



AXIS INSURANCE SERVICES, LLC

Professional Liability for Real Estate Professionals

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About Us

Axis Insurance Services, LLC is a specialty insurance brokerage with years of expertise in the professional and executive liability space. We offer our clients customized coverage, sound advice and the right level of protection for their business.

Our Mission

To help customers identify and prioritize their professional liability insurance needs, provide the most competitive coverage options available and offer superior customer service. Each and every business has a distinctly unique set of products or services. We are committed to offering flexible and intelligent coverage solutions, tailored to meet our customers' needs.

Our Products

We strive to provide high-quality products and superior customer service. We believe our clients have a right to a qualified, trusted advisor who will give them proper guidance. Our insurance products include:

Errors and Omissions (E&O)

liability insurance provides coverage for lawsuits that are a result of the rendering or the failure to render professional services. This coverage protects you or your company from bearing the full cost of defending lawsuits that may occur, including damages for which you may be found liable.

Employment Practices (EPLI)

liability insurance provides protection for employers from lawsuits associated with every day employment activities of the company. EPLI lawsuits can arise from:

- Discrimination
- Sexual Harassment
- Wrongful Hiring & Firing
- Advancement & Promotions

Directors and Officers (D&O)

liability insurance protects upper management of most organizations from the business pursuits of the entities they are associated with. Directors and officers can be held personally liable for their management decisions, creating and implementing corporate policies and procedures, investment choices and other duties.

Commercial Crime (Fidelity)

liability insurance provides coverage for the theft of your company's or a third party's money or assets while in your possession or control. Additionally it can cover other loss from forgery, computer fraud, wire transfer fraud and loss of funds in transit.

Privacy & Network Security

(Cyber) liability insurance provides coverage for first and third party costs associated with not securely maintaining data networks and the unauthorized dissemination of personally identifiable information within them. This can include the theft of data, online breaches, failure to prevent transmission of malicious code, and other significant threats to your network security.

Fiduciary Liability Insurance

provides protection against claims for mismanaging, mishandling or misappropriating funds of others for which the company maintains control (401K, pension plans and health plans). Fiduciaries are held personally liable under ERISA guidelines.

Our products can be tailored to individual professions and classes of business, based on your needs.

"It has been my experience that this firm has always provided my agency with the highest level of professional advice and service. They have placed coverage for several difficult accounts and their help in clarification of policy details and of certain coverage's issues has been above and beyond"

- Thomas F. McManamon, Thomas F. McManamon & Associates, Inc.

6/1/15

Contact our experts today to find out how you can protect your business.

What Lee & Associates Members Have to Say About Our Service

Our firm specializes in Commercial Real Estate Professionals E&O and we insure over 25 of your fellow Lee & Associates offices.

We have worked with Lee & Associates for close to a decade and would like to get in touch to answer any questions you may have about the state of the insurance market and trends in Commercial Real Estate E&O. Find out why so many of your fellow offices have chosen us for their E&O.

**Steve Jehorek, President/Managing Director
Lee & Associates – Newport Beach**

"We have worked with Javier Gonzalez and Mike Smith of Axis Insurance Services for many years and looked to them for assistance with our E&O coverage. Recently we added EPLI coverage and they were most helpful in guiding us through the choices and differences in coverages. We had a specific set of coverages for EPLI and Axis was very diligent about making the underwriters understand our particular needs. I would recommend Axis for their expertise and attention to providing a very high level of customer service."

**Kimberly Fischer, Controller/Operations Manager
Lee & Associates – North San Diego County, Inc.**

"We have done business with Javier and his team at Axis Insurance Services for several years. We appreciate the hands on assistance and guidance and Marianna is always very thorough with processing our paperwork. They are always responsive and take the time to outline any concerns or questions. It's a pleasure working with this team!"

**Lori Jensen, VP/Chief Operating Officer
Lee & Associates – Riverside**

"Since 2005 we have had the great benefit of having Axis Insurance Services as our E&O insurance agent. When looking for a new agent and coverage, we wanted to make sure that our new agent was looking out for our best interest, and could educate us on what was important to have in our coverage. Mike Smith has been available to us whenever a problem arises, or just for a minor question. He is a wealth of knowledge and makes us feel that his company is small and we are his biggest client. His expertise in guiding us through challenging situations has been invaluable. Every year the application process becomes easier with Axis, mainly due to their well-trained, helpful staff. Because of our excellent relationship and trust with Axis, we have added DO/ELP coverage with them."

