

HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

INSURANCE

PROTECTING THE LOAN

MEET THE KEYNOTE SPEAKER & ORCF STAFF



Rob Schumann Equity Holder & Sales Director Propel Insurance



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Workload Manager, Underwriting Division



Jennifer Tadlock

Workload Manager, Underwriting Division

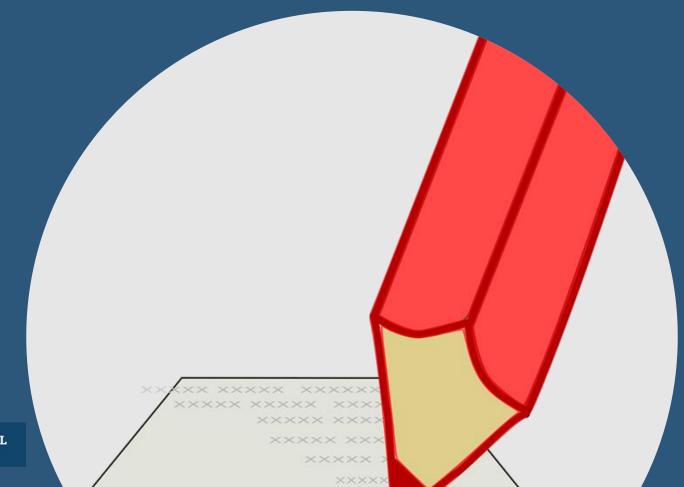


MARKET UPDATE



COMPLETING THE LENDER NARRATIVE

Insurance Sections



ACORD.

Insurance

Professional Liability Insurance (PLI) Coverage

Program Guidance:	Handbook 4232.1,	Section II Production,	Appendix 14.1.
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Name(s) of Insured:	REDACTED					
	AIX Sp	ecialty Ins	surance Company, a Hanover			
Insurance company:	compan	y				
	A and					
Rating:	XV	Rater:	A.M. Best			
Insurance company is licensed	1 1 1 1					
in the United States:	X Yes		No			
Statute of limitations:	2 years					
Current coverage:	Per occi	urrence:	1m/3m PL and GL			
	Aggreg	ate:	1m/3m PL and GL			
	Deducti	ble:	\$0, no deductible applies			
Policy Basis:	Per o	occurrence	e 🛛 Claims made			
Current Expiration:	6/1/22					
Retroactive Date:	NOT SPECIFIED					
	\$8000 f	or subject	location included within			
Policy Premium:	\$205,00	0 master 1	policy premium			

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER. IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s) INSURER(S) AFFORDING COVERAGE NAIC# 12833 INSURER A : AIX Specialty Insurance Company INSURED 23841 31194 NSURER C: Travelers Casualty & Surety Co. of Amer INSURER D : National Union Fire Ins Co of Pitts, PA 19445 COVERAGES CERTIFICATE NUMBER: REVISION NUMBER: THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. POLICY EFF POLICY EXP TYPE OF INSURANCE POLICY NUMBER LIMITS Y COMMERCIAL GENERAL LIABILITY 06/01/2021 06/01/2022 EACH OCCURRENCE 1,000,000 DAMAGE TO RENTED \$100,000 X CLAIMS-MADE OCCUR MED EXP (Any one person) PERSONAL & ADV INJURY \$1,000,000 GEN'L AGGREGATE LIMIT APPLIES PER: \$3,000,000 PRO-JECT X LOC PRODUCTS - COMP/OP AGG \$3,000,000 POLICY OTHER: 06/01/2021 06/01/2022 COMBINED SINGLE LIMIT AUTOMOBILE LIABILITY X ANY AUTO BODILY INJURY (Per person) OWNED AUTOS ONLY SCHEDULED BODILY INJURY (Per accident) X HIRED AUTOS ONLY PROPERTY DAMAGE (Per accident) UMBRELLA LIAB EACH OCCURRENCE EXCESS LIAB AGGREGATE WORKERS COMPENSATION 06/01/2021 06/01/2022 X PER STATUTE AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE 1,000,000 L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE \$1,000,000 (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below L. DISEASE - POLICY LIMIT \$1,000.000 A Professional Liab 06/01/2021 06/01/2022 \$1,000,000 Ea Med Incid \$3,000,000 Agg Per Loc 06/01/2019 06/01/2022 Emp Theft \$1,009,120 DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/27/2021

Insurance

Professional Liability Insurance (PLI) Coverage

Program Guidance: Handbook 4232.1, Section II Production, Appendix 14.1.

