



McGOWAN PROGRAM ADMINISTRATORS

Does Your Community Association Insurance  
Protect Volunteers from Financial Ruin?

# 4 Questions You Must Ask About Your Community Association Insurance



You've invested time, money and emotion into your condominium. You like your neighbors and you want to help everybody work together to preserve property values and build great lives for yourselves.

So you get yourself elected to the condo board of directors. Congratulations, you now qualify for financial devastation.

If one of your neighbors decides to sue the condo association and all of its board members, guess what: The legal fees are your responsibility. If your condo association has no insurance coverage for this kind of liability, you can be in a deep financial hole before you know what hits you.

But let's say your condo association has decided to add Directors and Officers (D&O) coverage to its overall insurance policy. Even so, if you assume your hard-earned assets are safe, you could be in for a rude awakening. D&O varies widely among insurers. Some specialize in offering broad coverage, while others provide narrower coverage as part of an overall policy.

You can't afford to wait until you've been sued to find out your D&O coverage doesn't cut it. Legal fees and judgments can reach into the hundreds of thousands or even millions of dollars in the most extreme cases.

## **If you're serving on a condo, co-op or HOA board, you must ask these four questions to make sure you have not volunteered for a date in bankruptcy court:**

### **1. Does my overall liability policy provide legal protections for directors and officers?**

Start with the basics: Do you even have D&O coverage? If not, there's a time bomb on your bank account. Anybody in your community can get angry about anything and file a lawsuit against the entire board. They might not win a dime in court, but if it costs you \$150,000 in legal fees to win the case, guess who the real loser is.

### **2. If I have D&O coverage, where am I most vulnerable?**

You need to understand the difference between basic D&O coverage and specific coverage. Basic D&O coverage might protect current board members but not cover past board members — so you could get sued 10 years from now even if you're off the board. A specific policy could address this gap. A basic policy might cover any damages awarded in court, but not cover your individual legal fees. A specific policy could cover both.

This is only a brief look at the many potential gaps in D&O coverage. The differences from one policy to the next seem maddeningly arcane, but failing to account for them could cost you a fortune.

### **3. Why should I go with a specialized provider of D&O coverage?**

Lots of large insurance companies provide basic D&O coverage, but it's not the main focus of their business. They want to protect your property from a hurricane; protecting your individual assets is a lower priority.

Specialty insurers, however, have built a business around plugging gaps in basic D&O policies. They have dealt with the most complex legal cases and helped many people just like you avoid crippling claims and legal costs.

### **4. Can I afford not to get specific D&O coverage?**

There's basically no limit to the things that can get you sued. A barking dog, a parking lot pothole, you name it. And sometimes you can make an honest mistake that costs a property owner dearly. Your D&O coverage can protect you, but only if you make sure you've got enough coverage.

That's why it's so important to sit down with an expert in community association insurance who can guide you through the process of making sure your honest desire to help out your neighbors does not come back to haunt you.

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**Now, are you ready to Think McGowan? It's tough enough to get people interested in taking positions on their co-op or condo board without the threat of lawsuit damages hanging over their heads. Board education and good communication are two pieces of protection against legal action; a solid D&O policy is a vital third piece of the puzzle.**

## About Us

McGowan Program Administrators (MPA) is America's leading writer of innovative insurance programs. MPA is a Managing General Underwriter and Program Manager. MPA designs, administers and markets highly-specialized programs of insurance. These programs are available exclusively through MPA. They are offered on "A" Rated, Admitted Paper and are available in all 50 states.

As early as the mid-1950s, we recognized the power of specialization and began writing commercial affinity business. Since that time, and catapulted by the Federal Liability Risk Retention Act of 1986, we transformed ourselves from a large regional retailer into one of the country's first Program Managers. For the past 6 decades, we have dedicated ourselves to program business. Our philosophy has always been to deliver products to our brokers which allow them to distinguish themselves from their competition, from both a pricing and coverage perspective. At the same time, we have delivered extraordinary long-term profitability to our carriers. Satisfying the dual objectives of our brokers and carriers has made us an extremely-stable platform, which is a rare commodity in the insurance industry.

MPA is one of The McGowan Companies (TMC); a family-controlled, conglomerate of insurance and financial service companies.

## Directors & Officers Program Coverage

### PROGRAM OVERVIEW

#### ELIGIBLE CLASSES:

- Commercial Associations
- Common Interest Developments
- Condo Hotels
- Condominium Associations
- Cooperatives
- Homeowners Associations (HOAs)
- Master Associations
- Planned Unit Developments (PUDs)
- Property Owners Associations
- Rental Pool Associations
- Timeshares
- Townhome Associations

Products: Directors & Officers Liability (Including EPLI)

Limits: \$1MM-\$5MM

Carrier: "A" Rated Carriers/Admitted Paper

Territory: All 50 States

#### Special Features & Coverages:

- Defense & Indemnity of Monetary Claims
- Defense of Non-Monetary Claims
- Insured Includes Directors & Officers, Entity, Property Manager, Volunteers, Committee Members, Employees & Leased Employees
- Defense of Breach of Third Party Contract Claims
- Defense of Failure to Maintain or Obtain Insurance Claims
- Developers on the Board / Controlled Boards Qualify
- Third Party Discrimination

#### Common Area Accident Coverage

- Accident Medical Expense – \$10,000 (per person)
- Deductible – \$0
- Accidental Death – \$5,000
- Accidental Dismemberment – \$5,000
- Paralysis – \$5,000
- Aggregate Limit – \$100,000 (per person)

[Applications available at mcgowanprograms.com/applications](http://mcgowanprograms.com/applications)

Please see quotes and policies for exact terms, conditions, and exclusions. Coverage may vary from policyholder to policyholder, from product to product, and from state to state; therefore terms, conditions, and exclusions of a given policy may not comport with the general information presented in this flyer.

### For more information, contact:

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