

Community Association Product Lifetime Occurrence Reporting Provision

In the world of community associations, the turnover of board members and homeowners can be as little as a few months or it can be years. These changes mean the directors and officers can be liable for claims long after they leave a board.

With our unique Lifetime Occurrence Reporting Provision, former directors and officers automatically receive an unlimited extension of protection from claims if the new board elects to cancel or non-renew their coverage. This notable feature provides the advantages of occurrence coverage under a claims-made policy and protects the personal assets of former directors and officers.

VALUABLE FEATURES:

- ▶ Lifetime Occurrence Reporting Provision is a unique feature not commonly found in directors and officers policies
- ▶ Automatically included for no additional premium
- ▶ Applies to all individual insureds
- ▶ Provides former board members peace of mind for their decisions and actions in the event that their successors non-renew their directors and officers Liability policy with us and fail to secure coverage going forward

CLAIMS EXAMPLE:

During a board President's term of service at Happytown Homeowners Association, she signed a contract on behalf of the association with Handy Management Services for three years of service. Six months later, she sold her house in the development and resigned from her board position. After the second year of the contract, the new board had issued multiple notices to Handy regarding inadequate repairs and poor service. Eventually, the new board decided to terminate the contract because of its dissatisfaction with the management service. Handy shortly thereafter filed suit naming all past and present board members, alleging breach of contract because it was not given appropriate notice based on the original three year agreement.

The former president discovered that the new board failed to renew its USLI Directors and Officers policy after she moved and resigned from the board. The board never secured another Directors and Officers Liability policy.

Under our "Lifetime Occurrence Reporting Provision," the defense costs for the former president and the other former officers and directors named in the suit were covered for the claim, because they had our policy while on the board and were not part of the board when the decision was made to non-renew the policy. The board that non-renewed the USLI Directors and Officers policy had no coverage.

