



# SAHOURI

## I N S U R A N C E

## Property Management Professional Liability Insurance

Property managers wear many different hats in the course of their jobs. In addition to overseeing the maintenance, security and overall welfare of the properties they manage, at times they may also function as leasing agents, real estate agents, appraisers, consultants or construction managers. To do so, they must be knowledgeable and up to date on zoning regulations, tenant laws, tax information and property values. In addition, they are responsible for making sure lease agreements, purchase and sale agreements, and work orders are complete, accurate and submitted to the proper authorities when necessary.

Due to the wide array of duties and responsibilities they have and the tight deadlines they operate under, even the most thorough and meticulous property managers inevitably make errors. Whether it's an error of commission, such as entering the wrong information into a purchase agreement, or an error of omission, such as failing to disclose known pollutants, the result is often the same—a lawsuit.

Without the right type of insurance, the cost of defending a lawsuit can be financially devastating for a property management company. Property managers often mistakenly believe their Commercial General Liability (CGL) policies will protect them from lawsuits stemming from a negligent act, error or omission, but a typical CGL policy only covers bodily injury, property damage, personal injury and advertising injury claims. To protect themselves from claim—such as negligence, misrepresentation, inaccurate advice, and violation of good faith and fair dealing—property managers must instead turn to property management professional liability insurance.

### **What is Property Management Professional Liability Insurance?**

Property management professional liability insurance, also known as Errors & Omission (E&O) insurance, is supplementary liability insurance designed to safeguard a business against a catastrophic loss in the event of a lawsuit due to a negligent act, error or omission by the property manager or someone in his or her employ. The policy covers the sizable legal defense costs incurred during the course of a lawsuit as well as the final judgment if the business owner does not win the lawsuit. In addition to claims of error, omission or negligence, this type of coverage can also be designed to protect against slander, libel and breach of contract. Policies typically do not provide coverage for non-financial losses or for intentional or dishonest acts.

Property management professional liability insurance policies generally have both a claim limit and an annual limit, which is based on the insured's exposure. The claim limit is the maximum amount that will be paid for any single event, and the annual limit is the maximum that will be paid in any one year. Typical limits range from \$250,000/\$500,000 to \$2,000,000/\$4,000,000 and differ depending on the individual business. Because there isn't a standard policy, an experienced agent who understands your needs is invaluable.

Call us today at 703.883.0500 to learn how property management professional liability insurance fits into your unique risk management portfolio.

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