

Insurance Checklist for Real Estate Offices



Insurance for your real estate office can be confusing due to the liability created by independent contractor real estate licensees. We're here to make it simple. Here's what you need to have in addition to real estate Errors and Omissions (E&O) insurance, to protect your assets.

Liability and Property Coverage Policies

Depending on the size and activities of your firm, you may need one or more of the following policy types:



Business Owners Policy

A BOP is an all-in-one policy that includes **liability and property coverage**. These policies are designed for small to medium size firms that perform lower risk activities, like residential sales, and are in a new or updated building, etc. BOP policies include most base coverage needed at a lower price. They require less underwriting and can usually be quoted in 48 hours or less.



Commercial General Liability and Property Policies

Large firms, or those doing higher risk activities like Property Management, require more information and review by an underwriter. You'll need one policy for liability coverage and one or more to cover the property. These policies are more expensive and can take a week or longer to obtain quotes.



Cyber Policies

Cyber crime is on the rise. In the real estate industry, wire transfer fraud is making headlines, but ransomware and other malware are affecting businesses worldwide. Real estate E&O is not designed to cover cybercrimes, so a stand-alone Cyber policy is a must. There are two parts to a cyber policy. One part ("first party") covers damage to your computers (such as ransomware, malware, etc.). The other ("third party") covers damages to others (false wire instructions, etc.) caused, at least partially, by the negligence of your or your staff (unknowingly sending a virus, having your email account hacked, etc.). This coverage is constantly changing, so review these policies annually to confirm they still cover what you need, including independent contractors.



Workers' Compensation

Workers' Compensation is required if you hire anyone as a W-2 employee, even part time. Your 1099'd agents also need to be covered if they are in California. There are heavy fines for failing to have Workers' Compensation. Owners have the option to be excluded from coverage, which most do.



Employment Practices Liability Insurance (EPLI)

Dealing with difficult personalities is not restricted to your clients. In this litigious world do not forget to get coverage in case of a discrimination, wrongful termination, sexual harassment, or other employee related claims.

Coverage Options

There are several coverages recommended for real estate offices that you should be sure your policies cover:



Non-owned Auto

This covers liability for employees driving their own vehicles while performing work. Most independent contractors, like plumbers, cannot create liability for you if they are in an accident. However, independent contractors that are under your supervision (i.e., agents/brokers) can drag your firm into a lawsuit, especially if they're driving clients to showings, etc. So this is essential, even if you require them to add the firm as an Additional Insured on their personal auto policy.



Property Away from the Premises

Most policies provide limited or no coverage for property away from the listed location(s). You'll want to be sure you have coverage when you and your staff are on the road (as most of us take our laptops with us to visit clients, etc.) You should also be sure to provide all of your firm's addresses to assure all will have on-premises property and liability coverage.



Open House & Showings Coverage

When you host an Open House, you take temporary "care, custody, and control" of the premises. *That makes you legally responsible for damage and injuries that occur.* Many E&O, general liability (CGL) and BOP policies have an option to cover Open Houses. In addition, your CRES E&O policy has an option (called "Contingent Liability") to cover not only Open Houses, but also showings. *Showings are more frequent causes of litigation since you have less knowledge/control of the premises, but are still responsible for the safety of your clients.*



Fidelity/Crime Bonds

Remember the nuns accused of stealing \$500,000 of school funds? It's good to trust your employees, but even better to have insurance in case you're wrong. Bonds cover you if your employees steal client money.



Have questions? Just ask.

We are your real estate insurance experts. We have a wide variety of real estate E&O policies available—as well as BOP, Cyber Liability, and Workers' Compensation policies. **Contact us today.**

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