

CHECKLIST FOR COVERAGE DISCUSSION WITH AGENT OR PROSPECTIVE AGENT

The most important steps that you should take in evaluating your insurance(s) is to see what your documents require and what the State laws require of your association. Please remember that each association is unique and will have unique requirements so consult with the appropriate experts vs. just relying on this checklist. This is a compilation of questions, problems or disagreements that have surfaced over the last 33 + years of my involvement in this industry.

Think about your decisions this way.

- 1) If we can't afford it, can we afford to pay for it in the event of a claim?
- 2) Can we afford not to tender it to the insurance carrier? What could the maximum outcome be should we not tender it and it escalates to the maximum?
- 3) If we don't have the right insurance, we are self-insured and *should have a line item on the budget for that self-insurance.*
- 4) How are deductibles handled as this could be key in some cases? Does the association pay them or do the affected owners pay any deductibles?
- 5) See the last page for NRS 116 requirements surrounding insurance.
- 6) Since some brokers recommend different carriers for different services, you will see duplicates in some areas shown below.
- 7) **Is it smart to pick our broker first by interviewing brokers 3-4 months before renewal to allow the broker to get the three bids and feel comfortable with the person who will be guiding you properly securing your insurance needs?**

AGENT/BROKER ISSUES (DOES YOUR AGENT/BROKER):

	Yes	No	N/A
Are loss runs made <i>readily</i> available?	[]	[]	[]
Are there charges for a Certificate of Insurance	[]	[]	[]
Does the agent check the policies for errors	[]	[]	[]
Completes all obligations in a timely fashion.....	[]	[]	[]
Crime, Forgery and Theft	[]	[]	[]
Does the agent check the policies for errors	[]	[]	[]
Educates unit owners in writing if asked (Article for newsletter)	[]	[]	[]
Has experience with common-interest communities	[]	[]	[]
Have they received and reviewed copies of governing documents and will state that any recommended insurance program complies; ask for that statement in writing.	[]	[]	[]
Have they studied to carry special credentials?	[]	[]	[]
How are verbal complaints going to be handled?	_____		
How is the agent going to handle "Notice of Circumstances"?	_____		
Meets with the Board or Committee on request regardless of premium amount.....	[]	[]	[]
Monitors certificates of insurance for you (Proactively)	[]	[]	[]
Monitors the insurance companies you are with for stability and financial security. (AM Best ratings, etc.)	[]	[]	[]
Provides good written explanations	[]	[]	[]

- Recommends coverage and techniques even if he/she cannot sell to you!
- Acts as a resource. [] [] []
- Reviews program with Board at least annually or upon request [] [] []
- Review the CC&R's to ensure that no coverage(s) are missed that are] shown as required in the documents. [] [] []
- Speaks honestly, realistically, and follows through on time..... [] [] []
- Works for your best interests rather than the insurance companies alone. Brokers work for you while *some* captive agents work for the insurance company and may or probably only sell what the company offers vs. shopping for the best product for you.(They may also have limited access or may be obligated to use only one insurance company.) .. [] [] []
- Other:_____ [] [] []

CARRIER ISSUE:

- | | Yes | No | |
|--|-------|-----|-----|
| Is the carrier being recommended and admitted carrier (Licensed & Pays into the recovery fund in your State | [] | [] | [] |
| How many notices of <i>Circumstances</i> given to the agent triggers a raise in Premium (Some charge against you if any staff reviews any file? | _____ | | |
| Can we negotiate counsel to defend us? | [] | [] | [] |
| How will Notices of Circumstances be treated in the future if nothing occurs from the Notice of Circumstance? (Increased premium or cancellation or is it not a hard and fast rule)? | _____ | | |

DOES YOUR COVERAGE INCLUDE?

