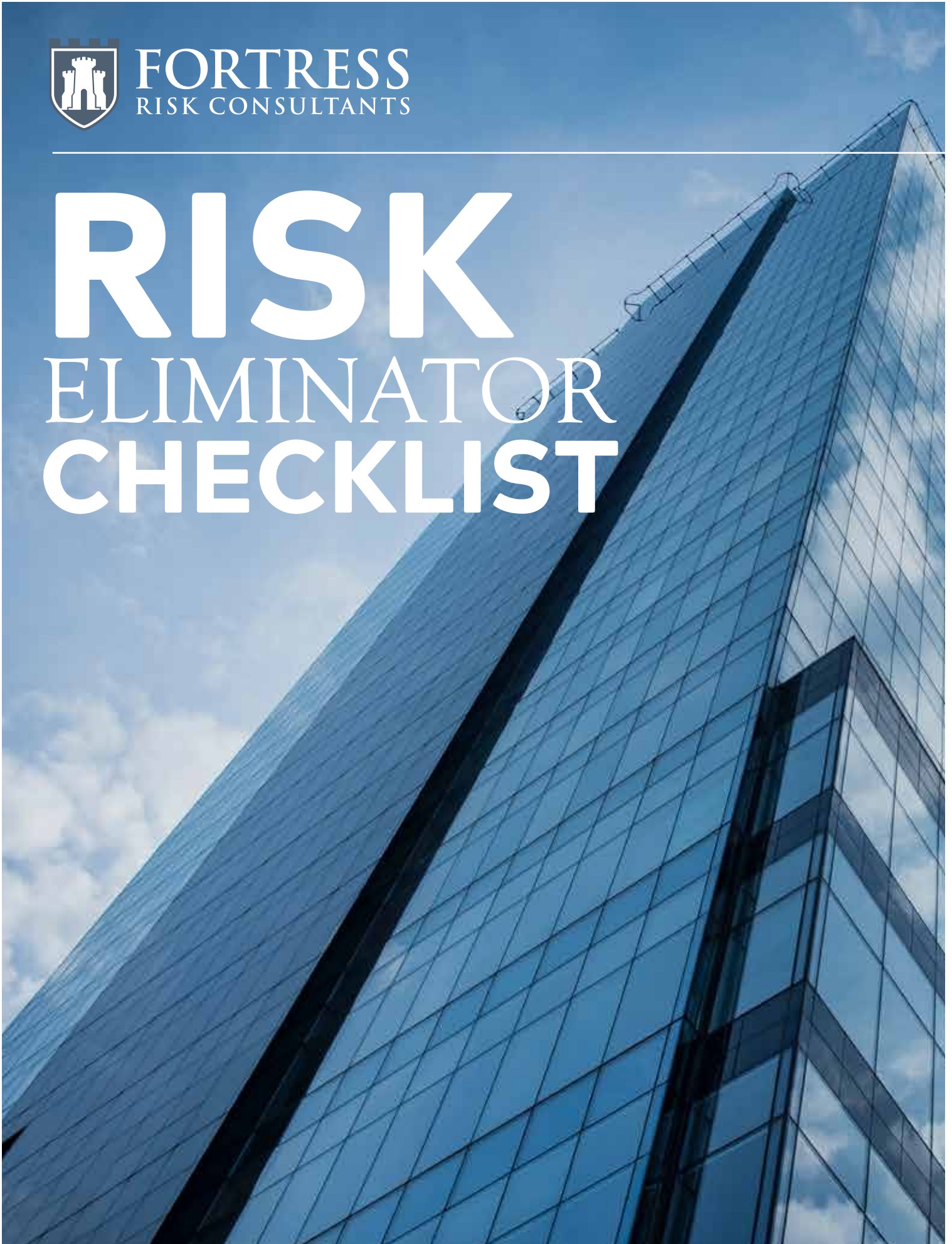




**FORTRESS**  
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# RISK ELIMINATOR CHECKLIST





# CAN YOU REALLY GET RID OF RISK?

Eliminating – or at least minimizing – insurance risk is a high priority for loan underwriting. Doing so is part of a successful closing. However, getting there is far from easy. That’s why we have developed a list of guidelines to help get you closer to ensuring your lending is as risk-free as possible. The only thing you must do first is an in-depth review of your borrower’s insurance needs, which is why we have developed this checklist. When you do these things, you are set up for success.

# RISK ELIMINATOR CHECKLIST



## Review of Third Party Reports

Are these reports indicating a need for flood or quake coverage. Is ordinance or law an issue? These reports contain a wealth of information and determine the need for protections against many perils, and the level of coverage required to protect the collateral.



## Collection of Documents

Your borrower (and their broker) can provide you with certificates, policies, schedules and various reports. Cross referencing them against each other will help ensure adequate coverage exists, and they accuracy of what is represented.



## Calculation of Premiums

Paid premium receipts will assure that escrows are properly determined. Also, take into consideration any endorsements that are being required, and annualize the effect of those coverage changes to make sure the full premium impact is being calculated.



## Establish All Policies For Collection

Coverage for many perils are provided on a stand-alone basis, so there may be separate policies (Flood for example). A careful review of the certificate can help establish where coverage lies for perils often provided on a stand-alone basis (Equipment Breakdown, Terrorism, Flood, Quake and Named Storm).

# RISK ELIMINATOR CHECKLIST



## **Broad Terms And Conditions**

Certain terms and conditions need to be present in every policy. Set up a matrix to make sure that your borrowing entity is correct, no coinsurance exists, and your status as a mortgagee and loss payee is present. We recommend 14 review passes. For a complete list, email us at [info@fortress-risk.com](mailto:info@fortress-risk.com)



## **Identify Adequate Limits By Peril**

It helps to make a list of every peril (property, BI, flood, terrorism, etc.) and then use the third party reports to establish your required limits. Then, as you read each policy, you can check off if there are adequate limits to cover your exposures. Itemizing your list by peril makes this process a



## **Read The Policies**

This essential step helps identify terms, conditions or exclusions not represented properly on your certificates. The average number of times certificates get returned to brokers for corrections is 3.5 for every loan!



## **General & Excess Liability**

The items above were for property coverage, but the same process can be used for your liability exposures.



## **Construction**

The process above can be used, but expand for the General Contractor, Architects & Engineers.



# We are your loan compliance specialists.

*Vigilantly simplifying the challenge of risk.*

## **Navigating the New Reality in Risk Compliance**

The lending industry is complex, ever-changing, and contains natural risk. We are committed to doing our part, with every loan we analyze, and every relationship we build, to move our industry closer to risk-free lending. We know where to look, what to ask, and how to address risk most effectively in every closing. This is our vision, and it is why we are the risk management specialists. To find out more about how we can help you eliminate your risk, email us at [info@fortress-risk.com](mailto:info@fortress-risk.com), or call us at 404-713-9574.



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# RISK ELIMINATOR CHECKLIST