

## Liability Insurance

### **Why would a neighborhood association have liability insurance?**

If you, as a neighborhood association board, host an event and someone is injured at that event, you could be named in a personal injury lawsuit. An umbrella liability insurance policy of at least \$1,000,000 helps your association protect its assets and future assets.

### **Does liability insurance protect the board members?**

No, it generally does not protect the board from personal liability. You can purchase separate "D&O" coverage, which protects officers and trustees from being held liable when performing their duties for the association. The D&O policy protects officers and trustees when they "err accidentally and without malice." It doesn't cover willful acts of wrongdoing. Another option is for board members to carry their own umbrella liability coverage.

### **Is there anything else I should consider?**

If your association hosts neighborhood events where liquor is served, you may want to consider liquor liability insurance. This may offer protection if you're found liable for third-party property damage, injuries or even deaths that are caused by a guest who became intoxicated while at your event – even after they have left your event.

Liquor liability insurance can be quite pricy, so there are other steps you can take to protect yourself:

- Hire a bartender who carries his or her own liquor liability insurance.
- Have events at a restaurant or bar, which would be covered under its own liability insurance policy.
- Allow guests at your events to bring their own liquor and maintain control over it (rather than put it in a common area where anyone has access to it).

### **Where can I get liability insurance?**

Any insurance agency should be able to provide a quote on liability insurance. The NAC doesn't endorse or recommend any particular insurance company or agent.