Name(s) of Insured:	REDACTED					
	AIX Sp	ecialty Ins	surance Company, a Hanover			
Insurance company:	compan	y				
	A and					
Rating:	XV	Rater:	A.M. Best			
Insurance company is licensed						
in the United States:	X Yes		No			
Statute of limitations:	2 years					
Current coverage:	Per occi	urrence:	1m/3m PL and GL			
	Aggreg	ate:	1m/3m PL and GL			
	Deducti	ble:	\$0, no deductible applies			
Policy Basis:	Per e	occurrence	e 🔲 Claims made			
Current Expiration:	6/1/22					
Retroactive Date:	NOT SI	PECIFIED)			
	\$8000 for subject location included within					
Policy Premium:	\$205,00	0 master 1	policy premium			

AIX Specialty Insurance Company

BestLink AMB #: 013763 NAIC #: 12833 FEIN #: 205233538

Administrative Office 440 Lincoln Street

Worcester, Massachusetts 01653-0002

United States

Web: <u>www.hanover.com</u> Phone: 508-853-7200 Fax: 508-853-6332

View Additional Address Information

AM Best Rating Unit: AMB #: 004861 - Hanover Ins Group Prop & Cas Cos

Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.



news, reports and products

Based on AM Best's analysis, <u>058505 - The Hanover Insurance Group, Inc.</u> is the **AMB Ultimate Parent** and identifies the topmost entity of the corporate structure. View a list of <u>operating insurance entities</u> in this structure.

Financial Strength View Definition

Rating (Rating Category):	A (Excellent)
Affiliation Code:	r (Reinsured)
Outlook (or Implication):	Stable
Action:	Affirmed

Insurance

Professional Liability Insurance (PLI) Coverage

Program Guidance: Handbook 4232.1, Section II Production, Appendix 14.1.

Name(s) of Insured:	REDAC	CTED			
	AIX Sp	ecialty Ins	surance Company, a Hanover		
Insurance company:	compan	ıy			
	A and				
Rating:	XV	Rater:	A.M. Best		
Insurance company is licensed					
in the United States:	X Yes		No		
Statute of limitations:	2 years				
Current coverage:	Per occ	urrence:	1m/3m PL and GL		
	Aggreg	ate:	1m/3m PL and GL		
	Deduct	ible:	\$0, no deductible applies		
Policy Basis:	Per	occurrence	e 🛛 Claims made		
Current Expiration:	6/1/22				
Retroactive Date:	NOT S	PECIFIED)		
	\$8000 for subject location included within				
Policy Premium:	\$205,00	00 master j	policy premium		

Effective Date:	June 17, 2021				
Initial Rating Date:	May 02, 2007				
Long-Term Issuer Credit View	Definition				
Rating (Rating Category):	a+ (Excellent)				
Outlook (or Implication):	Stable				
Action:	Affirmed				
Effective Date:	June 17, 2021				
Initial Rating Date:	May 02, 2007				
Financial Size Category View D	efinition				
Financial Size Category: XV (\$2 Billion or greater)					

two years

According to the statute of limitations found under Michigan Compiled Statutes section 600.5805(8), medical malpractice lawsuits must be filed within **two years** of the health care provider's action (or failure to act) giving rise to the claim.

<u>Insurance</u>

Professional Liability Insurance (PLI) Coverage

Program Guidance: Handbook 4232.1, Section II Production, Appendix 14.1.

Name(s) of Insured:	REDACTED						
	AIX Sp	ecialty Ins	surance Company, a Hanover				
Insurance company:	compan	у					
	A and						
Rating:	XV	Rater:	A.M. Best				
Insurance company is licensed							
in the United States:	X Yes		No				
Statute of limitations:	2 years						
Current coverage:	Per occi	urrence:	1m/3m PL and GL				
	Aggreg	ate:	1m/3m PL and GL				
	Deducti	ble:	\$0, no deductible applies				
Policy Basis:	Per e	occurrence	e 🔲 Claims made				
Current Expiration:	6/1/22						
Retroactive Date:	NOT SI	PECIFIED					
	\$8000 f	or subject	location included within				
Policy Premium:	\$205,00	0 master j	policy premium				

Loan Amount: \$5,600,000

PLI Deductible - \$0 but had to verify with Insurance Agent

PLI Premium: \$8,000 for property - Had to verify with Insurance Agent

PLI Premium for whole policy of facilities: \$205,000 Crime – 2 months EGI: \$500,000, Deductible \$5,000

Number of beds covered under whole policy (subject property- 65 beds)

