

PREPARE FOR THE WORST

*Disaster Preparedness and
How Insurance Can Help*



TODAY'S TOPICS

- Creating a disaster preparedness plan
- Overview of property insurance
- Availability of property insurance

WHY ARE WE HERE?



In 2020 alone:

- 22 separate billion-dollar weather and climate disasters
- \$95 billion in damages

Photo by [Nikolas Noonan](#) on [Unsplash](#)

WHY ARE WE HERE?

Cyber attacks on the rise!

- Colonial Pipeline
- Ransomware attacks up 486% according to Aon
- Every 8 minutes, someone is attacked

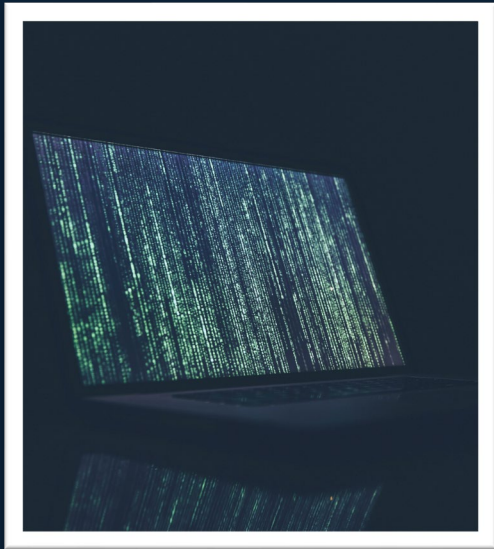
Photo by [Markus Spiske](#) on [Unsplash](#)



KATIE GARRITY

NAR Associate Counsel

ARE WE COVERED?



Report Cyber
Incidents to CHUBB:
1-800-817-2665



Report damage to
your property
insurance.



TOM CONLIN

Aon Risk Services

Topic: Overview of Property Insurance



AON

Today's Topics

- Property Policy Components
- Property Loss Scenario
- What is a Covered Loss?
- Loss Valuations
- Steps to Take in the Event of a Loss



Property Policy Components - DICEE



Declarations

» Who? What? Where? When? How much?

Insuring Agreement

» Property Insured
» Perils Insured

Conditions

» Definitions, Requirements in Case of a Loss, Valuation, Inspections, Subrogation, etc.

Exclusions

» Property Excluded
» Perils Excluded

Endorsements

» Endorsements

Loss Scenario

You are the CEO of ABC Association which owns a building.
A fire destroys your building and its contents. What losses do you suffer?

A. Direct Losses

B. Indirect Losses

Types of Loss Covered by Property Policies



Direct Losses – direct physical damage by a covered peril to covered property

- Damage to Building (aka Real Property) including improvements and betterments
- Damage to Contents / Personal Property
 - ✓ Machinery (including Boiler & Machinery, Tools & Dies)
 - ✓ Equipment
 - ✓ Raw Materials
 - ✓ Work in Progress
 - ✓ Stock
 - ✓ Inventory
 - ✓ Finish Goods
 - ✓ Computer Equipment
 - ✓ Valuable Papers / Accounts Receivable
 - ✓ Property of Others
 - ✓ Employee's Property
 - ✓ Office Supplies
 - ✓ Furniture & Fixtures
 - ✓ Glass
 - ✓ Signs
- » Demolition Costs
- » Debris Removal/Clean-Up Expenses
- » Increased Costs of Construction
- » Fire Department Charges

Types of Losses Covered by Property Policies



Indirect Losses (aka Time Element Losses) – coverage triggered by a covered loss or damage of the type insured by your policy to property insured by your policy.

- » Loss of Income (Business Interruption)
- » Extra Expense
- » Expediting Expenses
- » Loss Of Rents
- » Loss of Royalties
- » Tuition Fees
- » Tax Liability
- » Consequential Damage
- » Contingent Business Interruption/Extra Expense
- » Fines & Penalties
- » Protection & Preservation of Property
- » Service Interruption
- » Civil Authority/Ingress-Egress
- » Attraction Property

Is the Loss Covered? Types of Property Excluded

- Many of these types of property can be insured separately or included if values are reported.
 - Animals & Standing Timber/Growing Crops
 - Bills, Money Currency
 - Dams, Dikes, Reservoirs, Wharves, Piers, Docks, Bridges, Roadways, Retaining Walls and Pavement Surfaces
 - Land, Motor Vehicles
 - Property during an Inland Transit, unless endorsed to policy
 - Property during Ocean/Air Transit
 - Property in the Course of Construction, unless endorsed to policy
 - Spacecraft, Satellites, Railroad Rolling Stock
 - Underground Mines
 - Water, except that contained in fire protection system
 - Watercraft, Aircraft, Offshore Property

