SitusAMC Insights

Burgeoning Insurance Costs for Real Estate

FALL 2021

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Many homeowners will not be shocked if their insurance premiums go up this year. The Surfside, FL, condo collapse and several recent major natural disasters have brought public awareness about vulnerabilities inherent in real estate. Real estate investors expect a rise in insurance costs as well, but there appears to be a substantial disconnect between insurers and real estate market participants about the magnitude of these increases. Because commercial real estate is a long-term investment strategy and is capital-intensive, even small differences between anticipated and realized insurance cost increases can result in a significant overestimation of net operating income.

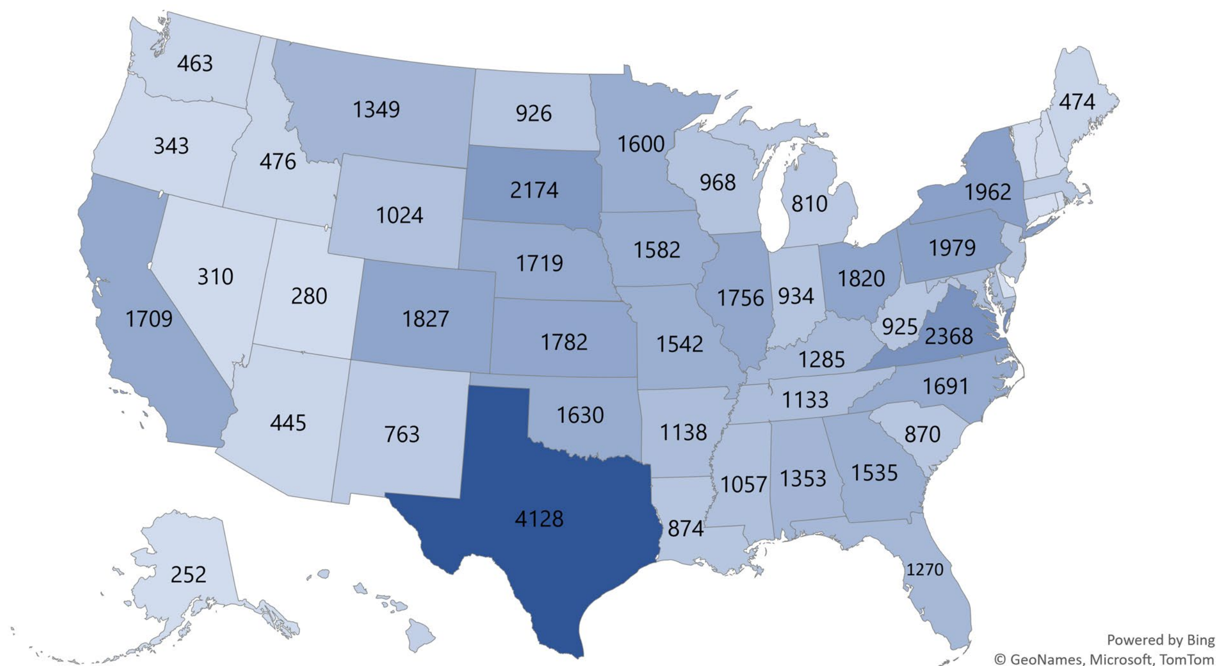
Property damage stemming from natural disasters is a widespread problem not limited to South Florida and other coastal markets. Other risk factors, such as regulatory burdens and property or portfolio considerations, influence the extent of insurance cost increases. Real estate investors will be better prepared and able to model insurance cost increases more accurately if they understand the multitude of risk factors to which a property is exposed.

Exposure Risks: A Multifaceted Problem

Natural Disasters

The U.S. is seeing an increase in the number and severity of natural disasters (e.g., hurricanes, tornadoes, wildfires, etc.), which has greatly increased the short- and long-term risk for insurers and led to increases in insurance costs and reductions in coverage for property owners. In 2020, the hardest hit areas were not in Florida or California but Texas, Virginia and South Dakota.

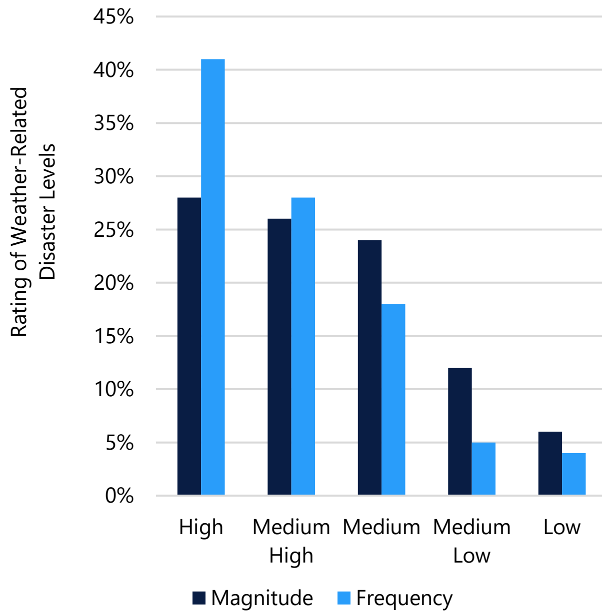
Texas Leads the U.S. in Number of Natural Disasters



Sources NOAA, Moody's Analytics, SitusAMC Insights

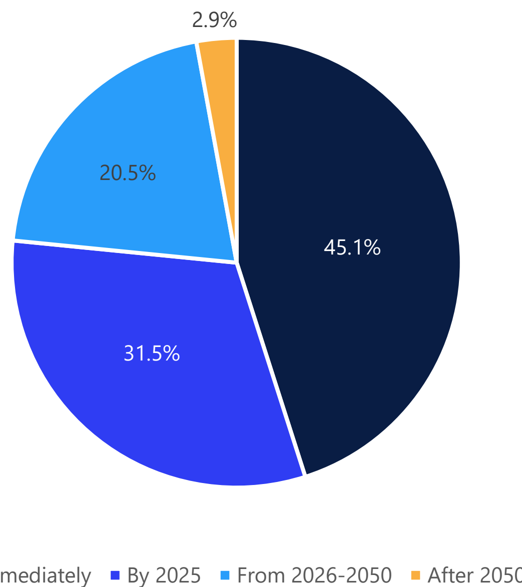
Local and regional governments are reporting increasing strain from weather-related disasters. A survey of local and regional governments by CDP, a not-for-profit organization, found that weather-related disasters like floods, windstorms and fires are increasing in both frequency and intensity. Just over half of respondents to this survey listed residential as the most affected asset or service from weather-related disasters; one-third selected commercial.