**Victor Segrest, Co-President/Chief Financial Officer
Lee & Associates Valuation and Consulting Services, LLC**

"For the past four years, Axis Insurance Services has provided us with national appraisal E&O insurance. The right coverage can be a challenge since we appraise all property types. We appreciate the wealth of knowledge Javier and Mike bring to the table to help us find and evaluate the different carriers to determine the right solution. They take the time to make sure we fully understand the pros and cons of each choice. Javier has always been quick to respond whenever a question arises. Axis is an important strategic partner for us and I would highly recommend them."

**Bridget LaTourette, Operations Manager
Lee & Associates – Orange, Inc.**

"Lee & Associates Orange office began our relationship with Javier Gonzales of Axis Insurance Services a couple of years ago after receiving positive feedback from other Lee & Associates offices. They have assisted us with our E&O coverage, providing us with more overall coverage at a better rate. We currently added EPLI coverage which they were also able to assist us with. I would recommend Axis for their expertise and attention to providing a very high level of customer service."

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What is Real Estate Agents E&O Insurance?

E&O insurance for real estate agents and brokers is a form of risk management. In the event a lawsuit is brought against you or your firm alleging negligence while providing or failing to provide professional services, E&O insurance can step in to help protect the brokerage from bearing the full expense of the lawsuit and to assist in its defense for covered professional services.

Who Needs Real Estate Agents E&O?

Every real estate agent or broker faces E&O exposures and liability relating to the transactions they handle and the professional services they provide. This exposure comes not only from clients, but also from others connected to your real estate transactions, such as lenders, mortgage holders, property owners and prospective tenants who interact with your firm when you list and sell properties, lease space or manage properties. An E&O policy is an essential component of protecting your firm against these exposures.

What does an E&O Policy Cover?

An E&O policy typically provides coverage for damages and defense expenses, including attorney's fees, for covered claims relating to an act, error or omission in a real estate agent or broker's professional services that are covered under the policy. It could be something an agent or broker did, or also failed to do in performing their professional service. E&O insurance can also be written to address claims relating to specialized services such as:

- Property Sales & Leasing
- Property Management
- Construction Management
- Asset Management
- Receivership Services
- Business Price Opinions
- Real Estate Auctioneering
- Business Brokerage

E&O policies can also be written to cover expenses associated with allegations of discrimination, breach of your computer system, responding to a subpoena for your records or disciplinary complaints.

Aren't All E&O Policies Basically the Same?

Purchasing E&O insurance is not at all like purchasing other types of insurance. Instead of using standardized policy forms, E&O insurers write their own policies and endorsements "in house". This means coverages from insurer to insurer can vary widely and leave the real estate professional at risk if not properly structured by a qualified broker.

Why Choose Axis Insurance Services, LLC?

Our firm has worked with hundreds of commercial real estate firms and our professionals specialize in commercial real estate professional liability. We can assist you in comparing your E&O options and making an informed decision on the right E&O policy for your firm. Our years of expertise in the industry allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize an E&O policy specifically for your agency. Call us today for a review of your current policy to ensure your E&O policy makes sense for your needs.

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Claim Scenarios – Real Estate:

Zoning Error

A plastics manufacturing company engaged a real estate agent to locate a premises that would accommodate new equipment it was purchasing to expand its business. The real estate agent reviewed the company's expansion plans and intended use of the premises, located a facility and assured the company the premises would be suitable for their needs. After executing the lease, the manufacturing company proceeded to purchase \$975,000 worth of equipment. Several months later, the county planning and zoning department determined that the proposed use of the premises was prohibited by the zoning classification for the site. The company sued the real estate agent and was awarded \$1.2M in damages.

Breach of Duty

A retired couple engaged a real estate agent to locate space that would be suitable for an ice-cream shop they intended to open. Since the couple had a limited advertising budget, they wanted a location that would generate significant walk-in traffic. Two months after opening the ice-cream shop, the county began a sewer line restoration project and closed off access to the street where the shop was located. When the shop failed, the couple sued the real estate agent for failing to advise them of the pending municipal project that closed their street. The couple was awarded \$672,000 in damages.

