#### 2025 NAR INSURANCE PROGRAM OVERVIEW

December 12, 2024



REALTORS® are members of the National Association of REALTORS®.



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#### TOPICS

Program Basics
Coverage Summaries
Action Steps
Resources

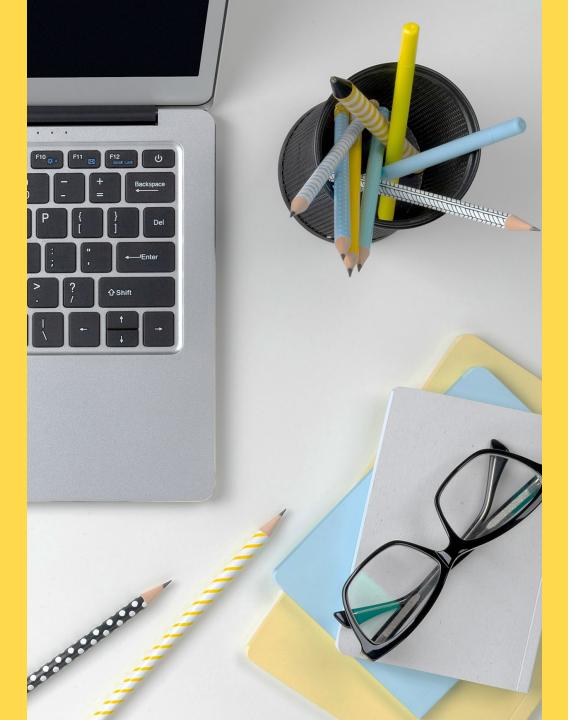




### DISCLAIMER

This is a summary of the policies and features offered through the NAR Insurance Program. Insurance policies contain applicable terms and conditions of coverage. All coverage determinations are made by the insurer at the time a claim is made.







#### **PROGRAM BASICS**





#### WHY ARE WE HERE?





NAR took the program to market to ensure we are offering the best available coverage.



#### **KEY ENHANCEMENTS**

- > 2x higher overall aggregate limit
- > Additional types of cyber losses
- Fech E&O coverage
- > 25x higher limits for social engineering
- > 10x higher patent limits



#### **KEY DIFFERENCES**

Policy lines broken up into separate policies

- Separate D&O-EPL-Crime policy for ISCs/Associations/MLSs
- Deductibles adjusted to market rates
  - Cyber controls for better deductibles
    - No excess except Cyber-Media-Tech E&O



#### WHAT COVERAGE IS INCLUDED?





Directors & Officers – D&O



**Employment Practices Liability - EPL** 

**Patent Infringement** 



NAR Institutes, Societies & Councils

- State chapters
- Local chapters
- Subsidiaries

State/Territorial/Local REALTOR® Associations

Association wholly-owned:

• MLSs

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- Charitable Foundations
- Political Committees
- Educational endeavors







# **Coverage only applies if the insured entity:**

Maintains their governing documents in full compliance with the Constitution, Bylaws, and Policies of NAR ...



#### AND

Adheres to and follows in their day-to-day activities the procedures and requirements of their governing documents (and NAR policies).



#### **Directors & Officers**

#### **Committee Members**

**Employees** 

While acting within the scope of their duties on behalf of the insured entity.





#### **IS ANTITRUST COVERED?**





YES.



#### WHAT ISN'T COVERED?

- Fraud or dishonest acts
- > Slip and fall, personal injury
- > Disease and infection
- > Property damage
- Event cancellation or liability
- > Claims for wages, salaries, or benefits
- Worker compensation or OSHA claims

See each policy for a complete list of exclusions.







#### **E&O COVERAGE**



#### **KEY DETAILS**

INSURER: CLAIM LIMIT: AGGREGATE: DEDUCTIBLE: Convex (London) \$1,000,000 \$5,000,000 \$50,000 Pro Standards \$100,000 all other claims



E&O – professional liability insurance – helps cover claims where an association made a mistake in the **member services** provided by the association.

- > Negligence
- > Misrepresentation
- Errors

Includes claims arising from a Professional Standards or MLS disciplinary hearing





#### D&O, EPL AND CRIME LOSS COVERAGE



#### **KEY DETAILS**

INSURER: CLAIM LIMITS:

AGGREGATE: DEDUCTIBLE: Zurich

\$100,000 – entity antitrust \$25,000 – crime loss

\$3,000,000\*

\$5,000 - \$30,000\*\* based on size \$10,000 - crime loss

\*Other than entity antitrust and crime loss there is no per-claim limit. \*\*Any D&O or EPL claim venued in California has a \$50,000 deductible.





