



Why Your Property Manager Should Be Listed as Additional Insured

Most professional property managers require that they are listed as an additional insured in their management agreement. A common question that comes up is, why? Doesn't the property manager have their own insurance? Hopefully this guide gives some clarification on the reasons why this is not only a requirement but is important for both the owner and the property manager.

What This Means

Adding your property manager as **Additional Insured** extends liability protection under your rental property insurance policy to the management company. This is an important strategy to help manage risk for both the property manager and the property owner.

This is not the same as **Additional Interest or Property Manager Interest**, which only provides notice of policy updates and does not extend coverage. Often there is confusion that adding the property manager as an Additional Insured gives the company a financial interest in the property. That is not the case. Unlike a lender, a property manager does not have or want a financial interest in the property. However, it does have a legitimate insurable interest from a premises liability perspective, such as protection against claims for injury occurring on the property.

Why It Matters

When a management company oversees your property, they act on your behalf and take on responsibilities as if they were the property owner. If a claim arises—such as a personal injury or property damage—both the owner and manager may be named in a lawsuit. Most property managers have a strong indemnification and hold harmless clause as part of their management agreement. If the management company is properly listed as Additional Insured, the coverage will automatically be extended to both parties as needed. Worst case scenario, if a major claim occurs, it is likely that both Property Manager and Owner would be named as co-defendants. Having the owner policy extended to both, would create a unified defense, with one insurance company defending both, streamlining the defense process and significantly reducing total legal expenses for all for which the owner (or the insurance company) is ultimately responsible.

Property Management Insurance

Property management companies normally carry their own liability coverage and professional liability insurance. These cover losses such as financial loss due to a mistake or wrongful act by the property manager; however, those policies generally do not cover claims directly tied to the physical property itself (such as slip-and-fall incidents, fire, or water damage). This leaves the manager vulnerable to claims. This issue is solved when the manager is properly listed as an additional insured. Without the Additional Insured endorsement, the management company could be left to defend itself and then see direct reimbursement from the property owner. Most large insurance companies have no problem with this endorsement but there are some companies that see this as an added risk and will not do it.

What to Confirm with Your Insurance Agent

- Request "Additional Insured" (not "Additional Interest") before binding the policy to confirm it can be added.

If your insurer cannot add us as Additional Insured, please contact Kelly@abetterproperty.com to arrange coverage through SureVestor. This policy will be billed monthly.