



REInsurePro

Program Information



Gregory Martin

Think Safe Insurance LLC
116 E Bloomingdale Ave Ste B
Brandon, FL 33511
813-425-1626

GregM@ThinkSafeInsurance.com
www.ThinkSafeInsurance.com

REInsurePro is a specialized Insurance Program developed specifically for residential real estate investment properties and portfolios. Our comprehensive solutions can accommodate tenant-occupied, vacant, renovation and new construction properties. With the ability to house all of your locations on one monthly schedule, referred to as the “monthly reporting form,” you can seamlessly add, change and delete properties, only paying for coverage that is needed with no minimum earned premium or long-term commitments. Your agent can design a benefit package that is specific to your investment strategy.

Why REInsurePro:



Coverage for **vacant, renovation or tenant-occupied** properties



Pay-as-you-go monthly with no minimum earned premiums or long-term commitments



Include all of your one to 20-unit properties **on one schedule**



Tailor coverage options to fit your specific property investment strategy



Insure multiple **Trusts, IRAs, LLCs and corporations** under one schedule



Coverage available **across the country**



No co-insurance penalty (properties must be insured at or above \$50/sq ft)



Underwritten by **AM Best “A” rated** or better insurers



Liability-only coverage available

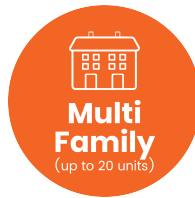


Meet or exceed **all lending requirements**

What Fits in the Program



Single Family home that is tenant-occupied, vacant, or under renovation.



Dwelling or complex with two to 20 units that is tenant-occupied, vacant, or under renovation.



One to 20-unit property in between tenants or on the market to sell.



One to 20-unit dwelling, condo, or mobile home being renovated.



Ground up construction of entirely new structure.



Furnished property (up to 20 units) or condo rented out on a short-term basis.



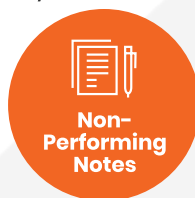
Walls-in coverage on an individually owned unit in any stage of occupancy.



Tenant-occupied or vacant manufactured, modular or mobile dwelling.



Stand-alone liability coverage for a parcel of land with no dwelling.



A loan purchased from a borrower behind on or not making payments.



Protects the lender's interest when the borrower's insurance has lapsed or is insufficient.

Our monthly reporting structure means that you can seamlessly add properties to your inventory report, change occupancy status without changing policies, and remove coverage from locations when you sell with no minimum earned premiums. Simply notify your agent when a property becomes occupied, begins renovation, or goes vacant. You only pay for the coverage you need when you need it.

Property Coverage Overview

When selecting property insurance coverage with REInsurePro, consider a choice of two levels of coverage: **Basic and Special**.

Special Form Coverage is the most comprehensive and in turn, the more expensive form an investor can purchase. Unless there are specific exclusions listed within the policy, coverage is afforded to you in the event of a loss. The burden is on the insurance carrier to prove the cause of loss is a specifically excluded peril.

Basic Form Coverage is a "Named Peril" coverage, meaning that following a loss, the burden or proof falls on the insured to prove to the insurance company that the loss in question was caused by an included peril. Basic Form can save you about 20% to 25% per year, but offers coverage only for the perils that are specifically listed on the policy.

Cause of Loss	Basic	Special
Fire	X	X
Lightning	X	X
Explosion	X	X
Windstorm and Hail	X	X
Smoke	X	X
Aircraft and Vehicles	X	X
Riot or Civil Commotion	X	X
Volcanic Action	X	X
Sprinkler Leakage	X	X
Vandalism / Malicious Mischief (*subject to sublimit of \$30,000)	X	X
Falling Objects		X
Weight of Snow, Ice or Sleet		X
Water Damage		X
Collapse – Additional Coverage		X
Theft (*subject to sublimit of \$30,000)		X
Risk of Direct Physical Loss (*subject to policy exclusions)		X

Exclusions

Special Form coverage protects property against any source of loss that is not specifically excluded. Standard exclusions are below. Some of these exclusions can be purchased as an endorsement or supplemental policy and others cannot. Causes of loss that are not covered on most policies are:

- ▶ Mold and fungus*
- ▶ Wear and tear
- ▶ Sewer and Drain Back-Up -- limited coverage can be purchased separately via our Tenant Protector Plan
- ▶ Earth Movement (Earthquake and Sinkhole) -- this can be purchased separately
- ▶ Flood -- this can be purchased separately
- ▶ Intentional tenant damage

* Some of our program policies include limited mold coverage up to \$15,000.