(Not all coverage's listed are **VITAL** to have property coverage)

PROPERTY

- | | Yes | No | |
|--|-----|-----|-----|
| Are indirect losses covered | [] | [] | [] |
| Are Mold and Fungi coverage an Exclusion? | [] | [] | [] |
| Are there exclusions from claims arising from damage to tangible property? | [] | [] | [] |
| Artificially Generated Electrical Currents | [] | [] | [] |
| Bridges, Docks, Piers, Retaining Walls and Wharves | [] | [] | [] |
| Buildings and Structures | [] | [] | [] |
| Code Upgrade – Ordinance Coverage – Including Demolition | [] | [] | [] |
| Collapse covers (no exclusion for) | [] | [] | [] |
| Continuous or repeated seepage of water over time coverage | [] | [] | [] |
| Demolition of standing building to be able to rebuild coverage..... | [] | [] | [] |
| Design error/building defect covered (no exclusion) | [] | [] | [] |
| Does the Current Reserve Study play into any property coverage | [] | [] | [] |
| Earth Movement | [] | [] | [] |
| Electrical Arching | [] | [] | [] |
| Emergency Response Coverage (Is it included?) | [] | [] | [] |
| Fine Art | [] | [] | [] |
| Fire Department Service Charge Coverage | [] | [] | [] |

Guaranteed Replacement Cost (Explain if no)	[]	[]	[]
If it is in our reserve study is it automatically covered	[]	[]	[]
Increased Cost of Construction (Building Ordinance & Law)	[]	[]	[]
Inflation Protection	[]	[]	[]
Is the coverage by contract or whatever the CC&R's say? (How would the wording in the CC&R's affect a claim?)	[]	[]	[]
Mechanical ad Equipment Breakdown	[]	[]	[]
Mysterious Disappearance for Property of Others	[]	[]	[]
No Co-insurance (If Co-Insuring are you willing to assume the risk?)...	[]	[]	[]
No Vacancy or Un-occupancy Provision	[]	[]	[]
Off Premises (Property)	[]	[]	[]
Papers, Receivables and Records	[]	[]	[]
Personal Property of Others	[]	[]	[]
Per Person	[]	[]	[]
Per Occurrence	[]	[]	[]
Pollution Cleanup Included or is this left up to the adjuster?	[]	[]	[]
Power Failure (on premises and off premises)	[]	[]	[]
Property Damage Legal Liability (If association renting property)	[]	[]	[]
Sewer Backups – If yes at what limit?.....	[]	[]	[]
Structural Glass & Signs	[]	[]	[]
Trees, Plants, Shrubs and Lawns	[]	[]	[]
Underground Flues, Pipes and Drains	[]	[]	[]
Valuable Papers and Records Costs	[]	[]	[]
Waiver of subrogation against unit owner – Required per NRS	[]	[]	[]
Walks, Roadways, Patios and other Paved Surfaces – If yes, what limit?	[]	[]	[]
.....	[]	[]	[]
War & Military Action	[]	[]	[]
Water Damage	[]	[]	[]
Items of Property for Consideration	Yes	No	
Appliances Owned in Common	[]	[]	[]
Appliances inside the units	[]	[]	[]
Appurtenant Structures	[]	[]	[]
Arbors	[]	[]	[]
Awnings or canopies	[]	[]	[]
Back Flow Devices	[]	[]	[]
Beach or diving platforms	[]	[]	[]
Bridges	[]	[]	[]
Bulkheads	[]	[]	[]
Drains underground and above ground	[]	[]	[]
Computer Equipment & Software	[]	[]	[]
Fences	[]	[]	[]
Fixtures, yard	[]	[]	[]
Floor, wall, window, ceiling, coverings	[]	[]	[]
Flues, gutters/down spouts	[]	[]	[]
Foundations above ground	[]	[]	[]

Foundations below ground	[]	[]	[]
Glass damage – If so what is the Deductible _____	[]	[]	[]
Irrigation Controllers and/or Computerized Systems	[]	[]	[]
Land	[]	[]	[]
Lights and Light Poles	[]	[]	[]
Marble	[]	[]	[]
Metal Smokestacks	[]	[]	[]
Paving, roads, walks, courts.....	[]	[]	[]
Piers & Pilings	[]	[]	[]
Pipes Underground (Cost of Discovery?)	[]	[]	[]
Pipes above Ground	[]	[]	[]
Plants, shrubs, trees & Lawns (Increased to _____)	[]	[]	[]
Pollution (Finding underground oil cans, etc.)	[]	[]	[]
Property Off premises	[]	[]	[]
Pump Houses	[]	[]	[]
Retaining walls that are and are not part of building	[]	[]	[]
Sign attached and sign not attached to building	[]	[]	[]
Sprinklers for Landscaping	[]	[]	[]
Swimming Pool, spa, and their equipment			
Unit Owner Improvements and betterments	[]	[]	[]
Utilities, underground	[]	[]	[]
Wharves or docks	[]	[]	[]
Other: _____	[]	[]	[]
Other: _____	[]	[]	[]

