

Managing Insurance Premiums Through Contractual Risk Transfer

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It's common knowledge that filing an insurance claim often leads to increased premiums. Apartment owners can avoid this, in many cases with contractual risk transfer.

What is Contractual Risk Transfer?

Contractual risk transfer involves shifting the responsibility for certain risks from one party to another through carefully crafted agreements. This is particularly important in leases, construction contracts, and service agreements.

Key Strategies for Contractual Risk Transfer

- 1. Require Renters Insurance:** Renters insurance can be required of tenants providing up to \$100,000 of coverage often with no deductible via tenant liability for tenant caused property damage.
- 2. Consult Legal Professionals:** Ensure all vendor and contractor agreements contain Hold Harmless Agreements, Indemnification Clauses, and Insurance Requirements.
- 3. Monitor Vendor Insurance Compliance:** Maintain a preferred vendor list and a file of up-to-date insurance certificates for all vendors and contractors.

The premier apartment insurers assume apartment owners have proper risk transfer with their vendors and contractors. If a claim occurs and insurers discover a lack of proper risk transfer, or a contractor working without insurance, and your insurance carrier was unable to subrogate against the vendor or contractor of damages, this will severely limit your insurance options for at least three years.

For personalized assistance in navigating these strategies, contact **Cameron Stewart**, Vice President at CREST, at **(858) 349-5711** or **cstewart@crestins.com**. Stay proactive in protecting your investment and maintaining favorable insurance terms.