Is the Loss Covered? Perils Excluded



Peril = Cause of Loss » Named Peril v. “All Risk” Coverage

- Some of these perils can be insured separately
 - Delay, Loss of Market, Loss of Use
 - Deterioration, Depletion, Rust, Corrosion, etc.
 - Employee Dishonesty/Employee Theft
 - Faulty Workmanship, Materials etc., except ensuing loss covered
 - Hostile or Warlike Action
 - Indirect or Remote Loss
 - Mysterious Disappearance (disclosed upon taking inventory)
 - Nuclear, Biological, Chemical, and Radioactive (NBCR)
 - Political Risk
 - Seizure or destruction under quarantine
 - Voluntary Parting with Title or Possession of Property, if by Fraud/False Pretence



Direct Losses

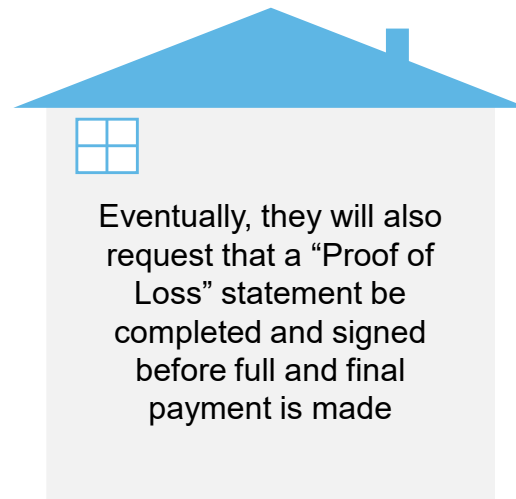
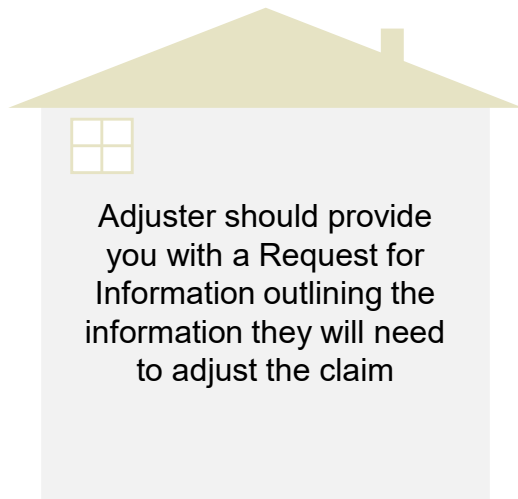
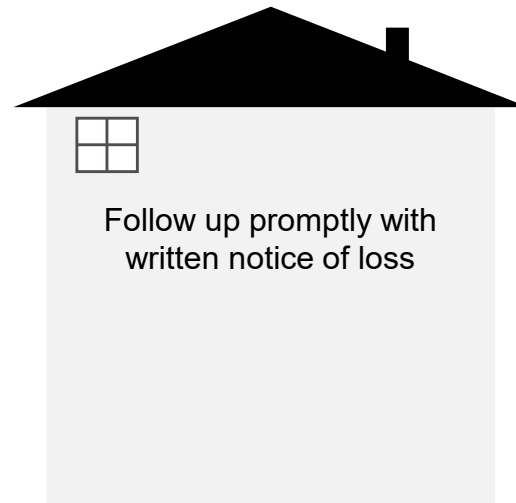
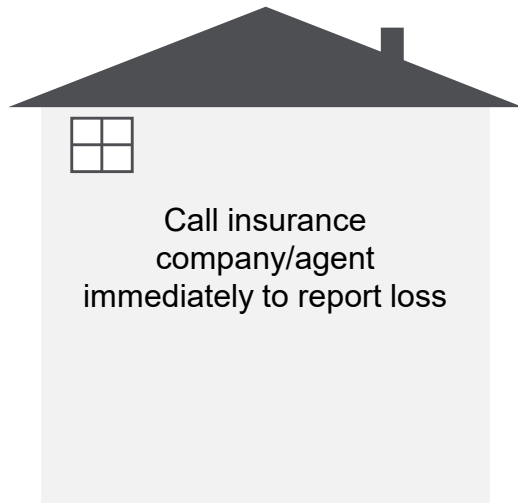
- Replacement Cost (RC)
- Actual Cash Value (RC less Depreciation)
- Specified Value (Book Value, Market Value, Declared Value)
- Replacement Cost New (Technological Advances)
- Selling Price on Finished Stock & Merchandise
- Functional Replacement Cost (Replacement with “used” property)



