



Real Estate Agents Errors and Omissions and Professional Office Package

We offer real estate agents errors and omissions coverage for real estate firms that derive at least 60% of their commission income from residential real estate. We can consider accounts with up to \$5 million in commission income.

Product Features

- ▶ Defense outside the limits
- ▶ Discrimination coverage for damages and defense up to policy limits not to exceed \$1 million
- ▶ \$50,000 lockbox coverage
- ▶ Coverage for personal injury
- ▶ Coverage for owned residential property not developed/constructed by insured or any related entity
- ▶ \$2,500/\$5,000 for defense of insureds at local and state real estate boards
- ▶ Environmental pollutants coverage for both damages and defense
- ▶ Prosecurity+ endorsement including failure to prevent unauthorized access and malicious code, pro bono services and \$50,000 professional reputation restoration expense
- ▶ Privacy breach expense limit of \$25,000
- ▶ Ability to provide preferred package
- ▶ Includes coverage for bodily injury arising out of professional services

Limits of Liability

- ▶ Primary limits available up to \$5 million

Program Availability

- ▶ Contact us for an application and a specimen policy

Additional Advantages

- ▶ A.M. Best rated A++ carrier
- ▶ Low minimum premium
- ▶ Admitted in most states
- ▶ Business Resource Center that will assist in growing and protecting their businesses





Real Estate Agents Errors and Omissions Liability

Why do you need real estate errors and omissions coverage?

- ▶ As a real estate agent, your customers depend on your knowledge to help guide them through the many aspects of a real estate transaction. Each area of a real estate transaction exposes you to a potential lawsuit in the performance of your duties.
- ▶ Whether you represent the buyer or the seller, they depend on your expertise and can bring a claim against you.
- ▶ Even if you provide them with the best service, document your files, do everything right and in accordance with the law, you can still be brought into a claim.
- ▶ Our society is getting more and more litigious; expenses for litigation costs alone can cause a real estate agent/agency to go bankrupt.
- ▶ As a real estate agent, you may be wearing many hats, such as providing leasing, property management, broker price opinion and incidental notary services. You need a policy that is going to protect you from a claim arising from any of these services.
- ▶ In 2017, there were nearly 30,000 housing discrimination complaints filed. Our policy provides a minimum of \$250,000 up to a max of \$1,000,000 in coverage for these claims.
- ▶ We have seen a rise in dual agency transaction claims in which, after the sale has gone through, either the buyer or seller is unhappy and they blame the agent who made the double commission for being greedy. The dual agency form signed by both parties does not prevent this claim from arising.
- ▶ Today's real estate marketplace is very complicated. It is crucial to your agency to not only have a policy that provides you with great coverage, but also has a great claims team to support and defend you when that bad day happens.

Why USLI?

In many professional liability claims, the cost to defend is more than the cost for indemnify— with our policy, you don't need to worry about defense costs eroding your liability limits.

COVERAGE FEATURES	USLI	COMPETITORS
Defense costs outside the limit		
Personal injury coverage guards against suits claiming libel, slander, defamation, invasion of privacy and wrongful eviction of residential properties		
Retro date coverage is available with continuous coverage for no additional premium		
Discrimination/Fair Housing complaints coverage for both damages and defense up to policy limits, not exceeding \$1,000,000		
Environmental pollutants coverage up to \$1,000,000 included for no additional premium		
Coverage for the sale or management of owned property		
Independent contractors covered while providing services for the insured		
Lockbox and open house coverage with up to \$50,000 sublimit included		
Supplemental payments coverage		
ProSecurity+ endorsement including \$50,000 Professional Reputation Restoration expense, failure to prevent unauthorized access and malicious code and coverage for pro bono services		
Privacy Breach expense limit of \$25,000		

This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws.



Real Estate Errors and Omissions

Claim Examples

▶ **Failure to Disclose – Seller’s Agent**

After the sale of a residential property, the seller’s agent, our insured, was sued by the buyers for failure to disclose the condition of the well on the property. Although the buyers had previously waived a well inspection and there was no evidence that the seller’s agent had any knowledge that the well was defective, the buyers demanded a rescission of the sale. The matter was defended in favor of our insured, but the legal costs to defend this case were over \$48,000.

