



# The 4 Steps to Ensure Comprehensive Insurance Coverage in Your Community

January 4, 2018



It's easy to treat the process of creating a comprehensive insurance plan as just another to-do list task. But for board members, it's a crucial undertaking for fully protecting their associations.

Choosing the right types of coverage is a prudent act that puts the community's interests above your own. Take the following four steps in order to ensure **comprehensive insurance coverage for your community** (<https://www.associaonline.com/management-services/insurance>) and achieve peace of mind for yourself in the process.

## 1. Identify Your Community's Basic Insurance Requirements.

Before taking any action, refer to your governing documents, specifically the Covenants, Codes and Restrictions (a.k.a. CC&Rs or Deed Restrictions) because they will mention any insurance requirements specific to your community. It's also important to check your state laws because some states have additional requirements every community is obligated to meet.

## 2. Assess Your Community's Risks.

Risk management involves identifying, analyzing and evaluating potential areas for loss and then implementing methods for mitigating them. Insurance is one way to manage risk, but it's not the only way. A risk management assessment will show your board what those options are. To make sure the process successfully identifies every area of risk and all appropriate control methods, work with your community manager, insurance professional and attorney — their expertise makes them excellent resources.

## 3. Match Insurance Products to Your Areas of Risk.

The chart below, while not exhaustive, shows how common areas of risk could be mitigated with the right types of coverage.

## HOW TO MATCH RISKS TO INSURANCE PRODUCTS

RISK TYPE	APPROPRIATE INSURANCE
Property	Property Coverage
Liability	General Liability Coverage And Directors And Officers Coverage
Income	Crime And Fidelity Coverage
Personnel	Workers' Compensation And Employer's Liability Coverage

#### 4. Partner with an expert.

Because community associations operate with a mix of business, governance and activities, their insurance needs are unique. That means the qualifications of any partner your board is considering should be, too. Any recommendation your manager makes should be based on the potential partner's:

1. Experience in community association insurance;
2. **Claims processing** (<https://hub.associaonline.com/blog/hurricane-insurance-6-tips-for-a-successful-claims-process>) history;
3. Participation in professional trade associations;
4. Professional certifications; and
5. Licensing and bonding

A robust insurance program will not only protect your community in the event of a loss, it's a pivotal part of fulfilling your fiduciary duty to the best of your ability. It will also serve to preserve your peace of mind and help your homeowners rest easier knowing that their association is prepared for almost anything.

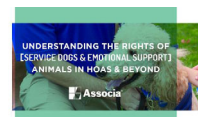
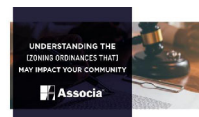
#### Want more?

Read the comprehensive ebook, **4 Steps to Ensure Comprehensive Insurance Coverage** (<https://hub.associaonline.com/ebooks/the-blueprint-for-board-member-success-4-steps-to-ensure-comprehensive-community-insurance-coverage>), now!

PREVIOUS FLIPBOOK [a-board-member/your-12-month-community-transformation-plan](https://hub.associaonline.com/a-board-member/your-12-month-community-transformation-plan)

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Associations Insurance Agency, Inc. (AIAI)

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Community Archives

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First National Bank of Kemp

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