- Governance issues
- Antitrust
- Breach of fiduciary duty

EPL

- Employment practices
  - Includes EEOC
- Sexual harassment
- Discrimination



# Crime Loss

- Theft of money or property by an employee
  - Including personal expenses on company card
- Fake invoices
- Social engineering\*
- Forgery

\*Also covered in the Cyber policy with higher limits.



#### **ANTITRUST COVERAGE**

Individual directors and officers at all levels—national, state and local—are protected from liability.

- Zurich policy includes full Side A and Side B coverage for the D&O's
- Includes both defense and indemnity
- \$1,000,000 additional claim limit in excess of the aggregate limit for Side A

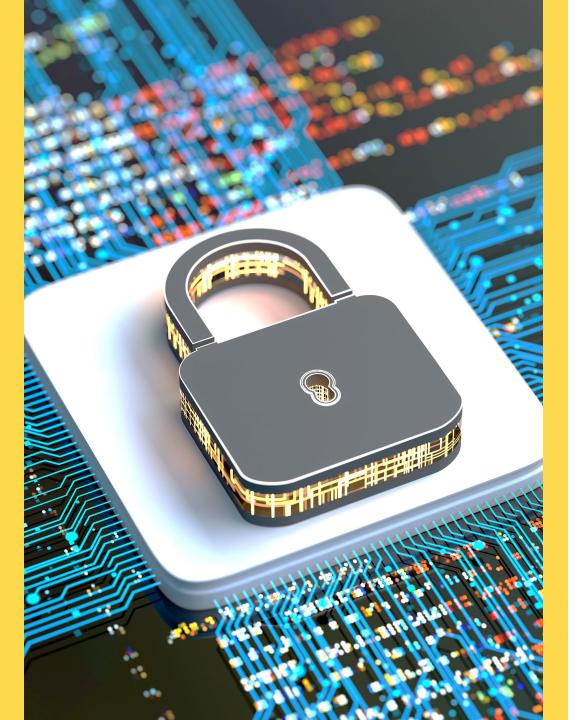


#### **ANTITRUST COVERAGE**

Insured entities (Affiliates, REALTOR® associations and Association-owned MLSs) have entity-level antitrust coverage of **\$100,000 per claim**.

- Additional financial support is available for Insured entities with an antitrust claim where NAR is not already providing financial support
- More details on the Antitrust Defense Fund coming in early January





#### CYBER, MEDIA AND TECH E&O COVERAGE



#### **KEY DETAILS**

INSURER: CLAIM LIMITS: AGGREGATE: DEDUCTIBLE: Arch \$1,000,000 \$10,000,000 With controls: \$10,000 – \$25,000 Without controls: \$25,000 – \$75,000



#### **Cyber Liability + Response**

- Computer system breach
- Digital data breach
- Privacy liability
- Extortion expenses
- Regulatory proceedings
- Breach expenses for forensics, credit monitoring, legal
   expenses, PR firm, etc.

#### NEW:

- Business interruption
- Dependent business interruption
- System failure business interruption
- Bricking
- Reputational harm
- Cybercrime/social engineering

**\$250,000 LIMIT FOR SOCIAL ENGINEERING** 





#### **Media Liability**

- Covers publishing, dissemination, releasing, transmission, production, webcasting, or other distribution of Media Content to the general public
- Includes podcasting, social media, websites
- Covers copyright and trademark infringement, defamation, libel, slander, invasion of the right of privacy



#### **Tech E&O NEW**

- Covers errors, omissions, negligence or product failures arising from an Association/MLS's technology services and products
- Also covers use of third-party technology products
- Lockbox programs covered under this policy





# Details of all controls will be posted on nar.realtor

Join the insurer for a <u>webinar</u> on January 23 at 1 pm CT to review security and governance controls in detail



#### **Cyber Security**

- Encryption of Private Information
- Multi-factor authentication
- Backups encrypted and segregated
- Vulnerability management program
- Patch management program in place
- Email security tool in place
- Endpoint Detection and Response (EDR)



#### **Cyber Governance**

- Employee training on network security and privacy awareness
- Written policies and procedures including Information Security Plan; Privacy Policy; and Incident Response, Business Continuity and Disaster Recovery Plans
- Written protocols in place to manage third party vendors



#### Media

- Content Review Process in place for a trained professional employee to review Media Content prior to dissemination
- Policies and procedures to verify that the Insured does not violate another party's intellectual property rights, including procuring the proper licensing for Media Content
- Procedures to remove controversial Media Content from internal and external platforms including Social Media



#### **Tech E&O**

- Written professional services agreements with specific wording/clauses, such as disclaimer of warranties, hold harmless, and data/PII rights and responsibilities
- Written agreements with independent contractors that warrant/guarantee the work performed, and indemnity clause
- Policies and procedures to safeguard against infringing another's IP rights