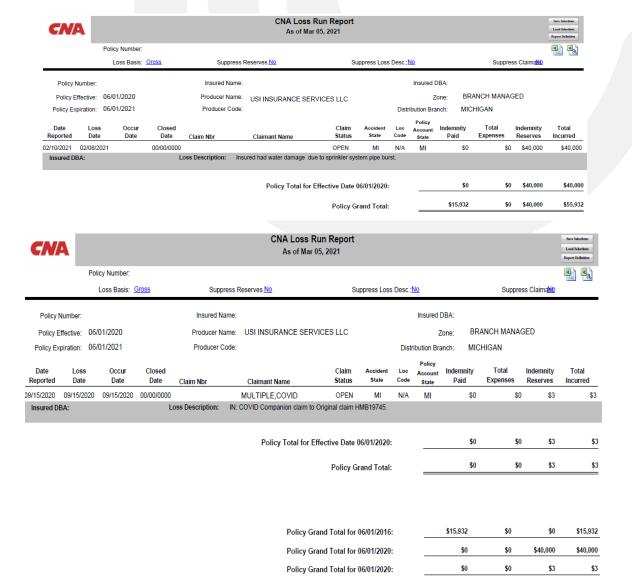
Total Licensed Beds	1118
Total Actual Beds	779
Total Occupancy	648

	Summary of Six-Year Loss History for Operator or its Parent of Operator											
	Year	Total claims paid under this policy (dollars)	Total claims paid under this policy (no. of claims)	Total bed count covered under the policy	Dollars paid in claims per bed							
1	21-22	0	0	1118	0							
2	20-21	0	0	1118	0							
3	19-20	0	0	1118	0							
4	18-19	0	0	1118	0							
5	17-18	0	0	1118	0							
6	16-17	0	0	1118	0							
Total		0	0	1118	0							

Kev Questions

		Yes	No
1.	Does the insurance policy cover multiple properties?	\boxtimes	
2.	Is less than 6 years of loss history available?		
3.	Does the loss history indicate any professional liability claims over \$35,000?		
4.	Does the loss history or potential claims certification indicate any uncovered claims?		\boxtimes
5.	Does the loss history or potential claims certification indicate any claims that would exceed the per occurrence or aggregate coverage limits at the facility?		\boxtimes
6.	Has the facility been covered by a "claims made" policy at any time during the statute of limitations for the State in which the facility is located?		
7.	Is the policy funded on a "cash front" basis?		
8.	Is an actuarial study applicable (self-insurance)? (If yes, discuss results below.)		\boxtimes
9.	For all facilities Owned, Operated or Managed by the operator and/or parent of the operator, are there any surveys/reports that have open G level or higher citations outstanding? (As appropriate, provide a complete analysis of the surveys.)		
10	Are any entities that provide resident care (as discussed in the Provider Agreements and Resident Care Agreements/Rental Agreements) not covered by the PLI policy?		\boxtimes
11	Are there any PLI issues that require special consideration?		

6-YEAR LOSS HISTORY





6-YEAR LOSS HISTORY CONTINUED

<< For each "yes" answer above, provide a narrative discussion on the topic describing the risk and how it will be mitigated.

Example: 1.<u>Multiple properties</u>: The underwriter notes that the professional liability policy is a 'blanket' policy covering XXX facilities, including the subject...{address potential impact of other facilities on the subject's coverage}

Example: 2.Less than 6-year loss history: The claims history reports were examined for the period XX through XX. The underwriter determined that there were no professional liability XX claims during that period... {Address claims and sufficiency of coverage, etc. based on history}.

Example: Claims made coverage: The project's previous professional liability insurance coverage was a "claims made" form policy with XXXX, which expired XXXX, when the current policy was put in place. In XXXX the borrower purchased a "nose coverage" policy which is the coverage needed when going from a "claims made" form of insurance to a "per occurrence" form of insurance. The premium for this "nose" coverage liability was a one-time charge and was paid in XXX. Because of that additional insurance coverage, the insurance expense for XXXX was substantially higher than the current expense. The current "per occurrence basis" insurance policy covers the entire statute of limitations. The project's professional liability insurance is in compliance with HUD's requirements. >>

No items requiring special consideration on this deal.

LENDER NARRATIVE – LAWSUIT SECTION

Lawsuits

<<Identify all potential or expected professional liability insurance (PLI) claims in excess of \$35,000 that have been or may be filed for all periods within the statute of limitations for the state where the claim occurred. Identify any reserves held for potential claims. Discuss the risk associate with each potential PLI claim. Discuss how that risk is mitigated. Describe the circumstances, identify the potential award amount, provide evidence and analysis showing that the suits are covered by PLI insurance, and if the insurance is not sufficient, does the insured demonstrate adequate funds to cover the potential excess? Describe any other information that mitigates the risk.