Magnitude and Frequency of Weather-Related Disasters Expected to Remain Elevated



Sources CDP and ICLEI - Local Governments for Sustainability, SitusAMC Insights

Most Cities Anticipate Weather-Related Changes to Occur Immediately

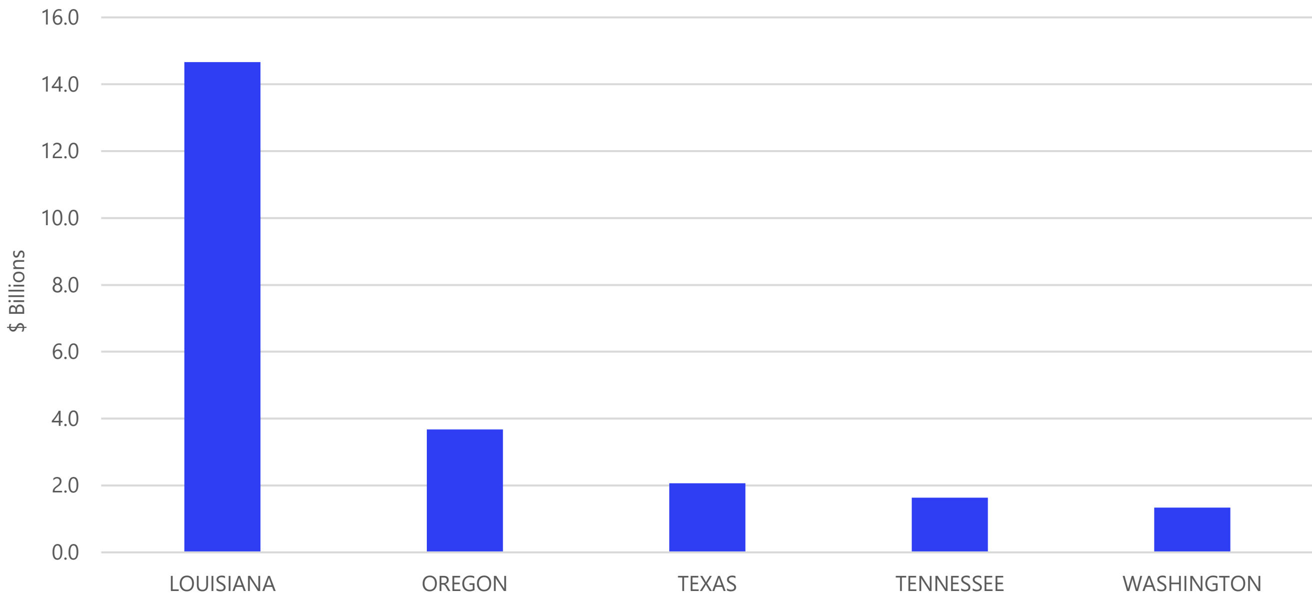


Sources CDP and ICLEI - Local Governments for Sustainability, SitusAMC Insights

The insurance industry is also reeling from the effects of natural disasters. Fires in California have hampered the state's insurance market, while winter storms in Texas accounted for 40% of the U.S. property insurance market's losses in the first half of 2021. And the problem is spreading. Higher temperatures attributable to climate change likely will increase the intensity of Atlantic hurricanes, while human sprawl and worsening droughts will create a tinderbox in the western states. By 2050, Texas will have the highest threat level in the U.S. to wildfires, according to Climate Central, with 72% of its population at elevated risk from fires. Triggering events are also increasing. With secondary-peril events (such as rainfall, landslides or thunderstorms) accounting for more than 70% of the $81 billion of global property damage related to weather events in 2020 according to Swiss Re, insurance companies are no longer focusing solely on the downside risk from extreme climate events.

As these events become more intense, and spread to other regions, the property market will face serious cost burdens from the destruction from these storms. In 2020, the states with the most property damage resulting from major storms collectively lost $23 billion in property damage, according to Moody's Analytics. And neither Florida nor California, nor Iowa – which lost an estimated $7.5 billion from a derecho – were included in that ranking. Louisiana, which bore the brunt of Hurricanes Laura and Delta, took the most property damage, followed by Oregon, Texas, Tennessee and Washington.

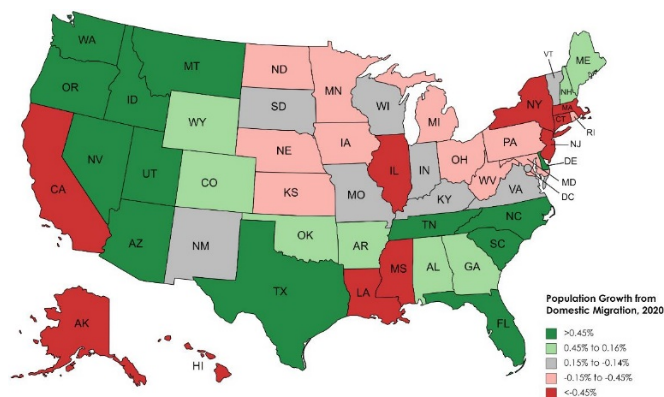
2020 Disaster-Related Property Damage Focused on Gulf Coast & Pacific Northwest