#### **EXCESS COVERAGE**

#### PREMIUM RATE TABLE

| Additional<br>Coverage Limits | Premium | Surplus Lines Taxes<br>and Fees | Total Due  |
|-------------------------------|---------|---------------------------------|------------|
| \$4,000,000                   | \$2,625 | \$92.93                         | \$2,717.93 |
| \$3,000,000                   | \$2,188 | \$77.46                         | \$2,265.46 |
| \$2,000,000                   | \$1,750 | \$61.95                         | \$1,811.95 |
| \$1,000,000                   | \$1,313 | \$46.48                         | \$1,359.48 |
| \$500,000                     | \$875   | \$30.98                         | \$905.98   |
| \$250,000                     | \$438   | \$15.51                         | \$453.51   |



### **EXCESS COVERAGE**

- SCAN FOR FORM -

To purchase excess Cyber, Media and Tech E&O coverage:

- 1. <u>Complete the form</u>
- 2. Make note of the payment amount
- 3. Complete the transaction on <u>NAR's payment portal</u>

Deadline to purchase is January 15, 2025. However, to avoid any potential gaps in coverage, **Insureds are urged to purchase by January 1, 2025**.







### **PATENT COVERAGE**



### **KEY DETAILS**

 INSURER:
 Arch (London)

 CLAIM LIMITS:
 \$500,000\*

 AGGREGATE:
 \$2,000,000

 DEDUCTIBLE:
 \$25,000

\*Claim limits are shared by co-defendants in the same action.



# WHAT CLAIMS ARE COVERED?

### **NPE claims**

 Infringement claims brought by an entity who purchases patents or the sole purpose of litigation and licensing schemes. A patent troll.



#### **Competitor claims NEW**

 Infringement claims brought by the owner of the patent who produces or uses the patented invention or process







#### **ACTION ITEMS**



## **ACTION ITEM #1**

#### **BY DECEMBER 30, 2024**

- After reasonable inquiry, Insureds should submit to Chubb all known, potential and threatened claims of which it is aware.
- Include any circumstance of which it is aware that could give rise to a claim.
- Failure to do so could result in a denial of coverage by Chubb.

FOLLOW THESE INSTRUCTIONS TO REPORT A CLAIM.



## **ACTION ITEM #2**



#### **BY JANUARY 1, 2025\***

IF DESIRED, PURCHASE EXCESS COVERAGE FOR CYBER, MEDIA AND TECH E&O

\*TO AVOID ANY POTENTIAL GAPS

The final deadline to purchase is 1/15/25.

SCAN THE CODE TO REVIEW PREMIUM RATES AND COMPLETE THE FORM



## **ACTION ITEM #3**



#### **BY JANUARY 23, 2025**

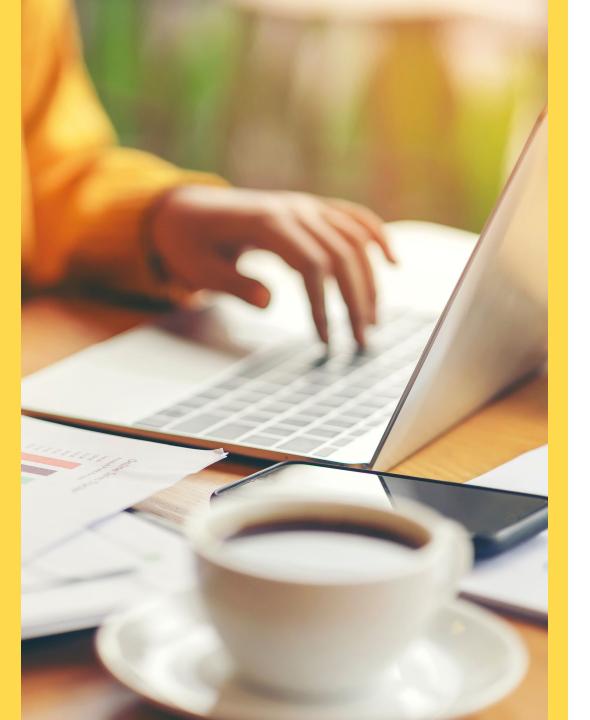
AEs, CEOs, LEGAL COUNSEL, IT DIRECTORS and COMMS DIRECTORS SHOULD REGISTER FOR THE <u>CYBER CONTROLS WEBINAR</u>