As applicable, discuss other types of lawsuits (non-PLI) and describe the potential risk related to the party's participation in the proposed project. Discuss how that risk is mitigated. If the suit is closed, does it contribute to a pattern? Does it materially affect the party's ability to participate in the project? If not closed, describe the circumstances, identify the potential award amount, provide evidence and analysis showing that the suits are covered by insurance (general liability), and if the insurance is not sufficient, do they demonstrate adequate funds to cover the potential excess? Describe any other information that mitigates the risk.>>

The loss run shows no losses for most policy years. In the 2020 policy year there is an item showing a \$3 reserve with \$0 paid for multiple Covid related notices. As the CNA loss years are valued as of 3/8/21 it is possible this loss has developed and an updated valuation should be secured. It is also possible that a Covid exclusion may have been on the policy by the 6/1/20 renewal that could mitigate the severity potential. Recommend updated loss runs with current valuation (6/1/22) be secured for the CNA years. MONITOR

LENDER NARRATIVE – COMMERCIAL GENERAL LIABILITY INSURANCE SECTION

Commercial General Liability Insurance

<< Provide narrative discussion of policy coverage for bodily injury, property damage and personal injury. For example: General liability insurance will be provided by XX. The underwriter has confirmed estimates of the cost and coverage for underwriting and will re-verify this information prior to closing. The insurance coverage will comply with HUD requirements prior to closing.>>

General Liability coverage is written on a claims made form with a \$0 deductible (claims made GL form being subject to blanket waiver). Coverage includes damage to rented premises, personal/advertising injury and products/completed operations. The cost of the coverage is contained within the overall policy premium noted on page 1. Coverage complies with HUD requirements once blanket waiver is invoked.

CERTIFICATE OF LIABILITY INSURANCE

ACORD_M

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	EPRESENTATIVE OR PRODUCER, AI									
If	IPORTANT: If the certificate holder is SUBROGATION IS WAIVED, subject is certificate does not confer any rigi	to the	tern	ns and conditions of the p	policy,	certain polic	ies may requ			
-	DUCER	100	uio	cortanoato notaci in nea c	CONTA NAME:		II(O)I			
					PHONE			FAX		
					PHONE (A/C, No E-MAIL	o, Ext):		(A/C, No):		
					ADDRE	SS:				
						AIV Cno.		FORDING COVERAGE		NAIC# 12833
INICI	RED						cialty Insuran			23841
INSU	MI						-	ance Company		31194
								Surety Co. of Amer		
l							Union Fire In	s Co of Pitts, PA		19445
l					INSURE					
ᆫ					INSURE	RF:				
_				NUMBER:				REVISION NUMBER:		
IN CI E	HIS IS TO CERTIFY THAT THE POLICIES DICATED. NOTWITHSTANDING ANY RE ERTIFICATE MAY BE ISSUED OR MAY F CLUSIONS AND CONDITIONS OF SUCH	QUIRE PERTA POLI	IN, 7	IT, TERM OR CONDITION OF THE INSURANCE AFFORDED LIMITS SHOWN MAY HAV	F ANY D BY T	CONTRACT OF HE POLICIES N REDUCED I	R OTHER DO DESCRIBED I BY PAID CLAI	CUMENT WITH RESPECT TO A	TO WH	ICH THIS
INSR LTR	TYPE OF INSURANCE	ADDL INSR	WVD	POLICY NUMBER		POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	S	
Α	X COMMERCIAL GENERAL LIABILITY					06/01/2021	06/01/2022	EACH OCCURRENCE	\$1,00	0,000
	X CLAIMS-MADE OCCUR							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$100,	000
								MED EXP (Any one person)	\$0	
								PERSONAL & ADV INJURY	\$1,00	0,000
	GEN'L AGGREGATE LIMIT APPLIES PER:							GENERAL AGGREGATE	\$3,00	0,000
	POLICY PRO- JECT X LOC							PRODUCTS - COMP/OP AGG	\$3,00	0,000
	OTHER:								\$	
D	AUTOMOBILE LIABILITY					06/01/2021	06/01/2022	COMBINED SINGLE LIMIT (Ea accident)	s1,00	0,000
	X ANY AUTO							BODILY INJURY (Per person)	\$	
l	OWNED SCHEDULED AUTOS							BODILY INJURY (Per accident)	\$	
l	X HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY							PROPERTY DAMAGE (Per accident)	\$	
l								, , , , , , , , , , , , , , , , , , , ,	\$	
	UMBRELLA LIAB OCCUR							EACH OCCURRENCE	\$	
l	EXCESS LIAB CLAIMS-MADE							AGGREGATE	\$	
l	DED RETENTIONS	1							\$	
В	WORKERS COMPENSATION					06/01/2021	06/01/2022	X PER OTH-		
l	AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE N								s1.00	0.000
l	(Mandatory in NH)	N/A						E.L. DISEASE - EA EMPLOYEE		
l	If yes, describe under DESCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT		
Α	Professional Liab					06/01/2021	06/01/2022	\$1,000,000 Ea Med II		,
Ι								\$3,000,000 Agg Per		
c	Crime					06/01/2019	06/01/2022	Emp Theft \$1,009,12		
Ľ.	CRIPTION OF OPERATIONS / LOCATIONS / VEHIC	LES (A	ACORE	D 101, Additional Remarks Schedu						
RE	:						•			

