

The Herbert H. Landy Insurance Agency-Celebrating 60 Years of Business
and Our Commitment to Real Estate Appraisers

The many consequences from the current economic downturn have impacted all aspects of the real estate profession. Real Estate Appraisers have not escaped this and are experiencing significant changes in how they conduct business. New (and constantly evolving) regulations from the FHA, HVCC guidelines and the changing relationships with appraisal management companies are forcing Real Estate Appraisers to reevaluate ways to successfully run their businesses. Another important issue impacted by all of this is insurance, and specifically errors and omissions insurance for Appraisers. Significant increases in claims activity have resulted in some insurers dropping this line of coverage altogether. Tighter underwriting guidelines and premium increases from most other insurance companies have made it more difficult for some Appraisers to obtain quality insurance coverage.

While we must acknowledge these realities, the Herbert H. Landy Insurance Agency is pleased to note our continued support of Real Estate Appraisers in Rhode Island and throughout the United States. As we celebrate our 60th year of operation, we have reaffirmed our commitment to providing high quality, cost-effective errors and omissions insurance to Appraisers and all Real Estate professionals. The Herbert H. Landy Insurance Agency is proud to be affiliated with The RI Commercial and Appraisal Board and the Greater Providence Board of Realtors as a provider of Appraisers' Errors and Omissions Insurance, and other professional appraiser and real estate associations across the nation. As the National Administrator for an A++ (AM Best) rated carrier, we are able to offer an exceptional combination of coverage options, competitive pricing and a level of experience and service not often matched in the insurance business today. As a family owned and operated business, our sixty years of success is the direct result of a clear focus on customer service and knowledge of both insurance products and the issues that affect our clients in the real world.

Errors and omissions insurance plays a critical role in the business plan for Appraisers. The particular nature of real estate transactions, whereby multiple professionals are involved in the facilitation of the sale, increase the possibility of the Appraiser being brought into a suit for actions of other parties. Importantly, having the *right* type of policy and understanding what is, and is not, covered is critical. Errors and omissions insurance policies have unique and important features that all policy holders should be aware of. One of the most important is Retroactive (also called Prior Acts) coverage. This feature provides coverage back to a specific date noted on your policy Declarations page. Any appraisals done back to that Retroactive date would be covered under your policy, as long as that policy remains in force. Gaps in coverage could cause the loss of Retroactive coverage, making the Appraiser vulnerable to claims against past appraisals. If you switch coverage to a new insurer, most insurance companies will honor your Retroactive date as long as there is no gap in coverage. Errors and Omissions insurance is a Claims-Made policy, meaning that it is your insurance carrier at the time a claim is made, not at the time of the alleged error that will handle the claim. Appraisers also need to be aware

of the definition of an Insured, the definition of Professional Services and any and all Exclusions.

The definition of “who is an insured under the policy” is critical and not as obvious as it seems. A business may be organized as a sole proprietorship, LLC or S-Corporation. It is important to discuss with your insurance representative the details of your business structure and how to properly insure it. If subcontractors are used, are they listed in the definition of who is an Insured? The definition of Professional Services also requires scrutiny. That definition should accurately reflect what services a business performs. If an Appraiser provides services outside of that definition, coverage may not be there. The third key section of the policy is the Exclusions section, which outlines specifically what is not covered under the insurance policy. For example, some policies may exclude commercial real estate appraisals, or claims brought by financial institutions.

The issues noted above clearly require more elaboration beyond the scope of this article. The professionals at the Herbert H Landy Insurance Agency are happy to share their knowledge and expertise to assist you with securing coverage that fits your needs, so take a moment to review your errors and omissions policy with us. We offer coverage for individual Appraisers and for firms of all sizes. We stand by our commitment to the Appraisal industry, our professional affiliations and our clients, and look forward to the next sixty years!

The material presented above is for informational purposes and does not imply or guarantee insurance coverage from The Herbert H. Landy Insurance Agency or any other insurance provider. You should contact a qualified insurance representative to review and discuss specific aspects of any policy coverage and the insurance needs of your business.