▶ **Failure to Disclose – Buyer’s Agent**

A couple purchased an updated property that showed no clear signs of termite damage. The house was advertised as a “handyman” special, and, after closing, the new owners did repairs. They took down some of the existing drywall in the living room and noticed there was prior termite damage. The couple filed suit against the sellers, the sellers’ agent and their own agent for failing to disclose this information. Our portion to settle was \$13,500 with defense costs over \$16,000, totaling more than \$29,500.

▶ **Failure to Disclose – Seller’s Agent**

A couple purchased an existing property, and, after closing, discovered there were high levels of radon in the house. Not wanting to risk the health of their two asthmatic children, they immediately moved out, put the house up for sale and disclosed the radon levels. They sold the house at a loss of \$32,000. They sued the seller’s agent for not disclosing the radon levels and for their \$32,000 loss. The total for this claim was over \$61,000 in damages and over \$29,000 in attorney fees.

▶ **Misrepresentation – Buyer’s Agent**

A couple purchased a lakefront vacant lot that was subject to a conservation easement. Although the vacant lot was marketed as a “lakeshore frontage to enjoy a beach in your backyard,” the buyer’s agent told the buyer about the easement numerous times. Additionally, the restrictions were noted on the title which the buyer would have had at closing. After closing, the owners began to clear the trees and brought in sand to make a beach. The buyers were issued a violation notice mandating that the owners take corrective actions to remediate their actions and restore the property to its original condition. The owners sued their own agent for misrepresentation but later withdrew their claim when defense counsel was able to show evidence that the easement had been disclosed. Total cost to defend was over \$14,000.

▶ **Failure to Provide Mortgage Contingency and Negligence**

A man was looking to purchase a suitable property for a recreation facility. He found a property that he liked and entered into a contract. He put down a deposit of \$40,000 and applied for a mortgage for the rest. The contract afforded a mortgage contingency clause of 30 days. The buyer was unsuccessful at obtaining financing, and, as the contingency due date got closer, the buyer’s agent advised the buyer to seek an extension or withdraw from the contract to prevent the buyer from losing his deposit. However, the buyer was confident that he would be able to obtain the financing and ignored his real estate agent. The deadline expired and the seller brought suit against the buyer for the earnest monies. The buyer then filed suit against his agent, declaring that the agent failed to seek a longer extension. This claim was defended at a cost for over \$19,700.



Real Estate Errors and Omissions

Claim Examples (continued)

▶ **Wrongful Eviction**

A single mother leased a second floor apartment in a two-story home with her young daughter. After three years, an issue arose with the electrical wiring in the apartment. The tenant repeatedly refused to allow repairmen into her apartment. When the electricians finally gained access, they realized that the entire electrical panel needed to be replaced as well as all of the wiring in the tenant's apartment. The landlord decided to use these repairs as an opportunity to gut the entire apartment while leaving the downstairs apartment alone. He had his real estate agent serve the tenant a notice to vacate. After unsuccessful attempts were made to have the tenant vacate their apartment, the landlord obtained an eviction order from the magistrate judge. The tenant retaliated and filed a wrongful eviction suit, claiming she was evicted because she had her child living with her, since the other tenant was not evicted. Defense costs were over \$21,900.

▶ **Discrimination**

An African American woman contacted a real estate agent about a rental apartment, and arrangements were made to view the apartment. The woman liked the apartment and took home an application to complete and return back to the real estate agent. When the woman contacted the real estate agent to arrange an appointment to bring in her completed application, the agent told her the apartment was no longer available; the landlord had told the agent that he had rented to another applicant even though this rental had fallen through. When the original tenant who was still looking for an apartment went online and saw that this unit was still available, she filed a racial discrimination complaint against the real estate agent with her city's Commission of Human Rights. The total cost to defend this claim was over \$8,600.



CARRIER:

[Empty box for carrier information]

Real Estate Errors & Omissions – All States

APPLICANT MAY QUALIFY FOR AN INSTANT QUOTE BY COMPLETING SECTION I BELOW. SECTION II ANSWERS (AND SECTION III IF PACKAGE IS DESIRED) WILL BE REQUIRED PRIOR TO BINDING AND ARE SUBJECT TO UNDERWRITING APPROVAL.

I. INSTANT QUOTE INFORMATION

Instant quote is not available for accounts with losses in the past 5 years. If there is a loss history, please complete Section I. and submit details in a claim supplement.