5/27/2021

LENDER NARRATIVE – COMMERCIAL GENERAL LIABILITY INSURANCE SECTION -RECOMMENDATION

Recommendation

<<Provide narrative recommendation regarding acceptability of professional and general liability insurance. For example: "The borrower's professional and general liability insurance was analyzed in accordance with Handbook 4232.1, Section II Production, Chapter 14 and Appendix 14.1.). The property has XX current potential (threatened) insurance claims at this time as reflected on the certification provided by the borrower. It is {lender's} opinion that the information provided above and in the application sufficiently demonstrates that the existing professional liability coverage meets HUD's requirements and that the risk from professional liability issues is sufficiently addressed. No modifications to the current coverage are recommended.">>>

The borrower's professional and general liability insurance was analyzed in accordance with Handbook 4232.1, Section II Production, Chapter 14 and Appendix 14.1.). The PLI coverage is in compliance with HUD guidelines.

ACORD _™ CERTIFICATE OF LIABILI							TE OF LIAB	ILIT'	Y INSI	URANG	CE		(2021
BR	ERT ELO EPR	IFICATE DOES W. THIS CERTI ESENTATIVE (NO IFIC OR I	T AFFIRMATIV ATE OF INSUR PRODUCER, AI	ELY ANC ND TI	OR N E DO HE CI	INFORMATION ONLY AN REGATIVELY AMEND, EX DES NOT CONSTITUTE A RETIFICATE HOLDER.	TEND O CONTR	R ALTER T ACT BETW	HE COVERA EEN THE ISS	GE AFFORDED BY TH UING INSURER(S), AU	IOLDER. E POLIC JTHORIZ	. THIS CIES ZED
If	SUE	ROGATION IS	W٨	AIVED, subject t	to the	e tern	FIONAL INSURED, the pol ns and conditions of the pol certificate holder in lieu of	policy, o	ertain polic	cies may requ			
_	DUCE							CONTAC NAME:	T	(-)-			
								PHONE (A/C, No. E-MAIL ADDRES	Ext):		FAX (A/C, No):	
								AUURES	5:	INSURER(S) AF	FORDING COVERAGE		NAIC#
								INSURER	A: AIX Spe	cialty Insuran			12833
INSU	JRED										ance Company		23841
		MI									Surety Co. of Amer		31194
								INSURER	D : National	Union Fire In	s Co of Pitts, PA		19445
								INSURER	RE:				
								INSURER	RF:				
		AGES					NUMBER:				REVISION NUMBER:		
IN C	IDICA ERTII	TED. NOTWITH	STA	NDING ANY RE	QUIRE	EMEN NN, T	RANCE LISTED BELOW HAY IT, TERM OR CONDITION OF THE INSURANCE AFFORDED LIMITS SHOWN MAY HAY	F ANY C	CONTRACT O	R OTHER DO DESCRIBED	CUMENT WITH RESPECT HEREIN IS SUBJECT TO	T TO WH	HICH THIS
NS R		TYPE OF II	NSUF	RANCE	ADDL	SUBR WVD	POLICY NUMBER	- 1	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIM	IITS	
Α	X	COMMERCIAL GE	NER								EACH OCCURRENCE	\$1,00	0,000
		X CLAIMS-MAD	ЕΓ	OCCUR							PREMISES (Ea occurrence)	\$100,	,000
			_	_							MED EXP (Any one person)	\$0	
											PERSONAL & ADV INJURY	\$1,00	0,000
	GEN	IL AGGREGATE LIN		PPLIES PER:							GENERAL AGGREGATE	\$3,00	0,000
	Ш	POLICY PR	O- CT	X LOC							PRODUCTS - COMP/OP AGO	\$3,00	0,000
	Ш	OTHER:										\$	
D		OMOBILE LIABILIT	Y					C	6/01/2021	06/01/2022	COMBINED SINGLE LIMIT (Ea accident)		0,000
	X	ANY AUTO	_	SCHEDULED							BODILY INJURY (Per person)		
	Ш	OWNED AUTOS ONLY		AUTOS NON-OWNED							BODILY INJURY (Per accident		
	X	AUTOS ONLY	X	AUTOS ONLY							(Per accident)	\$	
_	\vdash		4	_								\$	
	\vdash	UMBRELLA LIAB	H	OCCUR							EACH OCCURRENCE	\$	
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В	AND	EMPLOYERS' LIAE	BILIT	Υ				•	16/01/2021	06/01/2022			0.000
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	(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below										E.L. DISEASE - EA EMPLOYE		
Α	_	ofessional Lia		UNS below				•	16/01/2021	06/01/2022	\$1,000,000 Ea Med		0,000
^	FIC	nessional Lia	ı						16/01/2021	06/01/2022	\$3,000,000 Ea Med		
С	Cri	me							6/01/2019	06/01/2022	Emp Theft \$1.009.		
_			NS /	LOCATIONS / VEHIC	LES	ACORE	l D 101, Additional Remarks Schedi						
RE											•		