Indirect Losses

- » Actual Loss Sustained

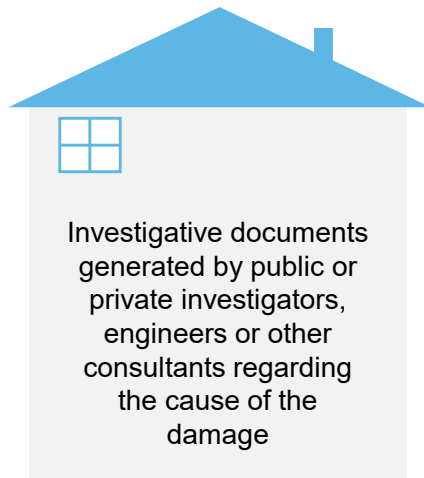
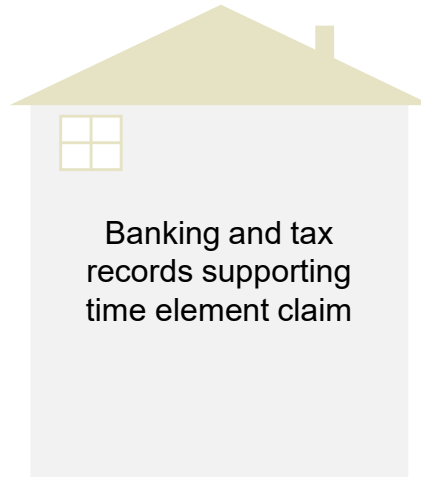
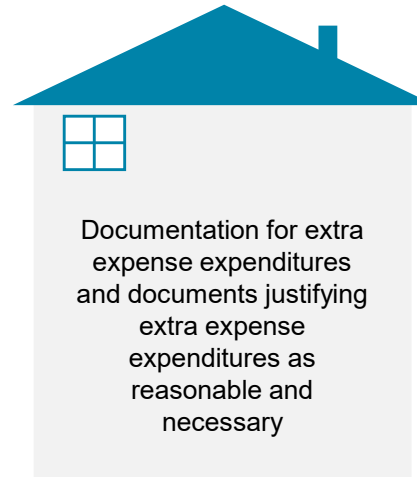
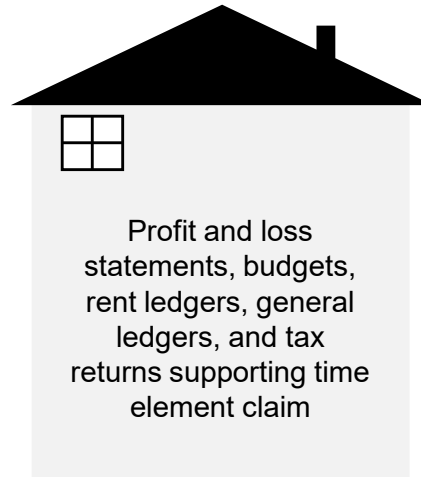
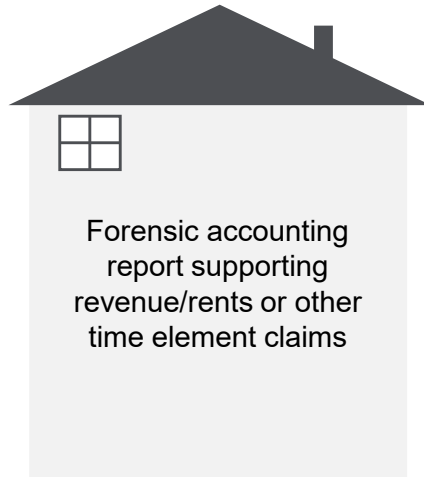
Steps to Take in the Event of a Loss