Property Coverage Options

You can customize your property policy with the following additional options:

Other Structures

You may choose to have an included sublimit that extends coverage to detached garages, barns, or sheds that may be present at the property. If one of these structures on the property is occupied or intended to be occupied, it will need to be insured as a separate property.

Loss of Rents

Loss of Rents coverage provides reimbursement to you for the rental income you would have received following a loss on a previously occupied location that renders the property uninhabitable. This coverage is paid monthly until the renovations are complete. Up to the full 12 months of this coverage is available if requested or required by your lender.

Business Personal Property Coverage

If you partially or fully-furnished your rental units (traditional rentals or seasonal), you can purchase Business Personal Property Coverage that extends your coverage to owned assets.

Named Windstorm

By policy definition, a Named Storm is defined as: Any Storm, Cyclone, Typhoon, Atmospheric Disturbance, Depression, Hurricane, Tropical Storm or other Weather Phenomena designated by the US National Hurricane Center and where a name has been applied. This coverage is included unless you request to have it removed.*

Terrorism and Political Violence

This coverage extends to losses caused by acts of terrorism or sabotage which include the use of force or violence, committed for political, religious or ideological purposes with the intention to influence a government and/or put the public in fear. We include this coverage on all property proposals,** but it can be removed if requested in writing.

Ordinance or Law

This coverage provides additional reimbursement needed in the event of a property loss where the repairs require additional cost to bring the property up to meet current municipal codes or laws. These can include updates to an undamaged portion of the building, demolition costs, or increased cost of construction.

*Excluded on mobile homes.

**Excluded in Chicago, New York, San Francisco, and Washington DC.

Valuation Methods

When selecting property insurance coverage with REInsurePro, consider a choice of two loss settlement methods: **Actual Cash Value and Replacement Cost**.

Actual Cash Value (ACV)

Actual Cash Value settles claims with depreciation. Depreciation is a reduction in value of the damaged property based on age, condition, and useful life expectancy.

Replacement Cost coverage provides the ability to recover applicable depreciation initially withheld on a covered loss. Replacement Cost coverage can be obtained by insuring locations to \$80 per square foot or more.

REPLACEMENT COST (RC)

The REInsurePro Program requires locations to be insured to \$60 per square foot or more to avoid a coinsurance penalty. Coinsurance is a property insurance provision that can reduce the amount you may be able to recover in the event of a loss if your property is under-insured.

Deductibles: **\$2,500**
 \$5,000
 \$10,000

*Higher available



Your deductible is the amount you are responsible for in the event of a loss before your insurance company starts to pay a claim. The higher the deductible, the lower your cost.

The deductibles listed above refer to your assigned “AOP” (All Other Perils) Property Deductible. Some causes of loss have a separate deductible from the AOP. These include Wind/Hail and Named Windstorm – typically a percentage of your Total Insured Value per location, or equal to your AOP deductible (whichever is greater), and Theft and Vandalism/Malicious Mischief.

Occupancy Status

Reporting occupancy status changes to us is very important in maintaining proper coverage at all times. Most importantly, occupancy status must be accurate at the time of loss. In our Program, there are three occupancy types:



OCCUPIED

Property currently occupied by a tenant or that will be occupied by tenants within 60 days. If a property has been vacant for more than 60 days, but has been reported as occupied, coverage may revert to Basic Form.



RENOVATION

Property currently undergoing renovation or within 60 days after completion. For properties under renovation, claims are settled based on invested capital at the time of loss.



VACANT

Property not undergoing renovation and not occupied. Frequently, such properties are on the market for sale, 60 days after rehab is complete. Vacant properties must be locked and secured at all times. Failure to do so may affect your coverage in the event of a loss.

Monthly Reporting Form

A monthly reporting form is an insurance methodology which allows our clients to change occupancy status and property values, as well as add and delete locations with no minimum earned premium. Meaning, you only pay for what you need on a month-to-month basis.

