



One Size Doesn't Fit All: Tailoring Business Insurance to Fit Your Association's Needs



Hosted by ASAE Business Services, Inc. and Aon Association Services

Your Presenter:



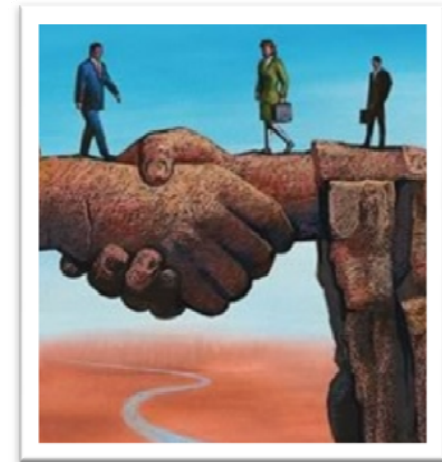
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Michelle currently manages the ASAE-Endorsed Association Office Package program and has over 20 years of sales and underwriting experience in the property & casualty insurance marketplace. Prior to joining Aon in 2000, Michelle worked for a large managing general agent (MGA) whose specialized in professional liability insurance.

Today's Learning Goals

❑ Business Insurance Overview

- Definition and Components
- Unique Association Exposures
- Key Policy Features
- Event Do's and Don'ts



❑ Claim Trends and Steps to Mitigate Risk

- Common Claims/Real-Life Examples
- Mitigating Risk

Business Insurance Components

Common Business Insurance Terms

- Package Policy (Pkg)
- Business Owners Policy (BOP)
- General Liability (GL) – can be stand-alone or part of either Pkg or BOP

Coverage Components

- General Liability
- Property
- Automobile Coverage (owned-auto, non-owned & hired, hired car physical damage)
- Employee Benefits Liability
- Crime/Employee Dishonesty
- Workers Compensation
- Umbrella Liability

Business Insurance Components

General Liability

- Protects against third-party bodily injury and property damage claims arising from an association's premises or operations, and off-site meetings.
- The minimum coverage an association should have, even if the association doesn't have a physical location and paid staff, GL is typically required when executing any contract.

GL vs. Other types of coverage

- GL may overlap with D&O or E&O with respect to coverage for advertising injury (such as libel, slander, copyright infringement).
- GL does not replace the need for either D&O or E&O.

Business Insurance Components

Property

- Provides protection for risks of direct physical loss on a replacement cost basis (no deduction for depreciation). Typically referenced as Business Personal Property coverage, designed to cover office furnishings and equipment, improvements and betterments, etc., but can pertain to the building when owned by the association.

Crime / Fidelity Coverage

- Protects against diversion of checks (received or disbursed). Misappropriation of investments or other assets, credit card fraud, and identity theft.

Business Insurance Components

Automobile Coverage

- Automobile Liability & Hired Car Physical Damage (HCPD)
- Non-owned & Hired Auto Liability
 - Protects the association when there is an auto accident involving a vehicle not owned by the association but driven by an employee on association business. This coverage protects the association only. The driver or owner of the car must look to his own insurance to protect him/her.

Workers' Compensation Coverage

- Mandatory coverage for employees. Should include all states where association has employees.

Umbrella Liability

- Provides an additional layer of protection for coverage existing on the underlying coverage of general liability, automobile, and workers' compensation insurance.

Other Important Coverage

- ❑ Directors & Officers Liability Insurance
 - Including Employment Practices Liability
- ❑ Fiduciary Liability Insurance
- ❑ Specialty Errors & Omissions Insurance (Professional Liability)
 - Standards Setting/Accreditation E&O
 - Cyber Liability & Media Liability
- ❑ Event Cancellation Insurance
- ❑ Excess Crime Coverage
- ❑ Business Travel Accident Insurance
- ❑ Foreign Liability/Property/Workers Compensation
- ❑ Kidnap/Ransom/Extortion Insurance

Unique Association Exposures

❑ Subsidiary Organizations

- Many associations have subsidiaries and it is key to have them listed as named insured entities on your business insurance policies

❑ Chapter/ Affiliates / Divisions

- Associations also may have chapters, affiliates, divisions, regional associations, etc.. Some may have employees, locations, events that they would be seeking coverage for and looking to the HQ association for guidance.

❑ Volunteers and Consultants

- Volunteers are an integral part of any nonprofit organization and it is important to define the role they play for your organization and reach out to your insurance broker to confirm your policies extend to volunteers.
- It is important to obtain a certificate of insurance from any consultant reflecting adequate coverage and noting your association as an additional insured.

Unique Association Exposures

Events

- Crucial to any association are your events. It is important to have confirmation that your events are covered by your business insurance.