Failure to Disclose

A real estate agent was engaged by the heirs of a large, upscale suburban home to list the home for sale. The competitively priced home sold quickly to a family with children who were relocating to the area. Several months after the closing, the buyers learned that the home was the site of a gruesome murder-suicide. The buyers sued the listing agent for failing to disclose the events that had taken place at the property. In the end, the listing agent won the case but only after many years of litigation. Although there was no judgement, the legal defense for this case cost thousands of dollars and was covered by the E&O policy.

Security System

A commercial real estate agent inadvertently failed to re-engage a security alarm after showing a property. Subsequently, over \$500,000 worth of equipment was stolen or damaged from the unsecured building. The property owners' insurance company paid their claim and then sued the real estate agent to recover their damages. This matter is still pending.

Breach of Duty

After receiving an inheritance, a teacher with a lifelong dream of opening a bed-&-breakfast engaged a real estate agent to find a suitable property. The agent found a property and, despite the fact that the buyer had no experience in the hospitality industry, the agent encouraged her to sink most of the inheritance into the property. When the B&B failed, the buyer sued the agent for failing to advise her to obtain the knowledge and experience needed to operate a B&B successfully. The court found the agent liable for breach of duty to the buyer and awarded \$800,000 in damages.

These are only claims examples: minor changes from actual suits have been made to protect the confidentiality of all clients.

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Claim Scenarios:

E&O

A real estate agent sold a building and, as part of the negotiations, they are asked if the building was ADA compliant. The leasing agent said yes and forwarded a copy of a report from the building manager attesting to its compliance. The building was a residential apartment complex and sold for \$25 million. Later, it came to light that it was an old report and, in fact, the building needed significant upgrades to become ADA compliant (\$3.5M in upgrades). The owner, selling agent, and consultant were all sued. The lawsuit was eventually settled for \$3 million.



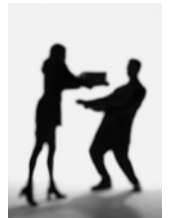
D&O

The Vice President of a manufacturer determined that diversification into a different product line presented tremendous sales potential for his company. Instead of presenting that opportunity to his employer, the VP shared it with a relative who formed a new company to produce that product. On behalf of the company, a shareholder sued the VP, alleging that he wrongfully took advantage of an opportunity belonging to the corporation. The suit eventually settled for \$2.5M and incurred significant legal fees.



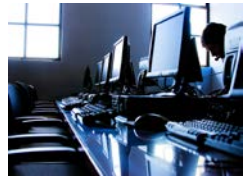
EPLI

A senior executive was involved in a car accident and fell into a coma for several months. Management made the decision to replace the executive. Several weeks after the replacement, the former executive came out of the coma and demanded his job back. The company offered him a different job at the same salary. The executive sued under the Family Medical Leave Act (FMLA), alleging that he was not afforded the legally-required family medical leave. He wanted to settle for \$300,000. The insurance company refused to settle and it went to arbitration. The executive was eventually awarded over \$1 million.



Privacy & Network Security

A hacker penetrated a major retailer's network security and stole credit card information from the retailer. The hacker used the information to make purchases and to fraudulently obtain loans in each card holder's name. Card holders sued the retailer to recover their cost to repair credit and discharge fraudulent loans, and seek damages for emotional distress. The retailer also incurred costs to notify all parties affected, plus legal fees. In addition to the liability to the card holders, the bank was awarded \$300,000 for the cost of card replacement and customer notification.



Commercial Crime

A small escrow company handled transactions primarily for residential sales. There was a breach in their security and a half a million dollars was wired out in 26 individual wire transfers. When the company was finally aware of what was happening, they contacted their bank and put a freeze on the account. The bank tried to recover the funds by contacting the financial institution where the wire transfers had gone directly. The escrow company was held liable for lost funds of their clients. The suit settled for \$1.5 million.



Fiduciary

A large home builder company provided an employee stock option plan (ESOP) for its employees. In anticipation of his retirement, the CEO sold his shares in the company to the ESOP for a price set by the ESOP trustees. The participants (employees) filed a lawsuit alleging that the price paid for the shares was excessive and the trustees did not conduct an independent investigation into the fair market value for the shares. The lawsuit eventually settled for \$1 million and defense costs exceeded \$100,000.



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