Sources NOAA, Moody's Analytics, SitusAMC Insights

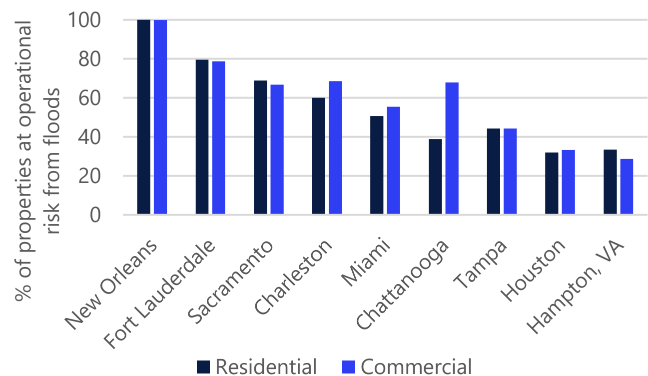
An additional problem in the insurance crisis are demographic and migration trends. Fire-prone regions of the West and flood-prone regions of the Southeast are increasingly becoming population magnets. Migration data suggests much of the western and southeastern United States gained population from the in-migration of residents, which may have a deleterious effect on property insurance rates down the road. Data from First Street Foundation on flood risk revealed many top migration destinations in 2020 also suffer from increased risk of flooding in the next 30 years. Nationwide, the analysis suggests an additional 1.2 million residential units and 66,000 commercial units will become at risk for flooding over the next 30 years, an increase of 10% and 7%, respectively, from current stock at risk.

Migration Patterns in 2020 Sent People to Fire-Prone West and Flood-Prone Southeast



Sources USPS, Bloomberg, SitusAMC

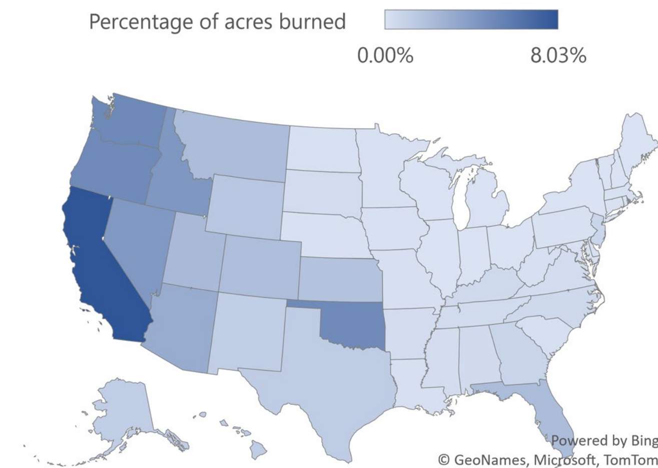
Southeastern Hubs at High-Flood Risk



Sources First Street Foundation, SitusAMC

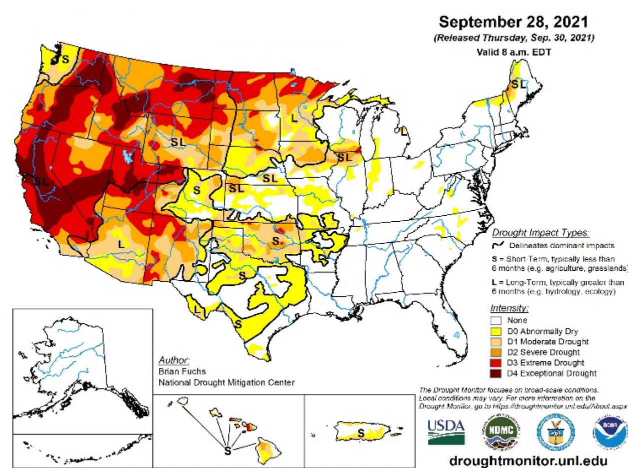
Some of the states with the largest population inflows over the past several years are also mired in a drought – much of the Mountain West and Northwest – and are likely to face ongoing fire threats from a drying climate. The growth in population also increases risk. Experience from California suggests that as the population grows, residents will push farther and farther from the metro core in search of affordable space. The sprawl abuts development with vegetation and fire-prone areas, increasing the likelihood of fire. Soon, about 35 million people spread out in four states – California, Texas, Arizona and Nevada – will live in fire-prone areas from this exurban push.

West Coast States Bear the Brunt of Wildfire Damage



Sources National Interagency Fire Center, Insurance Information Institute, SitusAMC

Mountain West and Northwest Mired in Drought



Sources National Drought Mitigation Center, SitusAMC

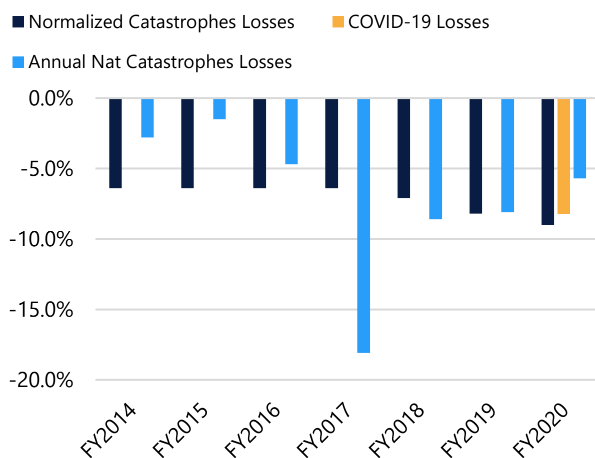
As a result, more cities and regions are being exposed to natural disasters and more people are living in catastrophe-prone areas with ensuing development, setting those markets up for some of the same price pressures as the South Florida market faces now. Real estate investors, developers, lenders and property owners operating in all disaster-prone markets should heed these statistics. They should anticipate the potential for larger insurance premium increases and budget accordingly.

