

Community Insurance & Contractual Risk Transfer



 **ASSOCIATION
PROGRAMS**

BRADY, CHAPMAN, HOLLAND & ASSOCIATES

Presenter



Kevin Kimmel, CIC
Account Executive

Disclaimer

This PowerPoint contains a brief outline of coverage to be included in any policy that may be issued. It is only a summary; the actual terms and conditions of the policy will take precedence over this PowerPoint. Any disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited.

Agenda

- > Property & Equipment Breakdown
- > General Liability and Hired & Non-Owned Liability
- > Crime
- > Directors & Officers Liability
- > Workers' Compensation
- > Excess Liability
- > Additional Coverages to Consider
- > State of the Property Market for Condos/Townhomes
- > Certificates of Insurance – What to Look for
- > Contractual Risk Transfer – The Significance

Property & Equipment Breakdown

Building = Structures

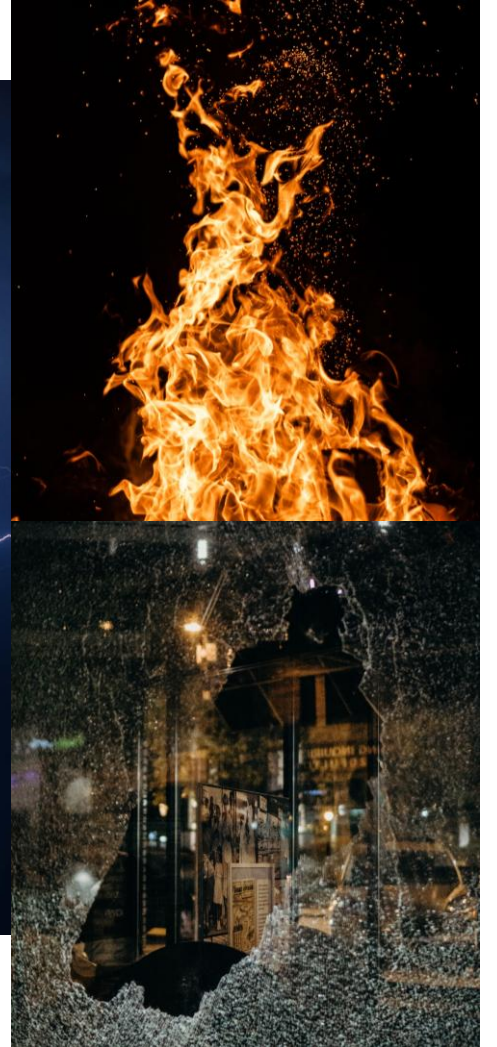
BPP/Contents = Items Inside Structures

Additional Covered Property/Grounds = Outdoor Property



Property/EB Claims Scenarios

- > Fire or Lightning
- > Windstorm/Hail
- > Water Damage (not flood)
- > Aircraft or Vehicles
- > Theft/Vandalism
- > Breakdown



General Liability

3rd Party Bodily Injury & Property Damage



Hired & Non-Owned Liability

Hired/Personal Vehicles Used on Association Business



Crime

Employee Theft

- > Definition of Employee
- > Management Company

Computer Fraud and Wire Transfer Fraud

Social Engineering Sublimit



Directors & Officers (D&O)

- > Wrongful Acts
- > Past, Present & Future
- > Formal Subcommittees
- > Cyber Breach Notification



