

WEB EXCLUSIVES

Differentiating your value proposition: Tips to help your customers go green

BY **ERIC ARTHUR, CPCU, CIC, AU**
Published 12/9/2009

Smart independent agents and brokers are actively helping their commercial real estate accounts leverage the “green” opportunity. Here are three reasons why that approach makes sense:



1. Green business is good business.

The green movement has always been about the environment—and progressive property owners and managers improve the environment with green building plans and other valuable tools. They are improving air and water quality, reducing solid waste and dependence on fossil fuel use, and conserving water and forest ecosystems.

But in the last several years, the green movement has also been about smart business practices. Property owners and managers are seeking ways to stay competitive in today’s challenging times. The advancing green movement could be the golden ticket that offers a wealth of opportunities to serve their immediate needs while at the same time helping the environment. That’s because building owners and managers can leverage cost savings and other green benefits that produce an undeniable return on investment:

- Green initiatives ultimately result in reductions to energy, water and maintenance costs
- All else being equal, green businesses are looked upon more favorably
- Green building concepts drive appreciation of building values and increase investor desirability
- Tenants are attracted to space that increases employee comfort while enhancing public image
- Green workspace results in happier employees and less absenteeism
- Buildings that document their green progress are eligible for insurance premium credits from some insurers and program administrators.

2. Carrier markets have jumped into the fray.

A growing number of insurance companies and program administrators are making the commitment to create insurance products the world is calling for and to make environmental sustainability an integral part of their corporate culture. They are serving as environmental advocates and leaders in the green market.

For example, some insurers are offering property extension forms to rebuild to certification under the [Leadership in Energy and Environmental Design \(LEED\)](#), a voluntary, consensus-based rating system for developing high-performance, sustainable buildings. LEED addresses all building types and emphasizes state-of-the-art strategies in five areas: sustainable site development, water savings, energy efficiency, materials and resources selection, and indoor environmental quality. We’re also seeing specialty programs coming to market with casualty based products catering to green real estate companies. Expanded pollution coverage and green reputation coverage are starting to gain interest among green-thinking insureds.

3. Smart retailers are leveraging “green” to differentiate themselves.

Retail agents and brokers have an opportunity to differentiate themselves in the commercial real estate marketplace by going green. The average insurance policy, which can often look like a commodity, becomes de-commoditized by focusing on the benefits of a greener environment.

The green movement represents a compelling opportunity to increase business with innovative design and construction clients. Retailers can do their part by working with their insurers—staying on top of trends, continuously reviewing how new practices may impact liability, and by educating their design and construction clients to proactively manage their involvement in this emerging industry.

Retailers now can help accounts that have a pressing need to get started with the green movement. Buildings in the U.S. use about 40 percent of the total energy consumed. Owners of small to mid-sized buildings are not yet aggressively pursuing LEED and [Energy Star](#). Owners of older buildings, failing to take green measures, may find themselves with functional obsolescence and loss of a competitive edge in the marketplace—and may even face the adverse impacts of potential legislation.

Retailers should pay attention to their book of real estate business, largely consisting of existing buildings. The biggest opportunity for green construction lies in the retrofit and renovation of existing—not new—construction, according to a [recent study by McGraw-Hill](#). The market for such projects—which include work such as installing energy-saving systems—will grow to as much as \$15 billion by 2014, up from just \$2 or \$3 billion in 2009, the report says.

By working with insurance program administrators, agents and brokers can help commercial real estate owners and managers make changes, elevate their commitment to sustainability, and deliver on both the responsibilities and opportunities that sustainable business practices represent. For instance, retailers can offer plans that focus on the behavioral side of energy conservation while providing financial incentives, such as premium savings through risk reduction. This offers existing buildings of all sizes and occupancies the chance to “walk before they run” with more sophisticated certification programs, such as LEED and Energy Star. Many real estate owners and managers initially are intimidated by the certification process.

By using a more consultative approach, retailers have an opportunity to differentiate themselves by addressing a pressing business need. Helping clients reduce business risk, lower operating costs and improve their image is a win-win for everyone.

As real estate markets are unsettled in many areas, eco-brokers and green builders with an emphasis on environmental issues will maintain a competitive edge. Borrowing risk management practices, insurance companies have warmed to the concept of treating green-thinking commercial property owners in a special way. There is a clear, strong marriage between social well being and business practices. It's time for more retail agents and brokers to really pay attention; there is “green” out there for the taking.

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Eric Arthur is executive vice president and co-founder of Bellevue, WA-based [Mainstay Insurance Group, Inc.](#), a program administrator and specialty wholesaler broker and a founder of the [Association of Green Property Owners and Managers](#), a national 501(c)(6) nonprofit organization that drives green awareness and involvement by offering financial and other business owner incentives. He can be reached at earthur@mainstayins.com or 425.646.6425.

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