

SIOR Leadership Conference Presentation Outline

Part II- Insurance Coverage for Chapters

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III. NAR Insurance Program

A. Program basics

1. **Program goal: Provide insurance to all levels of the association (including NAR affiliates) when they are acting as a trade association**
2. **Policy is custom-built, and contains many different types of insurance (E&O, D&O, EPLI, Crime)**
3. **Basic coverage is provided at no cost to all qualifying associations**
4. **NAR Affiliates like SIOR and its local chapters are named in the policy's definition of "association"**
5. **Deductibles vary by size, but all SIOR chapters will have a \$3k deductible for any claim made through the program (SIOR national has a \$20k deductible)**
6. **All Program documents are available on realtor.org: <http://www.realtor.org/programs/professional-liability-insurance-program>**
7. **Buying duplicative coverage could weaken some of the benefits provided through the Program; if have other insurance, recommended that you take the NAR policy to your insurance broker and have him/her examine to make sure you aren't buying insurance that you are already receiving through the NAR Program**

B. Types of Coverage Available

1. **Clause IA- both defense costs and liability up to \$1m (except EPLI, which has \$500k sublimit)**
 - a. **"Wrongful Acts"- very broad language; protects directors/staff when acting on behalf of the association, including providing services to members such as through disciplinary hearings or arbitrations**
 - b. **"Publisher's Liability"- coverage for association publications or website/social media statements, and trademark infringement**

D. Exclusions

- 1. Liability insurance (personal injury-type claims; other property-related claims)**
- 2. ERISA claims (if you have a pension program, need to be fiduciary coverage)**
- 3. If endorse other types of insurance (health care, auto, etc.), need to consult Exclusion K to learn how to qualify your program for coverage (insurer rated “A”, indemnification agreement, voluntary participation by members)**

E. Eligibility for Coverage

- 1. In compliance with all mandatory policies/in good standing**
- 2. Certain claims have prerequisites; only relevant consideration for SIOR chapters is Employer/Employee Guidelines (progressive discipline)**

IV. Other insurance

A. Recommendations

- 1. As stated above, show insurance broker NAR policy and make sure that all coverages purchased are not duplicative**
- 2. Key consideration for all liability issues: making sure that claims are limited to chapter’s assets (why the chapter needs to incorporate)**

B. Types of other insurance which may be needed

- 1. Commercial liability insurance**
 - a. if you have office space/other areas of exposure**
 - b. other property-type claims**
- 2. If no office but have events- can purchase “event insurance”**
 - a. if serving alcohol, make sure that this will cover any claims arising from the event**
 - b. may need to indemnify/insure location hosting event**
- 3. Auto insurance (if you provide a car)**
- 4. Fiduciary coverage (qualifying pension plan)**
- 5. Worker’s Comp insurance**
- 6. Unemployment compensation (if not required by state law)**

C. Affiliate claim scenarios

1. Fashion Show Nightmare

- a. unincorporated chapter**
- b. no separate insurance**
- c. national originally named in lawsuit, but dropped**
- d. demonstrates need for incorporation, following proper corporate formalities, and having adequate insurance**

2. Presenter “Breach of Contract” Lawsuit

- a. brought suit against regional chapter**
- b. covered through NAR insurance program**
- c. another headache of lawsuit; eventually settled**
- d. coverage would be limited now in program; again shows the need for following proper formalities**

3. “Balloon crash” in desert

- a. potentially exciting claim, but never resulted in any damages**
- b. demonstrates need to make sure prizes are from reputable providers and adequate disclaimers are used**

4. Crime claim

- a. Chapter discovered theft of approximately \$30k**
- b. Threatened to go to police; full restitution made within 3 months**

5. Designation Criteria claim

- a. member angry that designation was denied, sued to get application fee refund**
- b. covered through NAR program**
- c. chapter was victorious in small claims court**