Applicant's name (include DBA name): _____

Location address: _____

City: _____ State: _____ Zip code: _____

Web address: _____ E-mail address of primary contact: _____

Total number of real estate agents/brokers/property managers/independent contractors: Full time _____ Part time _____

Gross commission income breakdown:

Residential sales: \$ _____ Commercial sales: \$ _____ Raw land sales: \$ _____

Residential property management/leasing: \$ _____ Commercial property management/leasing: \$ _____

Residential vacant land sales: \$ _____ Commercial vacant land sales: \$ _____

Appraisals/Broker price opinions: \$ _____ Consulting: \$ _____

Other (please specify): _____ \$ _____

Is the applicant affiliated with a franchise? Yes No

II. UNDERWRITING INFORMATION

1. Has the applicant's principal or managing partner been either a licensed agent for a minimum of five years or a licensed broker for a minimum of two years? Yes No

Date business established: _____

2. Please advise if more than 10% of the income is derived from any of the following:

a. Construction/development activities Yes No

b. Sale, management or leasing of properties constructed/developed by the applicant or any related entity Yes No

c. From the sale of agent owned properties Yes No

d. Sale of real estate at any one location or development (subdivision) or one builder/ developer Yes No

e. From real estate auctioneering, business brokering and/or referral services Yes No

3. Is more than 25% of income derived from foreclosure sales/REO/short sales? Yes No

4. Do you derive income from any activity/profession other than from the scope of a real estate organization? Yes No

If "Yes," please advise details: _____

5. Do more than 50% of the applicant's transactions involve services as a dual agent? Yes No

6. Does the average value of properties sold exceed \$600,000? Yes No

7. Expiring insurance information: Carrier: _____ Limits: _____ Retention: _____

Premium: _____ Retroactive date: _____

(Attach a statement of details for all "Yes" answers to the following questions)

8. Has any person proposed for insurance had his/her license revoked, suspended, been fined, or been subject to any disciplinary action or investigation by any real estate association, state licensing board or other regulatory body? Yes No

9. Has the applicant been the subject of any reportings/complaints to a Better Business Bureau, Federal Trade Commission or any other consumer protection group? Yes No

10. Has any policy for Real Estate Agents E&O Insurance ever been cancelled or non-renewed? (not applicable in MO) Yes No

11. Within the last five years, has any claim been made or suit brought against the applicant, its predecessor(s) in business, or any of its present or former owners, partners, officers, directors, employees or independent contractors? Yes No

If "Yes," complete USLI Claim Supplement for each claim.

12. Is any owner, partner, officer, director, employee, or independent contractor aware of any circumstance, allegation, contention or incident which may result in a claim being made against the applicant, its predecessor(s) in business, or any of its present or former partners, owners, officers, directors, employees or independent contractors? Yes No

If "Yes," complete USLI Claim Supplement for each claim.

III. BUSINESSOWNERS PACKAGE INSURANCE

13. Has the applicant had any general liability or property claims paid, reserved, or pending in the last five years? Yes No

If "Yes," provide details: _____

14. Does the applicant want any additional insured(s) included on general liability? Yes No

If "Yes," attach details including name, relationship to applicant and address.

15. Personal property limit including computer hardware (at 80% coinsurance/replacement cost): _____

16. Building characteristics:

- a. Are functioning burglar alarms present? Yes No
- b. Is all electrical wiring connected to functional and operational circuit breakers? Yes No
- c. Are there functioning smoke and heat detectors in all units and/or occupancies? Yes No
- d. Is aluminum wiring present in the building? Yes No

17. Property protection class (1-10): _____

18. Building construction (please check one):

- Frame – Building is made from a wood frame (2x4's/veneers)
- Joisted masonry – Outside walls are constructed with bricks/cinder blocks. Roof is made of wood.
- Masonry noncombustible – Same as joisted masonry except roof is steel.
- Fire resistive – Structural steel framing, reinforced concrete outside/load bearing walls.

IV. ADDITIONAL APPLICANT INFORMATION

Applicant's mailing address: _____

City: _____ State: _____ Zip code: _____

FRAUD STATEMENTS

Alabama, Arkansas, District of Columbia, New Mexico, Rhode Island and West Virginia: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

California: For your protection California law requires the following to appear on this application. Fraud Statement: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Colorado Fraud Statement: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

Florida Fraud Statement: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Kansas Fraud Statement: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto may be guilty of a crime and may be subject to fines and confinement in prison.

