

*Hanover Real Estate Advantage*

# Coverage Scenarios

Your building is your business. No one understands that better than The Hanover. Protecting your asset properties from many diverse kinds of risks, such as cancelled leases, retail anchor store loss, or parking lot damage, is what The Hanover is all about. In partnership with your insurance agent, we have developed highly specific coverages aimed at minimizing your business losses from many areas you may never have considered at risk. These coverages are available at very competitive rates through your agent, who can help you review them in detail.

## Risk Review Checklist

### Property Coverages

RISK EXPOSURE	KEY QUESTIONS	THE HANOVER SOLUTION
Alternative Key Systems	For buildings using a key card system (a significant technology investment), how much would damage to or a complete loss of your system cost your business?	Offers Alternative Key Systems as part of its coverage, paying up to \$100,000 for loss of or damage to these systems.
Denial of Access to Premises	Having an easement or reciprocal agreement in place with a neighboring property (to comply with an ordinance for a minimum number of parking spaces, for example) is common. What would happen to your rental income if a neighboring property had a loss that limited or denied access to your property?	Extends your Business Income and Extra Expense Coverage to include Denial of Access coverage for the loss of income you sustain from loss at a neighboring property that limits or denies access to your property.



## Property Coverages (continued)

RISK EXPOSURE	KEY QUESTIONS	THE HANOVER SOLUTION
Foundations and Underground Pipes	Does your property policy cover foundations and underground pipes? Industry standard policies do not cover these very expensive construction items. Even if your policy covers increased cost of construction for compliance with an ordinance or law, this coverage does not extend to reconfiguration of foundations.	Select Endorsements automatically extend your building limit of insurance to include coverage for Foundations and Underground Pipes.
Lease Cancellation	Do your lease agreements allow your tenants to cancel their leases if there is a loss at their leased location, and how would that scenario impact your rental income?	Offers Lease Cancellation coverage providing up to \$50,000 for the loss of income you sustain due to the cancellation of a lease by your tenants—if the lease is cancelled as a result of a covered loss at the leased location.
Emergency Event Management	What would happen if an unanticipated emergency, such as a violent attack or an outbreak of an illness, significantly impacted your operations?	Emergency Event Management Coverage responds to covered emergencies such as actual or attempted violent acts, contamination from bacterial micro-organisms, and specified felonies, covering post-event expenses such as medical treatment and victim counseling, public and media relations expense, and income lost due to an emergency event.
Paved Surfaces	Does your standard property policy exclude coverage for parking lots, roadways, and sidewalks?	Paved Surfaces provides up to \$50,000 in coverage for parking lots, bridges, roadways, patios, and sidewalks.
Realty Tax	What could the tax implication from building repairs after a loss do to you or your investors? Repairs after a loss may trigger a reassessment of your building, which in turn could lead to increased tax liability.	Provides up to \$75,000 to reimburse you for the increased Realty Tax liability directly caused by the repair, rebuilding, or reconstruction of damaged property caused by a covered loss (does not include previously increased tax assessments on improvements or redesigns to the building made as a result of the loss).
Retail Anchor Store Business Income	If your properties rely on a retail anchor store to attract customers to their locations, what would happen to the rent you receive from your tenants if that anchor store has a covered loss that suspends its operations?	Provides up to \$150,000 in coverage for the actual loss of business income you sustain during the period of restoration as a result of covered loss or damage to a retail anchor store property.
Tenant Relocation	If tenants were required to move out of your leased space due to a covered loss, what help could you offer them to move back in after the property is restored?	Provides up to \$50,000 in coverage for the expenses incurred by you to move your commercial tenants out of and back into a scheduled location that was temporarily vacated due to a covered loss.
Tenant Replacement Expense	What would happen if tenants were required to move out of your leased space due to a covered loss and you had to replace your tenants after the property is restored?	Tenant Replacement Expense provides up to \$50,000 in coverage for real estate broker fees and commissions and/or advertising and promotional expenses you incur to replace your commercial tenants when the tenants had to relocate due to a covered loss at your location.
Unintentional Property Reporting Errors	What would happen if you accidentally omitted one of your properties from your insurance policy and that location had a loss?	Provides up to \$500,000 in coverage to assure that the policy will not be invalid for locations in which you unintentionally fail to disclose to us. However, you must report these omissions in writing as soon as you discover them.

## General Liability Coverages

RISK EXPOSURE	KEY QUESTIONS	THE HANOVER SOLUTION
Newly Acquired Limited Liability Companies, Limited Liability Partnerships, and Limited Partnerships	Do you sometimes acquire or form a LLC, LLP, or LP prior to purchasing a building? What would happen if there was a loss between the time the new entity was formed and reported to your insurance carrier?	Offers a Newly Acquired LLC, LLP, and LP General Liability Endorsement, extending the general liability policy to cover newly acquired or formed entities for up to 90 days from the date they were acquired or formed.
Real Estate Managers Additional Insured Endorsement	If you are a property manager that insures any properties on behalf of your customers, did you know that under a traditional "additional insured endorsement" the owner's LLC, LLP, or LP would be considered an additional insured if there was a written contract or agreement between you and the owner? However, the members of the owner's LLC, LLP, or LP would not be considered an additional insured.	Offers a Real Estate Managers Additional Insured Endorsement, extending additional insureds on the policy to include the owner's LLC, LLP, or LP members, managers, as well as partners and spouses.

## Contingent Property and Business Income

RISK EXPOSURE	KEY QUESTIONS	THE HANOVER SOLUTION
Contingent Property and Business Income	Do you have properties insured by your tenants through a triple net lease? Do you, your investors, or your financiers require contingent property insurance to be in place in case your tenant does not comply with the insurance required in the lease agreement? Even if you're not required to purchase this coverage, what would happen if your tenant's insurance does not respond to a loss? What would happen to your business income if your tenant had a loss?	Provides coverage for properties in which the insurance purchasing responsibilities of the location are required by the tenant, including: <ul style="list-style-type: none"> <li>Your tenant's insurance carrier, providing the insurance is financially unable to pay for the covered cause of loss due to insolvency</li> <li>Your tenant's failure to comply with a condition in the lease agreement and insurance specified in the agreement does not fully cover the loss</li> <li>Your tenant's insurance is not in effect due to their failure to obtain insurance</li> <li>Your tenant's insurance has been cancelled or non-renewed</li> <li>Your tenant's limit of insurance purchased is less than what the lease agreement requires</li> <li>Your tenant's insurance does not match the coverage required in the lease agreement (excludes flood and earthquakes)</li> <li>Your tenant is denied insurance proceeds by your tenant's carrier due to a finding that the tenant committed one or more illegal acts, such as arson, that void the insurance</li> </ul>
Additional Enhancements	Do you plan on adding another tenant under a triple net lease? How does your current coverage offering respond?	Provides up to \$1,000,000 in coverage for newly-leased property (up to 90 days) that you lease under a lease agreement during the policy period. The Hanover is one of the few companies that also offers rental income protection for the contingent properties.

## Get a New Lease on Peace of Mind.

Your local Hanover Agent can provide more information on any aspect of these policies. Partner with your agent today to make sure you get the right coverage needed to adequately protect all aspects of your real estate investment.



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