In the **Hot** Seat:
Loopholes in Cooperative Insurance that Could Doom the Board

*Lessons for Board Members from*

*Professional Insurance Buyer Attorneys*
What Have You Gotten Into?
In the Hot Seat
When it Comes to Insurance . . .
Who Packs Your Coop’s Parachute?
Insurance Buying is Usually Dreaded by Cooperative Board Members

- Complexities Involved
- Confused How to Compare Different Agents / Proposals
- Do Not Read Insurance Policies and Rely Upon Sales Agents
- Worry Will be Blamed if Inadequate Coverage
Insurance Buying is Usually Dreaded by Cooperative Board Members

- “Bid” the Insurance Yearly to Get the Lowest Price – Creating More Possibilities for Unintended Gaps
- Coop Owners May Have Not Even Buy Homeowners Insurance and Believe the Master Coop Policy Should Cover Any Loss
- Management Companies Are Usually Not Licensed Agents and Not Qualified to Assess Coverages
But We Bought a D & O Policy . . .
Most Board Members Think They Are Protected by D & O Insurance and They Need Not Worry

Yet Many D & O Policies Actually Exclude Insurance Related Decisions
Other D & O Policy Issues

• Managing Agent Coverage Optional
• Insured v. Insured Exclusions
• Employment Practices Coverage
• What Limit? What Deductible(s)?
The Law Requires that You Read the Coop’s Insurance Policies & Ask Questions . . .

As A Board Member - Have You?

Did You Understand What You Read?
Property Insurance: Not Just Fire Insurance
General Liability Insurance
But We Don’t Own Any Vehicles . . .
Workers’ Comp. Insurance
Other Policies

- Cyber
- Crime
- Pollution
- Management Company Insurance Program
- Contractors Insurance Program
- Coop Owners Insurance Policy
One Insurance Proposal Is 7 Pages - Another Is 20 Pages . . .

Which One is Better?
One Insurer Offers A Rate Guarantee If You Agree Not To Shop For 3 Years…

Should You?
One Proposal Is 15% Less Premium Than Your Expiring Policies

Does It Cover You Adequately?
One Proposal Offers Guaranteed Replacement While Another Offers “Blanket” Insurance Limits . . .

Which Is Better?
One Agent Is Recommending A Pollution Liability Policy & Also A Cyber Insurance Policy

*Do We Need These?*
We Have a $5,000,000 Umbrella Policy

Do We Really Need A Higher Limit?
Who Packs Your Paracutec?

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How a Professional Cooperative Insurance Buyer Can Help Your Board

• Evaluates the policies the cooperative has to identify gaps
• Develops bid specifications for agents and insurers to use when quoting
• Evaluates competing proposals and negotiates with agents / insurers for you

• Makes recommendations on selecting the right agent
• Advises on premium cost reduction
• Removes a lot of potential liability of board members by deferring to professionals
Call Us for Examples of What We Have Accomplished for Other Cooperatives

- Michael S. Hale, J.D., AAI
  Professional Insurance Buyer
  Attorney Representing Coops

- Melissa L. Hirn, J.D., AAI
  Professional Insurance Buyer
  Attorney Representing Coops
We Help Cooperatives Buy Insurance

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