



Professional Liability Insurance for Real Estate Owners and Managers

You are insured. But you are also exposed.

The Coverage Gap

Most real estate owners and property managers carry general liability insurance. Many assume that means they are covered. They are not – at least not for the category of claims that tends to be most expensive and most frequent.

General liability covers bodily injury and property damage. It does not cover financial harm caused by a professional mistake, a missed disclosure, a faulty lease term, or a judgment call that a tenant or buyer later disputes. That gap is where professional liability insurance, commonly called Errors and Omissions, or E&O, operates.

Most brokers will tell you what E&O costs. Few will tell you whether the structure of what you bought actually covers the claims you are most likely to face.

Why Real Estate Creates Exceptional Professional Exposure

Real estate is an advice-intensive, document-intensive, relationship-intensive business. Owners and managers routinely give guidance, prepare agreements, and make representations that others rely on to make significant financial decisions. When something goes wrong, even when the error was completely unintentional, the professional who gave the advice or prepared the document is often the first call from an attorney. Where claims originate:

Lease Errors and Omissions

A missed provision, a rent calculation error, or a clause that conflicts with local regulations can trigger a dispute that costs far more to defend than to resolve. The frequency of leasing activity in a mid-size portfolio means the exposure is constant and cumulative.

Property Condition Representations

What was disclosed, when, and to whom is one of the most litigated questions in commercial and residential real estate. A property manager who fails to document a known condition – or who makes a verbal representation that contradicts written disclosures – is exposed to claims that a general liability policy will not touch.

Tenant Disputes

Security deposit handling, maintenance response timelines, lease enforcement decisions – all of these sit squarely in the professional liability lane. These are not accidents. They are judgment calls, and disputed judgment calls become E&O claims.

Fiduciary and Agency Duties

Property managers owe fiduciary duties to the owners they represent. A breach, whether in vendor contract selection, rent collection practices, or maintenance prioritization, can trigger personal liability exposure. The fiduciary standard is higher than most professionals realize, and courts hold it seriously.

Claims From Buyers, Sellers, and Lenders

The exposure does not stop at the tenant-owner relationship. Buyers, sellers, lenders, and co-investors have all brought successful claims against real estate professionals for advice given, representations made, and processes managed. The breadth of potential claimants is one of the defining characteristics of real estate professional liability.

Defense Costs Are the Underappreciated Risk

One of the most consistent findings in professional liability claims is that defense costs are often the larger financial burden, not the judgment itself.

A meritless claim still requires legal representation. Discovery, depositions, expert witnesses, and attorney time accumulate quickly. A contested professional liability matter can cost six figures in defense costs before a single dollar in damages is adjudicated. Policies that cover defense costs protect a business from that burden regardless of whether the claim has any merit.

For a property management company managing several hundred units, the math is not complicated: one serious dispute can produce legal costs that exceed a year's management fees on the affected properties. The question is not whether to carry the coverage. The question is whether the limits and structure of the policy are matched to the actual exposure.

Regulatory and Licensing Exposure

Real estate professionals are licensed and regulated at the state level. A complaint filed with a licensing board – even one that is ultimately dismissed – requires a formal response, documentation, and often legal counsel. Professional liability policies increasingly include coverage for regulatory proceedings and licensing defense, which is a category of exposure that most owners and managers do not think about until they face it.

The exposure is not hypothetical. A single tenant complaint can trigger both a civil claim and a regulatory inquiry simultaneously. The cost of managing both tracks, without dedicated coverage, falls entirely on the business.

When Counterparties Start Requiring It

Professional liability insurance is not a commodity product. The differences between policies – in scope, in exclusions, in how defense costs are treated, and in how retroactive dates are structured – are significant enough to determine whether a claim is covered or not.

Key structural questions for any real estate E&O policy:

- Does the policy cover claims-made or occurrence-based exposures, and is the retroactive date aligned with the actual risk history of the business?
- Are defense costs paid inside or outside the limits – and does that distinction affect the available indemnity on a significant claim?
- Is property management activity explicitly covered, or is it subject to exclusions that would eliminate coverage for the most frequent claim types?
- Does the policy cover regulatory proceedings and licensing defense, or only civil claims?
- Are the per-claim and aggregate limits adequate for the portfolio size and geographic scope of the business?

Where Symphony Build Comes In

Most brokers approach professional liability coverage as a line-item question: what does it cost and what are the limits. Symphony Build approaches it as a portfolio risk question: given the full scope of the client's operations, relationships, and exposure profile, what structure protects the business.

That means evaluating the interplay between general liability, professional liability, directors and officers coverage, and umbrella limits before recommending a structure, not after a claim reveals the gap. It means submitting a complete risk profile to the insurance marketplace in a way that creates competition among insurers and controls the narrative, rather than accepting whatever standard terms the market returns.

For middle-market real estate owners and property managers operating between \$150 million and \$4 billion in assets, that distinction matters. The risks are real, the exposure is specific, and the structure of the coverage should reflect both.

To discuss how professional liability coverage fits your risk profile, contact **Matt Burns, President, Symphony Build** at mburns@symphonyrisk.com or visit symphonyrisk.com/solutions/symphony-build.

Let Us Play For You!

Symphony Build is the specialty insurance business of Symphony Risk Solutions, serving middle-market real estate owners, property managers, contractors, and developers.