

Help! The association has been sued or someone has threatened to sue. What should I do?

While the below steps should not be a substitute for consulting with legal counsel, please follow these directions to make sure the claim is properly reported.

Threats of litigation

If an individual or entity threatens to sue the association over the association's activities as a real estate trade association or sends the association a patent assertion letter, please notify the appropriate insurance carrier immediately- RPX for patent claims and CHUBB for all other covered claims. The notification information is on the on reverse side and the notice should state the reason for the threat, who has threatened to sue, and when the threat was received. Attach any written correspondence the association received in connection with the threat. If the threat was verbal, please state that in the correspondence.

Please Note: There are additional steps to take in the event of a threat or litigation of lawsuit that involves Insuring Clause IC, "Association Information Asset Coverage", specific actions are required and explained on pages 23-24 of the CHUBB policy.

Lawsuits and/or monetary demands made against an association

If the association is served with a lawsuit, temporary restraining order, or civil investigative demand by a government agency, or if an individual or entity makes a monetary demand against the association in order to settle an alleged cause of action dealing with the association's activities as a real estate trade organization, please follow the steps below immediately.

1. If the association is currently represented by legal counsel, contact that individual for guidance until CHUBB or RPX is able to designate him/her as defense counsel for the claim or appoint another defense counsel for the association (additional information in step 2).
2. Email, mail, or fax a copy of the complaint or demand to the appropriate individuals (addresses on the reverse side) in order to file the claim under the insurance policy. Include a cover letter stating that the association is filing a claim under the NAR Insurance Program. If the association is currently represented by legal counsel and would like that individual to represent the association in the claim, please indicate the name, address, email, and phone number of the legal counsel. If the association does not have legal counsel, please so indicate. Be aware that the RPX program contains co-pay and you may pay a higher co-pay if you do not choose RPX panel counsel. Please note that CHUBB will consider appointing the association's regular legal counsel to represent the association but this will be subject to an agreement on rates and following CHUBB's guidelines. **Note: Failure by either you or your law firm to notify the insurance carriers immediately may jeopardize your coverage and result in the denial of costs.**
3. You may be asked to submit governing documents if the Member Policy Department needs them for review to determine compliance with NAR policy (please review the information on the reverse side to ensure your Association is in compliance).
4. Once the insurance carrier appoints counsel for the association, the association should rely on the appointed counsel's legal advice on handling the claim.

Please note that coverage for any claim under the insurance program is subject to an association's compliance with NAR policy in addition to the terms and conditions of the insurance policy.

Contact Information:

For all claims:

NAR
Finley Maxson
Senior Counsel
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For patent claims:

RPX
Submit your claim information
here:

[https://rpxinsurance.secure.force.com/
incidentreport](https://rpxinsurance.secure.force.com/incidentreport)

For all other claims:

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What happens when a claim is filed? What if an association is not in compliance on the date a lawsuit is filed?

Mandatory policy changes effective January 1, 2017 must be in place by March 1st in order for an association to be considered in compliance for insurance coverage purposes, unless another date is specifically provided in the policy.

This means that if a claim is filed in the months of January through February 2017, the association's governing documents must have been found to be in compliance with mandatory policies as of January 1, 2016 or later. If the association has not been found in compliance since January 1, 2016, NAR will request the association's governing documents for review. For claims filed after March 1, 2017, the association's governing documents must have been found in compliance with all mandatory policies effective prior to and including January 1, 2017. If the documents have not been found in compliance since January 1, 2017, NAR will request the association's governing documents for review. **If all mandatory policies are not adopted as required within the proper time frame, insurance coverage will be denied.**

In order to assist associations in maintaining compliance with NAR policy, it is suggested that governing documents be submitted for review on an annual basis. **To ensure your association is in compliance with NAR policy, please submit the above documents to member_policy@realtor.org.** Associations may also submit via mail to Member Policy, NATIONAL ASSOCIATION OF REALTORS®, 430 North Michigan Ave., Chicago, IL 60611. If you have questions regarding the compliance status of your association, please contact Kevin Milligan at (312) 329-8410 or via e-mail at Kmilligan@realtors.org.