Maine Fraud Statement: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits

Maryland Fraud Statement: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

New Jersey Fraud Statement: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Ohio Fraud Statement: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Oklahoma Fraud Statement: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Oregon Fraud Statement: Notice to Oregon applicants: Any person who, with intent to defraud or knowing that he is facilitation a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may be guilty of insurance fraud.

Kentucky and Pennsylvania Fraud Statement: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Tennessee, Virginia and Washington Fraud Statement: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Fraud Statement (All Other States): Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

STATE NOTICES

Arizona Notice: Misrepresentations, omissions, concealment of facts and incorrect statements shall prevent recovery under the policy only if the misrepresentations, omissions, concealment of facts or incorrect statements are; fraudulent or material either to the acceptance of the risk, or to the hazard assumed by the insurer or the insurer in good faith would either not have issued the policy, or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the insurer as required either by the application for the policy or otherwise.

Florida Surplus Lines Notice: (Applies only if policy is non-admitted) You are agreeing to place coverage in the surplus lines market. Superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

Florida and Illinois Punitive Damage Notice: I understand that there is no coverage for punitive damages assessed directly against an insured under Florida and Illinois law. However, I also understand that punitive damages that are not assessed directly against an insured, also known as "vicariously assessed punitive damages", are insurable under Florida and Illinois law. Therefore, if any Policy is issued to the Applicant as a result of this Application and such Policy provides coverage for punitive damages, I understand and acknowledge that the coverage for Claims brought in the State of Florida and Illinois is limited to "vicariously assessed punitive damages" and that there is no coverage for directly assessed punitive damages.

Maine Notice: The insurer is not permitted to withdraw any binder once issued, but a prospective notice of cancellation may be sent and coverage denied for fraud or material misrepresentation in obtaining coverage. A policy may not be unilaterally rescinded or voided.

New York Disclosure Notice: This policy is written on a claims made basis and shall provide no coverage for claims arising out of incidents, occurrences or alleged Wrongful Acts or Wrongful Employment Acts that took place prior to retroactive date, if any, stated on the declarations. This policy shall cover only those claims made against an insured while the policy remains in effect for incidents reported during the Policy Period or any subsequent renewal of this Policy or any extended reporting period and all coverage under the policy ceases upon termination of the policy except for the automatic extended reporting period coverage unless the insured purchases additional extend reporting period coverage. The policy includes an automatic 60 day extended claims reporting period following the termination of this policy. The Insured may purchase for an additional premium an additional extended reporting period of 12 months, 24 months or 36 months following the termination of this policy. Potential coverage gaps may arise upon the expiration for this extended reporting period. During the first several years of a claims made relationship, claims-made rates are comparatively lower than occurrence rates. The insured can expect substantial annual premium increases independent overall rate increases until the claims-made relationship has matured.

Ohio Representation Statement: By acceptance of this policy, the Insured agrees the statements in the application (new or renewal) submitted to the company are true and correct. It is understood and agreed that, to the extent permitted by law, the Company reserves the right to rescind this policy, or any coverage provided herein, for material misrepresentations made by the Insured. It is understood and agreed that the statements made in the insurance applications are incorporated into, and shall form part of, this policy. **THE INSURED UNDERSTANDS AND AGREES THAT ANY MATERIAL MISREPRESENTATION OR OMISSION ON THIS APPLICATION WILL ACT TO RENDER ANY CONTRACT OF INSURANCE NULL AND WITHOUT EFFECT OR PROVIDE THE COMPANY THE RIGHT TO RESCIND IT.**

Utah Punitive Damages Notice: I understand that Punitive Damages are not insurable in the state of Utah. There will be no coverage afforded for Punitive Damages for any Claim brought in the State of Utah. Any coverage for Punitive Damages will only apply if a Claim is filed in a state which allows punitive or exemplary damages to be insurable. This may apply if a Claim is brought in another state by a subsidiary or additional location(s) of the Named Insured, outside the state of Utah, for which coverage is sought under the same policy

Missouri and Rhode Island Disclosure Notice: I understand and acknowledge that as respects Discrimination and Lock Box coverage that Claims Expenses are a part of the Limit of Liability. This means that Claims Expenses will reduce my limits of insurance and may exhaust them completely and should that occur; I shall be liable for any further Claims Expenses. Claims Expenses are as defined in Section VII. I also understand that the Limit of Liability for the Extended Reporting Period, if applicable, shall be a part of and not in addition to the limit specified in the Policy Declarations.