- SCAN TO REGISTER -

JANUARY 23, 2025 | 1 PM CT

WEBINAR WILL BE RECORDED AND POSTED ON NAR.REALTOR







#### RESOURCES



#### **ANNUAL MAILING**



# - EARLY JANUARY-THE ANNUAL INSURANCE

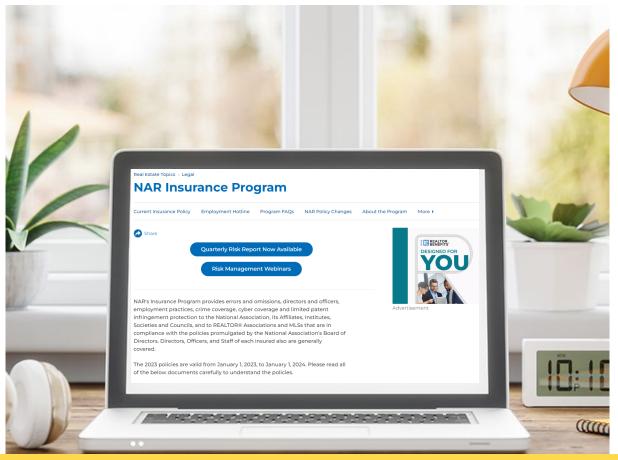
#### MAILING IS GOING ALL-VIRTUAL



#### **INSURANCE RESOURCES**

- EARLY JANUARY -

Policy documents
How to file a claim
Insurer's resources



### nar.realtor/nar-insurance-program



#### **INSURANCE RESOURCES**

#### Quarterly Risk Report ALL NEW IN 2025

**Risk Management Webinar Series** 

What Directors & Officers Need to Know **update coming soon!** 

#### NAR INSURANCE PROGRAM QUARTERLY RISK REPORT O1 2023

#### IN THE SPOTLIGHT:

#### AMERICANS WITH DISABILITIES ACT

Adopted in 1990, the Americans With Disabilities Act (ADA) makes it unlawful to discriminate against people with disabilities. The law has five sections or "titles", two of which apply to REALTOR® associations:

 Title I (Employment) requires employers to provide reasonable accommodations to qualified applicants and employees to enable individuals with disabilities to perform the essential functions of the job. Title I only applies to an employer, such as an association, that has 15 or more employees.

 Title III (Public Accommodation) prohibits entities that own, lease, lease to or operate a place of public accommodation from discriminating against the disabled, and requires the entity to remove certain physical barriers, make modification, and ensure

effective communication with disabled individuals. Defining disability

The ADA defines "disability" as a person who has a physical or mental impairment that substantially limits one or more major life activities, a person who has a history or record of such an impairment, or a person who is perceived by others as having such an impairment. As a result of the ADA Amendments Act of 2008, the concept of a disability should be interpreted broadly and more conditions are covered by the Act.

#### ADA Obligations

ASSOCIATION OF

An association's obligations as a place of public accommodation encompass many, if not most, of the services that an association provides: education and events, professional standards hearings, its buildings and facilities, and communications, including its website.

The key to communicating effectively is to consider the nature, length, complexity, and context of the communication as well as the person's normal method(s) of communication. For example, a sign language interpreter

**CLAIMS REPORTED: 19** 9 active demands/lawsuits | 10 potential claims

Trend alert: 4 times more cyber claims were filed this quarter than in all of 2022. Overall claims are up 3% over QI 2022.

Public accommodations must comply with basic

nondiscrimination requirements that prohibit exclusion,

segregation, and unequal treatment. This means that

associations must operate in a manner to ensure disabled

individuals have the same opportunity to participate in

and benefit from its goods, services, facilities, privileges,

advantages, or accommodations. As such, associations

must make "reasonable modifications" to policies,

Associations must ensure effective communication with

people with hearing, vision, or speech disabilities. This

means providing necessary auxiliary aids and services to

ensure equal access. However, the ADA does not require a

public accommodation to provide an auxiliary aid (or the exact aid requested) if such provision would result in an

undue burden or a fundamental change in the nature of

the goods, services, facilities, privileges, advantages, or

practices and procedures to avoid discrimination.

4 Professional Standards

4 Cyber 3 Employment

Governance

Trademark

Crime Loss

5 Other



#### **QUARTERLY WEBINARS**

#### Available on <u>nar.realtor/nar-</u> <u>insurance-program</u>



March 11, 2024 Al: What Associations Need to Know Now



June 23, 2023 Antitrust for Associations



September 15, 2022 Cybersecurity: Risk & Opportunities for Associations



December 13, 2023 Conducting Internal Investigations



March 24, 2023 The Impact of DEI on Risk Management



June 10, 2022 ADA Websites: What Associations Need to Know



October 6, 2023 Financial Guardrails for Associations



December 8, 2022 Trending Employment Law Issues



March 25, 2022 Defending Professional Standards Decisions in Court



#### **MORE INFORMATION**

NAR INSURANCE PROGRAM nar.realtor/nar-insurance-program

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# THANK YOU.



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