

Miscellaneous Professional Liability Insurance for Property Managers

CHUBB®



Property managers face unique and varied risk exposures. In addition to maintaining physical property, property management firms must remain informed of the laws and regulations that apply to property owners and properties under management. Assisting property owners in complying with this body of regulations can be complex and increase the exposure these firms face.

Even if no one in your company is at fault, defense and settlement costs can quickly add up. Fortunately, Chubb offers Miscellaneous Professional Liability (MPL) insurance to a variety of service providers, including property managers. Chubb's MPL insurance can be tailored to address situations in which property managers are affiliated with Real Estate Investment Trusts, hold minority ownership positions in properties under management, or engage in the performance of related real estate services, such as acting as a real estate agent or broker.

MPL coverage can be tailored to meet the coverage needs of managers in a variety of properties, including:

- Residential
- Industrial
- Office
- Collegiate
- Retail

Claims Scenarios

A property manager oversees a strip mall. Over a period of years, this property manager does not maintain the property as contracted. As a result, the owner is forced to lower the monthly rent for tenants. He sues the property manager for loss of income.

A tenant sues the building owner and property manager, alleging that both promised to repair a number of faulty items in an apartment to induce rental of the unit. In addition, the lease allegedly contained provisions for repairs. The tenant claims the repairs were never made, causing him severe mental anguish, separation from his wife and lost wages. The tenant sues for fraud, negligent misrepresentation, negligence, violations of the State Consumer Protection Act and breach of contract.

A corporation contracts with a property management firm to lease a floor in one of its buildings. Six months after relocating to this property, construction begins on the road leading to this property. This causes heavy traffic, which makes it difficult for vendors to reach the building, leading to a decrease in productivity. The corporation sues for misrepresentation as they were not told of the road construction that had been scheduled before they entered into the lease.

A new property owner sued the property manager and the former property owner for misrepresentations made during the purchase process. Allegations included the omission of allegedly known facts about the condition of the property and inaccurate representations about the status of future maintenance and repairs.

A property owner sued a property manager for breach of contract for failure to maintain an acceptable level of active leases, to collect and forward security deposits and rental income, to maintain adequate expense records, to pay vendors in a timely fashion and to supervise on-site personnel. Damages sought included lost rental revenues and expenses incurred as a result of the alleged breaches.

Coverage Features

The following MPL insurance features are available for property managers:

- Broad definition of Wrongful Act includes personal injury exposures and the ability to manuscript the definition of Professional Services

- Tenant discrimination defense costs sublimit for Fair Housing Act Claims
- Lockbox property damage sub-limit
- Pollutants disclosure sub-limit
- Consequential bodily injury/property damage sub-limit
- Management of properties in which the property manager has a minority ownership interest
- Inclusion of natural person independent contractors when performing Professional Services on behalf of the property manager
- Property Managers' Hotline, providing feedback and advice before a potentially costly action is taken:
 - Available to property managers purchasing one of Chubb's MPL insurance product
 - Counsel and guidance provided by attorneys specializing in real estate law
 - Hotline available Monday through Friday, 8 a.m. - 5 p.m. PST

The Chubb Advantage

Chubb has earned its leadership position in professional liability insurance as a result of our:

- **Financial stability:** Chubb receives consistently high ratings for financial strength from A.M. Best, Moody's and Standard & Poor's, the leading independent analysts for the insurance industry.
- **Reputation for paying claims and superior service:** Our reputation for expert, fair claims handling is renowned in the industry.
- **Broad coverage:** Our MPL insurance products offer some of the broadest coverage available in the marketplace.

In the News: Allegations against Property Managers

- A condominium board sued its property management company alleging hundreds of thousands of dollars in unauthorized expenses were incurred, some of which were alleged to be personal expenses of the on-site manager.
- The Justice Department brought allegations of discrimination in violation of the Fair Housing Act against a residential complex property manager.
- The state ordered a property manager to pay thousands of dollars in civil penalties following the theft of a laptop containing the personal information of more than 600 people.

Contact Us

For more information on MPL Insurance for Property Managers, contact your local agent or visit www.chubb.com/us/professionalliability.

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The claim scenarios described here are hypothetical and are offered solely to illustrate the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to an actual claim. The precise coverage afforded by any insurer is subject to the terms and conditions of the policies as issued. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law.

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