



Fannie Mae®

Multifamily Selling and Servicing Guide

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503.03 Professional Liability Insurance

Requirements

If a Seniors Housing Property provides any level of healthcare, you must ensure the:

- Property has professional liability insurance covering
 - professional errors and omissions,
 - medical malpractice, and
 - all types of abuse; and
- coverage is at least
 - \$1 million per claim or per occurrence/\$2 million general aggregate limit, plus
 - excess/umbrella insurance as follows:

If the number of licensed beds is...	The minimum excess/umbrella insurance coverage is...
1 - 100	\$2 million
101 - 500	\$5 million
501 - 1,000	\$10 million
Over 1,000	\$20 million

You must ensure:

- for a Property with Assisted Living beds, Independent Living beds are not counted when determining the minimum coverage limit;
- when general liability insurance and professional liability insurance coverages are combined under an excess/umbrella insurance policy, the coverage meets the higher minimum limit of the 2 underlying coverages; and
- the maximum deductible for professional liability insurance does not exceed the applicable maximum amount per [Part II, Chapter 5: Property and Liability Insurance, Section 503.02: Commercial General Liability Insurance](#).



Guidance

If coverage is switched from a Claims-Made Policy to an Occurrence-Based Policy, consider adding retroactive or tail coverage to ensure past exposures remain protected.



Glossary

A

Assisted Living

Seniors Housing Property offering services limited to non-medical personal care, including ADL assistance, which are typically licensed and regulated by a state or local governmental authority.

Synonyms

- AL

I

Independent Living

Seniors Housing providing limited programs of assistance for domestic activities (e.g. meals, housekeeping, activities, transportation, etc.), and typically resembles market rate units.

Synonyms

- IL

P

Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

Synonyms

- Properties
- Property's

S



Seniors Housing Property

Multifamily residential rental property with any combination of Independent Living, Assisted Living, Alzheimer's/Dementia Care, or Skilled Nursing units.

Synonyms

- Seniors Housing
- Seniors Housing Properties