Insurer Instability

Despite the multitude of pressures mounting on the property insurance industry, most insurers have remained financially stable. Many financial filings by top insurers and reinsurers separated out losses to include and exclude the strain felt from catastrophe outlays. The separate combined ratios – the ratio of losses/expenses to gains, so a ratio above 100 indicates a worsening financial position – differed by as much as 5% to 10%, indicative of the pressure put on insurers by these catastrophes. National carriers with diversified exposure are unsurprisingly in the strongest financial position, while smaller carriers and reinsurers are in a slightly worse position. AM Best, a long-standing credit rating agency that focuses on the insurance market, says most of the large insurers and reinsurers are stable with strong fundamentals. S&P Global Ratings noted a similar phenomenon for reinsurers. Those relatively unaffected by the fallout from COVID-19 and certain catastrophes have taken advantage of strong market conditions to gain exposure in the market, charging higher premiums. Other reinsurers, S&P also notes, have not fared well. Eight of the top 20 reinsurers were prone to a capital event – when reinsurers dip into

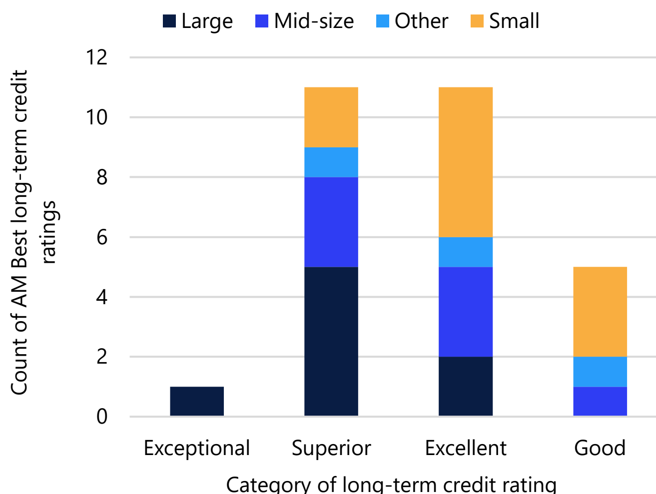
capital reserves to pay claims – in 2020 in an average catastrophe year. Of top reinsurers, across firm size, all ratings of financial strength are in the top three AM Best tiers (Exceptional, Superior or Excellent), while long-term issuer credit ratings include some 4th tier ratings (Good). Likewise, combined ratios for top reinsurers and insurers are strong, despite nearing a point where losses outweigh revenues.

COVID-19 Caused Catastrophe Losses to Jump in 2020



Sources National Interagency Fire Center, Insurance Information Institute, SitusAMC

Firm Size and Long-Term Credit Rating Linked



Sources National Drought Mitigation Center, SitusAMC

Insurers and reinsurers note their 2020 financials were severely downgraded due to the catastrophes associated with hurricanes and the recent Texas winter storm, as well as broader insurance instability related to COVID-19. When separated out by annual and normalized losses, the effect of catastrophes on combined ratios emphasizes the increasing burden on the industry. Since FY2014, the combined ratio with actual natural catastrophe losses for major reinsurers rose nearly 10 percentage points from FY2014 to FY2020, with the largest increase in FY2017 at 112.7% when Hurricanes Harvey, Irma and Maria battered Texas, Florida and Puerto Rico, respectively, according to Willis Re.

Other Factors

Of course, natural disasters and the ensuing pinch from reinsurance are not the only consideration real estate property owners should keep on their radar when forecasting insurance cost increases. Another is the condition of the property itself and its ability to withstand weather-related disasters. In a 2020 study conducted by the Federal Emergency Management Agency (FEMA) estimating the savings associated with building properties that conform to International Codes (I-Codes), the agency found significant positive benefits from switching buildings to improved codes. Nationally, the average annualized losses avoided (AALA) were $1.6 billion from implementing these building codes in post-2000 construction. The majority (80%) of these savings came from four disaster-prone states (Florida, Texas, California and South Carolina) and from prevention against property damage associated with three types of disasters (floods, earthquakes and hurricane/wind). Based on the agency's projections as well, implementing these codes would result in a cumulative savings of $132 billion by 2040. Other studies have verified these claims, estimating property damage savings with universal or more widespread code adoption more than 40% for past hurricanes, or tens of billions of dollars. This is why the insurance industry advocates the adoption of these standards, and why the real estate industry stands to benefit from the adoption

of these codes. One way the savings trickle to CRE is from reduced insurance premiums. Insurers will account for these up-to-date codes as a risk mitigating factor and offer a more affordable policy, all else equal.

Another factor is the high-leveraged nature of CRE, which makes the market particularly susceptible to increasing insurance premiums as cutting coverage is not an option to mitigate risks. Most real estate lenders require some sort of minimum coverage, but CRE lenders set a much higher benchmark for minimum coverage because of the high prices. Real estate lenders are aware of the increasing risk. As a result, they are requiring increased scrutiny of the carriers, including their financial ratings and how coverage is executed to provide for potential losses, to protect the collateralized assets.

Cost Considerations

The Role of Reinsurance

One of the primary ways that real estate market participants can mitigate losses and decrease the cost of premiums is to take out reinsurance on their policies – effectively insurance for insurance. As the Chicago Federal Reserve notes, the use of reinsurance is especially useful when policies are concentrated geographically or bonded together in some way that exposes the joint policies to significant risk. Multifamily, condo and homeowners' insurance for South Florida is a particularly salient example of this risk, and reinsurance is common – estimated as high as 92% by the Chicago Federal Reserve – in the property insurance market, where geographically grouped policies are common.

