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**INSURANCE
SECRETS
REAL ESTATE
AGENTS
MUST KNOW**

Real Estate Agent Insurance : What You Need To Know.

Whether you work in the commercial or residential property markets, in a large company or as a stand alone agent, if you're a Real Estate Agent you need to have the right insurance.

Many of your clients will have chosen to work with a Real Estate Agent to help them with the time consuming and complex processes of buying or selling a property. This will usually be the largest financial transaction they are involved in and they are looking to you to help make things easy for them. Real estate agents buy and sell properties for a living and their wealth of experience can be invaluable.

Acting as an intermediary (between those buying and those selling various properties), you'll need to be completely responsible, reliable and organised – that includes ensuring your insurance is appropriate for the work you do and is updated annually.

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Why Real Estate Agents Need Insurance?

As a real estate agent, you will have a variety of responsibilities and duties.

Some of the key parts of your job will most likely include;

- ▲ Acting as an intermediary between buyers and sellers who are in negotiations regarding property
- ▲ Representing and looking out for the best interests of one party involved in the negotiations
- ▲ Compare prices of similar properties, currently or recently, on the market
- ▲ Preparation of documents including contracts, purchase agreements, deeds and leases
- ▲ Arrange property viewings with potential buyers and be able to explain the features of them, answering any questions they may have
- ▲ Advise sellers on the best ways to make their homes appealing to potential buyers and to help them get the best price for their property
- ▲ Maintain an up to date knowledge of property and the general market by attending seminars, associations and reviewing publications and property listing.

Those are just a few of the things you'll do on a daily basis as a Real Estate Agent – that's quite a bit of responsibility. Sadly, even with the very best intentions and an excellent level of skill and attention to detail, mistakes can happen.

If you're perceived as negligent in any of your duties as a Real Estate Agent, you could face serious financial loss with claims brought against you by clients wanting to take legal action.

If you have the appropriate insurance in place, you'll be protected – knowing that any legal defence costs and damages will be covered.

It's impossible to stress highly enough the peace of mind that insurance cover can offer you.

Over the years, we have seen many Real Estate Agents who have skipped the (relatively small) cost of insuring themselves adequately, only to find (huge) long term costs further down the line when things have gone wrong and they are left with no money to cover legal fees or damages.

The emotional stress of this can be crippling and the time and effort required to sort out the complex procedures will not be worth it.

Protect yourself and your business with adequate insurance coverage, pay it monthly or annually and enjoy the peace of mind that whatever comes your way, you'll have it covered.

When Would You Need Real Estate Agent Insurance?

There are all sorts of circumstances when you'll be grateful that you're fully covered by appropriate real estate agent insurance, however some specific instances include:

- ▲ Your client claims that you have not provided proper advice to them
- ▲ You are unable to prove the authenticity of your work
- ▲ You are seen as negligent in promoting a property or organising buyer or seller forms/contracts/documents
- ▲ You have used incorrect information or data to produce and prepare reports





- ▲ You have failed to follow all legal requirements or company guidelines
- ▲ One of the most common claims against Real Estate Agents is that they have failed to forecast market trends, leading their client into incorrect decision making.
- ▲ This is often due to the ever-changing nature of the property market which can be incredibly unpredictable. Always ensure that you're covered to avoid any claims of this kind having a negative effect on your business.

Any professional who gives advice or offers a service is at risk of having claims made against them if their client feels they have caused them financial loss or injury by their actions, either directly or indirectly.

Once again, the proper insurance cover will protect you financially against claims and safeguard you and your reputation.

What Type Of Insurance Do Real Estate Agents Need?

Hopefully we've convinced you that insurance is **absolutely necessary** as a Real Estate Agent.

Fortunately, getting insurance for Real Estate Agents is quite simple:

Determine what type of insurance you need

How much cover you need.

There are a variety of insurances available to cover many aspects of your business operation including

- ▲ Business Interruption
- ▲ Personal Accident and Illness
- ▲ Management Liability
- ▲ Building, Contents and General property insurance

However, the most important insurance for you to consider is Professional Indemnity insurance.

