

# Executive Risk Newsletter

September 2018: Real Estate

## Executive Risk Coverage for Real Estate Companies

The real estate industry is a very diverse business segment. Within the real estate industry there are unique and complex exposures that affect the various subsectors of the real estate marketplace. Similarly, there are a number of executive and professional liability products available in the insurance marketplace to address these various exposures. Because of the unique nature of real estate, there is not a one-size-fits-all solution to insurance, and careful consideration should be made when structuring these programs.

First, when considering coverage for a real estate company, you should consider what sub class or classes that the insured falls into.

- Real Estate Investment Company
- Real Estate Developer
- Property Manager
- Real Estate Agent/Broker
- Mortgage Lenders
- Home Owners Association
- Commercial Condominium Owners Association
- Real Estate Fintechs
- Miscellaneous

Each of these categories comes with its own unique set of exposures, and often times a real estate company can fall into more than one category, further complicating coverage.

In addition to identifying the subsegment(s) of the insured, a thorough understanding of the ownership and relationship of entities, which can be complex and unique to each company, is needed. Unlike with traditional private companies, there is often not a parent/subsidiary relationship between entities seeking coverage, requiring either a specialized form or the scheduling of entities.

Within the real estate industry there are a number of executive and professional liability exposures to consider.

### Directors & Officers Liability

- Shareholder/investor claims
- Regulatory claims/investigations
- General partnership liability
- Vendor claims

### Professional Liability

- These policies tend to follow the services offered and need to be tailored to each company
- Multiple policies may be needed to address all of a company's exposures if offering multiple services



### Employment Practices Liability

- Employment-related torts
- 3<sup>rd</sup> party discrimination

### Fiduciary Liability

- Liability stemming from sponsoring and administering employee benefit plans

### Crime

- Commercial crime
- Financial institution bonds
- Client property coverage
- Social engineering coverage

### Cyber Liability

- Data breach coverage
- 1<sup>st</sup> and 3<sup>rd</sup> party coverages
- Many real estate companies collect sensitive personal identifiable information

Executive and Professional Liability real estate policies are specialized products written with each unique real estate exposure in mind. The real estate industry continues to evolve and it is important that these exposures are continuously evaluated and addressed. Having a broker who is knowledgeable and experienced with the real estate marketplace as a partner is the first step to ensuring that your insurance coverage needs are addressed properly.

Please contact your Moreton & Company consultant with any questions.

Please visit [www.moreton.com/news-events/](http://www.moreton.com/news-events/) for more information and to view other newsletters. For additional questions, please contact your Moreton & Company representative.

© 2018 Moreton & Company. This newsletter is intended to inform recipients about industry developments and best practices. It does not constitute the rendering of legal advice or recommendations and is provided for your general information only. If you need legal advice upon which you can rely, you must seek an opinion from your attorney.

Moreton & Company - Idaho

2501 East State Avenue, Suite 200, Meridian, ID 83642  
208-321-9300

Moreton & Company - Utah

101 South 200 East, Suite 300, Salt Lake City, UT 84111  
801-531-1234  
[www.moreton.com](http://www.moreton.com)

Moreton & Company - Colorado

4600 South Ulster Street, Suite 610, Denver, CO 80237  
303-385-2100