In times of catastrophe, whether from hurricanes, floods, fires, earthquakes or numerous other disasters, insurers will draw on reinsurance policies to remain financially solvent. By distributing risk, these policies allow insurers to take on more high-risk policies while keeping portfolio risk tempered – hence their popularity by high-risk insurers in catastrophe-prone areas. The reinsurance industry, however, has experienced losses for years and is passing along more and more cost increases to insurers, damaging the ability of small insurers to operate. A paper from 2020 found insurers that were exposed to catastrophe-prone properties were significantly more likely to use non-proportional reinsurance – reinsurance that covers a policy above a certain claim amount. This type of reinsurance is particularly burdensome on reinsurers, even when a layering approach is used, meaning premiums charged are often higher than quota reinsurance, for which a reinsurer receives a percentage of a premium and pays out that same percentage if a claim occurs. Rising reinsurance pricing stems from, in part, the spate of natural disasters that have struck the U.S. over the past five years, according to S&P Global Ratings. In 2020, reinsurers increased the price of reinsurance premiums for insurers by 25%-35% at mid-year reinsurance policy renewals, which tapered off to 10%-15% at end-of year renewals, according to a report by Risk Placement Services. And the rising prices are having expected effects on the insurance market. Of the five insurers that filed with the Florida Office of Insurance Regulation to prematurely cancel a total of 62,605 policies in the past year, four cited rising reinsurance pricing as a primary factor.

Aversion to reinsurance, at least at current pricing, is also seen in the growing appetite for alternative reinsurance, such as catastrophe "cat" bonds and collateralized reinsurance. Annual issuances of "cat" bonds have grown, with over $13 billion issued in the first half of 2021, a record high for the first half of a year, according to KBRA. These bonds, which allow insurers to use institutional investors to share insurance coverage burdens, have grown increasingly popular in the past decade. From 2011 to 2020, cat bond issuance has risen from $4.9 billion to $16.4 billion, and 2021 is set to shatter that record. Collateralized reinsurance also dominates the alternative reinsurance market, growing from obscurity in the late-2000s to posting limits – the maximum the reinsurance

will pay out – of over $50 billion in 1Q 2021. The growth has now led to alternative reinsurance occupying about 15% of the reinsurance market, according to Fitch Ratings.

Compounding problems in the reinsurance market are ongoing claims stemming from COVID-19. While not directly a property insurance concern, they are sapping capital from the reinsurance market. The reinsurance market posted losses in 2017 and 2018, and in the first half of 2020, the top 20 reinsurance companies reported $12 billion in losses related to COVID-19, according to S&P. With claims made in other insurance sectors, the willingness for reinsurers to retain exposure in property insurance may decrease. S&P noted the pandemic has caused a bifurcation in the reinsurance market, with some insurers less affected by the pandemic taking advantage of high premiums and increasing their exposure, while other reinsurers were looking to reduce exposure.

For real estate owners and investors, the health of the reinsurance market is directly tied to the costs property owners may see in the near future. With a robust reinsurance market, insurers will be able to shield themselves from risk and extend more affordable policies to property owners. But if catastrophes worsen in certain areas of the country, reinsurance premiums will necessarily rise to compensate for the additional risk or insurance premiums will have to cover more risk previously covered by reinsurance. So far, capital in the reinsurance industry has remained steady, recently measured at $650 billion in the first quarter of 2021, but ongoing risks do present capital threats, and therefore a more risk-averse reinsurance market.

Reinsurance pricing increases derived from catastrophes are one part in the pinch on primary insurers. Others include the costs from those catastrophes stemming from improper claims – a particular problem in Florida – and the growth of alternative reinsurance as a driver of pricing. But reinsurance price increases stemming from the large outlays from catastrophe-related claims are likely to hinder the property insurance market's ability to offer competitive pricing.

Admitted vs. Non-Admitted Insurers

When faced with rising reinsurance prices, the actions of insurers may depend largely on the state they operate in. Two categories of insurers operate under different regulations regarding price increases, policy structure and cancellation of policies. Admitted insurers are regulated under state bodies, whereas non-admitted insurers – also known as excess and surplus, or E&S, insurers – are subject to less regulatory scrutiny, but do not receive access to state guaranty programs as admitted insurers do. Insurers in the admitted market face more regulation related to passing on insurance appreciation to policyholders and which parts of properties the policies encompass. In a time of rising reinsurance prices, admitted insurers are left with two options: file to the state regulator to increase prices or terminate policies. E&S insurers, conversely, offer consumers more flexibility, and with that comes risk. E&S insurers will be able to offer more tailored plans but are able to charge higher premiums without approval from the state regulator.

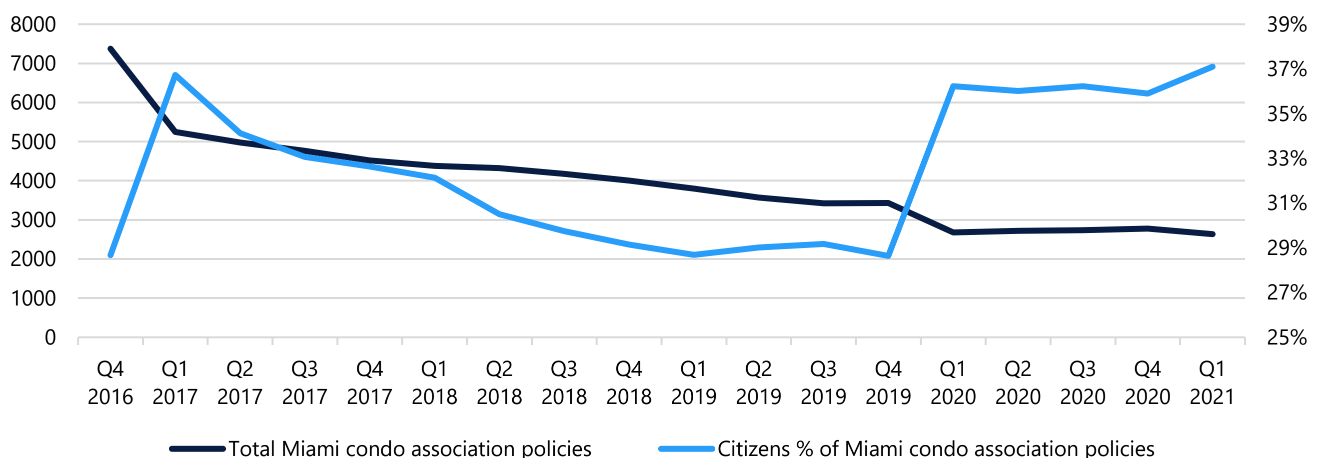
In areas with significant storm exposure, such as the Miami-area condo market, E&S insurers are passing down costs of a similar magnitude to reinsurance price increases. Amwins' State of the Market Q2 2021 report noted a best-case scenario for Miami-area condos was rate increases of 15%-30%, with other rate increases rising in the 50%-100% range. For admitted insurers, cost increases are often eaten by insurers, in line with state regulators' rules on raising rates. The California Department of Insurance, for example, must approve rate increases requested by admitted insurers and, as of this writing, does not allow for insurers to price in rate increases from projected catastrophe events – except for earthquake modeling – or allow insurers to pass on reinsurance increases to consumers.

