

Coverage Essentials for Property Managers and Owners

In today's environment, property managers often serve as the primary insured, securing coverage across multiple properties and ownership entities. This model is efficient and widely adopted, particularly in multifamily and habitational portfolios. Yet, it is frequently accompanied by an assumption: that property owners are adequately protected under the property manager's policy. In practice, this assumption does not always hold.





Where coverage gaps emerge

Designed to provide protection to third parties, “additional insured” designations do not offer the same coverage as “named insured” designations. In many cases, coverage is contingent upon the actions or liability of the named insured.

This creates a significant limitation: if a claim arises from the sole negligence of the property owner or falls outside the scope of the property manager’s operations, coverage may not apply.

Additionally, many endorsements restrict coverage to ongoing operations, **exclude certain exposures (such as habitability)** or limit recovery based on contractual requirements.

Policy wording and carrier interpretation

Beyond endorsement limitations, policy definitions of “who qualifies as an insured” play a critical role in determining coverage.

Some carriers impose ownership requirements, such as a minimum percentage of common ownership between the property manager and property owner, before extending coverage. In scenarios where these thresholds are not met, property owners may find themselves without protection under the policy, despite being listed as “additional insureds”.

Variations in manuscript endorsements and carrier-specific forms further contribute to inconsistency across the market, making it difficult to rely on standardized assumptions.



Contractual misalignment

Property management agreements are intended to define responsibilities, including insurance requirements. However, in practice, these agreements can be vague, outdated or insufficiently detailed.

Common issues include:

- Unclear insured status requirements (e.g., additional named insured vs. additional insured)
- Lack of specificity around primary and non-contributory coverage
- Inadequate indemnification provisions
- Absence of requirements for owners to maintain their own coverage

Even well-drafted contracts may fall short if they require coverage that is not achievable under available policy forms, creating a false sense of security.

Operational and administrative oversights

Administrative gaps can further exacerbate exposure, including:

- Properties not properly scheduled on policies
- Incomplete or inaccurate statements of value (SOV)
- Misalignment between named entities on the policy and actual ownership structures

As ownership entities become more complex, particularly when property owners establish separate management entities, these gaps can become more pronounced.

What happens at time of loss

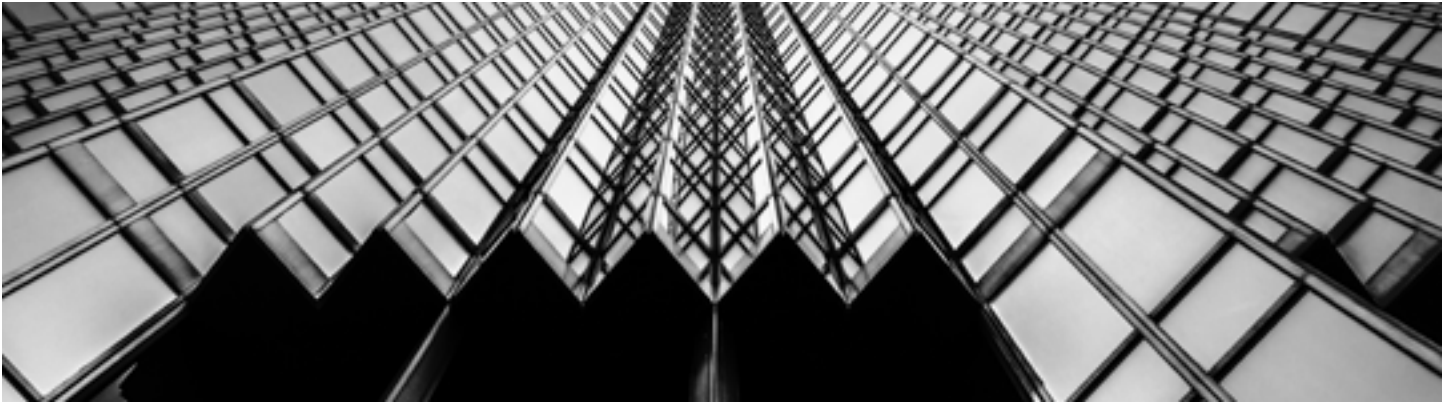
These gaps often surface only when a claim occurs. At that point, the consequences can be significant.



Recent claim scenarios have demonstrated:

- Denial of coverage based on policy exclusions or insured status limitations
- Disputes between carriers regarding responsibility for defense and indemnity
- Increased financial exposure for both property managers and owners
- Delays in claim resolution due to unclear coverage triggers

Habitability claims, in particular, have underscored the limitations of existing structures as exclusions and endorsement restrictions frequently preclude coverage regardless of insured status.



How to mitigate risk

Addressing these challenges requires a more intentional and coordinated approach across all stakeholders.



Brokers should consider:

- Conducting detailed reviews of “who is an insured” provisions
- Evaluating and negotiating endorsement language where possible
- Ensuring alignment between policy terms and contractual requirements
- Educating clients on the limitations of “additional insured” status



Property managers should consider:

- Strengthening and standardizing management agreements
- Avoiding reliance solely on “additional insured” designations
- Ensuring all properties and ownership entities are accurately scheduled
- Collaborating with brokers to validate coverage structure



Property owners should consider:

- Maintaining their own insurance programs where appropriate
- Requiring clear and enforceable insurance provisions in management agreements
- Verifying how they are listed and covered under all applicable policies

A potential path forward

As property ownership and management structures continue to evolve, so should the approach to insurance coverage. Reliance on legacy assumptions and standard endorsements is no longer sufficient.

By increasing awareness, strengthening contractual alignment and taking a more proactive approach to policy design, brokers and insureds can better position themselves to avoid unintended coverage gaps.

Ensuring coverage aligns with intent is no longer just a best practice, it is a necessity.

We help you win

At Amwins, we help retail agents better protect property managers and owners by identifying and addressing hidden coverage gaps in complex insurance structures. Through deep expertise and strong carrier relationships, we support clearer alignment between contracts and coverage—reducing surprises at the time of loss.

We bring market access and creative thinking to help agents place solutions that better reflect real-world risk. [Click here](#) to learn more.

Insights provided by:

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To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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