

Community Association D&O Product Overview

Policy Highlights and Features:

- Base Premium as low as \$625
- Duty to defend coverage
- First Dollar Defense for costs incurred by the Insurer
- Broad definition of Insured includes directors, officers, executive board and committee members, employees (including seasonal, temporary or leased), volunteers, the Association and the Property Manager
- Broad definition of Employment Practices Wrongful Acts includes wrongful termination, retaliation, discrimination and harassment
- Up to \$250,000 sublimit for defense of Fair Labor Standards Acts (FLSA) claims
- Loss includes punitive and exemplary damages with most favorable jurisdiction language

Targeted Classes:

- Homeowner Association
- Condominium Association
- Master Association (with 5 or less sub associations)
- Cooperative
- PUD

Eligible Risk Characteristics

Characteristic	Appetite
Number of Units	< 750
Average Unit Value	< \$2,000,000
Commercial Unit Exposure	< 30%
Employee Count	6 or fewer

Why You Need Community Association D&O Liability: Claims Scenario

A unit owner filed a lawsuit against the Association and its board of directors alleging they failed to maintain the common areas, issued improper monthly assessments, and attempted to amend the Association's bylaws in violation of the governing documents. The parties settled the lawsuit at mediation after written discovery and depositions occurred. Total Loss, including Costs of Defense, paid by Great American was approximately \$150,000.

[Click here for additional claims examples.](#)

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Executive Liability

Condominium and Homeowners Association Coverage

Great American's Fidelity / Crime Division can provide a comprehensive crime policy to help protect the funds a condominium and homeowners association has in its operating and reserve accounts. Community Associations are encouraged to carry Crime and Employee Dishonesty (Fidelity) insurance, and in many cases, associations are required to carry Fidelity/Crime coverage by lending institutions and/or by statute.

The Great American Advantage

- **Inclusive Eligibility:** No restrictions on association size, employee count, or amenity restrictions. Ability to tailor coverage to fit an association's specific needs.
- **Comprehensive Coverage:** Available for a variety of associations, including:
 - Homeowners Associations (HOAs)
 - Condominium Associations
 - Commercial Property Associations
 - Cooperatives
- **Extended Protection:** Coverage can be extended to board members, volunteers, and the association's property manager.
- **Flexible Options:** Coverage available as monoline, either primary or excess. Competitive terms and rates.
- **Specialized Coverage:** Social Engineering/Fraudulently Induced Transfers coverage offered.
- **High Capacity:** Up to \$50 million in Crime coverage.
- **Experience:** Experienced claims and underwriting team with an average of over 30 years' experience in their respective fields. Over 20 years of experience underwriting and handling claims for this class of business. Programs can be developed for large books of business.

Great American Insurance Company is the 3rd largest crime insurer in North America and is rated "A+" (Superior) by A.M. Best. Great American Insurance Company is one of only three companies in the U.S. to hold an A.M. Best Rating of "A" or better for over 115 years and also be listed on the 2024 Ward's Top 50 for insurance company performance.

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3rd largest crime insurer
in North America



Contact Information

Patrick Shannon

Director

pshannon@gaig.com

CrimelInsurance.com



Claim Spotlight

An employee of the property management firm hired by the Association performs bookkeeping services. The board had granted the property management company access to the Association's bank accounts. The employee, while performing financial duties as part of the property management agreement, took advantage of the Association's trust and was able to perform wire transfers in and out of the Association's accounts without needing additional approval. As a result, the employee was able to strategically transfer money into their personal account on a regular basis and conceal it by altering the bank statements before showing them to the board. After 7 years, a new board took over and discovered discrepancies with their bank accounts and the statements they received. After an investigation, it was discovered that more than \$1,250,000 was stolen.



What can agents do?

If a property manager is utilized, agents should make sure Employee Dishonesty coverage is extended to them and that adequate limits are in place. Additionally, the following loss prevention measures should be considered:

- Prohibit the property manager or a single board member from having too much authority.
- The board should receive bank statements directly from the bank (by mail or electronically, not furnished through the property manager) and review/reconcile monthly.
- Prohibit the property manager from being the sole authorized check signer on any Association bank accounts. The board should confirm this with the bank at the time a new property manager is hired and when a new board (or individual board members are appointed/elected).
- When there is board turnover or a new property management company, make sure consistent controls remain in place. Also, ensure the new board updates the names on bank accounts.

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