



## WHAT KINDS OF INSURANCE DOES AN AIA COMPONENT NEED TO HAVE?

Because the AIA Trust offers numerous varieties of insurance to AIA members as well as components, we frequently receive questions from AIA components about chapter-specific insurance – such as event cancellation insurance and liability insurance. Since many components do not carry this kind of insurance, the market is not sufficient for the AIA Trust to offer an endorsed product. However, your component may need one of the following kinds of insurance and should consider and pursue it accordingly.

### **Event Cancellation Insurance**

Generally, event cancellation insurance offers coverage for the loss of revenue or expenses due to cancellation, abandonment, curtailment, or rescheduling of a component event such as a conference. Coverage can include an array of causes ranging from weather to labor strikes to terrorism. Sometimes, it can also provide coverage for reduced attendance to a continued event that is not cancelled. ASAE has teamed up with AON to offer [Showstoppers insurance](#). This is an interesting issue for discussion among CACE as some do not find this insurance necessary or cost-effective. [Coverage highlights are summarized here.](#)

### **Directors and Officers Insurance & Fiduciary Liability Insurance**

A nonprofit organization operated for the benefit of a group of persons may be sued due to alleged mismanagement. The fundamental responsibility of component directors & officers is to judiciously represent the interests of component members and other constituencies in directing the business and affairs of the component lawfully. Directors and Officers (D&O) Insurance coverage protects a component for the insured perils surrounding an allegation of a wrongful act. One important feature of a D&O insurance policy is defense costs coverage since they can easily escalate.

Directors and Officers (D&O) Insurance coverage is offered through Victor, which has also provided professional liability insurance underwritten by CNA Insurance to AIA members for over 60 years. In addition, Victor offers AIA Trust Business Owners coverage for components. To contact a Victor representative about D&O, call 301-951-6922. Directors and Officers, Employment Practices Liability and Fiduciary coverage are offered to components on a stand-alone basis with separate or shared limits. Most components do not need fiduciary liability unless they are making financial decisions related to ERISA programs, retirement investments, or similar decisions that could hold board members financially liable.

An AIA Component that is interested in obtaining Directors and Officers Insurance may contact Yumi Park or Jessica Smith, both underwriters for the AIA Directors and Officers insurance package, at the address listed below – or visit <https://www.victorinsuranceus.com/nonprofit/> for more information.

Yumi Park (or) Jessica Smith  
Victor  
Two Wisconsin Circle, Chevy Chase, MD 20815  
Emails: [yumi.park@victorinsurance.com](mailto:yumi.park@victorinsurance.com); [jessica.smith@victorinsurance.com](mailto:jessica.smith@victorinsurance.com)  
Telephone: (301) 951-6922

ASAE also offers D&O insurance underwritten by Arch Insurance; [click here for details](#).

### **Business Owners Coverage**

Components may want to investigate a business owner policy for their chapter. [Business owner's protection](#) generally includes property and general liability, and riders can be added to include workers comp for component staff, business auto if used, umbrella liability, and even employment practices liability.

If you own a building, coverage should be for risks of direct physical loss on a replacement cost basis and business personal property to cover your office furnishings and equipment, improvements & betterments, and valuable documents should be included. Be sure your coinsurance clause indicates that you are carrying the proper amount of insurance for the premises designated in the policy.

As part of the AIA Trust program, Victor and CNA offer Business Owners Coverage to components (as well as architectural firm offices). [Highlights of their program can be reviewed here](#), including policy features and enhancements. To find out more about Business Owners Insurance available through the AIA Trust, please contact Vanessa Cole, Vice President/Manager of Small Firms A/E Program at Victor, by phone at (301) 951 5455 or email [vanessa.cole@victorinsurance.com](mailto:vanessa.cole@victorinsurance.com)

### **Event Liability Coverage**

Event Liability Coverage is generally more important for a component to carry than event cancellation insurance. While event cancellation insurance may be considered, it may be much less necessary than event liability coverage – so that a component is covered *in case something happens at the meeting*. Event liability insurance is usually only needed and purchased for the specific days of the meeting.

Fortunately, components with a business owners insurance policy generally have coverage that extends to whatever location where a meeting is being held, although sometimes you may be required to add the meeting location as an additional insured. Regarding liquor liability, your general liability coverage should automatically protect your organization for third party claims brought as a result of your serving alcoholic beverages – BUT this coverage specifically excludes claims if it is determined that you were in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. When your organization is operating a "cash bar", you should consider purchasing specific liquor liability insurance and hire a food/beverage contractor, adding the component organization as an "Additional Insured" to the contractor's liability coverage (including liquor liability).

If it is determined that you must purchase liquor liability coverage, the insurance company will need to know the number of people expected at the event, the time of the event and the anticipated liquor receipts. You will need to verify this through your agent with your policy as well as with your meeting

site. Especially for components without an office, it may be best to find an agent in your state to purchase event liability insurance (which is not offered by Victor & CNA).

### **Individual Insurance Coverage for Component Executives and Staff**

The following individual insurance coverage is available to component staff through the AIA Trust:

- Term Life plans for individuals & employees, 10-year level & high limit, plus Accident coverage
- Disability coverage (both for individual coverage and employee benefits, as well as short-term individual disability insurance)
- Health-related plans such as cancer care, hospital assistance, Long Term Care and Medicare Supplement insurance plans (there is currently an healthcare exchange service for small groups of at least 2)

### **Other Benefit Programs for AIA Component Staff**

The AIA Trust offers [retirement programs for component staff](#) – with minimal costs and customized flexibility for various staff size, whether or not your component contributes.

Two kinds of [travel insurance plans](#) are available from the AIA Trust, with travel assistance at significant discount and trip interruption coverage with excellent coverage and benefits.

[Visit the AIA Trust products page](#) for detailed information and applications on all AIA Trust benefit products for your component.

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