LENDER NARRATIVE – PROPERTY INSURANCE SECTION

Property Insurance

<<Provide narrative discussion of policy coverages as applicable, including property damage, ordinance and law coverage, and boiler and machinery/equipment breakdown insurance. For example: "Property insurance will be provided by XX. The underwriter has confirmed estimates of the cost and coverage for underwriting and will re-verify this information prior to closing. The insurance coverage will comply with HUD requirements prior to closing.">>>

ACORD"		EVIDENCE	OF PRO	PERT	Y INS	URAN	NCE		06/01/2021
ADDITIONAL INTEL COVERAGE AFFOR ISSUING INSURER	REST NAMED B RDED BY THE P (S), AUTHORIZE	SURANCE IS ISSUED A ELOW. THIS EVIDENCE OLICIES BELOW. THIS ED REPRESENTATIVE O	DOES NOT A	AFFIRMATIV OF INSURAN R, AND THE	ELY OR N	NOT CON	Y AMEND, STITUTE A	EXTEND OR ALT	TER THE
AGENCY	PAIRNE.	adi:		Affiliate	d FM Insu	irance Co	mpany (NA	IC#10014)	
£∆ĕ. №	E-MAIL ADDRESS:			-					
CODE:	ADDRESS:	SUB CODE:		┪					
AGENCY CUSTOMER ID #:		,		7					
INSURED				LOAN NUM	BER			POLICY NUMBER	
					TIVE DATE 1/2021		PIRATION DATE /01/2022	CONTIN	UED UNTIL ATED IF CHECKED
				THIS REPLA	CES PRIOR E	EVIDENCE DA	TED:		
PROPERTY INFOR									
NOTWITHSTANDING EVIDENCE OF PROP SUBJECT TO ALL TH	ANY REQUIREM ERTY INSURAN E TERMS, EXCL	ED BELOW HAVE BEEN MENT, TERM OR CONDI CE MAY BE ISSUED OR USIONS AND CONDITIO	TION OF ANY MAY PERTAIN NS OF SUCH	CONTRACT I, THE INSU POLICIES.	OR OTHE RANCE AF LIMITS SH	R DOCUME FORDED E OWN MAY	NT WITH F	ESPECT TO WHI	CH THIS D HEREIN IS
COVERAGE INFOR	MATION	PERILS INSURED	BASIC	BROAD	^ SPE	CIAL			DEDUCTIBLE
Building Business	Personal Prone	coverage / PERILS erty, and Business Inc		ts per occi	irrence no	olicy limit		OUNT OF INSURANCE	\$10.000
Replacement Cost, Ordinance or Law Equipment Breakdo	Agreed Value,	365 Days Extended Pe	riod of Inden	nnity		y	Incl	uded uded	\$10,000 \$10,000
Reported Values for Building Business Personal I Business Income in	Property	erence location for rati	ng purposes	ē.			\$1,2	804,000 22,300 94,770	
REMARKS (Includi	ng Special Co	nditions)							•

EOP SUBMITTED IS ON ACORD 27, ACORD 28 IS REQUIRED

Property insurance will be provided by Affiliated FM Insurance Company, an A.M. Best "A+" carrier. The insurable value of the location is \$7,109,536. The insured value of the building on the policy is \$11,804,000. The building is covered on a policy with a \$100,000,000 loss limit for all locations/coverage combined. The current premium is NOT SPECIFIED with a \$10,000 deductible. Coverage includes business income at \$1,994,770 limit (verify complies with actual loss sustained or minimum of 12 months net income plus ongoing expenses and other ongoing obligations including mortgage payment, MIP and reserve deposits), uses the Special Form, includes equipment breakdown, Building Ordinance or Law for coverages A, B and C and a 365 Day Extended Period of Indemnity. Coverage for terrorism and agreed value/waiver of coinsurance not specified. Coverage for wind/hail, named storm, flood and earthquake is not noted nor are any peril specific deductibles. Waiver of subrogation noted as n/a.

