



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.



Property Managers Professional Package Product

We have expanded our Property Managers Professional Liability product into a package that addresses the main areas of liability for commercial and residential property managers.

Product Features

- ▶ Coverage A: Errors and omissions provides coverage if sued while providing professional services in the management or leasing of property
 - Automatic wrongful eviction coverage provided for the management of residential property
 - Personal injury coverage included at no additional premium
 - \$50,000 sublimit for bodily injury and property damage done during an open house, property showing or the use of a lockbox included at no additional charge*
- ▶ Coverage B: Tenant discrimination optional coverage for defense and indemnification if sued by a third party for allegations of discrimination
- ▶ Coverage C: Employment practices liability optional coverage if sued in your capacity as an employer for wrongful employment acts; our product also offers coverage for individuals who are employed by the owner of the building being managed
- ▶ Optional package available for the property managers office that also includes off-premises general liability (not to the properties managed) written on an occurrence form with optional property coverage on a special form
 - We can also offer hired and non owned auto coverage on most accounts

Additional Advantages

- ▶ Coverage specifically tailored for property managers, not written on a miscellaneous form
- ▶ Coverage available for the management of insured's personally owned property
- ▶ Additional insured status automatically provided for any entity for whom the named insured has agreed to provide professional services
- ▶ Policyholders have access to many services through our Business Resource Center that will assist in growing and protecting their businesses
- ▶ A.M. Best A++ rated carrier



*Available in most states



Property Managers Professional Package Product

Why coverage is important

- ▶ Increased litigation within our country is holding all professionals accountable for errors
- ▶ The number of tenant discrimination claims is on the rise, and a large percentage of this litigation is being driven by the U.S. Department of Housing and Urban Development (HUD) and consumer interest groups; property managers are susceptible to this type of claim
- ▶ Courts have held property managers with an equity interest in a property to a higher standard of care
- ▶ There has been an increase in the number of employment-related claims against property managers; property managers are being sued not only by their employees but also by superintendents and maintenance staff employed by the owner of the complex (whom the manager oversees)
- ▶ Property managers are commonly added as an additional insured on the property owner's general liability policy, covering them for the exposures at the managed location; however, property managers need coverage for bodily injury and property damages that occur at their own office
- ▶ HUD and state commissions of human rights are actively going after property managers; every day, "testers" are going to property managers' offices to see how they react to the same request asked by someone who is and someone who is not a member of a protected class

Why purchase the USLI Property Managers policy?

COVERAGE FEATURES	USLI	COMPETITORS
Optional tenant discrimination coverage including both damages and defense		
Optional employment practices liability coverage designed for the needs of property managers; coverage is provided for individuals they manage who are, employed by the owner of the building/complex (e.g., superintendent or maintenance staff)		
Separate limits for each coverage part		
Optional package available for the property manager's office that also includes off-premises general liability (not to the properties managed) written on an occurrence form with optional property coverage on a special form. We can also offer hired and non-owned auto coverage on most accounts.		
Coverage available for the management of the insured's personally owned property		
Automatic wrongful eviction coverage provided for the management of residential property		
Personal injury coverage included at no additional premium		
Optional coverage available for real estate exposures		
Additional insured status automatically provided for any entity to whom the named insured has agreed to provide professional services		
Defense costs outside the limit for Coverage Part A (errors and omissions) and Coverage Part C (employment practices liability) if \$500,000 or \$1 million limits are purchased		
\$50,000 sublimit for bodily injury and property damages that occur during an open house, a property showing or the use of a lockbox included at no additional charge*		
This product can be quoted over the phone or on the web		
A.M. Best rated A ⁺⁺ carrier		
A proud member of the Berkshire Hathaway Group		
Policyholders have access to many services through our Business Resource Center that will assist in growing and protecting their businesses		

* Available in most states



Property Managers Professional Package Product

Claim Examples

Professional Liability

- ▶ A property manager was working exclusively with a new 250-unit luxury apartment complex to rent the apartments as they became available. Six months after the manager began work on this project, only a small percentage of the units were occupied. There were many factors causing this, including the closing of a large area employer, heavy construction that made traveling to the complex difficult and the construction of other new temporary housing developments. The complex owner was upset that there were so many units unoccupied and blamed the property manager. He sued the property manager for lost income and a failure to rent the properties in a timely manner.
- ▶ A property manager rented an apartment to a student in a college town. The tenant disturbed the peace at the complex, often throwing loud parties that ran late into the night. After numerous warnings, the property manager took steps to evict the tenant, resulting in removing their property from the premises. The student sued for wrongful eviction. (This is only covered for management of residential properties.)
- ▶ ABC Property Management Company was competing for the lease of a large company that moved into the area. During the negotiation process, the company mentioned that they had been approached by 123 Property Management, another firm in the area, and were also looking at their space. The property manager at ABC stated that they had heard negative reviews about how 123 maintained their properties. The company decided to rent space from ABC instead. 123 followed up with the company and heard what ABC said about them. They sued for slander as a result (covered only if personal injury coverage is purchased).
- ▶ Paul Resident purchased a unit in the Happy Valley Homeowners Association. He applied for additional parking permits at the complex but was denied. Paul and his family often received parking citations issued by the property manager. Paul is Hispanic and spoke to other residents of Hispanic nationality who also felt they were denied additional parking permits and given parking citations when non-minority offenses were ignored. Paul sued for discrimination (covered only if Coverage Part B – Tenant Discrimination is purchased).
- ▶ An apartment complex manager was called when a pipe broke and water leaked into one of the units. She called the maintenance worker she employed and asked him to fix the problem. The maintenance worker showed up five hours after the call, and the property manager fired him, as he had a habit of responding late to emergency calls. The maintenance worker sued the property manager for wrongful termination,

stating the true reason he was fired was because he had spurned advances the property manager had made toward him (covered only if Coverage Part C – Employment Practices Liability is purchased).

Premises-only Package Claims

- ▶ Jack, the owner of Jack's Slacks, missed paying two months' rent due to family issues. His property manager agreed to give him a three-month grace period before taking legal action. Later, Jack received a final notice of payment in the mail from the property manager and stormed into their office to discuss. He tripped over the cord to a fan and fell to the ground. He broke his arm and sprained his ankle, then sued for damages.
- ▶ Bruce, the owner of the Management Man, takes the afternoon to work on some paperwork back at the office. As he is working on the computer, a thunderstorm rolls through, causing a power surge. Bruce sees some sparks shooting out of the computer. The sparks cause a fire. As a result of the fire, the computer's hard drive is destroyed. Bruce needs a new hard drive to get back up and running.

Personally Owned Property Management

- ▶ A minority couple apply to rent one of the properties you own. Due to their poor credit history, you decline their application. Shortly afterward, you rent the home to a non-minority couple with excellent credit. The first couple, who is still in search of a place to rent, sees the home has been rented so quickly and sue you for discrimination. They claim you declined their application due to their ethnicity and not their credit history.
- ▶ Your leasing company is losing leases to XYZ Leasing, another leasing company. While trying to close a leasing deal with a local business, you mention to the potential tenant that the owner of XYZ Leasing has been known to be an unscrupulous businessman who often voids contracts. The potential tenant relays what you said about XYZ Leasing, and they turn around and sue you for slander.
- ▶ A property owner rented one of his homes to a young man in a residential neighborhood. The young man came with excellent references. However, he immediately began to disturb the peace in the neighborhood, often throwing loud parties that ran late into the night. After numerous warnings, the property owner took steps to evict the tenant, resulting in removing their property from the premises. The young man sued for wrongful eviction.