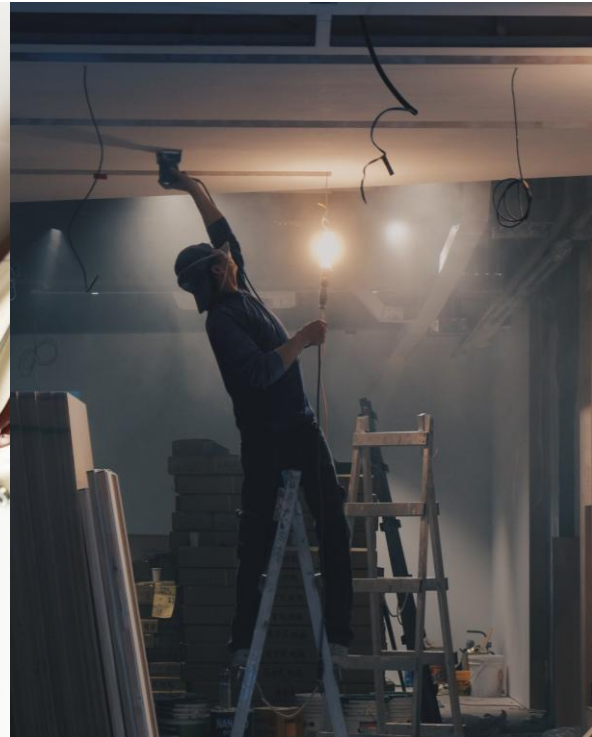
Workers' Compensation

Provides Coverage for Injured Employees While Working on the Job

We have no employees, why purchase?

Uninsured Contract Labor

Annual Audit



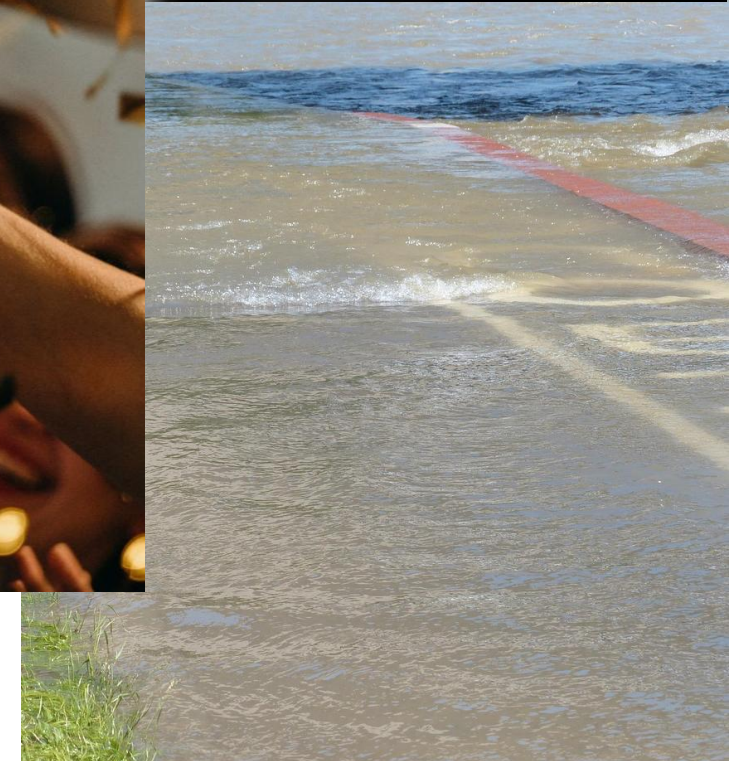
Excess Liability

Provides additional coverage for underlying liability policies

- > General Liability
- > Hired & Non-Owned Auto Liability
- > Employers' Liability (Workers' Compensation)
- > Directors & Officers Liability – **BE SURE IT INCLUDES D&O**

Coverages to Consider

- > Special Events
- > Volunteer Accident
- > Active Shooter
- > Flood (NFIP)
- > Environmental



Thoughts?

Questions?



State of the Property Market – Condos & Townhomes



What's the difference between a Condo & Townhome?

