



Association Survival Kit / Insurance Exposures Checklist

Building Insurance

If you own a building, coverage should be for risks of direct physical loss unless excluded (Causes of Loss-Special Form) on a replacement cost basis (no deduction for depreciation). Some policies require that reconstruction of the building be only at the present location. If there is a possibility that you would want to rebuild at another site, request a change in your policy wording. Check the coinsurance clause to be sure you are carrying the proper amount of insurance. If possible, the "agreed amount" endorsement should be attached thereby eliminating any possible coinsurance penalty at the time of a loss. Deductibles are available to lower premiums. Building insurance usually excludes boilers, machinery and air conditioning equipment. Boiler & Machinery Insurance can be purchased separately. Flood and Earthquake are normally excluded in most property policies. These perils can sometimes be insured – usually under separate policies. Ordinance or Law Coverage. This is an endorsement that covers the undamaged portion of a building after a loss. You may also designate specific limits to cover the cost to demolish (Demolition Cost) the undamaged portion of the building and a separate limit (Increased Cost of Construction) to cover the increased costs associated with rebuilding in conformance with the requirements of current building codes.

Contents Insurance

For risks of direct physical loss unless excluded (Causes of Loss – Special Form) on a replacement cost basis (no deduction for depreciation). This coverage, also known as Business Personal Property, typically is designed to cover your office furnishings and equipment, improvements & betterments, etc. Check your coinsurance clause to be certain you are carrying the proper amount of insurance. Coverage is limited to the premises designated in the policy. If you are storing off-site, let us know so that the proper coverage is afforded. Let us know if you will be transporting any of your equipment. Coverage for your Computer Equipment is better covered under a separate policy.

Computer Equipment

The policy is designed to specifically cover your computer hardware and software. It can also be further designed to cover your extra expenses needed to continue operations following a covered loss. Be certain that your laptops are covered for transit under this policy!

Valuable Papers & Records

Coverage to provide for reimbursement of the cost to reproduce information found within books of accounts, studies, mailing lists, and other business records damaged or destroyed by a covered loss. This would include your publications, books and manuscripts.

Business Income

Provides coverage for your loss of net profit/income as a result of a covered loss at your premises. The types of businesses that most benefit from this coverage are manufacturing and service firms whose sales would suffer for a period of time following a loss. Fortunately, most revenues realized by a nonprofit association would not be adversely affected by a covered loss. The majority of association revenues are derived from member dues, convention registrations and exhibitor fees, publication sales for which the books are obtained through one or more suppliers, and royalties from endorsement agreements. These are revenues that would, conceivably, continue even after a loss. If, however, you own a building and rent a part or all of it to others, you can insure for the rent you lose while the building is unable to hold tenants because of an insured loss.

Extra Expense

Insurance that provides reimbursement of those expenses necessarily incurred to keep your office functioning at its fullest capacity after an insured loss. Some forms of this insurance are written with a monthly time limitation. This coverage can also be combined with Business Income insurance.

Glass Insurance

If you own a building, your building insurance will, typically, provide coverage for your building glass. If you are a tenant and have large glass panes, you should verify that coverage is provided under your Contents Insurance or as separate item.

Accounts Receivable

If your membership billings and records of accounts receivable were destroyed, you'd have no record of outstanding accounts on which to collect monies due you. Accounts receivable insurance would reimburse you for these outstanding accounts. In this day and age, however, of computer technology, we strongly recommend that you back-up your computer on a regular basis and take your back up off-site.

Inland Marine Floaters

Available to cover camera equipment, valuable works of art in your offices, walkie-talkies, and similar property you take away from your office premises.

Crime Insurance

Available in several different ways and can be designed to specifically cover your particular situation. Employee Dishonesty (Fidelity) provides coverage to the association in the event of a sustained loss resulting from the fraudulent or dishonest acts of an employee. ERISA (Employment Retirement Income Security Act of 1974) also requires that this coverage be in place on all fiduciaries of retirement plans. Forgery or Alteration covers loss resulting from forgery of checks and other documents issued by your organization. The forgery must occur by an individual other than an employee. Money and Securities provides coverage for the theft of your money and securities both on and off (a messenger going to the bank for instance) your premises. If you would like this coverage, the insurance company would need to know the type of safe you have on premises, how much cash you have on hand and in checks. Remember you may need special cash coverage for your meetings and conventions (e.g. increase limits, add coverage for volunteers, etc.).