LIABILITY

	Yes	No	
A letter advising us of status of Notice of Circumstance - Acknowledge the Claim? (If the owner goes directly to the carrier)	[]	[]	[]
Advertising Injury Liability	[]	[]	[]
Are Defense Costs Inside the Limits?	[]	[]	[]
Are Defense Costs Outside the Limits?	[]	[]	[]
Bodily Injury	[]	[]	[]
Bodily Injury caused by Pollution Conditions (i.e. pesticides)	[]	[]	[]
Environmental Impairment Liability Coverage	[]	[]	[]
Extended Bodily injury/Incidental Medical Malpractice	[]	[]	[]
Host Liquor Liability	[]	[]	[]
Include Environmental Impairment (Pollution) Issues	[]	[]	[]
Is our manager and management company automatically covered	[]	[]	[]
Is there a deductible for Liability coverage?	[]	[]	[]
Medical Payments Coverage for Unit Owners in Common Areas – As Required by Nevada law	[]	[]	[]
Printed slander claims	[]	[]	[]
Separate Liability Limit for Personal Injury and Advertising Injury	[]	[]	[]

DIRECTORS AND OFFICERS LIABILITY

	Yes	No	
Are Committee Members Covered?	[]	[]	[]
Are Defense Costs Inside the Limits?	[]	[]	[]
Are Defense Costs Outside the Limits?	[]	[]	[]
Are Director Spouses (Marital Endorsement) Covered?	[]	[]	[]
Are Employee's covered - Employment Practices Liability both for D & O and workers comp, if we have it?	[]	[]	[]
Are independent contractors who work just for us covered?.....	[]	[]	[]
Are Monetary and Non-Monetary Claims	[]	[]	[]
Are Past Director's Covered (Even if no longer an Owner)?	[]	[]	[]
Are the Committee members and other volunteers covered both for D&O and Workers comp if we have it?	[]	[]	[]
Are the developer appointed directors covered in this policy?.....	[]	[]	[]
Are there any exclusions of which we should be aware?	[]	[]	[]
Are there exclusions from claims arising from damage to tangible property?	[]	[]	[]
Defense of 3 rd Party breach of contract claims?	[]	[]	[]
Do you offer tail policies if we change policies?	[]	[]	[]
Do they defend the board if they are in breach of a contract?.....	[]	[]	[]
Do they defend if a unit owner is suing to compel the Board to purchase insurance?	[]	[]	[]
Do they defend if the Community Manager sues the association for slander seeking emotional distress damages?	[]	[]	[]
Do they defend if a unit owner sues because a volunteer sexually harasses a child at the pool?	[]	[]	[]
Do they defend if the Community Manager is sued for an alleged unauthorized entry into a unit owner's condominium?	[]	[]	[]
Do they cover if a unit owner's tenant sues the board for wrongful eviction because of enforcement of the Unit Owner?	[]	[]	[]
Does it cover <i>Appointed</i> Directors and Officers?	[]	[]	[]
Does it cover prior unknown acts?	[]	[]	[]
Does the policy cover defense of Director against Director or as some of them call it, client against client?.....	[]	[]	[]
Does the policy have the Duty to Defend/Pay on Behalf Policy Language?	[]	[]	[]
Duty to defend vs. reimbursement of legal costs?	[]	[]	[]
Full Prior Acts Coverage Available			
No Co-Insurance or Retention	[]	[]	[]
Unknown Prior Acts Coverage	[]	[]	[]
Have you reviewed the CC&R's and other documents for required coverage? (The agent)	[]	[]	[]
Is Breach of contract covered?	[]	[]	[]
Is the Manager/Agent Covered (Staff within the Mgt. Co.)?	[]	[]	[]
Is there a retroactive date?	[]	[]	[]
Is there a Noise exclusion?	[]	[]	[]

Non-pecuniary Relief	[]	[]	[]
Pecuniary Relief with Defense Costs Outside of Limits	[]	[]	[]

