

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.



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