



## PROPERTY MANAGEMENT – AM I COVERED?

One of the most often asked questions we get from licensees is: Does the policy cover me for property management activities both residential and commercial? The answer to that question is **yes\*** as long as you have a **financial or ownership** interest of said property of **25% or less**. Our policy has included and continues to include coverage for property management services as defined in the policy **for no additional premium charge**. In addition, if a Firm elects to purchase primary coverage it would also have coverage for property management services.

Below is our definition of Property Management Services, Real Estate Services and Insured so you will have a better understanding of the coverage being provided. This definition of property management is fairly standard in real estate errors and omissions policies.

We also offer an endorsement that provides a \$10,000 submit for bodily injury and property damage claims resulting from your activities as a real estate professional which includes property management services. (Contingent Bodily Injury/Property Damage Endorsement). Most real estate errors and omissions policies, including ours, have exclusions for bodily injury and property damage claims. This endorsement provides coverage for bodily injury and property damage claims. The \$10,000 limit applies to claims expenses and damages for covered claims subject to a \$1,000 deductible (varies by state as to whether coverage is available for property management services only or all real estate services including property management services.)

**Property Management Services** means any of the following services provided by any **Insured** to others for a fee in connection with real property:

1. oversight and maintenance of commercial or residential real property;
2. collection of rent and processing evictions;
3. provision of tenant relations services;
4. development and maintenance of budgets and records for the managed real property;
5. selection and procurement of subcontractors for general day-to-day maintenance of the managed real property;
6. soliciting and negotiation contracts for the sale or leasing of real property;
7. developing, implementing and managing contracts and subcontracts necessary to the daily functioning of real property; or
8. record keeping relating to the management of such real property.

However, **Property Management Services** does not include **Property Improvement Services**

**Property Improvement Services** means any of the following services, provided in connection with renovation or construction of real estate:

1. managing facility renovation and reconstruction plans;
2. developing and managing renovation and reconstruction contracts and subcontracts; or
3. developing loss control and risk management plans in connection with reconstruction or renovation.

**Real Estate Services** means services performed or advice given by the **Insured** as described and required in the States Real Estate License Law, including **Property Management Services**, as well as the following services: consultant, counselor and notary public services provided in connection with such **Real Estate Services**.

Provided, however, that **Real Estate Services shall not include services** performed or advice given by an **Insured** in connection with activities as a(n):

1. registered, licensed or certified real estate appraiser;
2. mortgage banker, mortgage broker or correspondent;
3. construction manager;
4. property developer;
5. lawyer;
6. insurance agent;
7. title agent;
8. title abstractor; or
9. escrow agent

**Insured Persons** means any person who performs **Real Estate Services** and who holds a valid license issued by the **Commission** pursuant to the States Real Estate License Law, and has paid the premium charged for this Policy and is either:

1. a resident of the mandated state they have purchased their insurance for and working for or representing a **Real Estate Firm**;
2. a non-resident of the mandated state they have purchased their insurance for and working or representing a **Real Estate Firm** whose active place of business is located within the mandated state they purchased their insurance for; or
3. a non-resident of the mandated state who does not work for or represent a **Real Estate Firm**, but who holds an active real estate license issued by the Commission.

N. **Insured** means:

1. **Insured Persons**;
2. unlicensed employees and assistants of **Insured Persons** or **Real Estate Firms**, but only while acting in the scope of their employment and relating to **Real Estate Services** performed on behalf of an **Insured Person**;
3. the **Real Estate Firm** the **Insured** works for or represents, or franchise grantor, but only for its vicarious liability for the acts, errors or omissions arising out of the conduct or provision of an **Insured's Real Estate Services**; or
4. any **Real Estate Firm** that has paid the premium charged for this Policy.

\* There are limitations to this coverage based on how much ownership you or your spouse have in the property or the corporation, LLC or partnership that owns the property as identified in the exclusion F of the policy below:

Based upon, arising out of or attributed to any actual or alleged:

1. **Real Estate Services** relating to property in which the **Insured** or the Insured's spouse, including any entity, corporation, partnership or trust in which the Insured or the Insured's spouse maintains a financial or ownership interest which exceeds twenty-five percent (25%); or
2. **Real Estate Services** relating to property that is constructed, or developed by the Insured or the Insured's spouse, including any entity, corporation, partnership or trust in which the Insured or the Insured's spouse maintains a financial or ownership interest which exceed fifteen (15%)