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Do you have Non-profit Community Association clients?

There are over 230,000 community associations throughout the country and they exist in virtually every town and city. These associations include, Condominiums, Property Owners Associations, Homeowners Associations, Commercial Associations, Timeshares, Master Associations, Cooperatives. The Community Associations Institute¹ forecasts continued growth of 8,000 to 11,000 community associations each year.

In this litigious society, property managers are at a higher risk of being sued. They can be sued by an owner of the property, the association, or even prospective owners. There's a wide range of exposures that can occur, including:

- Inadequate record keeping
- Loss of property value due to negligent maintenance
- Failure to perform proper tax filing services on behalf of the property
- Failure to process eviction notices properly
- Mismanagement of property claims brought by the property owner
- Inadequate or inaccurate background checks during tenant screening

- For example, as part of the property manager's services, a background check is conducted on a prospective tenant. Unfortunately, the credit history passed to the Condominium Association by the property manager is for another individual. Based on the incorrect credit history, which indicates a negative financial condition, the Condominium rejects the prospective tenant. The prospective tenant is rejected based upon the incorrect information and sues the property manager for negligence.

- A claim could be brought against the property manager by the Condominium Association for the following - the property manager hires a superintendent for a building but fails to perform a background check which would have revealed a criminal record. The superintendent is hired, and subsequently burglarizes the residences. Based on the rash of crimes the Condominium gets a reputation as an unsafe building and the tenants have a difficult time selling their units. A resulting claim is filed by owners for loss of property value due to negligence.

- And lastly, a scenario could arise from the property manager's eviction proceeding against a tenant for failure to pay rent. If a computer glitch incorrectly calculated this tenant was in arrears for his rent payments, the tenant could sue the property manager for wrongful eviction and negligence.

These and many other similar situations arise frequently, so it's more important than ever for property managers to be backed by comprehensive E & O coverage that protects them. CNA works with Ian H. Graham Insurance (IHG) to offer a portfolio of products for Non-profit Community Associations that includes

Directors & Officers Liability, Crime & Fidelity and Umbrella Liability. IHG has been serving the Community Association Market for more than 20 years and that experience is backed by a total commitment to providing you and your clients with exceptional coverage. In keeping with this commitment, CNA, with IHG has just added a new coverage - Property Manager's Errors & Omissions.

Providing your clients with this E&O coverage is quick and easy. For a prospective client, IHG will provide you a quote within 24 hours; and for coverage, a simple application can be sent in online, faxed or mailed.

We hope you found this valuable, and if you are interested in more information about Property Manager's E&O or the IHG portfolio of programs click on www.ihginsurance.com/brokerpm.

¹The Community Associations Institute (CAI) was founded in 1973 as a multi-disciplinary non-profit alliance serving all stakeholders in community associations. They provide education and resources to America's 250,000 residential condominium, cooperative, and homeowner associations, and to the professionals and suppliers who serve them. www.caionline.org

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