Virginia Notice: This Policy is written on a claims-made basis. Please read the policy carefully to understand your coverage. You have an option to purchase a separate limit of liability for the extended reporting period. If you do not elect this option, the limit of liability for the extended reporting period shall be part of the and not in addition to limit specified in the declarations. If you have any questions regarding the cost of an extended reporting period, please contact your insurance company or your insurance agent. Statements in the application shall be deemed the insured's representations. A statement made in the application or in any affidavit made before or after a loss under the policy will not be deemed material or invalidate coverage unless it is clearly proven that such statement was material to the risk when assumed and was untrue.

If your state requires that we have information regarding your Authorized Retail Agent or Broker, please provide below.

Retail agency name: _____ License #: _____

Agent's signature: _____ Main agency phone number: _____

(Required in New Hampshire)

Agency mailing address: _____

City: _____ State: _____ Zip: _____

The signer of this application acknowledges and understands that the information provided in this Application is material to the Insurer's decision to provide the requested insurance and is relied on by the Insurer in providing such insurance. The signer of this application represents that the information provided in this Application is true and correct in all matters. The signer of this Application further represents that any changes in matters inquired about in this Application occurring prior to the effective date of coverage, which render the information provided herein untrue, incorrect or inaccurate in any way will be reported to the Insurer immediately in writing. The Insurer reserves the right to modify or withdraw any quote or binder issued if such changes are material to the insurability or premium charged, based on the Insurer's underwriting guides. The Insurer is hereby authorized, but not required, to make any investigation and inquiry in connection with the information, statements and disclosures provided in this Application. The decision of the Insurer not to make or to limit any investigation or inquiry shall not be deemed a waiver of any rights by the Insurer and shall not estop the Insurer from relying on any statement in this Application in the event the Policy is issued. It is agreed that this Application shall be the basis of the contract should a Policy be issued and it will be attached and become a part of the Policy.

New York Fraud Statement: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Applicant's signature: _____ Title: _____

Principal, Partner, or Officer of the Firm

Date: _____



Privacy Notice At Collection

We may need to collect certain personal information to provide you with our services and products. For information on how we store, use and protect personal information, please see our Privacy Policy accessible on our website, <https://www.usli.com/privacy-policy/>.



Insurance Agents Errors and Omissions

Our product targets agencies handling Commercial and Personal Lines including life, accident and health with up to \$25 million in premium volume.

Product Features

- ▶ Optional defense costs outside the limit of liability
- ▶ Optional coverage for financial planning available
- ▶ Coverage for personal injury
- ▶ Duty to defend wording
- ▶ Automatic coverage for independent contractors
- ▶ Full prior acts coverage available
- ▶ ProSecurity⁺ endorsement including coverage for malicious code, unauthorized access, reputation restoration expense and Lifetime Occurrence Reporting Provision for individual insureds

Limits of Liability

Primary limits available up to \$2,000,000/\$2,000,000

Additional Advantages

- ▶ Financial stability of a carrier rated A++ by A.M. Best
- ▶ Specialized claims unit with expertise in professional and management liability
- ▶ Unsurpassed service with a sense of urgency and care
- ▶ Policyholders have access to many free and discounted services through our Business Resource Center that will assist in growing and protecting their business
- ▶ Free access to eRisk Hub[®], an online cyber risk management tool with breach coaches, HIPAA resources and security
- ▶ Free human resources consultation helpline with unlimited calls and no time limits plus an online human resource center



This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws.



Insurance Agents Professional Liability

Why do you need professional liability coverage?

- ▶ Insurance agents and brokers are uniquely exposed to both claims frequency and claims severity
- ▶ Over 10 carriers have recently exited this line of business; professional liability coverage for insurance agents and brokers is increasingly difficult to find in today's marketplace
- ▶ Claims against insurance agents are on the rise due to the difficulty in obtaining some coverages in the hard insurance market
- ▶ Reduction in capacity due to the hard market exposes insurance agents to claims for inadequate coverage
- ▶ Terrorism and other catastrophic exposures present new and unforeseen challenges for today's insurance agents and brokers
- ▶ Insurance agents and brokers are being held to a higher standard of care than ever before

Why should you purchase our Insurance Agents Professional Liability policy?

