



CASE STUDY

LARGE REAL ESTATE COMPANY ESCAPES SERIOUS PROFESSIONAL LIABILITY RISKS FROM POLICY OVERSIGHTS

Unless an insurance agent fully understands a real estate company's full business scope, they can end up with costly coverage gaps.

THE VALUE OF A SECOND OPINION

One of Jencap's larger retail agents came to Anthony Manna, senior vice president of Jencap Specialty Insurance Services, with a problem. The agent had an important property management client he'd worked with for over a decade and their policy was up for renewal. The agent was concerned about the renewal terms and wanted a second opinion from someone who focuses exclusively on professional lines.

SOMETHING'S "OFF"

Immediately, Manna felt something wasn't quite right with the policy. It was inexpensive — too inexpensive, for a company of this size. Manna dug deeper and spoke with the retail agent for more

details. After some legwork, the two discovered that the client was far more than just a property management company. They were also involved in construction and property development, as well as property ownership and management.

The company's current policy only provided coverage for its property management services, with specific exclusions for construction and property management. To make matters even worse, the policy also had exclusions for any claims against property management services that were developed, constructed, or managed by properties owned by the insured.

Put simply: The terms meant the property management company was throwing its money away, paying for a policy that provided no protection.

POLICY OVERSIGHTS CAN LEAD TO E&O CLAIMS

For a retail agent, an oversight like this can open them up to an E&O claim for failing to provide proper services to the client. Manna explained, “If the insured is sued and they don’t have coverage, they’re going to turn to their agent and say, ‘Well, what happened here? Why don’t we have coverage? This is your job. We don’t do insurance.’”

HOW DO OVERSIGHTS LIKE THIS HAPPEN?

Though both the client and the agent were caught off guard, this situation isn’t uncommon—particularly with real estate businesses. According to Manna, in many of these cases, it’s a result of miscommunication (or lack of communication) between an agent and their client.

“Obviously, you can’t really blame the insured. It’s not their job to understand insurance. But the agent only knows about the exposures their client tells them, so it’s all about knowing the right questions to ask. If they don’t know the client is developing the properties they also manage, they won’t know what kind of coverage to offer.”

Fortunately, the retail agent reached out to Manna for a second look before it was too late. Had the enormous coverage gaps gone unnoticed and the insured had been taken to court, their insurance policy wouldn’t have kicked in to cover legal fees or liability costs.

ACCURATELY ASSESSING RISK MEANS GETTING THE FULL PICTURE

The first step to getting the client appropriate coverage for their portfolio of entities was to collect a complete picture of the com-

pany. Manna worked alongside the retail agent to understand, for instance, exactly how many properties the company developed, how many they owned and at what percentage, and which properties they also managed.

Once Manna understood the full scope of operations, he went to his markets in search of a better, more comprehensive policy.

Many wholesale and retail brokers aren’t willing to put in the time to carefully pull together and sort through the complexities of a company like this, which can put an insured at a great disadvantage.

TAPPING INTO BROADER CARRIER NETWORKS

Manna marketed the account and landed a quote from a strong, A-plus carrier who had a very broad definition of professional services and offered coverage that fit most of the insured’s insurance needs. Through negotiations, Manna also made a few improvements to the initial quoted coverage and provided several important enhancements for things such as Fair Housing and pollutant disclosure.

Manna’s final quote provided the property management company and their retail agent so much comfort and relief. Manna recalled, “We were able to put something on the table that solved their concerns and was most appropriate for the insured’s type of business. They felt a sense of relief, followed by a lot of gratitude and appreciation for how we were able to lead them through the entire process.”

BOTTOM LINE: EXPERTISE IS ESSENTIAL

Beyond the service the Jencap team provided the property management client, Manna was proud of how he could partner with and support the many retail agents he works with on a day-to-day basis.

“Our retail agent partners are responsible for managing all lines of business for their clients. They’re handling package policies, life and health policies, property and casualty, general liability, and liquor ... that’s a lot to stay on top of,” said Manna. “We’re here to support them and extend our expertise to them, so they can provide exceptional service and comprehensive coverage to their clients.”



Anthony Manna

Senior Vice President of Jencap Specialty Insurance Services

Anthony Manna has spent the last decade with Jencap’s professional lines division and specializes in professional, management, and cyber liability. He was recognized as a 2021 Insurance Business America Top Specialist Broker.