Remote Employees

- Many associations have satellite locations and/or employees who work from home out of the HQ state. It is very important to be in compliance with respect to Worker's Compensation Insurance law.
- Ergonomic issues for remote employees can be addressed very well by loss control/loss prevention information from your insurance carrier.

Key Policy Features

Subsidiary Organizations

- Subsidiaries should be specifically named on your business insurance policies.
- It is important to divulge information to where there may be an insurable interest (ex: Foundation).

Chapters/Affiliates/Districts

- General Liability and Umbrella liability coverage for chapters should be specifically added onto your policy, an important feature to request if your association has chapters/affiliates/divisions, etc.
- You should also be able to access an option where chapters can obtain separate insurance coverage if you as the HQ association would prefer that option.

Volunteers

- Coverage for volunteers within Package & Workers' Compensation policies.

Event Dos & Don'ts

□ Dos

- Do share your draft contracts with your insurance broker to review the insurance provision and give you feedback.
- Do have your insurance broker confirm the extent of insurance coverage in place for all events and have them outline what types of events may not be automatically covered.
- Do obtain certificates of insurance from all exhibitors and third-party vendors naming your association as an additional insured with respect to the event(s).
- Do establish a contingency plan in tandem with the event venue(s) to be used in the case of a natural disaster.



Event Dos & Don'ts

Don'ts

- Don't wait until the last minute to request a certificate from your insurance broker for an event where you have an executed contract.
- Don't agree to provide evidence of insurance coverage unless you have an executed contract AND confirmation that you have the coverage in place.
- Don't agree to blanket wording within a contract that obligates your association's insurance coverage to be primary. Primary language obligates your association's coverage to step in even if the other party is negligent.

Most Frequent Business Insurance Claims

- ☐ **Employee Dishonesty**
- ☐ **Workers Compensation Claims**
- ☐ **Property losses**
- ☐ **Slip / Fall Claims at Conventions /
Tradeshow**

Real Life Claims

□ Employee Dishonesty

Trends indicate the frequency of employee theft has increased for nonprofit organizations due in part to the adverse economic climate.

- Example #1:

During a review of bank statements the association noticed that several check copies were missing. After a thorough investigation the association determined that an employee forged over 150 checks over a two year period.

- Example # 2:

The association was contacted by a bank officer who let them know about irregularities with their checking account. In addition to irregular deposits, 100 checks were found payable to the employee in question. The employee did not have check signing authority and some of the signatures were forged.

- Example #3:

An association chapter determined that a volunteer board member and committee chairman had stolen money. The insurance policy for the association had specified language to extend employee theft coverage to people who are non-compensated “employees” of an association chapter.

Real Life Claims


Website Losses



Example :

An association's website was brought down by a virus. There were significant costs associated with rebuilding the website and business interruption.

Workers Compensation

-  Examples of workers compensation claims involve injuries on-site as well as off-site while employees are at conferences, tradeshow, etc.

Your Business

Insurance Claims Process

- ☐ Conduct comprehensive internal investigation
- ☐ Provide prompt notice – most insurance carriers have toll-free numbers available 24/7
- ☐ Develop an employee incident form – Workers' Compensation

Mitigating Risk

☐ **Risk Management Role**

- Incorporate the role of “risk manager” into someone’s position, logically the person responsible to coordinate insurance matters with insurance broker



☐ **Conduct a Diligent Contract Review**

- Ensure you are not agreeing to contract language that obligates you to verify coverage limits and coverage types not in force and/or obligates you to purchase additional coverage
- Importance of “hold harmless” clause

Mitigating Risk

Conference/Tradeshow/Event Exposure

- Obtain certificates of insurance from all exhibitors & vendors naming your association as an additional insured
- Liquor Liability – limit exposure by having established catering company or hotel property staff serving liquor. If you are serving alcohol, limit number of drinks and bar time.

Negligent Entrustment

- A legal term referencing the fact that you trusted someone with something potentially dangerous and you knew or should have known better to trust that person

Mitigating Risk

Motor Vehicle Record (MVR) Evaluation

- Obtain a copy of the driver's license and compile list for broker for those employees who drive on association business
- Important even for associations that have non-owned and hired auto coverage

Crime / Fidelity Safeguards



- Split Duties that in combination could facilitate fraud
- Never leave blank checks unsecured
- Avoid use of signature stamps
- Use lock box for deposit of incoming checks
- Consider eliminating organizationwide credit cards
- Always verify references, professional credentials
- Conduct background checks

Questions?

To submit a question to the presenters:

1. Type your questions in the box located in the lower left corner.
2. Click the “Send” button.



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