Steps to Take in the Event of a Loss



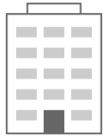
Steps to Take in the Event of a Loss





PANEL DISCUSSION

COVERWALLET, AN AON COMPANY OVERVIEW



Headquartered in NYC

International presence in USA,
Europe and Australia



~450 Employees

Global workforce with expertise in
tech, digital marketing, ops



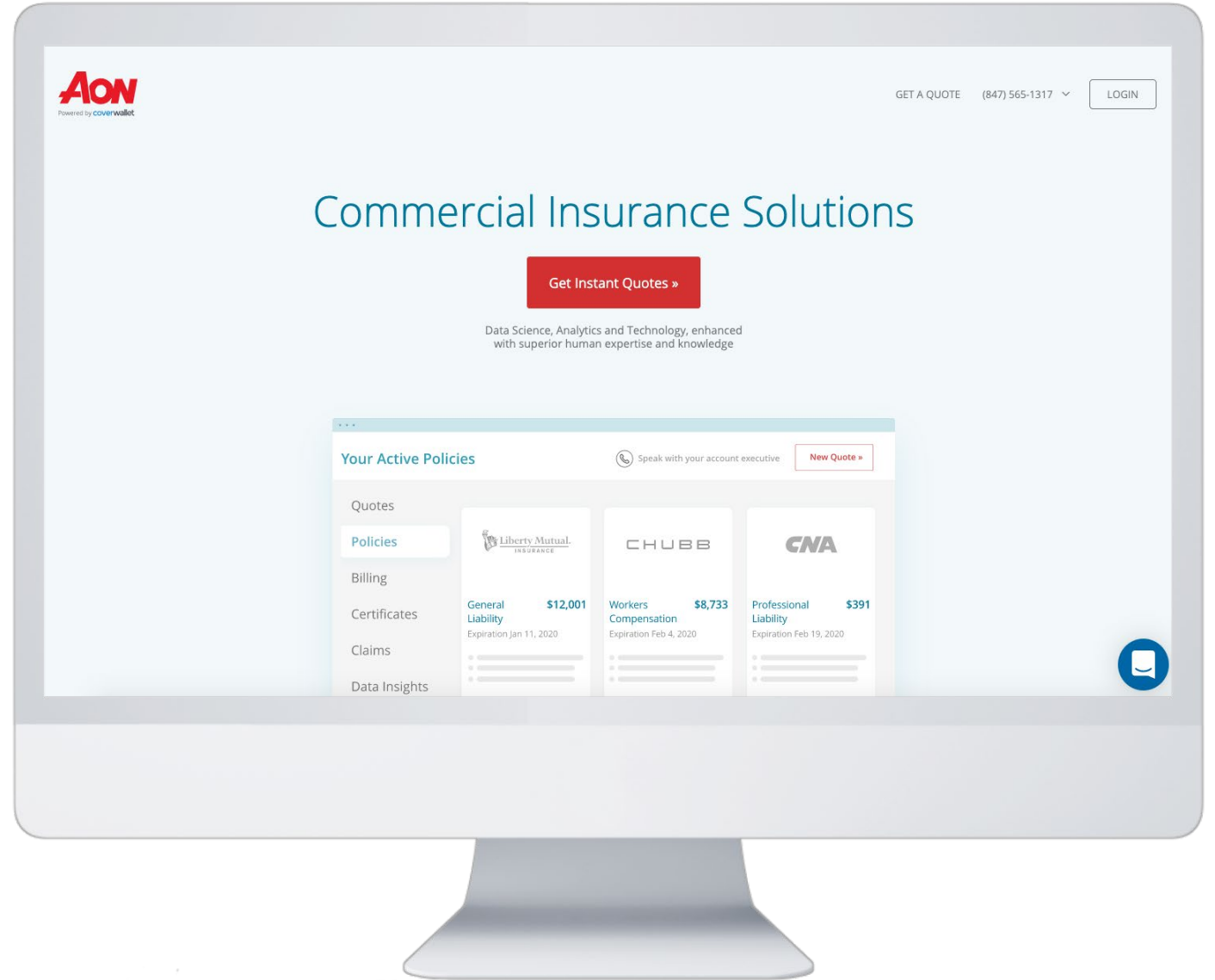
Hundreds of Thousands of Clients

From coffee shops and retailers to
lawyers and doctors

-
- CoverWallet, an Aon company, transforms the *end-to-end experience* for commercial insurance.
 - Using a combination of advanced data science and technology, CoverWallet's platform is *the easiest way for businesses to understand, buy and manage commercial insurance* entirely online or with the help of a technology-assisted, licensed agent.
 - Once the coverage is active, customers get access to a self-service platform to *manage their insurance*, including tracking payments, updating billing information, and generating certificates of insurance.

THE EASIEST WAY TO
**UNDERSTAND, BUY &
MANAGE** INSURANCE FOR
YOUR BUSINESS.

All online, in minutes.



LEADING INSURANCE PRODUCTS

Available through any device. All online, in minutes.