COVERAGE FEATURES	USLI	COMPETITORS
Optional defense costs outside the limit of liability		
Coverage for both property and casualty and life insurance sales		
Optional financial planning coverage available		
Personal injury coverage		
Automatic coverage for independent contractors		
Duty to defend wording		
Optional punitive damages coverage		
Professional office product provides professional liability, general liability and business property coverage under one policy		
First dollar deductible available in selected states		
Preferred package available in selected states		
A.M. Best rated A ⁺⁺ carrier		
A proud member of the Berkshire Hathaway Group		
Policyholders have access to our Business Resource Center that will assist in growing and protecting their business		
Privacy breach expense sublimit		
ProSecurity ⁺ endorsement including coverage for malicious code, unauthorized access, reputation restoration expense and lifetime occurrence reporting provision for individual insureds		

This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws.



Insurance Agents Professional Liability

Claim Examples

- ▶ **Personal Injury:** A startup moving company finds a local insurance agent, comes into the agent's office and purchases a commercial auto policy to cover its fleet of vehicles. A month later, the insurance agent receives a claim from the moving company involving an accident with one of its trucks and forwards it to the carrier. The insurance carrier denies coverage, saying that this particular truck is not covered under the policy. The owner of the moving company vehemently insists that, although this truck was not in the original list of vehicles, he requested it be added later and was told by the insurance agent that it would be covered.
The agent has no recollection of this conversation and, when pressed by the carrier for an explanation of the discrepancy, he matter-of-fact said that the owner of the moving company "must be lying." The moving company brings suit for negligence and defamation. Although the agent is found not liable, he accumulates \$10,000 in defense costs.
- ▶ **Negligence:** An insurance agent places a routine general liability policy for an upscale mens formal clothing store, but fails to inform the store owner that the general liability policy has an employment practices liability exclusion, and, furthermore, fails to inform the store owner that employment practices coverage was available for purchase. Six months after the policy, the clothing store is sued for discrimination when a woman is not hired based on a long-standing tradition of hiring male tailors only. The store's lawyer immediately looks for an employment practices policy, but found none. The store pays \$100,000 in defense costs and damages, which they recover from the insurance agent for failing to inform the store about the employment practices liability coverage.
- ▶ **Alleged Failure to Place Proper Coverage:** A homeowner places coverage through an agent who secures a standard HO-3 policy. The home is located on lake front property. Since the home is not located in a flood zone, the agent advises that a separate flood policy is not needed and that they have adequate coverage with the HO-3. Heavy storms result in floodwater run-off from the lake, which enters the insured's home damaging the contents of their finished basement. Because the plaintiff alleged that their agent told them they did not have a need for flood coverage, a suit is filed for damages. The insured denies these allegations. As a result, the coverage is triggered and used to defend the agent during the trial. The total amount paid including defense costs was \$45,000.
- ▶ **Alleged Failure to Properly Place Auto Coverage:**
The parents of a newly licensed 16-year-old son purchases a third vehicle for his use. The agent advises that due to the underwriting requirements of the parent's current auto carrier, they are unable to add their son's vehicle to their policy. The agent offers an alternative market to their son. Due to an emergency at home, the agent leaves the office and fails to place coverage through one of their nonstandard companies that will write the 16-year-old. That night, the 16 year old decides to drive the vehicle to the local town convenience store. On the way, he ignores a red light at a busy intersection, resulting in an at-fault accident with two other vehicles. As a result of the agent's negligence, our policy serves at the auto carrier's policy to settle the bodily injury and property damage claims with the other vehicles. Total amount paid including defense costs was \$98,000.
- ▶ **Alleged Failure to Properly Add an Additional Insured to a General Liability Policy:** An agent places general liability coverage for a roofing subcontractor and issues a certificate of insurance naming the general contractor as an additional insured. However, he failed to follow through with the general liability carrier to endorse the policy accordingly. On the jobsite, an accident occurs when an employee, a subcontractor of the roofing contractor, falls four stories while working on the roof. The employee dies on the way to the hospital. The general contractor brings a third-party suit against the agent's errors and omissions policy. The errors and omissions policy responds by dropping down and defending the general contractor because they were not properly placed as an additional insured on the subcontractor's policy. Total amount paid including defense costs was \$150,000.

The Business Resource Center is available to all insureds with discounts on background check services, tenant screenings, motor vehicle records and other great services!