It is important that you report any changes to your agent, i.e. occupancy status, coverage amount, etc. as soon as possible. Failure to do so can affect coverage in the event of a loss. Your agent can provide an Inventory Report with your covered locations and related coverages at any time for you to review to ensure proper coverage is in place.

Liability Coverage Overview

Premises Liability is insurance for a landowner and covers events that occur on the real property, specifically bodily injury and property damage to a third party. Hazardous conditions that may cause bodily injury include: uneven pavement, un-cleared snow, icy walks, unsecured railings and loose deck boards, to name a few. The property damage portion of this coverage may also protect you if an incident on your premises causes damage to another dwelling.

Premises Liability coverage is included on all locations within our insurance Program. Available limits include:

\$1,000,000 per occurrence/\$2,000,000 annual aggregate
\$1,000,000 per occurrence/\$5,000,000 annual aggregate
\$2,000,000 per occurrence/\$5,000,000 annual aggregate

- Limited coverage for bodily injury by canines is included (\$25,000 or \$50,000).
- Coverage for carbon monoxide is included.
- Liability Only coverage is available upon request for investment properties, vacant parcels and areas of undeveloped land.

Exclusions

Products and Completed Operations – coverage is excluded for liability incurred by a contractor for property damage or injuries to a third party once contracted operations have ceased or been abandoned.

Faulty Construction – coverage is excluded for errors in construction. It is advisable that you or your contractor carry coverage for such instances of liability.

Workers Compensation – coverage is excluded for employees or contractors injured on the premises. If you have employees, we advise that you carry this coverage for medical benefits and wage replacement.

Errors and Omissions Insurance (E&O) – protects companies, their workers and individuals against claims made by clients for inadequate work or negligent actions.

Directors and Officers (D&O) – covers defense costs and damages (awards and settlements) arising out of wrongful act allegations and lawsuits brought against an organization's board of directors and/or officers.

Employment Practices Liability Insurance (EPLI) – provides coverage to employers against claims made by employees alleging discrimination (based on sex, race, age or disability, for example), wrongful termination, harassment and other employment-related issues, such as failure to promote.

Damage to Premises Rented to You – provides coverage for you as a business owner renting office space.

Personal and Advertising Injury – protection from liability arising from “personal and advertising injury.” Examples include: slander, libel, discrimination, wrongful eviction, etc.

Fire Legal Liability

If Professional Liability coverages are needed, please contact your agent. Please see full policy for details when it comes to coverage exclusions.

Additional Ancillary Products

The following coverages are available to add to your coverage package with REInsurePro.

Tenant Protector Plan

The Tenant Protector Plan® (TPP) is your solution to spending countless hours verifying your tenant's renter's insurance policy is in force and in good standing. Our TPP provides additional protection to both you and your tenant.

Coverages include:

- ▶ **Choice of \$60,000 or \$100,000 limit of liability** Per Residence Premises, per occurrence for tenant-caused negligent losses (subject to a \$500 deductible)
- ▶ **\$10,000 of contents coverage** included for the tenant (\$500 deductible for the tenant)
- ▶ **\$2,500 sublimit of contents coverage** for tenants of non-negligent affected units (\$7,500 max)
- ▶ **\$1,000 for Skip Rent coverage** Per Residence Premises (tenants who vacate the property midway through the lease, are deployed, pass away or are evicted)

Covered Perils include:

- **Fire**
- **Explosion**
- **Smoke**
- **Sewer & Drain Back-up**
- **Wind/Hail**

Earth Movement

This policy provides protection for Sinkhole and Earthquake Shock perils often excluded on property insurance for your real estate investment properties. Coverages include:

- ▶ **Sinkhole:** Damage caused by depressions in the surface of the ground caused by the settlement or sudden collapse of the land.
- ▶ **Earthquake Shock:** Damage caused by a sudden and violent shaking of the ground resulting from movement of the earth's crust. *(Does not extend to damage caused by mudslide, lava flow or flood that may have been triggered by the earthquake).*

Deductible of 10% of the Total Insured Value (TIV) per location, subject to a \$2,500 minimum.

