

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, please notify ACE American Insurance Company (ACE), with copies to NAR and Aon Risk Services by writing to the individuals (addresses on the reverse side), stating 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. ACE, NAR, and Aon Risk Services, Inc. should be notified immediately in the event of a threat of litigation.

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 22-23 of the 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 ACE 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 ACE with a copy to NAR and Aon Risk Services (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 Professional Liability 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. Please note that ACE will consider appointing the association's regular legal counsel to represent the association but may choose a different attorney and law firm with which it has an existing relationship due to the nature of the lawsuit. **Note: Failure by either you or your law firm to notify ACE immediately may jeopardize your coverage and result in the denial of costs.**
3. Please note that 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 ACE 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:

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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, 2016 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 2016, the association's governing documents must have been found to be in compliance with mandatory policies as of January 1, 2015 or later. If the association has not been found in compliance since January 1, 2015, NAR will request the association's governing documents for review. For claims filed after March 1, 2016, the association's governing documents must have been found in compliance with all mandatory policies effective prior to and including January 1, 2016. If the documents have not been found in compliance since January 1, 2016, 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.**

2015 Changes in Mandatory Policies (Effective January 1, 2016)

The following policy changes approved by the National Association's Board of Directors are effective as of January 1, 2015.

The full text of the following policy changes can be found in the minutes of the relevant committee on REALTOR.org. To access the minutes from the REALTOR.org home page go to: About NAR/Governance/Committees/Minutes & Agendas.

2015 REALTORS® Legislative Meetings

Multiple Listing Issues & Policies Committee

- Amendments to Multiple Listing Policy Statement 7.51, Effective Date of Changes in Multiple Listing Policy.
- Amendments to Multiple Listing Policy Statement 7.58, Internet Data Exchange (IDX) Policy.

Professional Standards Committee

- Amendments to Section 53, The Award, *Code of Ethics and Arbitration Manual*.
- Amendments to Section 21(f)(1) and Section 21(f)(2), Amendment of Complaint, *Code of Ethics and Arbitration Manual*.
- Amendments to Section 23(f), Action of the Board of Directors, *Code of Ethics and Arbitration Manual*.
- Amendments to NAR's Model Citation Policy, *Code of Ethics and Arbitration Manual*.
- Amendments to Section Professional Standards Policy Statement #44, Effective Dates of Changes in Professional Standards Policies, *Code of Ethics and Arbitration Manual*.

Membership Policy and Board Jurisdiction Committee

- Amendments to the Requirements to Establish a New Member Association of REALTORS®.

2015 REALTORS® Conference

Multiple Listing Issues and Policies Committee

- Amendments to Multiple Listing Policy Statement 7.58, Internet Data Exchange (IDX) Policy, and Section 18.3.12, NAR Model MLS Rules and Regulations.

- Amendments to Section 15, Arbitration of Disputes, NAR Model MLS Rules and Regulations.

Professional Standards Committee

- Amendments to Standard of Practice 12-5, Code of Ethics.
- Amendments to Section 18 and 41, Function, *Code of Ethics and Arbitration Manual*.
- Amendments to Section 19, Grievance Committee's Review of an Ethics Complaint, *Code of Ethics and Arbitration Manual*.
- Amendments to Section 42, Grievance Committee's Review and Analysis of a Request for Arbitration, *Code of Ethics and Arbitration Manual*.
- Amendments to Section 20(a), Initiating an Ethics Hearing, *Code of Ethics and Arbitration Manual*.
- Amendments to Section 47 (b), Manner of Invoking Arbitration, *Code of Ethics and Arbitration Manual*.

Membership Policy and Board Jurisdiction Committee

- Amendments to the Criteria and Procedures for processing Contested Applications for Change of Name and Change of Jurisdiction.