

# AIG REAL ESTATE

## RISK SOLUTIONS

VOL. 1 ■ NO. 2 ■ 04/02

### **THE PRODUCT**

**RealSelect<sup>SM</sup>**  
**Flexible Liability Coverage**  
**for Real Estate Professionals**



### **THE NEED**

**New ways of doing business increase liability exposure for real estate firms.**

In recent years, real estate firms have changed the way they do business. Companies that once specialized in one discipline, such as third-party management, sales or real estate development, now “do it all.” To remain profitable in a competitive marketplace, these firms use innovative partnerships and subsidiary arrangements to provide a range of services – everything from real estate leasing and sales to property management and financing. These changes have increased the professional liability exposure that these firms face. They’ve also blurred the lines that distinguish what coverage applies to certain risks, thus increasing the potential for costly coverage gaps and overlaps.

### **THE SOLUTION**

**A flexible liability facility tailored to meet the unique exposures that today’s real estate firms face.**

**RealSelect** is underwritten by Lexington Insurance Company, an AIG Real Estate Risk Solutions member company. This flexible product combines coverage for a range of liability exposures that real estate firms face. Coverage can be tailored to the specific needs of policyholders. Given the enhanced flexibility of **RealSelect**, it is well suited to a variety of firms, including: fiduciaries;

pension fund advisors; private equity funds; property managers; and REITs.

Several important coverages are available through **RealSelect**. Individual limits can be assigned for each type of coverage up to a maximum limit of \$25 million. Coverages available through **RealSelect** include:

- **Errors & Omissions Liability**
- **Directors & Officers/General Partners Liability**
- **Employment Practices Liability**
- **Professional Services Pollution Liability**
- **Additional coverages** may be available, depending on specific needs of the policyholder

#### **Coverage Highlights:**

- Single policy can provide protection for a wide range of professional services from which real estate companies derive a fee (e.g., traditional property management services, construction management services, real estate brokerage services, and other real estate-related services)
- Various levels of coverage can be structured within a single program to provide maximum customization (for various limits, different deductibles can be assigned to further enhance customization)
- Additional savings available when optional “single aggregate limit” across all lines of coverage is used

**RealSelect<sup>SM</sup> is underwritten by Lexington Insurance Company, an AIG Real Estate Risk Solutions member company. As the leading U.S.-based surplus lines insurer, Lexington provides superior financial security. Lexington also provides maximum flexibility with products such as RealSelect, through which underwriters can help tailor liability coverage to the specific needs of real estate firms.**

### **Coverage Highlights, continued:**

(this can provide premium cost savings of 10 to 20 per cent when compared to purchasing coverage in separate policies)

- Different deductible amounts can be set for each line of coverage in coordination with limits
- Full Prior Acts coverage available
- Full Employment Practices Liability coverage available with coverage for third-party discrimination in conjunction with real estate-related services
- Coverages available for all subsidiaries of a real estate company, including limited liability corporations and partnerships, joint ventures, general and limited partnerships, title holding companies and related entities for which the insured is responsible
- Up to \$25 million in limits available

### **THE ADVANTAGES**

#### **There are many advantages to choosing RealSelect.**

**Simplicity.** By combining all real estate professional liability coverages into a single policy underwritten by one insurer, **RealSelect** simplifies insurance purchasing, management and renewals.

**Enhanced flexibility.** **RealSelect** underwriters can provide variable coverage limits within a master aggregate or a single aggregate limit across all coverages, as well as variable deductibles. This means that **RealSelect** allows real estate companies greater customization and enhanced control in setting the level of risk they want to assume.

**Financial strength.** **RealSelect** is underwritten by Lexington Insurance Company. Lexington is the leading U.S.-based surplus lines insurer and is rated A++ (Superior), Class XV, by A.M. Best Company and AAA by Standard & Poor's.

### **THE EPL SUPPORT**

#### **“State-of-the-art” EPL risk management services available.**

**RealSelect** policyholders have access to Lexington's enhanced risk management support program, **EPL Risk Management Services Select<sup>SM</sup>**. A key component of this program is **EPLselect.com**, an online risk management and training tool.

This site is designed to help policyholders increase productivity, boost workplace morale and manage human resource functions in a manner that sets them apart as “employers of choice.” The website puts companies a step closer to “state-of-the-art” EPL training and risk management tools such as EPL trackable training for management and line employees.

Based on standards set by the U.S. Supreme Court, the training modules are timely and vitally important to a company's workforce education efforts and to its EPL risk management strategy. Training results are trackable, thus providing verifiable proof that employment practices training has been provided to employees.

A wide assortment of EPL reference tools is also accessible through the website, including the electronic edition of Lexington's Best Workplace Practices manuals, email Management Alert program, electronic newsletter publications and more.