Excluded in *Alaska, California, Florida, Hawaii, and Illinois.*

Equipment Breakdown

Our Equipment Breakdown coverage extends your property coverage to damage caused by the mechanical or electrical failure of many types of equipment at your property such as heating, cooling and refrigeration, electrical panels, and emergency generators.

Flood

Regardless of the flood zone, your property is always at risk of flood. Where Flood coverage typically has to be paid in full for the annual term elsewhere, REInsurePro provides a unique capability to pay as you go on a monthly basis. In addition, all waiting periods will be waived on REInsurePro's private flood option.

Additional Ancillary Products

The following coverages are available to add to your coverage package with REInsurePro.

Service Line Coverage

This coverage extends to repair and replacement of underground service lines (such as water, sewer, communications, electrical, etc) that are damaged by failure of the line. Your choice of \$10,000 or \$15,000 of coverage is available (lines over 50 years old are limited to \$2,500) and includes excavation costs and replacement of damaged outdoor property such as trees, shrubs, lawns, and walkways. This coverage can easily be added onto your property schedule.

Covered Perils include:

- **Wear and tear**
- **Corrosion**
- **Weight of equipment or vehicles**
- **Vermin**
- **Tree or root invasion**

Property Management Errors & Omissions

If you self-manage your properties without the assistance of a professional Property Manager or hired individual, you could be at risk of liability claims while performing management duties. These activities may include filling vacancies, setting and collecting rent, property maintenance, resolving tenant complaints, and lease enforcement. This coverage provides a \$1,000,000 limit of liability along with a \$25,000 sublimit for tenant discrimination.



Our Billing Process

Our monthly reporting structure means that you pay for your coverage each month and we report the covered locations in the Program to our carriers after each month's books are closed.

When you set up your coverage with REInsurePro, you have the option of pre-paying one year of coverage or setting up monthly electronic auto-pay.

If you set up your account for monthly auto-pay, you can select credit card or ACH. Your monthly insurance costs are charged to your selected payment method each month on the same day.

When you pre-pay for the year, the funds are held on your account and applied to your location(s) each month. When funds are nearing depletion, your payment method on file will be charged for the next 12 months' cost or your lender will receive a new annual invoice to replenish your account funds. Annual payments can be made by credit card, ACH or mailed checks (for locations paid through escrow accounts, or owned by a Trust or IRA). For check payments, an electronic payment method should be on file in the event that funds are depleted prior to receiving the next annual payment and the location is in danger of cancellation. Once the check is cleared, these funds can be refunded to the payment method.

Monthly Inventory Report

Each month before your auto-pay date, your agent will receive your monthly Invoice, which outlines all of the covered locations on your account, their related coverages, and associated monthly costs for the prior month. It is your responsibility to ensure that you have reported any changes to your agent as soon as possible. These changes might include a vacant location that has become occupied by a tenant, or a renovation that has been completed, with the property on the market for sale, changing the occupancy status and increasing the insured value. Even if your location is escrowed or pre-paid, your agent will still receive and should review your monthly Invoice. Any changes to coverage affecting cost between payment dates will be charged or credited to your payment method as appropriate.

Cancellations

If payment fails on your selected auto-pay date, you, your agent (and your lender if applicable), will receive a 10-day Notice of Cancellation. If your payment is not received within 10 days of this notice, your coverage is canceled. If you make a payment to bring your account current within that 10 day window, you will receive a letter rescinding your cancellation and there will be no lapse in your coverage.

Re-instating Coverage

Once coverage is canceled, any request to re-instate coverage will be subject to a \$50 account setup fee, requires the submission of a No Known Loss letter, and coverage will start with a new effective date. If you still have active locations within the REInsurePro program and wish to re-instate a canceled location, the account setup fee will be waived in lieu of a \$25 reinstatement fee per location.



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Think Safe Insurance LLC

116 E Bloomingdale Ave Ste B

Brandon, FL 33511

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GregM@ThinkSafeInsurance.com

www.ThinkSafeInsurance.com



REInsurePro

a division of National Real Estate Insurance Group

The bottom of the page features a large, abstract graphic consisting of two overlapping geometric shapes. The top shape is a large orange triangle pointing downwards, and the bottom shape is a large black triangle pointing upwards. They meet at a diagonal line that runs from the bottom left towards the top right.