Condos

- > Texas Uniform Condominium Act (TUCA) or declarations (if broader)
- > Can purchase flood on RCBAP through NFIP at association level

Townhomes

- > Depends on the declarations
- > CANNOT purchase flood through NFIP at association level

•Biggest Misconception – “studs in” or “walls out”

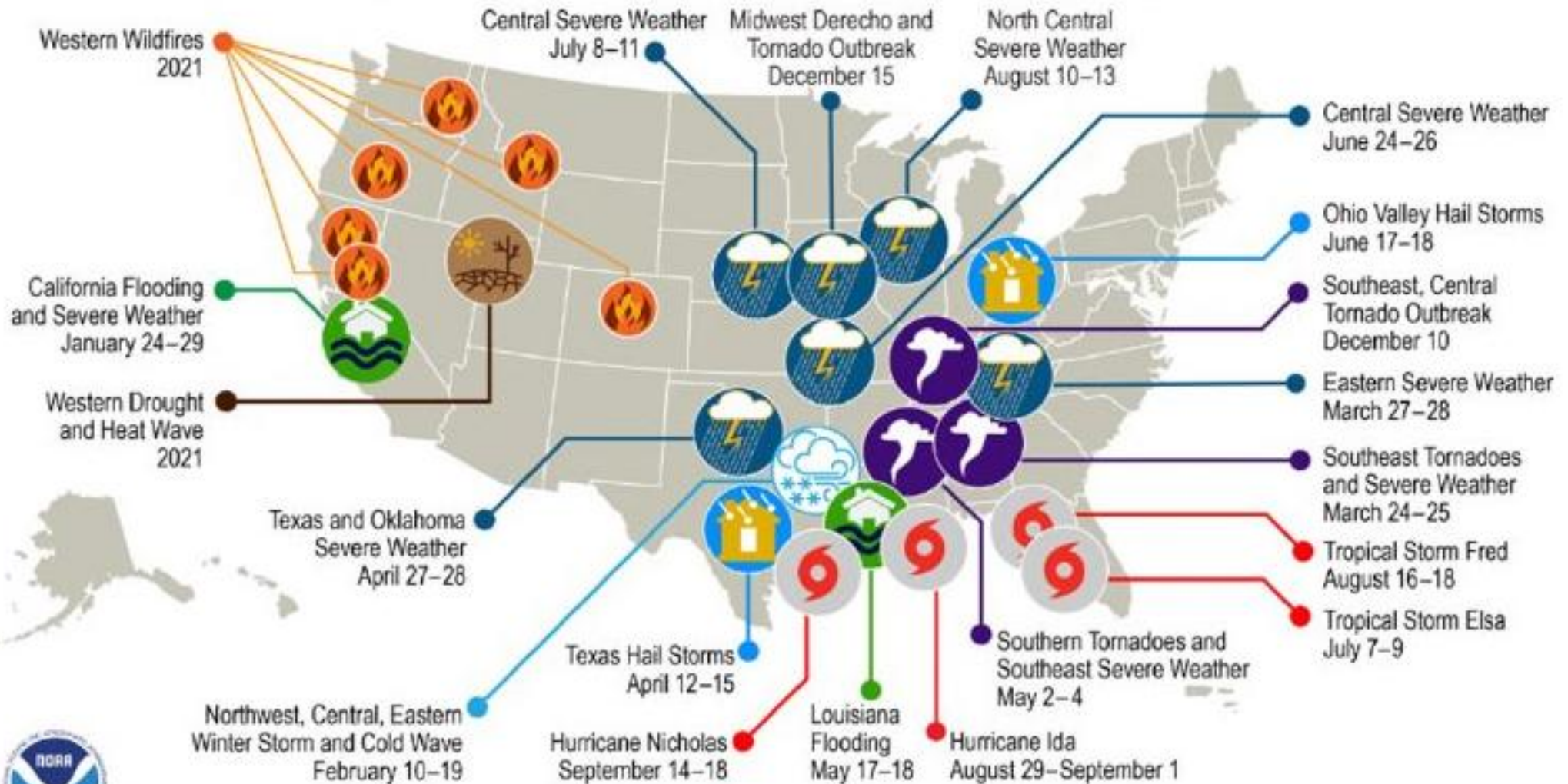
What's driving increased rates???