To learn more about  
RealSelect, contact:

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You may also contact the  
Risk Specialists companies  
listed in this issue or any  
other surplus lines broker.

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**How to obtain reprints of  
this newsletter:**

This newsletter is published several times a year exclusively for insurance brokers in response to their requests for product information. Reprints of this newsletter are available by contacting Lexington's Corporate Communications Department (Tel 617-330-8416).

## **THE EPL SUPPORT con't.**

### **Other Lexington EPL risk management services available to Real-Select policyholders include:**

- **Employee EPL Hotline.** This is a toll-free hotline that employees can call to report employment-related claims to an independent third party, including incidents of harassment, discrimination and other employment-related problems.
- **Employment practices audits.** Lexington has arranged for a nationally renowned employment practices law firm to perform EPL audits for qualified policyholders.
- **In-house EPL Risk Management Consultant.** This professional is accessible through a toll-free number.
- **Best Workplace Practices manuals.** These manuals, which are updated periodically, present "cutting-edge" HR practices for human resource managers and management personnel.
- **Management EPL Hotline.** This is a toll-free hotline that managers responsible for personnel decisions can call with questions concerning risk management procedures.
- **Coordinating Counsel for multi-party litigation.** Lexington has arranged for a nationally renowned law firm to act as Coordinating National Defense Counsel on Multi-Party Litigation.

- **EPL educational seminars.** Lexington shares its expertise with policyholders through seminars on relevant EPL topics.
- **Dedicated in-house EPL claims staff.** Lexington's EPL claims staff draws upon more than 60 years combined experience in handling employment-related litigation.
- **Lexington newsletters.** EPL policyholders receive a variety of Lexington publications to help keep them updated on recent EPL verdicts, settlements and pending legislative changes.

## **THE CONTACTS**

AIG Real Estate Risk Solutions is committed to delivering the quality insurance coverages and services today's real estate entities need most. **Real-Select** from Lexington Insurance Company is a fine example of our desire to deliver innovative solutions. To find out more about this convenient and flexible liability product for real estate professionals, contact Jerry Sullivan (Tel 617-330-8204) or Christopher Terry (Tel 617-443-4628). You may also contact the Risk Specialists companies listed in this issue or any other surplus lines broker.

## AIG Real Estate Risk Solutions

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**RealSelect<sup>SM</sup> offers E&O, D&O/GPL, EPL and Professional Services Pollution Liability for real estate firms in one policy. It is a simple, flexible and cost-efficient way to obtain these essential coverages.**

*Details inside...*

**AIG Real Estate Risk Solutions**, part of American International Companies®, delivers reliable insurance protection and support services to the real estate industry. Our member companies insure a wide range of real estate entities. Our insureds benefit from an integrated approach to underwriting, claims and risk management in a range of areas that include coverage for: Property, Property Terrorism, General Liability, Excess Liability, Management Liability, Environmental Liability and Professional Liability.

**Lexington Insurance Company**, the leading U.S.-based surplus lines insurer, is rated **A++ (Superior)**, Class XV, by A.M. Best Company and **AAA** by Standard & Poor's. Lexington can be accessed through any surplus lines broker in the United States, including the Risk Specialists companies listed in this issue. Inquiries may also be directed to Lexington's National Branch in Boston (**Tel** 617-330-1100).

Coverage described in this newsletter may not be available in all states. The product description(s) is/are not a complete description of all terms, exclusions and conditions in the policy. Policy terms may be changed by the insurer from time to time, and the preceding description(s) is/are not intended to be relied upon by potential insureds. Brokers interested in the captioned product(s) should request a copy of the policy for a more detailed overview of the scope and limitations of coverage. Only the policy form itself will provide the precise scope and limitations of coverage. Issuance of coverage is subject to underwriting.

## **RISK SPECIALISTS COMPANIES/REAL ESTATE INDUSTRY SPECIALISTS**

Western Risk Specialists, Inc. . . . . Los Angeles, CA . . . . . 213-689-3902	AI Risk Specialists of Missouri, Inc. . . . . Clayton, MO . . . . . 314-889-7814
Western Risk Specialists, Inc. . . . . San Francisco, CA . . . . . 415-836-2995	Risk Specialists Co. of New Jersey, Inc. . . Parsippany, NJ . . . . . 212-770-1101
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New England Risk Specialists, Inc. . . . . Boston, MA . . . . . 617-457-5850	Southern Risk Specialists, Inc. . . . . Houston, TX . . . . . 713-268-8809
Michigan Risk Specialists, Inc. . . . . Southfield, MI . . . . . 248-386-8860	Northwestern Risk Specialists, Inc. . . . . Seattle, WA . . . . . 415-836-2995