Commercial General Liability

Protects against third-party bodily injury and property damage claims arising from your premises or operations. Coverage parts of General Liability are as follows:

Personal Injury

Provides protection against claims involving false arrest, detention, malicious prosecution, libel, slander or defamation of character.

Products/Completed Operations

Protects against claims arising from the selling, distribution, serving or give-away of any type of product.

Fire Legal Liability

Protects you if you do not own the building you occupy, the owners or building management, or their insurance companies, could hold you legally liable in the event of fire damage, due to your negligence, to the premises you occupy.

Medical Payments

Provides for the reimbursement of medical expenses for a third-party injury on your premise regardless of your legal liability. For instance, a member trips over his own feet, falls and cuts his hand. You are not technically legally liable, but would probably like to offer to pay his medical bills. Medical Payments would cover this exposure.

Other important considerations with regard to General Liability coverage are as follows:

- Your employees and volunteers should be included as additional insureds
- If you lease, the lease agreement may require that the landlord is named as an additional insured
- If you publish standards, check to be certain that your liability coverage would respond to a bodily injury or property damage claims resulting from such standards.
- Your liability coverage should be extended to cover all meetings and conventions. Let us know if your event is occurring outside of the United States.

Garagekeepers Liability

Available to provide you with legal liability protection for damage to cars of others which you park or store in your building or other facility.

Foreign Liability

It is important to note that most liability insurance policies are limited to third-party claims brought within the United States and Canada. If you have operations overseas, including conventions and meetings, your liability insurance should be extended to cover worldwide.

Contractual Liability

Any contracts you sign should be reviewed by your legal counsel, particularly those in which you agree to hold another party harmless for liability losses. If your contracts are handled by another individual (meeting planner, etc.), be certain that they send the contract through you, to your broker. Many convention centers and other meeting venues are beginning to require higher liability limits, primary wording, etc., all of which can be costly, unless the contract is changed.

Non-Owned and Hired Automobile Insurance

Employees or other persons may use their own automobiles on your business or rent automobiles in your name for business trips. If that person is involved in an accident, the injured party may very well name your organization as a party to the suit. This insurance would protect the organization. Each individual should carry his or her own personal automobile insurance for coverage as an operator. In addition, coverage may be purchased to protect physical damage to a rented vehicle.

Owned Automobiles or Long-Term Leased Automobiles

Any automobiles owned or leased by your organization should be specifically insured for liability, physical damage, medical payments and uninsured/underinsured motorists. Collision is an area you might consider self-insuring, depending on the cost. Both comprehensive and collision (physical damage) can be purchased with higher deductibles to reduce the cost. Towing and labor insurance is available, as well as rental reimbursement insurance. If an automobile is purchased in the name of the organization for the personal use of an employee, an endorsement can be added to the policy.

Liquor Liability

Your Commercial General Liability coverage automatically protects your organization for third party claims brought as a result of your serving alcoholic beverages. This coverage, however, specifically excludes claims if it is determined that you were in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. Since this reference to an organization being in this "business" is somewhat ambiguous, we recommend that an organization operating a "cash bar" purchase specific liquor liability insurance. Because of the cost associated with this coverage, it is strongly recommended that associations hire a food/beverage contractor and get added as an Additional Insured to their liability coverages (including liquor liability). If it is determined that you must purchase Liquor Liability coverage, the insurance company will need to know the number of people expected at the event, the time of the event and the anticipated liquor receipts.

Workers' Compensation

This is mandatory coverage for employees. Be certain the policy includes all states in which your organization has employees and that the rates on the policy apply to your specific employee classifications. If you have employees overseas, foreign workers' compensation insurance is available.

Umbrella Liability

Provides an additional layer of liability coverage over and above your primary Commercial General Liability, Automobile Liability and Employer's Liability (under Workers' Compensation).