- > Claim Frequency
- > Claim Severity
- > Reinsurance Rate Increases
- > Increased Costs
 - Construction Materials
 - Labor









U.S. 2021 Billion-Dollar Weather and Climate Disasters

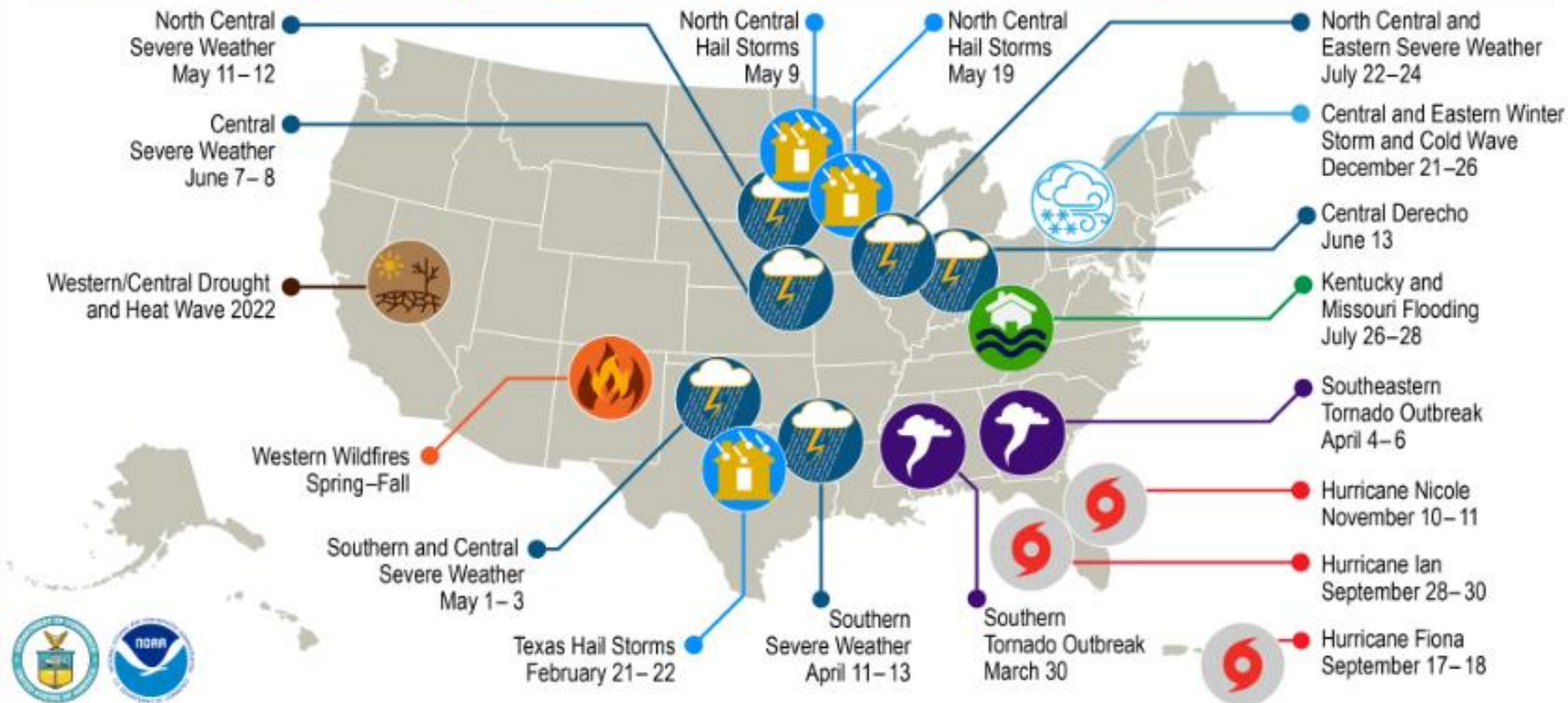
-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Tornado Outbreak
-  Severe Weather
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the 20 separate billion-dollar weather and climate disasters that impacted the United States in 2021

U.S. 2022 Billion-Dollar Weather and Climate Disasters

-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.