OTHER FINANCIAL & SERIOUS COVERAGE

	Yes	No	
Community Association Manager and Firm Included for Fidelity	[]	[]	[]
Does the Fidelity Coverage require a conviction before paying a claim?	[]	[]	[]
Employee Dishonesty (Fidelity) Coverage to satisfy Nevada laws?	[]	[]	[]
(Nevada law requires that it not require conviction and there are certain amounts for your operation and reserves accounts that MUST be purchased)			
Earthquake	[]	[]	[]
Environmental Impairment Liability Coverage (Water damage, other liquids, powder or molten material damage)	[]	[]	[]
Flood	[]	[]	[]
Wind /hail damage to interior by endorsement	[]	[]	[]
Worker’s Compensation Coverage (regardless if there are employees)..	[]	[]	[]
Computer, wire and or Cyber Fraud - Cyber-Crime/Theft?	[]	[]	[]
Depositors Forgery	[]	[]	[]
Electronic Data Processing Equipment, Media and Supplies	[]	[]	[]
Elevator and Escalator Collisions	[]	[]	[]
Garage and Parking Area (RV Parking Lots?)	[]	[]	[]
Legal Liability	[]	[]	[]
Comprehensive Coverage	[]	[]	[]
Collision Coverage	[]	[]	[]
Garage Keepers Legal Liability Coverage (Valeting Cars).....	[]	[]	[]
Governmental Actions (Normally excluded in all policies)	[]	[]	[]
Hired and/or Non-Owned Auto Coverage	[]	[]	[]
Mechanical & Equipment (Boiler)	[]	[]	[]
Media Costs	[]	[]	[]
Money & Securities	[]	[]	[]
Nuclear Hazard (Most exclude, but we have to ask?)	[]	[]	[]

IMPORTANT QUESTIONS AND REMINDERS:

I. WHO WILL BE CHECKING THE ASSOCIATION’S DOCUMENTS TO SEE THAT THE COVERAGE OFFERED IS WHAT IS REQUIRED IN THE DOCUMENTS?

II. HAS THE ASSOCIATION DRAFTED A “DEDUCTIBLE” POLICY? Having this Board of Director’s Policy in place before the claim happens will save the Manager and the Board a lot of grief and last minute decision making. Owners can get coverage for any deductibles charged to the owners on their own policy if advised in advance that the deductible is their responsibility to pay on anything that affects their unit.

III. HAS THE ASSOCIATION DEVELOPED A CHECKLIST OF POSSIBLE RISKS?

IV. HAVE YOU ASKED YOUR OWNERS TO PREPARE A CHECKLIST OF THEIR INDIVIDUAL RISKS TO MAKE SURE THEY ARE ADEQUATELY COVERED?

V. HAS YOUR INSURANCE CARRIER PROVIDED A LETTER TO GIVE TO YOUR OWNERS TO MAKE SURE THAT ALL PARTIES ARE ADEQUATELY COVERED AND THAT THERE ARE NO GAPS IN COVERAGE? THIS DOCUMENT SHOULD DETAIL WHERE THE ASSOCIATION'S COVERAGE STOPS AND THE UNIT OWNER'S COVERAGE STARTS. EVEN KNOWLEDGEABLE INDUSTRY PEOPLE DON'T UNDERSTAND WHAT A "MASTER" POLICY IS.

VI. KNOW WHAT THE EXCLUSIONS ARE IN THE POLICY

VII. KNOW WHAT THE CONDITIONS ARE IN THE POLICY.

VIII. KNOW WHAT THE DEFINITIONS STATE IN THE POLICY AS SOME OF THEM CAN EXCLUDE SOME COVERAGE BY DEFINITION.

IX. KNOW WHAT A CLAIM IS AS DEFINED IN THE POLICY.

X. KNOW WHAT THE POLICY SAYS ABOUT ADMINISTRATIVE PROCEEDINGS/EMPLOYMENT.

XI. KNOW HOW MUCH TIME YOU HAVE TO SUBMIT ANY POTENTIAL CLAIM. VERY IMPORTANT THAT YOU CONTACT THE INSURANCE COMPANY FIRST AND THEN THE ATTORNEY IN A LAWSUIT OR NOTICE OF CLAIM.

(This list is being provided for discussion purposes only and is not intended to insure that each community has adequate insurance and is not all inclusive. Each community must meet with their agent/broker to determine if there are other insurance needs that need to be met.)