Professional Indemnity Insurance For Real Estate Agents

Professional Indemnity Insurance is used in most industries and is specifically designed for professionals who provide advice or a service to their customers.

It's aim is to protect you against legal costs and any claims for damages to third parties which could arise from an act, omission or breach of professional duty in the course of your business.

This type of insurance will prove invaluable if a mistake or omission occurs in your work which the client perceives as causing them financial loss or injury and leads them to take legal action in order to recover losses.

You should also consider **Public Liability Insurance** as this will cover any claims made as a result of damage to person or property. Public Liability Insurance includes some aspects not covered by a Professional Indemnity Insurance policy providing coverage across the board.

Whilst purchasing the right insurance may seem a large expense at the time, the peace of mind and protection provided will definitely outweigh this outlay and could result in saving your business in the unfortunate event of a claim.

“**Remember it's not just your assets you need to protect but also your reputation.**”

How To Find The Right Insurer?

One of the best ways to find a good Insurer within your industry is to ask other Real Estate Agents.

First-hand experience of a company is priceless, so word-of-mouth recommendations should always be your first point of research when deciding which Insurance Company to choose.

Research how long the company has been operating for, which Real Estate Agents they have worked with and the type of experience they have. Many companies offer testimonials from clients they have worked with and will be happy to talk you through case studies of the type of work they have done.

If you use an Insurance Broker, you should always be offered multiple quotes and ensure that these are the best prices available. Don't be afraid to ask questions and request assistance if there's anything you feel needs further explanation.

Any Insurer should comply with current legislation and be approved by the Real Estate Institute of Australia and State based bodies.

As a Real Estate Agent, you may not have experience in the field of insurance, so let the experts do the work for you so you can focus on doing what you do best.

How Much Cover Do You Need?

Generally this is decided by the State in which you operate; however it's fairly likely that most companies/individuals will be required to have Professional Indemnity Insurance.

It is also highly recommended that you have Public Liability insurance.

It is recommended that a **minimum limit of \$1,000,000** be provided for both Professional Indemnity and Public Liability insurances.

This will cover any claim that may lead to high legal fees and the possibility that you may have to pay substantial amounts in damages, if awarded to your client.

Your budget for insurances should reflect your business size and exposure to risk.





Ensure that the policy you select provides the best cover to meet your requirements. Something that is 'cheap' in the short term may lead to far greater out of pocket expenses in the long run.

Check the policy wording so that you know what is and isn't covered.

It's worth noting that if you're looking to gain registration or licences of any type, you may need more than just insurance. Many Government departments require Real Estate Agents to participate in Continuing Professional Development to keep you and your business up to date with industry knowledge and activity.

This may also help to lower insurance premiums, so keep your insurer up to date with any additional courses or qualifications you have attended or gained.

Why Getting The Right Insurance Cover Is So Important

Don't bury your head in the sand.

Get your Real Estate Insurance sorted out as soon as possible – this will ensure that you're fully covered for any eventuality.

You'll have peace of mind that you in the unfortunate even that something goes wrong and you're accused of negligence or failure to carry out your duties adequately, you have protection in place to limit any financial and/or emotional stress.

Financial cover provided through the right insurance policy will save huge amounts of time, money and stress, so invest now.

Once you're fully covered with the best insurance for your needs, you can get back to doing what you do best – **being a great Real Estate Agent!**

Want To Know What's Right For You?

We hope this guide has helped you understand how important it is for you to be properly insured and protect yourself, and your business.

With the information in this guide, you have some of the key insurance must knows for any Real Estate Agent. However, if you'd like to learn more, or have us quote you on the perfect policy for you, please contact us and we can ensure you are thoroughly protected.

Why Choose Us?

Having the right insurance cover is an integral part of any business. Chris and Daniel are well aware of the requirements and demands facing Real Estate Agents and have built up trusted relationships with them by providing expert advice, support, knowledge and understanding. Webber Insurance works for the client, not the insurers, and takes great pride in offering 'smart' insurance and educated risk management solutions.

Webber Insurance has become the 'go to' broker for more specialised insurance needs, particularly Professional Indemnity and Public Liability for small businesses, as well as those 'harder to place' type insurances.

ENQUIRE NOW