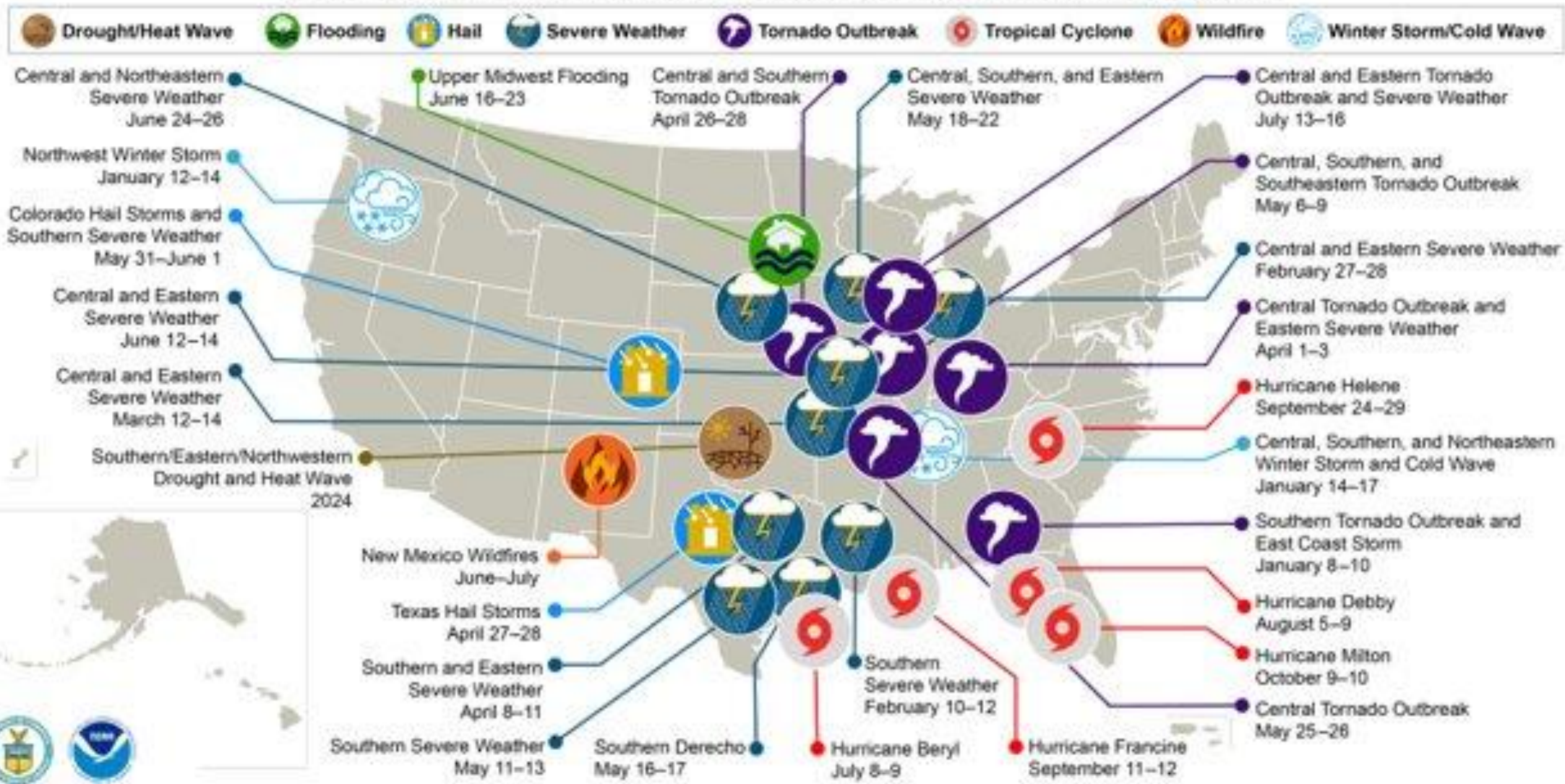
U.S. 2023 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.



