Real Estate Developers: What Makes a Developer & How to Properly Insure Them

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Meet Your Presenters

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• Overview of Traditional Real Estate E&O and Contractors Professional
• What make Real Estate Developers Different
• Common Policy Structure for Developer E&O
• Investor & Fund Claims
• Underwriting Requirements
• Q&A
Real Estate Exposures

Traditional Real Estate Coverage
• Real Estate Sales
• Property Management
• Construction Management
  – Owned vs. Non-owned
  – Construction Management vs. Maintenance
Real Estate Developer Exposures

• Agency Construction Management/Owners’ Rep services (for affiliates or true third party)

• “Paper Developers” versus full service developers
  – Do they subcontract the general contracting?

• Examples of liabilities:
  – Site selection
  – Awarding of design and construction bid packages
  – Permitting, variances, easements, etc.

• General Contractor Services
  – Construction management, pre-construction services, construction consulting services, design (either direct or vicarious)
Several markets write RED coverage. These are some coverage areas one should be concerned with addressing (depending on size, complexity of risk)

- Additional Insureds vs. Named Insureds
- Prior Acts coverage
- Contractors and Design Coverage
- Rectification
- Owners’ Protective
  - Who holds design contracts?
- Common Exclusions
  - Mortgage, title, escrow services
  - Insured vs. Insured
  - Financial Services/Fund coverage
Ivi and Investor Claims

- Investor claims for errors & omissions in the delivery of professional services
- Investor claims for failure for investment to perform as expected
- Insured, Subsidiary, or Affiliate?
  - Ivi inverse percentage carvebacks
  - Coverage for affiliate investor claims without insured involvement
• How does this policy work with RED forms, Management Liability, and MPL polices?

• When is it needed and who actually buys?

• How to make sure all operating entities are properly addressed from a Management/Professional Liability Perspective

• Coverage trends and claims examples
Underwriting Considerations

• What’s the deal with construction values & rent roll
  – What are construction values
  – Construction Values vs. Development Fees
  – Rent roll for owned properties

• Project types
• Organization chart
• Current pipeline/Work In Progress Reports (WIP)
• Financials
Questions??
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Thank you for your time.