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Choosing the right errors & omissions insurance

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As the errors & omissions insurance partner for MBREA, the Herbert H. Landy Insurance Agency offers coverage to appraisers based on the size and characteristics of an appraisal firm, as one type of policy does not necessarily fit all. Though most appraisers work independently, understanding your policy options is crucial, and this information will help you better understand how to review and purchase the best coverage for your practice.

Most appraisal "firms" are really one person operations, and it might seem safe to assume that an "individual" appraiser policy will meet your needs. For many appraisers, this coverage is sufficient, though a review of the "Definition of Professional Services" and "Exclusions" sections of the policy is important. Are the areas you practice in covered or excluded (for example, commercial appraisals). Even if you are a solo practitioner, an "individual" policy may be insufficient if you are supervising a trainee, or if you perform other professional activities such as real estate sales. The Landy Agency offers coverage to trainees at no additional cost but not all insurers do. However, supervision of another appraiser, such as an independent contractor or trainee, is not covered under many "individual" policies. That coverage is readily available through the Landy Agency and may not mean any increase in premium. Again, it is a matter of obtaining the proper coverage for what your business needs.

Appraisers may be associated with other appraisers, informally, through legal Partnerships, LLC's or S-Corporations and inquire about obtaining the right policy. There is not one answer for this question. Your insurance professional should ask questions about the business formation, use of subcontractors and other aspects of your business to recommend the proper coverage at the best possible price. And while price is important, paying an insurance premium for coverage you "think" you have is not a smart option. Sometimes, it is best for each Appraiser to carry their own policy; other times a policy covering the firm, its' employees or independent contractors is best. Because the Landy Agency offers multiple policy options, an appraisal business, whether solo or with multiple appraisers, will be able to obtain the proper coverage.

Make sure to evaluate insurance coverage to determine if a policy excludes claims brought by lenders, or any governmental entity, like the FDIC. Policies offered through the Landy Agency are nationally regarded as providing some of the broadest coverage available and do not have exclusions for claims brought by lenders or by the FDIC. Another important feature is a risk management program. This is more than a few "questions & answers" on a website or articles published in a journal. The Landy Agency offers a free and confidential hotline to consult with attorneys regarding insurance, and real estate and appraisal law and issues, including business and contract issues, tips on avoiding problems, and discuss potential claim issues before they get reported to the insurer.

Errors and omissions insurance is difficult type of coverage to evaluate and understand. Choosing

the best option may not always be easy. For members of the MBREA and other professional associations nationally, and for tens of thousands of real estate professionals, the Herbert H. Landy Agency offers levels of expertise, service and coverage options that are designed to expertly meet the coverage needs of Appraisers.

There is no doubt that appraisers are under pressure from all sides. Spending a few minutes evaluate your insurance needs will provide piece of mind as you face today's challenges in the appraisal business.

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