U.S. 2024 Billion-Dollar Weather and Climate Disasters

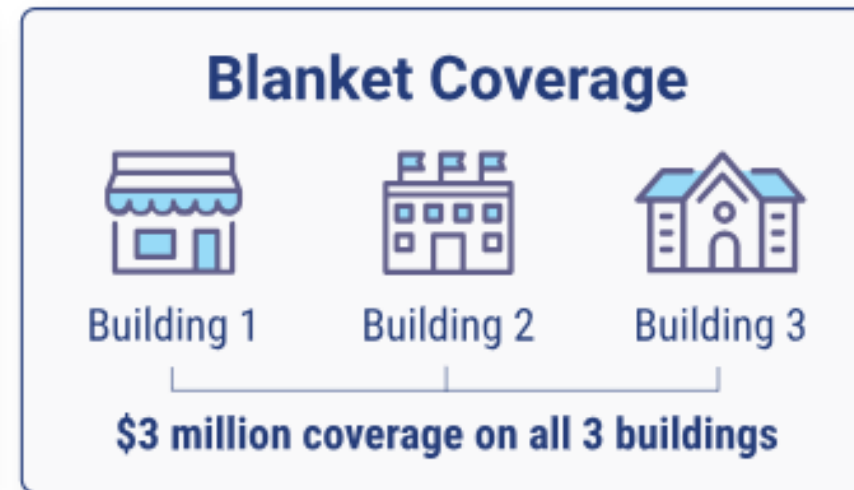
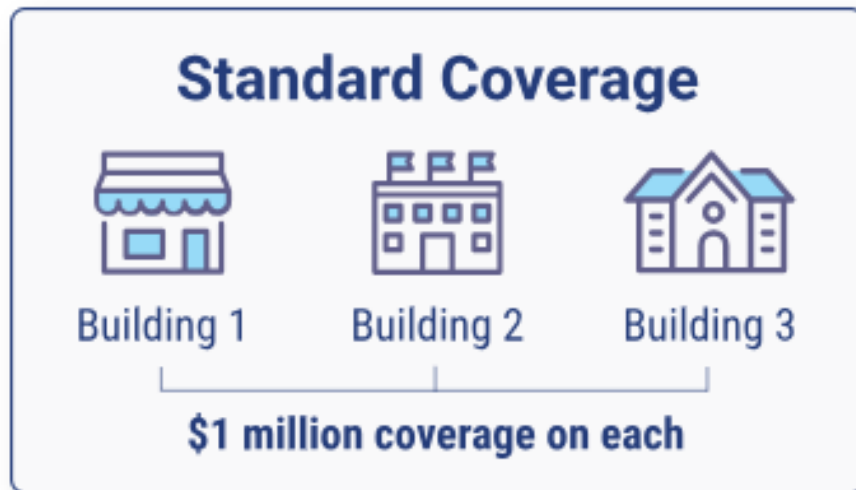


This map denotes the approximate location for each of the 27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.

How are Carriers Responding?

- > Demanding Increased Valuations
- > Changing the Coverage Form
 - Blanket vs. Scheduled Per Building
 - (The difference is SIGNIFICANT)
- > Increasing Deductible Structures
- > Increased Rates
- > Decrease in Capacity
 - Many times, it takes multiple carriers
- > Exiting the Market

Blanket vs. Scheduled Per Building



Coverages to Consider with Personal Lines Agent

- > HO-6 or equivalent
- > Flood
 - Building and contents
- > Loss of Use
- > Loss Assessment
 - Make sure there are no limitations when used for the association's deductibles



What can Boards do?