The screenshot shows the Aon insurance quote application interface. On the left, there is a sidebar with the Aon logo (Powered by coverwallet), a profile for 'Jim', 'Your Personal Advisor', 'Free & Friendly', and contact information '(847) 565-1317'. Below this is a progress bar showing 'Application 15% completed' and a vertical menu with steps: Insurance Type (selected), Business, Locations, Additional Info, and Review & Submit. The main content area is titled 'Let's get started' and asks 'What type(s) of insurance do you need a quote for?'. It includes a 'Save and Continue »' button and a text input field with the placeholder 'Select from below or type here'. Below the input field is a grid of 15 insurance product tiles, each with an icon and a name: General Liability, Workers Compensation, Business Owners Policy (BOP), Commercial Property, Professional Liability, Commercial Auto, Umbrella Insurance, Errors & Omissions (E&O), Directors & Officers (D&O), Employment Practices Liability Insurance (EPLI), Fiduciary Liability, Cyber Liability, Inland Marine, General Liability, and Special Events.

- Aon acts as broker
- 30+ types of coverage
- Top-rated carriers
- Multiple quotes
- All this and much more...

**With just one single
online application!**

www.aoncover.com

THE INSURANCE EXPERIENCE: HOW IT WORKS

Buying insurance coverage has never been easier.

1



Complete application

Complete one simple online application in a matter of minutes

2



Get Instant Quotes

Receive quotes from carriers for the policies you are interested in

3



Purchase Coverage

Select and purchase the policies you would like to have

4



Done

Voila! You're all set and have your proof of insurance coverage

Have questions along the way? Our team of insurance experts is standing by and here to help.

NEXT WEBINAR



COPYRIGHT ISSUES

September 15, 2021
@ 1 pm CT

Photo by [Glenn Carstens-Peters](#) on [Unsplash](#)

QUARTERLY TREND REPORT

Available on
nar.realtor

NAR Insurance Program QUARTERLY TREND REPORT Q1 2021

SUMMARY: Association claims activity increased 46 percent compared to Q1 2020. Cyber incidents and social engineering/invoice fraud noticeably increased over prior years, while member challenges to association governance decisions remained a strong area of claims activity, representing a third of all active and potential claims.

The NAR Insurance Program provides professional liability and limited patent coverage to all eligible associations, affiliates, and MLSs.

CLAIMS REPORTED: 19

(14 active demands/lawsuits & 5 potential claims)

- 6 Association Governance
- 3 Antitrust
- 3 Crime Loss
- 2 Cyber
- 2 Employment
- 1 Contract
- 1 Copyright
- 1 Fair Housing
- 1 Professional Standards

RESOURCES

CYBER RESOURCES

- Cybersecurity Webinar for AEs
- Cybersecurity Checklist
- Chubb's Cyber Partners for Mitigation and Response
- Chubb eRiskHub®

GOVERNANCE & EMPLOYMENT RESOURCES

- Board of Directors Orientation Toolkit
- President/Chief Executive Task List
- Employment Practices Legal Hotline
- Employer/Employee Guidelines
- Human Resources Toolkit
- Strategic Association Management Services

LESSONS FROM A CLOSED CASE

A long-tenured association executive with no prior performance issues brought a wrongful termination suit after a new president and board of directors questioned the AE's bookkeeping and issued a letter of reprimand for failure to follow bylaws, document retention and financial policies, and insubordination. None of the issues were previously documented or raised in prior evaluations, and without a plan or time to address the issues, the AE was terminated. The claim ultimately settled, costing the association tens of thousands of dollars.

Lessons:

- Ensure the association has policies and procedures for conducting an annual performance review of the chief paid executive.
- Educate board members about their role in overseeing the association's operation, and their duties of care, loyalty, obedience and accounting.
- Promote open dialogue and reach agreement about the roles and responsibilities of the president and association executive and the overall **management model** of the association.
- Follow all procedures in the association's employment manual for discipline and termination.
- Maintain employment policies that align with NAR's Employer/Employee Guidelines as a pre-requisite for coverage of Employment Practice Liability claims under the NAR Insurance Program.
- Engage employment counsel to review and assist in key staff terminations.

Be sure to check out the governance and employment resources in the resources section.

RISK MANAGEMENT WEBINAR

Prepare for the Worst:
Disaster Preparedness and How Insurance Can Help

June 10 // 1PM CDT

[REGISTER NOW!](#)

INSURANCE TIP

Excess coverage to raise the claim limit for certain coverages in the NAR policy is available to purchase **January 1 to April 1** of each policy year. Consider making excess coverage part of your budget planning process for next year.

MORE INFORMATION

NAR INSURANCE PROGRAM

nar.realtor/nar-insurance-program

AON ACCOUNT EXECUTIVES

Gayle Andrews

Gayle.Andrews@aon.com

312-381-7049

Laura Sereika

Laura.Sereika@aon.com

312-381-2602

THANK YOU.



NARdotRealtor



nar.realtor