



What Would Happen If a Client Sued You?

It's a question no brokerage wants to ask — but every executive should:

If a client filed a lawsuit tomorrow, how would your firm respond?

Whether it's over a missed disclosure, a failed deal, or a dispute with an agent, real estate firms are increasingly facing legal threats. Many assume their Errors & Omissions (E&O) policy has them fully covered — until they find out otherwise.

Lawsuits Are More Common Than You Think

Real estate litigation is on the rise, especially in high-stakes transactions. Common triggers include:

- Claims of misrepresentation or failure to disclose
- Contract disputes or alleged negligence
- Cyber-related errors (e.g., wrong wire instructions)
- Employment-related claims involving agents or staff

Even if your firm did nothing wrong, **you still have to defend yourself** — and that means legal fees, time, stress, and potentially serious brand damage.

The Hidden Costs: More Than Just Legal Fees

A single lawsuit can result in:

- Out-of-pocket legal costs if your policy has a high deductible or inadequate coverage
- Reputational harm that affects recruiting, referrals, or online reviews
- Lost productivity for leadership, agents, and staff during the dispute





For more information, contact:

**BLAKE SCHELLENBERG**

Executive Vice President

503.701.6553

blake.schellenberg@imacorp.com

**JOHN AUSTIN**

Producer

925.297.7443

JAustin@riskpointins.com

**ANNIE NEAL**

Vice President

435.513.1745

Annie.Neal@imacorp.com

Simple Steps to Be Better Prepared

The best way to protect your firm is to prepare before a claim hits. Here's how we help brokerages do just that:

- Policy Review — Does your E&O include choice of counsel? Are defense costs inside or outside your policy limits?
- Claims Protocol — Do your agents know what to do if a client threatens legal action?
- Transaction File Checklist — Ensure agents are documenting conversations, using disclosures correctly, and following consistent best practices.
- Coverage Coordination — Make sure E&O, Cyber, EPLI, and General Liability policies don't have overlapping or conflicting language.

Let's Take 15 Minutes to Walk Through a Scenario

Want to know what would happen if your firm got sued tomorrow? Let's talk — before it becomes a real scenario.

This material is for general information only and should not be considered as a substitute for legal, medical, tax and/or actuarial advice. Contact the appropriate professional counsel for such matters. These materials are not exhaustive and are subject to possible changes in applicable laws, rules, and regulations and their interpretations.

NPN 1316541 | IMA, Inc dba IMA Insurance Services
California Lic #0H64724

©IMA Financial Group, Inc. 2025

IMACORP.COM