- > Agent Selection
- > Prepare and plan for capital improvements
- > Review valuations
- > Consider reserve study including replacement cost estimates
 - > Where's Andrew at?
- > Consider higher deductibles
- > Consider a loss limit
 - Lender concerns
- > Consider changing declarations (Townhomes Only)
- > Educate Residents

Thoughts? Questions?



3 Takeaways

- Certificates are just a piece of paper. The contract is key!
- Limits within the contract mirror certificate & include the proper insurance provisions
- Retain executed contracts by both parties using proper legal entities

ACORD **CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: [Redacted] TAX ID: [Redacted]
 INSURER(S) AFFORDING COVERAGE: [Redacted] NAC # [Redacted]

COVERAGES: [Redacted] CERTIFICATE NUMBER: [Redacted] REVISION NUMBER: [Redacted]

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

POLICY NO.	TYPE OF INSURANCE	EXCESS/CO-INSURE	POLICY MEMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR					EACH OCCURRENCE \$ COVERAGE TO RENEW \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PER LOC					
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRE/AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NONOWNED AUTOS					TOWNSHIP TRAILER \$ SALES TAX \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$ UNL. \$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> RETIREMENTS					EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY <input type="checkbox"/> ANY PROVISION/FATHEA/SECURITY <input type="checkbox"/> EMPLOYERS LIABILITY (Mandatory in NH) If no description of operations below	Y/N	N/A			ANY STATE TOBY LABEL \$ E.L. EACH ACCIDENT \$ E.L. DISEASE - SA EMPLOYED \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS - LOCATIONS - VEHICLES (Attach ACORD 94, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER: [Redacted] CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

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What to look for on a Certificate



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PRODUCER

Brady, Chapman, Holland & Associates, Inc.
10055 West Gulf Bank
Houston TX 77040

CONTACT NAME:

PHONE (A/C, No, Ext): 713-688-1500

FAX (A/C, No): 713-688-7967

E-MAIL ADDRESS: ehoacerts@bch-insurance.com

INSURER(S) AFFORDING COVERAGE

NAIC

INSURER A: Central Mutual Insurance Co. 20230

INSURER B: Continental Casualty Company (IAG) 20443

INSURER C: NAVIGATORS SPECIALTY INS CO 36056

INSURER D:

INSURER E:

INSURER F:

INSURED

What to look for on a Certificate

COVERAGES		CERTIFICATE NUMBER:				REVISION NUMBER:		
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INSR LTR	TYPE OF INSURANCE		ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY				8/1/2023	8/1/2024	EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/>	CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000
	<input checked="" type="checkbox"/>	**Hired & Non Owned Auto Liab						MED EXP (Any one person) \$ Excluded
		GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/>	POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC						GENERAL AGGREGATE \$ 2,000,000
		OTHER:						PRODUCTS - COMP/OP AGG \$ 2,000,000
		AUTOMOBILE LIABILITY						HIRED/NON OWNED AUTO \$ INCLUDED**
	<input type="checkbox"/>	ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/>	OWNED AUTOS ONLY	<input type="checkbox"/>	<input type="checkbox"/>				BODILY INJURY (Per person) \$
	<input type="checkbox"/>	HIRE	<input type="checkbox"/>	<input type="checkbox"/>				BODILY INJURY (Per accident) \$
	<input type="checkbox"/>	AUTOS ONLY	<input type="checkbox"/>	<input type="checkbox"/>				PROPERTY DAMAGE (Per accident) \$
								\$
C	<input type="checkbox"/>	UMBRELLA LIAB	<input checked="" type="checkbox"/>	<input type="checkbox"/>		8/1/2023	8/1/2024	EACH OCCURRENCE \$ 5,000,000
	<input checked="" type="checkbox"/>	EXCESS LIAB	<input type="checkbox"/>	<input type="checkbox"/>				AGGREGATE \$ 5,000,000
		DED <input checked="" type="checkbox"/> RETENTION \$ 0						\$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				8/1/2023	8/1/2024	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/>	<input type="checkbox"/>				E.L. EACH ACCIDENT \$ 1,000,000
		If yes, describe under DESCRIPTION OF OPERATIONS below	<input checked="" type="checkbox"/> Y	<input type="checkbox"/> N/A				E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
		Directors & Officers Liability				8/1/2023	8/1/2024	E.L. DISEASE - POLICY LIMIT \$ 1,000,000
		Property Crime**				8/1/2023	8/1/2024	\$ 1,000,000
						8/1/2023	8/1/2024	\$ 2,821,860*
						8/1/2023	8/1/2024	\$ 1,000,000

