
SUBMISSION QUALITY IN REAL ESTATE PORTFOLIOS

AN INTERVIEW WITH MICHAEL GILL, DAVID OLDOW, JOE QUARANTELLA,
MARCEL RICCIARDELLI, AND HIRAL SHAH, JD
BY ANGELA OROIAN, MS

The revolution of technology, the ever-constant quality control of submission data, and the heart of insurance – Utmost Good Faith. How we bring it all together.

The insurance industry has faced the most major digital revolution in the recent decade, completely changing how real estate portfolios are underwritten, bought, and sold. In a hardening market, with narrowing carrier appetites, this puts pressure on real estate transactions to be adaptive, competitive, and meaningful with terms and conditions provided. The most significant barrier to meaningful terms and conditions is the ever-constant quality control of submission data between parties.

So, how can the revolution of technology bring it all together? As Joe Quarantello of Risk Strategies said, "It starts and ends with a good submission."

Submission quality for a risk sets the foundation for a "win," whether it be a broker to insured, an underwriter to broker, custom-designed technology systems for underwriters and brokers, and so forth. Angela Oroian, President of SEIP sat down with environmental insurance industry leaders:

- Marcel Ricciardelli, Senior Vice President, Allied World Environmental and Design Professional Divisions
- Joe Quarantello, Senior Vice President, Risk Strategies,
- Hiral Shah, JD, Senior Vice President, Environmental Sompo Global Risk Solutions,
- Michael Gill, Partner, Synapse Services, LLC
- David Oldow, Principal, Criptiller LLC

To ask the burning questions on Submission Quality in Real Estate Portfolios. What have they have seen in the revolution of technology, the barriers they face by the ever-constant quality control of submission data, and last, the heart of insurance—utmost good faith.

In an airing of grievances at an underwriter's *Festivus undoubtedly has to be

Why does the Schedule of Values (SOV's) never match the Environmental Site Assessments?"

(*Seinfeld episode (season 9, episode 10))

As Michael Gill said, "I really think that people in the real estate portfolio world for environmental insurance spend half their time battling organization of the submission. This has been an ongoing issue in this space for as long as I have been in environmental insurance."

Disorganization of data was the #1 barrier to thoughtful terms and conditions. We have all heard the term time is money, and when accessing a deal or opportunity, presentation is everything!

The result of an unorganized submission with a lack of data or a disorganized submission can portray a lack of seriousness or indicate a lack of controls in place to receive the necessary data to offer the best terms and conditions for that risk.

Hiral Shah said, "In the past, underwriters that understood these real estate portfolios' risk (historically and industrial usages) were underwritten according to that historical knowledge. But with emerging contaminants, you are also going to get more questions. For example, what kind of industrial use, one use versus another, could indicate potential exposures that need to be underwritten. Many emerging contaminants are changing in the marketplace now, not just the usual we hear about.

Today there's more of a renewed focus around the tenant uses, what kind of tenants are being brought on, do they have environmental insurance in place, etc. that data is even more pertinent now to the underwriting review."



In getting these questions answered, "the most effective broker knows their client and obtains the information needed, whether that be from a principal of the insured, the risk management department, the legal department, or the operations department." (Marcel Ricciardelli)
A silver lining is,

“A perfect submission does not need to be Onerous to put together!

Says Hiral Shah. "It's just the timing of the work as to when you're going to do it: Either before the submission, after the submission, or after binding."

The Top 4 Underwriters Must-Haves in a Submission

Accurate Organized Information That Includes

- Schedule of Values (SOV's)
- Loss Runs
- Environmental Site Assessments / Current Reports
- Ensuring the Submission is Complete
 - Ex 50 sites on SOV and only 20 site assessments? WHY



Revolutionized Technology for real estate portfolios can play a considerable role in handling an organization's "grunt work." Submission data collection has changed over time, "passing around Excel spreadsheets for property lists (an upgrade from yellow pads) and electronic Word or PDF documents (an upgrade from dusty physical data rooms) since the 1990s. Today data transmission is primarily via email and FTP sites. But size limits and "bucket of docs" architecture make downloading laborious." Says David Oldow.

From a brokerage standpoint, previous technologies never solved the unanimous issue of inconsistent file naming and always the fear of carriers not receiving information, which could result in losing a deal from a brokerage standpoint. (Joe Quarantello, Risk Strategies)

In utmost good faith, Brokers don't make the underwriter make assumptions on the risk. This is when things can be misunderstood and miscommunicated to the detriment of terms and conditions and, ultimately, your insureds. "There is value to communication around what are must-haves or the priority of the information needed. This goes hand in hand with the submission quality." (Hiral Shah)

So what are the characteristics of a quality submission?

A master property list with good addresses is fundamental as is a complete list of engineering documents, but there are plenty of portfolios out there underwritten on mismatched spreadsheets with missing documents.

The Society Of Environmental Insurance Professionals (SEIP) is a 501 c.3. nonprofit association dedicated to helping its members utilize environmental insurance products to provide more valuable services to their customers. SEIP enhances the professional capabilities of its members through focused educational forums, technology-enhanced knowledge management, and access to specialized multi-disciplined resources in fields related to environmental risk management.

visit www.seipro.org or join us on LinkedIn <https://www.linkedin.com/groups/8402678/> 

There are 2 important steps to sharing solid submission data between transaction partners. says David Oldow.

1. First, brokers sort and reconcile data provided by their clients to get an understanding of the risk as well as the quality and completeness of the supporting data. Miscellaneous docs are culled, a master property list confirmed, and the age and quality of reports are noted. This is a great opportunity to work with the client to "perfect" data content.
2. Next, the data is presented to the market in such a way as to ensure a quick understanding of the risk and easy data downloading. Underwriters with a good picture of the portfolio can quickly calculate their underwriting workload and get into the docs fast. Speed, accuracy, communication, and efficiency improves for all transaction partners when manual processes are digitized.

Bringing it all together in Real Estate Portfolios: providing a quality submission through organized data, using custom-designed technology for real estate portfolio transactions, and maintaining utmost good faith results in "better business relationships to work together innovatively with and trust and credibility for all partners." (Joe Quarantello, Risk Strategies)