

What do you know about E&O?

Texas REALTORS® have a new resource that helps you reduce your risk.

You've worried about how much it would cost. And how it would affect your career. Thinking about it made you uneasy, so you pushed it out of your mind and hoped it wouldn't happen to you. After all, what are the chances *you* would get sued because of your job?

Probably higher than you expect. According to John Mondics, president of Mondics Insurance Group, Inc., three in 10 real estate professionals will be sued at some point during their career.

Your profession is rife with potential legal consequences. The best way to avoid trouble is to make sure you know what causes it. The Texas Association of REALTORS® has spent years pursuing initiatives to help you reduce your risk, and here's the latest effort: A new risk-management partnership with select E&O brokers and insurers—Preferred Guardian Group and Mondics Insurance Group, Inc. Read the Q&A on page 21 to learn more about this new program.

Tips for choosing E&O insurance

Barney Schwartz, CEO of Preferred Guardian Group, suggests looking for a company that specializes in insuring real estate practitioners and finding an E&O insurance provider that also offers other insurance options. This can make it easier for you, since you'll only have to contact one place for all your questions and issues.

The E&O expertise is important, though, so you can get the help you need examining the available options. "When looking for an E&O provider, policies vary significantly," Schwartz says, so look for coverage for at least the following:

- Property management
- Agent-owned properties
- Business brokerage (selling a business)
- Discrimination (fair housing)
- Disciplinary proceedings (TREC complaints)
- Environmental

Snapshot: Preferred Guardian Group

"We are a full-service agency that specializes in the insurance needs of the real estate community," says Barney Schwartz, CEO of Preferred Guardian Group. "Your needs go beyond E&O, and so do our products, which include general liability coverage, workers compensation, auto insurance, and even personal and life and health insurance. We serve as a single resource for the real estate community's insurance needs."

What is the risk-management partnership?

The Texas Association of REALTORS® is working with E&O insurance brokers and carriers to provide risk-management educational resources to members through webinars, articles, presentations, and more. These risk-management partners will provide certain claims data TAR can share with you. The data may help TAR respond to frivolous lawsuits that affect Texas REALTORS®.

What does the claims data entail? What about privacy?

There's no information linking who the claims are about or where they are taking place unless permission was obtained by those involved in a claim. "The data will focus on the 'what' and the 'how' versus the 'who,'" says Barney Schwartz, CEO of Preferred Guardian Group.

The aggregated data will be useful for finding trends, like what types of claims are being filed and which claims are being won and lost.

What's the benefit of the risk-management partnership for Texas REALTORS®?

These E&O brokers and insurers are some of the most knowledgeable sources about the types of claims that Texas REALTORS® may face. You'll benefit from hearing about real examples of E&O claims, tips to help you reduce your risk, and information that will help you select the right E&O insurance for your needs.

"We can also provide information on changes in coverage, what's happening within the real estate E&O insurance marketplace, and risk-management advice," says Mondics.

In addition, the partners will offer E&O insurance products that meet TAR minimum requirements.

What's the benefit for the risk-management partners?

A reduction in E&O claims isn't just good for you—it's also good for insurance providers. "We feel there is a need to reduce the amount of litigation in the real estate community," says Schwartz. "By raising awareness and sharing claim information, we can reduce the litigiousness of the community."

Does this program cost Texas REALTORS® extra money?

No. It is included among the many benefits you receive as a member.

Common reasons an agent or broker may be sued

John Mondics, president of Mondics Insurance Group, Inc., says litigation is more common in the real estate industry than most other fields. Here's his list of some of the most common reasons agents face problems:

- Failing to disclose
- Failing to recommend inspections
- Failing to identify potential issues
- Failing to properly advise on the terms of a contract
- Failing to explain the significance of a disclosure issue to buyers or sellers
- Failing to comply with the time frames in the contract
- Representing clients in an unfamiliar geographic area
- Making promises you can't or don't keep
- Exaggerating features of a property

Snapshot: Mondics Insurance Group, Inc.

"The Mondics Insurance Group is a 38-year-old Texas-based independent insurance agency," says John Mondics, president of Mondics Insurance Group, Inc. "We're based in Dallas with an office in Austin. We're proud that we've been recognized as one of the largest independently owned agencies in North Texas."

Are you giving my information to these partners so they can contact me?

No. Any information that comes directly from the partners to you will be on an opt-in-only basis.

Where you can find more on E&O

Access other E&O information, such as a prior webinar on choosing E&O insurance, information on TAR's risk-management partners, and more at TexasRealEstate.com > *For Texas REALTORS®* > *Legal Tools* > *Risk-Reduction Tools* > *Risk-Management Partners*. ☆