The difference between these insurers – E&S vs. admitted – and the concern for real estate largely depends on the market property owners or investors are in. Since E&S insurers are primarily used when certain policies are too risky for admitted insurers to want to cover, these insurers will be located primarily in disaster-prone areas, and therefore E&S price increases reflect risks inherent in those markets. For those real estate owners who do have access to E&S options, the choice between providers will rest on individual risk. Admitted insurers annual premium increases will be tempered by state regulators, but those policies may be too broad and not tailored to a specific portfolio's needs than those offered by the E&S market. The size of the two markets – the U.S. Property & Casualty market wrote over $726 billion in premiums in 2020, while the entire E&S market wrote $55 billion of premiums in 2019 – means the admitted market is more resourceful and benefits from a plethora of company options. But in individual markets, where an amalgamation of natural disaster, reinsurance and local factors may be straining the admitted market, an exodus of admitted carriers will necessarily steer some policyholders to the E&S market.

Insurers of Last Resort

As a result of mass exoduses from markets, even temporarily, homeowners and commercial property holders may have to fall back to policies provided by state insurers of last resort (IoLR). These groups are often closely tied with state governments and serve as an insurer for policy seekers without private market options. But as insurers move out, relying on IoLRs poses problems for policyholders and the state writ large. These are often bare-bones policies that offer modest coverage and are available only at steep discounts from the private market. Florida already experienced a period of significant reliance on Citizens Property Insurance Corp. (Citizens), its not-for-profit insurer of last resort, in the late 2000s, following years of particularly active hurricane seasons. After an aggressive effort to "depopulate" – bring policies back to the private market – reduced Citizens' share to 4% of the total market by the late 2010s, recent storms have triggered another accumulation of property coverage by Citizens. In the Miami-area condo market, which has felt pressure due to its high-valued properties and exposure to natural disasters, the percentage of condo association insurance policies covered by Citizens has increased from 28.7% in the last quarter of 2016 to 37.1% in the first quarter of 2021. Even when accounting for missing data in the state regulator database, the increased reliance on Citizens stands.

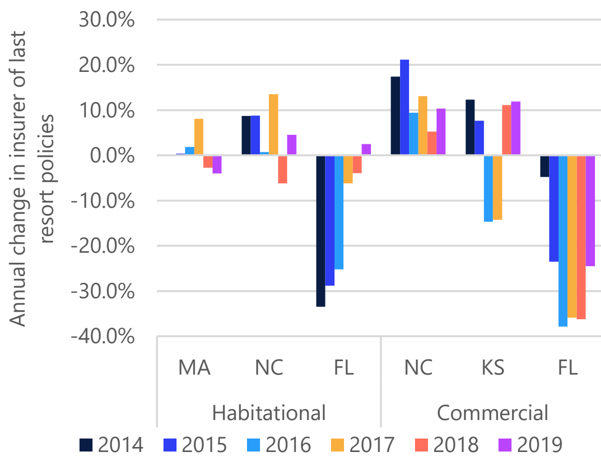
Miami Condo Market Increasingly Reliant on Citizens



Sources Florida Office of Insurance Regulation, SitusAMC Insights

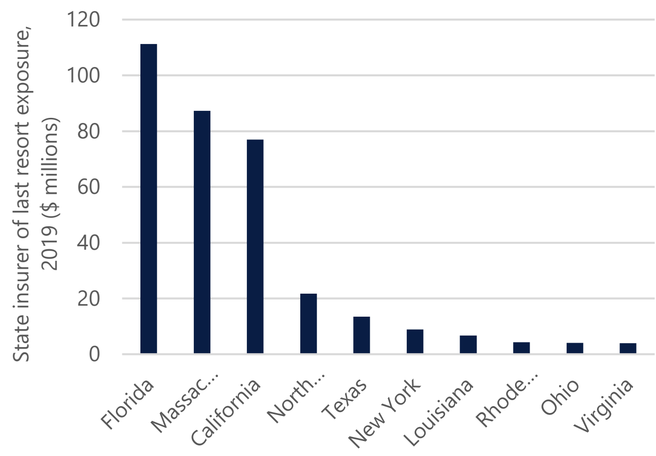
In other states, IoLRs are often either Fair Access to Insurance Requirement (FAIR) plans and/or Beach/Wind plans. In both cases, most states have successfully depopulated IoLRs over the past several years. Some states, however, have had marked increases in insurer of last resort exposure and, therefore, a declining share of the private market, none more so than California. States like North Carolina, Massachusetts and Kansas have seen their state insurers take an increased burden of insurance policies since 2013, while Florida's early-2010s effort to depopulate Citizens has been reversing due to Hurricanes Irma and Michael in the late 2010s. But California is unique in its reliance on the state plan in recent years.

