

WHAT KINDS OF INSURANCE DOES A 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, there is not a sufficient market for the Trust to offer an endorsed product. However, your component may need one of the following kinds of insurance and should 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. 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](#). They also have [additional information](#) you may find of interest on various kinds of exposure and insurance as well as application forms. If you're an ASAE member, you may want to visit the [ASAE web site](#) for more information on meetings. This is an interesting issue for discussion among CACE as some do not find this insurance necessary or cost-effective.

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 Schinnerer, which has also provided professional liability insurance underwritten by CNA Insurance to AIA members for over 50 years. In addition, Schinnerer offers AIA Trust Business Owner coverage. To contact a Schinnerer representative about D&O, call 301-951-6930. 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. ASAE also offers D&O insurance through AON Insurance; [click here for details](#).

Any AIA Component that is interested in obtaining Directors and Officers Insurance may contact Ana Recuero, Assistant Vice President, underwriter for the AIA Directors and Officers insurance package – or visit the [Schinnerer website](#) for more information.

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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. For a detailed explanation of your exposures, [click here](#).

As part of the AIA Trust program, CNA/Schinnerer offers Business Owners Coverage to components (as well as architectural firm offices). [Highlights of their program can be reviewed here](#). To find out more about Business Owners Insurance available through the AIA Trust by CNA/Schinnerer, please call **888-867-9327**.

Event Liability Coverage

Event Liability Coverage is generally more important for a component to carry than event cancellation insurance. Frequently, folks talk about event cancellation insurance but this is much less necessary – a component needs to be covered *in case something happens at the meeting* and hence event liability is more useful; it is usually purchased just for the days needed for the meeting.

Fortunately, for those components with a business owners insurance policy, this coverage generally 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 automatically protects 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. Since this is ambiguous, [ASAE recommends](#) that an organization operating a "cash bar" purchase specific liquor liability insurance and hire a food/beverage contractor, getting the component organization added 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 CNA/Schinnerer).

Individual Insurance Coverage for Component Executives and Staff

The following insurance coverage is available to components through the AIA Trust:

- Term Life plans for individuals & employees, 10 & 20-year level & high limit, plus Accident
- Disability coverage (individual and employee)
- Health (brokerage service for medical plans, as well as ancillary plans for hospital income, cancer, dental, Long Term Care and Medicare Supplement insurance plans)
- Auto/homeowners

In addition, the Trust offers retirement programs and travel assistance to component staff.