



LI Exec. of the Month: Jeffrey Bernard of Rampart Insurance Group is an insurance expert with over 20 years experience

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New York, NY The New York Real Estate Journal (NYREJ) sat down for a question-and-answer session with Jeffrey Bernard, risk management specialist, Rampart Insurance Group, this month's Long Island Executive of the Month.

Bernard has been a recognized insurance expert in the real estate sector for close to two decades with a client base that encompasses real estate owners, property managers, ultra-high end homeowners, co-op and condo boards, and construction related organizations. Bernard discusses climate change, cyber liabilities, and how to establish a true risk management program.

Jeff Bernard, as a member of Real Estate Services

Alliance, (RESA) along with fellow members, annually help teach the course entitled, "Real Estate Acquisition and Ownership" at the NYU School of Continuing and Professional Studies Real Estate Institute.

NYREJ: You were a communications major at University of Michigan on a fast-track towards a career in media. What influenced you to change focus and become a real estate insurance professional?

Bernard: I guess it's in my blood. My grandfather, uncle and father all had extensive experience in the field, so insurance was a language I grew up with. However, my actual insurance career did not begin working directly with the family. I entered insurance working for CRC Insurance Services, a leading provider of wholesale commercial insurance solutions. Working in wholesale gave me access to hundreds of carriers throughout the world. I quickly learned how to best protect my clients from costly liability and property-related losses. By having strong binding authority relationships and access to specialty programs, I helped to create insurance programs for many commercial real estate owners, developers, and contractors. During this time, I developed an advanced understanding of construction risk transfer which continues to help me today.

After several years of working "behind the scenes" in the real estate sector for the top two wholesale insurance brokerage firms, it was natural for me to segue into an area in which I was most comfortable and knowledgeable - dealing directly with the public. In 2010, I brought my "talents" to The Rampart Insurance Group, a company partially founded by my family.

NYREJ: What are the most active categories of coverage for you now?

Bernard: The current climate requires real estate owners to approach risk management differently than just a few years ago. Everybody knows the world has continued to become much more litigious. In the past, real estate owners would get traditional coverages such as: General liability, property insurance, umbrella/excess liability, and builders' risk (for any development projects). That was basically all that was needed.

Today, there are a host of other factors that owners, developers, property managers, and boards face. Employment Practices Liability Insurance (EPLI) has become essential because it is coverage that protects owners from lawsuits relating to charges of wrongful termination, discrimination, and sexual harassment in the workplace. Another example is Directors & Officers (D&O) insurance, which has also become a standard for many organizations. Nobody volunteering to serve on a board of directors of a co-op or condominium should have to worry about lawsuits from disgruntled neighbors and building staff. Being protected from the unexpected has become a necessity.

Up until a few years ago, most real estate owners/developers didn't think much about cyber liability. However, cyber-attacks are now commonplace. These attacks have spread exponentially, commensurate with the digitization of businesses, and are increasing in both severity and sophistication. Phishing, password attacks and malware cause damage, but it is the rise of

ransomware targeting small and medium sized companies that has precipitated rapid changes in underwriting. Ironically, in many cases the damage is usually caused by an unsuspecting employee who simply opens an email that appears unassuming.

The costs associated with a breach can be astronomical to the budget and, worse, to the reputation of a company. The insurance is not as costly as you think, but not having it can be.

NYREJ: What would you say are the most compelling issues pertaining to commercial real estate coverage?

Bernard: Long before COVID-19, the industry was reeling from losses produced by extreme weather events. Owners of properties located in areas exposed to floods, tornadoes, and wildfires experienced the most significant increases. But even real estate considered to be in “non-catastrophic” areas—with a favorable loss history—were hit with increases ranging between 10 to 20%. Properties with poor loss histories saw increases in excess of 20%! For accounts with prior claim histories, simply finding coverage became challenging.

In addition, limited carrier capacity and a lack of appetite by many insurance companies to underwrite certain policies have contributed to the continuing rise of insurance rates in the commercial real estate sector. Another area of concern has to do with a decrease in group umbrella programs. Over the past few years, there has been a dramatic reduction in the number of Risk Purchasing Groups (RPG), i.e., group umbrella programs that offer high limits of liability at competitive rates. At this juncture, most of the RPGs are very selective; looking to lower their exposure while achieving higher premiums.

In New York City, multifamily property owners have experienced some of the most substantial insurance challenges. Recent verdicts in civil and landlord and tenant courts, in conjunction with an increase in claim reserves, are making multifamily coverage an unattractive risk for most insurance carriers. With the eventual lifting of the eviction moratorium, we anticipate an uptick in litigation towards building owners for alleged tenant discrimination and wrongful eviction, making carriers even more weary of providing coverage. It’s definitely a tough market to navigate these days!

NYREJ: What is the best advice for business and property owners?

Bernard: Work with an experienced professional who will be direct about how much insurance and what kind is needed to provide a solid risk management program. This will make your properties attractive to carriers. Like anything else in life, you get what you pay for. Insurance is no different. There are no real bargains if you want to be properly insured, but there are ways to limit costs and mitigate risks.