Habitational and Commercial IoLR Policies Increasing in Some States; Florida Depopulation May Be Reversing ...



Sources Insurance Information Institute, SitusAMC Insights

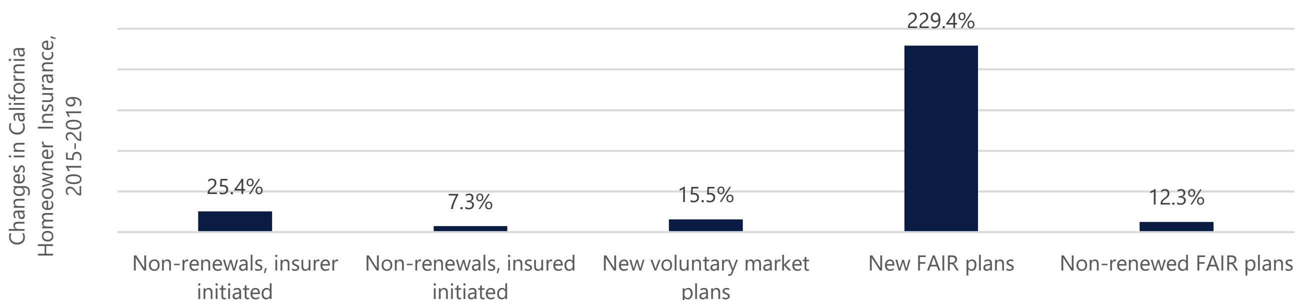
... and Florida's Insurer Remains Significantly Involved in the State's Property Market



Sources Insurance Information Institute, SitusAMC Insights

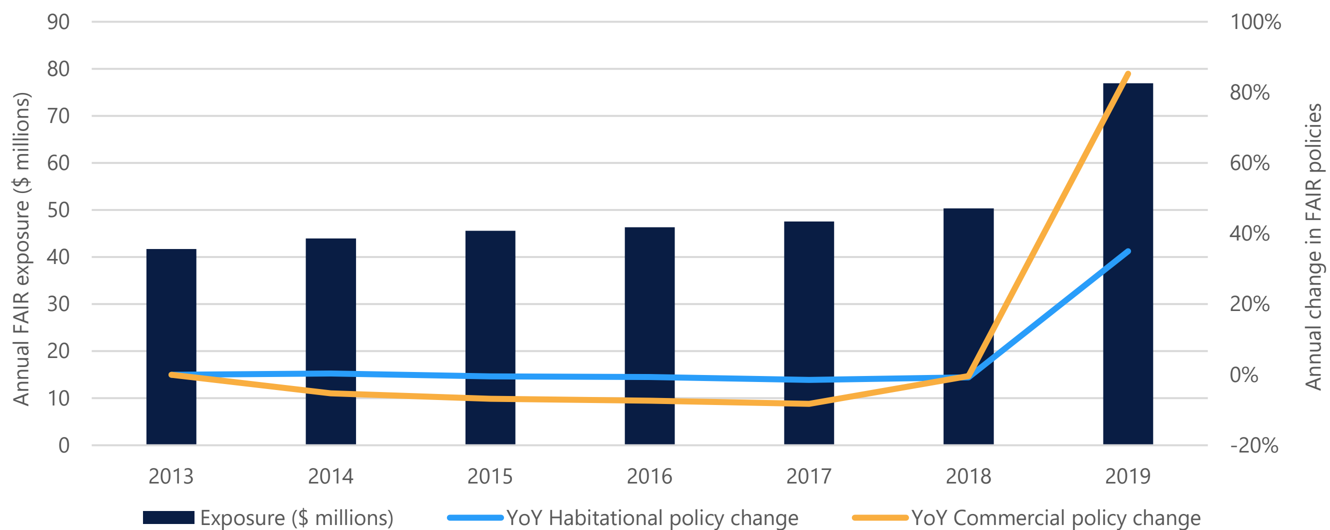
California's FAIR plan has become increasingly relied upon to insure properties, particularly in fire-prone regions. According to the California Department of Insurance, from 2015 to 2019, the number of policies under the state's FAIR insurance plan increased by 35%, concurrent with a 3% increase in policies in the voluntary market, some of the worst fire seasons in state history by numbers of hectares burned, and 959,213 cumulative insurer-initiated canceled plans. In counties hit by fires, the insurance fallout was even more acute. Total voluntary market policies in high-risk counties for fire decreased 4.5% from 2015 to 2018, while total FAIR plans in those counties rose 177%. And an increase in commercial policies is driving the increase, leading to nearly $80 million in policy exposure in 2019, 3rd highest in the country.

Homeowner Insurance Increasingly Under FAIR Plans



Sources California Department of Insurance, SitusAMC Insights

California FAIR Policy Has Recently Taken on Significant Exposure



Sources Property Insurance Plans Service Office (PIPSO), Insurance Information Institute, SitusAMC Insights

A reliance on IoLRs, rather than having them be a stopgap, poses problems to real estate property insurance. By potentially undercutting private markets during catastrophes, insurers leave property owners exposed to more risk and diminish the competitiveness of existing insurers. In Florida, Citizens had a cap on annual price increases that was partially lifted with a recent law. Even now, the organization is looking to raise rates by 7.3%, in a market where private insurers are seeking rate hikes as high as 50% – according to Amwins – depending on the property. Gradually, this brings more high-risk policies to these insurers and erodes the competitiveness of the private market through an exit of private insurers. And the problem is emerging elsewhere. Other hurricane-exposed states and Western-region states have seen the largest uptake of state-backed FAIR plans. These policies are also less encompassing than private insurers, exposing individual property owners to more risk in the event of a disaster or claim event.

