



Director's & Officers & Crime Coverage

The differences between a standalone and a packaged endorsed policy for Community Association's

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Our Program Highlights

- **Specialization in insuring Community Associations:** We insure over 800 communities in the DMV area, from the largest Condo's & smallest HOA's.
- **Easy Quoting Process:** Our goal is to make the insurance process as simple as possible for Managers and can get started with just a copy of a COI.
- **90 Day renewal Strategy:** We begin our renewal process 90 days out to make sure our clients are in the best spot year after year.
- **Independent Agency:** We have access to a vast network of carriers which enables us to have an option for all types of communities.
- **Risk Management Plans:** Helping Communities avoid higher rates, potential losses and getting out of the E&S Market.
- **Award Winning Customer Service and a True Resource for You:** PCAM help, 24-hour COI turnaround times, Board Meeting Attendance, Availability, Policy Audits & Coverage Comparison.



CONDO & HOA INSURANCE
A SAHOURI INSURANCE PROGRAM



IMPORTANCE OF D&O COVERAGE

What is Director's & Officers coverage?

- D&O coverage is there to protect and defend the Board of Directors when their decisions are challenged, or they are accused of failing to meet responsibilities.

Why is it important?

- Protects volunteer board members and property managers
- Shields against lawsuits from disgruntled homeowners
- Required by majority of Community Association's bylaws.



KEY DIFFERENCES BETWEEN STANDALONE AND PACKAGED D&O

These policies are largely rated by number of units

Feature	Packaged D&O	Standalone D&O
Cost	Lower premium \$250-\$700 range	Higher premium \$700-\$3,000 range
Coverages	See below	See below
Defense Costs	Typically, inside the limit of liability	Often outside the limit of liability (separate/unlimited)
<i>Discrimination Coverage</i>	<i>Often excluded</i>	<i>Included</i>
Monetary Damages	Often excluded	Included
Failure to Procure and Maintain Insurance	Often excluded	Included
Breach of Contract	Often excluded	Included for defense costs only

THE ROLE OF D&O COVERAGE IN COMMUNITY ASSOCIATIONS

Integral Coverage:

Protects board members from liability related to decision-making.

Policy Types:

Two primary options for community associations:

Packaged D&O:

Bundled with other coverages, may have exclusions.

Standalone D&O:

Dedicated policy with broader protections.

Claim Example

A situation where D&O coverage was crucial to a community association:

1. Discrimination Coverage example

- A unit owner filed a formal complaint against a board, for discrimination due to selected enforcement of covenant.
- If there was none or packaged coverage:
 - with the standalone packaged D&O excluding the discrimination, the community would be coming out of pocket to cover the costs



HOW COMMUNITY ASSOCIATIONS CAN REDUCE RISK

- No way to eliminate legal risks completely
- Best practices:
 - Collaboration between association counsel, insurance brokers, and board members.
 - Regular meetings to assess compliance and protection strategies/ Board Education.
 - Partner with industry specialists to ensure the implementation of best practices.



Things to look for in expansive D&O coverage

IHG/CNA		
Endorsed by the Community Association Institute	✓	Copyright, trademark and plagiarism included ✓
Builder/developer in capacity as board member protected (even after they leave the board)	✓	Final Adjudication Language for fraudulent/criminal Wrongful Acts* ✓
Noise pollution covered	✓	Cyber liability and privacy event expense available ✓
Full limit defense costs for 3rd party breach of contract claims	✓	False arrest, wrongful entry or eviction included ✓
Defense Costs paid outside the limit of liability	✓	Insurance carrier CNA rated 'A' (Excellent) by A.M. Best ✓
Board members past, present and future covered	✓	Defense of suits arising out of the approval/rejection of contracts ✓
Employees, volunteers, committee members domestic partners and spouses insured	✓	Pre- and Post-judgment Interest paid ✓
Property manager covered	✓	Investigation, Adjustment, Defense & Appeal defense costs provided ✓
Full Prior Acts coverage	✓	Loss definition includes punitive, exemplary, multiple damages (where insurable) ✓
Monetary and non-monetary claims covered	✓	Architectural Review Board decisions covered ✓
No Entity Exclusion, no insured vs. insured exclusion	✓	Employment Practices Liability included ✓
		Non-employment related discrimination included (third party discrimination) ✓
		Libel, slander and other defamation included ✓
		Failure to maintain/obtain insurance defense provided ✓

via Ian H. Graham Insurance

IMPORTANCE OF Crime COVERAGE

What is Crime coverage?

- Crime coverage, also known as Fidelity/Employee dishonesty is intended to protect the communities' financial assets.

What limit should be used?

- To comply with FHA loan requirements, you'll want to have a minimum of the Total Reserves + 3 Months Assessments.
- This is often one of the most neglected items by insurance agents.



KEY DIFFERENCES BETWEEN STANDALONE AND PACKAGED Crime coverage

These policies are largely rated by the \$\$\$ amount of coverage

Coverages	Crime included on the Package Policy	Standalone Crime Policy
Employee Theft/Dishonesty	✔ Yes, Available	✔ Yes, Available
Forgery and Alteration	✗ Usually limited to \$15,000	✔ Yes. Available
Computer Fraud and Wire Transfer Fraud	✗ Not Commonly Included or Available	✔ Yes, Available
Theft Disappearance & Destruction	✗ Not Commonly Included or Available	✔ Yes, available
Money Orders and Counterfeit Currency	✗ Not Commonly Included or Available	✔ Yes, Available
Social Engineering	✗ Not Commonly Included or Available	✔ Yes, Available

Questions?