Loan Amount: \$5,600,000

PLI Deductible - \$0 but had to verify with Insurance Agent

PLI Premium: \$8,000 for property - Had to verify with Insurance Agent

PLI Premium for whole policy of facilities: \$205,000 Crime – 2 months EGI: \$500,000, Deductible \$5,000

Number of beds covered under whole policy (subject property- 65 beds)

Total Licensed Beds	1118
Total Actual Beds	779
Total Occupancy	648

Property Insurance

<<Provide narrative discussion of policy coverages as applicable, including property damage, ordinance and law coverage, and boiler and machinery/equipment breakdown insurance. For example: "Property insurance will be provided by XX. The underwriter has confirmed estimates of the cost and coverage for underwriting and will re-verify this information prior to closing. The insurance coverage will comply with HUD requirements prior to closing.">>>

PROPERTY INSURANCE SCHEDULE WORKSHEET

Inspection Date: 11/17/2021	Gross Square Footage:	39,276
Project:	Year Built:	2015
Address:	Number of Parking Spaces:	28
City, State: MI	Number of Beds:	65

Building Type Gross Area Building Value No. of Buildings Total Value

39.276 \$ 7.109.536 x 1 = \$ 7.109.536

Total 100% Insurable Building Value = \$ 7,109,536

Total Marshall Swift Replacement Value with Fees: \$ 7,109,536 Replacement Cost per SF: \$ 181.01

LENDER NARRATIVE – PROPERTY INSURANCE SECTION

EOP SUBMITTED IS ON ACORD 27, ACORD 28 IS REQUIRED

Property insurance will be provided by Affiliated FM Insurance Company, an A.M. Best "A+" carrier. The insurable value of the location is \$7,109,536. The insured value of the building on the policy is \$11,804,000. The building is covered on a policy with a \$100,000,000 loss limit for all locations/coverage combined. The current premium is NOT SPECIFIED with a \$10,000 deductible. Coverage includes business income at \$1,994,770 limit (verify complies with actual loss sustained or minimum of 12 months net income plus ongoing expenses and other ongoing obligations including mortgage payment, MIP and reserve deposits), uses the Special Form, includes equipment breakdown, Building Ordinance or Law for coverages A, B and C and a 365 Day Extended Period of Indemnity. Coverage for terrorism and agreed value/waiver of coinsurance not specified. Coverage for wind/hail, named storm, flood and earthquake is not noted nor are any peril specific deductibles. Waiver of subrogation noted as n/a.

Loan Amount: \$5,600,000

PLI Deductible - \$0 but had to verify with Insurance Agent

PLI Premium: \$8,000 for property - Had to verify with Insurance Agent

PLI Premium for whole policy of facilities: \$205,000 Crime – 2 months EGI: \$500,000, Deductible \$5,000

Number of beds covered under whole policy (subject property- 65 beds)

Total Licensed Beds	1118
Total Actual Beds	779
Total Occupancy	648

LENDER NARRATIVE – FIDELITY BOND/EMPLOYEE DISHONESTY COVERAGE

Fidelity Bond/Employee Dishonesty Coverage

<<Provide narrative discussion of fidelity bond/crime insurance coverage. For example: "The current insurance policy reflects fidelity (crime) insurance with the limit of \$XX and \$XX deductible. The HUD requirement for at least two months potential gross income receipts would total \$XX. The current level of coverage is sufficient for this project." If not sufficient, recommend commitment condition.</p>

Loan Amount: \$5,600,000

PLI Deductible - \$0 but had to verify with Insurance Agent

PLI Premium: \$8,000 for property - Had to verify with Insurance Agent

PLI Premium for whole policy of facilities: \$205,000 Crime – 2 months EGI: \$500,000, Deductible \$5,000

Number of beds covered under whole policy (subject property- 65 beds)

Total Licensed Beds	1118
Total Actual Beds	779
Total Occupancy	648

The current crime policy is written by Travelers, an A.M Best "A++" carrier. The limit is \$1,009,120 with \$5000 deductible and the crime premium is unknown. The two month EGI is \$500,000 and highest EGI of any location on the blanket policy. Current coverage is sufficient based on the \$500,000 EGI provided.

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Α	X COMMERCIAL GENERAL LIABILITY					06/01/2021	06/01/2022		\$1,000,000
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В	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					06/01/2021	06/01/2022	X PER OTH- STATUTE ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?	/N							\$1,000,000
	(Mandatory in NH)	N N A	1					E.L. DISEASE - EA EMPLOYEE	\$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below		1					E.L. DISEASE - POLICY LIMIT	
Α	Professional Liab	\top				06/01/2021	06/01/2022	\$1,000,000 Ea Med In	
						10.01.2021	23/0/1/2022	\$3,000,000 Agg Per L	
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LENDER NARRATIVE – OTHER INSURANCE SECTIONS EXCESS LIABILITY

Excess Liability

If secured, provide some detail regarding the carrier, limit of coverage and deductible.