Real Estate and Insurance Attitudes Toward Risk

Investors, owners, landlords and tenants in the real estate industry are grappling with how best to manage these costs while still maintaining adequate property protection. Mitigating the costs of insurance comes down to two factors: Direct and indirect costs. The direct cost is the premium on the balance sheet, but indirect costs, including financial exposures from uncovered claims, are difficult to determine and often require the advanced modeling programs used by brokers at major insurance carriers. These models quantify direct and indirect costs and allow for negotiation on better pricing and coverage for their clients.

As insurance cost increases accelerate, there may be some disconnect between the cost increase curve and assumptions on costs being used by some real estate investors. This can lead to cost-side surprises for real estate investors and lenders; if the cost increases are substantial enough, the estimates can over-value certain properties. Tenants and owners often do not understand or anticipate the complex factors pushing property insurance costs up so rapidly. Currently, valuers are modeling a 10% to 15% insurance growth rate in year one and inflationary increases (typically 3%) for the duration of the holding period. According to the USI Mid-Year Market Update for 2021, premiums on properties outside of catastrophe-prone zones should be expected to rise

5% to 10%, while properties inside catastrophe zones may see premiums rise between 10% and 15% each year. As property owners report to SitusAMC valuation professionals their yearly insurance rate renewals, those figures reflect that annual rate hikes are coming in at 10-15% for commercial properties, and rate hikes are happening nationwide, not just in coastal markets. However, after this first-year assumed insurance cost pop, many appraisers are inputting a return to inflationary-tied (3%) annual rate increases after the 1-year renewals. Meanwhile, the property insurance industry warns there are too many headwinds facing insurers to expect out-year cost increases to remain that low. They cite the multitude of claims facing insurers, and the resultant diminishing supply of carriers, as longer-term trends forcing carriers to raise rates to compensate. While predicting insurance beyond 12 months is difficult, several underlying trends – an increase in the number and severity of natural disasters associated with a worsening climate, a more consolidated market, and lingering damage from COVID-19 – could keep annual rate hikes higher in the near future.

SitusAMC valuation experts suggest that the view on property insurance expense increases will vary in the context of the state of the market. The investment environment can mitigate the damage that insurance rate hikes have on valuations. Certain markets and property types may have strong enough rent growth to compensate for jumps in operating expenses; insurance premium increases can be baked into cap rates. For many properties, insurance occupies only a small part of total expenses – sometimes as low as 2% – meaning property managers can offset a rise in insurance rates via moderate reductions elsewhere. Additionally, institutional investors can use their financial clout to negotiate lower premium increases. These current trends have sidelined insurance rate hikes as a major concern for appraisers. Models of insurance rate increases more in line with estimates from the insurance industry have a noticeable depression on property values, but not to the degree where it would produce a drag on a hot investment market. In a more tepid environment, potentially as the economic recovery cools, the importance of mounting and accelerating expenses could make a more noticeable impact to property owners' financials.

Given the possible mounting pressures in the property insurance market, real estate investors and underwriters should remain attuned to the potential impact of rising insurance costs on NOI. For many commercial properties, particularly retail, office and industrial, the use of triple net leases negates much of the concern around rising insurance rates for landlords and property owners. But for multifamily, hotel, condos and single-family property owners, mounting insurance costs are more difficult to pass on to tenants, and several states regulate the extent to which insurers can pass these costs through to tenants. Residential annual insurance increases can measure from 20% to 50%, according to one broker, with flood concerns spreading the price hikes inland and storm threats subjecting coastal markets to extraordinary year-over-year increases. Insurance providers are pushing back on property valuations for both condos and commercial real estate in the Miami market over the disconnect with appraisers on insurance costs and pressures.

SitusAMC proprietary valuation modeling resulted in no discernable difference in property values for a retail portfolio, when annual insurance price growth was set to three times the inflationary rate that is typically used in valuation models. The same exercise – changing modeled growth rates to 10% annually – on a $1 billion multifamily property in a medium-risk disaster market, however, caused a $3 million reduction in valuation. The increase in forecast expense growth from using higher insurance cost estimates could have a significant effect on valuation. An underestimation of insurance rate increases would be particularly acute in a flat or increasing cap rate environment or in situations where space market conditions do not allow for rent increases to fully offset the increase in expenses. Some investors will be able to command lower rates from the size of their portfolio, but overall it will be difficult to reduce premiums through reduced coverage because of strict lender requirements. With uncertainty, more up-to-date and accurate valuations are needed to assess replacement costs properly.

The difficulty with estimating the cost pressures associated with property insurance is the multivariate ways costs can rise for policyholders, depending on location, age, size and other property characteristics. Many of the current insurance cost pressures are happening in markets with significant exposure to natural disasters and where past events have left markets deprived of insurance alternatives. But even then, a policy's susceptibility to price increases rests on a unique set of characteristics. For instance, a property in the flood plain will usually be at increased risk for insurance rate increases, but the increased risk exposure to floods can be offset for properties that conform to more stringent building codes.

The temptation in times of rising insurance costs to switch to other policy plans, however, also comes with caution. The structure of the insurance market – particularly admitted vs. non-admitted carrier options – means a cheaper alternative will almost always exist. Even outside of the private market, several states have robust state IoLRs that can provide relatively comprehensive plans if property owners cannot find affordable alternatives. Insurance providers are financially strained under several pressures, and in an attempt to reduce potential payouts, are decreasing coverage limits and sublimits within policies. Carriers are also reviewing claims history and payout trends to further remove and limit future policies from paying out coverage. If insurance price increases do exceed inflationary-level estimates, it is not prudent to consider only direct costs when evaluating an insurance policy. Insurance coverage is a promise to pay when a loss occurs, so with increasing property risk exposure, real estate investors need to read the fine print to know what is covered.

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