



Omega Contact Information:

James Branigan:
JB@OmegaRM.com
631-692-9866

Phil Bischoff
PB@OmegaRM.com
631-982-9899

Al Doller
AD@OmegaRM.com
631-692-9888

Omega Risk Management Expands its Sponsorship of The Real Estate Lender's Association

◆ **Omega Risk Management LLC** expands its support of The Real Estate Lenders Association. " We have decided to become National Top Tier Sponsors of this great organization" reports Jim Branigan, President and CEO of Omega. He continues, "Omega began sponsoring RELA when we began 2001, and we are happy to continue our support as it grows to become a nationwide organization."

◆ To learn more about The Real Estate Lenders Association, please check their website at <http://www.rela.org/>.

Insurance Certificates—Continued:

Below are some basic questions you should ask yourself when doing a certificate review.

- Has the form changed? Look at the top of the form, is there a coverage disclaimer there now that wasn't there before? If so you may need to obtain additional documentation to ensure you have retained your rights under their policy.
- Has the broker changed? Often the marketing process will involve changing brokers, this can result in coverage items to be missed.
- Has the insurance company changed? – A new insurer may use different coverage forms than the ones used previously.
- What is the new insurer's AM Bests and S&P Rating?
- Are you still named correctly? – This is a very common issue; especially if there has been a broker change.
- Is the secured location still noted on the certificate?
- Is the borrower entity still included as a Named Insured?
- Have any of the limits changed?

While we would not go so far as to call these “RED FLAGS”, we would call them issues that should prompt a deeper review of the borrower's coverage. Many of these can be easily resolved by a conversation with the borrower's insurance broker. However, some could signal significant changes or restrictions of coverage that could impact the borrower's ability to obtain proper indemnification from the insurance company in the event of a loss, or could impair a lender's rights as mortgagee and additional insured.

No certificate of insurance provides the coverage detail found in a policy. They only represent a “snap shot” of coverage. Only through proper questioning of the borrower's broker or risk manager, and reading the policies, can we obtain a clearer understanding of the new coverage in place. A professional risk management consultant is the best resource for you to handle this process. They know the right questions to ask, and are also able to translate the answers into English from “Insurance-ease.” Call Omega, we are happy to help out!



Did you know that Omega Risk Management offers training programs?



Omega has been offering training programs on insurance and insurance issues since we began in 2001. Since that time we have provided many of our banking clients, as well as real estate law firms, seminars on the various insurance issues that may arise during a loan transaction.

We also offer more focused training on specific topics as requested by our clients. Insurance is not always a simple topic to understand, let us help you teach your team about insurance, so that they will more readily understand the issues, and recognize areas that will require deeper discussion.

For more information about Omega Risk Management ,
please check our website at www.OmegaRM.com

Trivia Answer: Lloyds of London—Started in Edward
Lloyd's coffee house in London in 1688!