

Insurance Times: Commercial mortgage market hurt by lack of terror insurance
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The lack of comprehensive and affordable terrorism insurance for commercial properties has killed an estimated \$3.7 billion in deals so far this year, and has delayed or changed the pricing on another \$4.5 billion, according to the Mortgage Bankers Association of America (MBA).

In a survey conducted during June, MBA asked its commercial members to report whether the lack of terrorism insurance had impacted their business and to what extent. Forty-four percent reported that the lack of terrorism insurance had greatly affected their ability to make loans on commercial properties, while 40 percent reported that the lack of terrorism insurance had affected their business somewhat. Only 16 percent reported they had experienced no effect.

The 25 firms responding included some of the largest commercial real estate finance firms in the country. Last year MBA commercial membership reported originating \$73.8 billion in commercial and multifamily property loans. Lending on commercial properties has been much slower in the first half of this year, due in part to the economy, but also due to the inability of the property owners to obtain sufficient terrorism insurance to protect the interests of investors in these loans.

"We have heard anecdotally about the problems on specific properties, but the magnitude of these numbers astounded me," said Jim Murphy, chairman of the MBA. "We are looking at billions of dollars in commercial financing that has been killed in the first half of the year because thus far Congress has been unable to reach agreement on a bill. The delay has been costly, and those costs will continue to go up the longer the delay." p