Loan Amount: \$5,600,000

PLI Deductible - \$0 but had to verify with Insurance Agent

PLI Premium: \$8,000 for property - Had to verify with Insurance Agent

PLI Premium for whole policy of facilities: \$205,000 Crime – 2 months EGI: \$500,000, Deductible \$5,000

Number of beds covered under whole policy (subject property- 65 beds)

Total Licensed Beds	1118
Total Actual Beds	779
Total Occupancy	648

Number of beds on master policy is specified but number of locations is not. If more than 10 locations on policy a \$5,000,000 umbrella (not including PL) is required.

/	ACORD _™ CERT	IFI	CA	TE OF LIABI	LITY INS	URANG	CE	5/27/2021
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	ELOW. THIS CERTIFICATE OF INSUR				CONTRACT BETW	EEN THE ISS	UING INSURER(S), AUT	HORIZED
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	X CLAIMS-MADE OCCUR						PREMISES (Ea occurrence)	\$100,000
							MED EXP (Any one person)	\$0
							PERSONAL & ADV INJURY	\$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	\$3,000,000
	POLICY PRO- JECT X LOC						PRODUCTS - COMP/OP AGG	\$3,000,000
	OTHER:							\$
)	AUTOMOBILE LIABILITY				06/01/2021	06/01/2022	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
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	(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	
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١	Professional Liab				06/01/2021	06/01/2022	\$1,000,000 Ea Med I	
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;	Crime				06/01/2019	06/01/2022	Emp Theft \$1,009,12	20
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LENDER NARRATIVE – OTHER INSURANCE SECTIONS WORKERS COMP

Workers Comp

Example: Workers Compensation/Employer's Liability insurance is provided by Standard & Preferred Insurance Company, with an accident/disease (each employee)/policy limit of \$1,000,000 "per statute".

Workers Comp is written with New Hampshire Insurance (AIG, A.M. Best "A") and carries Employers Liability limits of \$1,000,000/\$1,000,000/\$1,000,000 in compliance.

5/27/2021

CERTIFICATE OF LIABILITY INSURANCE

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								MED EXP (Any one person)	\$0	
								PERSONAL & ADV INJURY	\$1,00	0,000
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3	AND EMPLOYERS' LIABILITY					06/01/2021	06/01/2022	X PER OTH-		
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	(Mandatory in NH)							E.L. DISEASE - EA EMPLOYEE	\$1,00	0,000
	If yes, describe under DESCRIPTION OF OPERATIONS below							E.L. DISEASE - POLICY LIMIT	\$1,00	0,000
٩	Professional Liab					06/01/2021	06/01/2022	\$1,000,000 Ea Med I	ncid	
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LENDER NARRATIVE – OTHER INSURANCE SECTIONS AUTO LIABILITY

Auto Liability

If secured, provide some detail regarding the carrier, policy type, coverage amount and deductible.

Auto coverage is with National Union, an AIG Company (A.M. Best "A") and is in compliance with 1m CSL coverage limit.

_	A <i>cord</i> ™ certi	IFI	CA	TE OF LIABI	LITY INS	URANG	CE	5/27/2021
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	X CLAIMS-MADE OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$100,000
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							PERSONAL & ADV INJURY	\$1,000,000
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	X HIRED AUTOS ONLY X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	\$
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١	Crime				06/01/2019	06/01/2022	Emp Theft \$1,009,12	20
3	Crime RIPTION OF OPERATIONS / LOCATIONS / VEHIC	CLES (/	ACORD) 101, Additional Remarks Schedu			. , ,	20

OTHER ITEMS TO ANALYZE

- 1. Claims Made versus Per Occurrence
- 2. Retro Dates
- 3. Tail Coverage
- 4. Insurable Value
- 5. Crime is it expensive to increase?
- 6. Excess liability
- 7. Worker's Comp/Employer Liability
- 8. 6 year loss package writer
- 9. Can't find on ACORD, where should we look?
- 10. How to analyze policies with multiple properties?



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PROFESSIONAL LIABILITY INSURANCE WAIVER TIPS ON COMPLETING

- Common Waiver Requests
 - Lower limits
 - Higher deductibles
 - Other
- Provide sufficient backup for all waiver request
 - Common Examples
 - Lower deductible results in burdensome cost
 - Good claims history

ORCF COMMENTS

- Lenders are responsible for the review the insurance
 - ORCF to review
 - Ensure that insurance is thoroughly reviewed prior to submission
- Waivers should be submitted early in the process
 - Applications dependent upon waiver approval can be considered through Lean Thinking.
 - Otherwise, it should go in the application.
- Draft Handbook will be published for public comment soon
 - Lender and insurance professional is strongly recommended

QUESTIONS?





HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

THANKYOU!



MEMBERSHIP@HMACONLINE.NET



HMACONLINE.NET

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