What to look for on a Certificate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)



Certificate holder is included as an Additional Insured with respect to General Liability coverage as required by written contract or agreement.

[REDACTED]

Certificates are just pieces of paper!



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**E-MAIL
ADDRESS:** ehoacerts@bch-insurance.com

INSURER(S) AFFORDING COVERAGE

NAIC #

INSURER A : Central Mutual Insurance Co.

20230

Risk Transfer – the contract is key!

Implementing master service agreements (MSA) that provides risk transfer (insurance requirements) and indemnity in favor of the association for all contractors/vendors including, but not limited to, the following:

- Pool & Lifeguard service companies
- Security
- Landscapers
- Roofers, Electricians, Plumbers, HVAC contractors

Hiring Pool Contractors

Properly Executed Contract Claim Scenario

- Property risk transfer vs. sharing

Sample Pool Contracts – What's Missing?

Insurance

Contractor shall maintain the minimum insurance coverage during duration of contract:

1. Commercial General Liability insurance , with limits of \$1,000,000.00 and workers comp insurance

Client and Contractor shall maintain all such insurance coverage throughout the term of this contract , and shall promptly provide to each other , upon receipt of executed contract , evidence that any and all such coverage is in full force and effect, and acknowledgment by such insurance carriers that ten days written notice shall be given if any policy is to be changed or canceled prior to its expiration date.

Sample Pool Contracts – What's Missing?

9.0 Insurance

Contractor shall provide the minimum insurance coverage at no additional charge to the Client:

1. General Liability Insurance, with limits of one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) Aggregate per occurrence.
2. Worker's Compensation Insurance, as required by the State of Texas.

Client and Contractor shall maintain all such insurance coverage throughout the term of this contract, and shall promptly provide to each other, upon receipt of executed contract, evidence that any and all such coverage is in full force and effect, and acknowledgment by such insurance carriers that ten (10) days written notice shall be given if any policy is to be changed or canceled prior to its expiration date.

Sample Pool Contracts – What's Missing?

1. Insurance

- 1.1 Contactor agrees to maintain the following insurance coverage during the term of the agreement.
 - 5.1. A General Liability Insurance, with limits of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) Aggregate.
 - 5.1. B Non-owned Automobile Liability one million dollars (\$1,000,000) combined single limit.
 - 5.1. C Worker's Compensation Insurance, with limits of one million dollars (\$1,000,000) per accident or disease.
- 1.2 The Association agrees to maintain insurance coverage throughout the term of this Agreement.
- 1.3 Both parties shall provide proof of their insurance coverage to the other party as evidence that all such coverage is in full force and effect. It will also contain acknowledgement by such insurance carriers that ten (10) days written notice shall be given if any policy is to be changed or cancelled prior to its expiration date.

Contract Tips

Compare certificate limits to outlined limits within the contract

Make sure the proper risk transfer provisions are included. At a minimum:

- Additional Insured
- Waiver of Subrogation
- Primary and non-contributory

Make sure correct legal entities are being used when executing

Retained copies of contract executed by both parties

ALWAYS have legal counsel review prior to signing

Questions?



Disclaimer

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