

NAR Insurance Program Coverage: What Officers and Directors Need to Know

The National Association of REALTORS® provides professional liability and patent litigation coverage to qualifying state and local REALTOR® Associations and REALTOR® Association-owned MLSs.

Here's what you need to know.

What associations and MLSs are covered by the policy?

Coverage is extended to those associations and MLSs whose governing documents and operations adhere to the Constitution and Bylaws of NAR and the policies adopted, and amended from time to time, by the Board of Directors of NAR. Associations must certify annually that its association bylaws and MLS rules and policies include verbatim adoption of mandatory provisions.

What types of coverage is provided under the NAR insurance program?

The program includes a policy that bundles Professional Liability (Errors & Omissions and Directors & Officers) Insurance, Employment Practices Liability, Cyber Liability and Cyber Response, and Crime Loss coverage; and another policy for Patent Infringement Expense coverage.

How much does the coverage cost?

NAR pays the premium for both the Professional Liability and the Patent Infringement Expense policies and provides coverage to eligible associations and MLSs at no cost. Additional coverage may be purchased to increase claim limits; see below for more details.

Who is covered by the policies?

Coverage is provided for directors and officers, committee members, association staff and temporary employees, if acting within their scope of authority on behalf of the association or MLS. Non-association related work, such as real estate business, is not covered under the policies.

Are charitable foundation covered by the policies?

Coverage is provided for foundations incorporated or operated as a charitable trust and whose purpose qualifies as an exempt purpose under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

Are there any policy exclusions?

The Professional Liability policy does not cover fraudulent or dishonest acts or knowing violations of the law. Additionally, bodily injury, property damage and event liability or cancellation are not covered under the policies. Refer to the policy for a complete list of exclusions.

What are the claim limits?

The maximum amounts that the insurance company will pay on a claim varies by claim type:

- Professional Liability claims: \$1,000,000
- Employment Practices Liability claims: \$500,000
- Cyber Response claims: \$1,000,000
- Crime Loss claims: \$10,000
- Patent infringement claims: \$50,000

Certain claims, such as antitrust, lock-box, and operation of a legal hotline are “defense cost only” which means that damages and settlement costs are not covered. All claims are subject to a deductible, based on the claim type and the size of the association or MLS.

May an association or MLS purchase additional coverage?

Yes. Each year from January 1 to April 1, an association or MLS may purchase additional (“excess”) coverage to increase the claim limits on Professional Liability and Cyber Response; Antitrust; Crime Loss; and Patent Infringement coverages. Excess premiums are based on the size of the association or MLS. More information is available on the [excess coverage webpage](#).

How can we find out more about the NAR Insurance Program?

Check out the NAR Insurance Program on [nar.realtor](#) for a copy of the [Professional Liability and the Patent Infringement Expense policies](#), details about the [patent litigation insurance](#), and answers to [frequently asked questions](#). You will also find a host of risk management resources, including the [employment practices legal hotline](#); the NAR Insurance Program [Quarterly Risk Report](#), highlighting issues that pose risk to associations and resources to help associations build knowledge, incorporate best practices and avoid claims; as well as information about the quarterly [Risk Management Webinars](#) and a library of risk management webinar replays.

This is a summary of the policies and features offered through the NAR Insurance Program. All coverage determinations are made by the insurer at the time a claim is made.
