MarshMcLennan Agency

SUCCESS STORY

Modeling and valuation case study

Real estate developer saves $125K in premium by utilizing financial analytics team

The challenge

A large real estate investment manager, developer, and operator had a property program placed on outdated and unverified information. The real estate company was carrying high limits and over-insuring buildings. They needed an insurance broker with experience and analytic capabilities to update and re-evaluate their property program.

The solution

Our MMA financial analytics team put a plan into action.

- Building valuations were calculated internally and provided to the client, prompting the client to review the accurate replacement cost values of their portfolio
- CAT modelling reports were run to determine reasonable sub-limits for earthquake, hurricane, severe convective storm, and flood

The result

Building valuations

The building valuation revealed the portfolio was over valued by $23.5M. This high valuation drove up premium and impacted the deductible levels on the CAT perils. Correcting the building values on assets in CAT prone areas resulted in $25K in premium savings. It also lowered the deductible percentage which allowed the company to purchase a smaller buy-down policy, saving them $50K in premium.

CAT modelling

The CAT Modelling report uncovered the real estate company was over-insuring some assets on their portfolio. One location had a $25M earthquake sub-limit, yet the CAT modelling reported indicated a $12M sub-limit. The earthquake modelling indicated in California, they could safely reduce their limits from $25M to $15M, saving $50K in premium.

Premium savings of $160K between value changes, limit reductions, and an eliminated deductible buy-down policy

Reduced the named storm deductible percentage

Learn more

Learn how our financial analytics team advisors can help you obtain measurable results.

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