

What Should a Board of Directors Know About Fidelity Insurance?



Fidelity Insurance is one of the most important exposures for community associations to insure properly.

- ✓ Most Fidelity and Crime Insurance policies do not insure the owner of the management company, manager, and the management company itself. The most important people are generally excluded. ***With Master Fidelity there is no need for costly endorsements. The management company's staff and corporate owners are automatically insured.***
- ✓ A superior crime policy will cover losses at the time of "Discovery" vs. when the loss was sustained. ***Master Fidelity uses today's limits and deductibles for prior losses and prior acts.***
- ✓ Most Government lending industry standards require community associations to establish a minimum fidelity limit of "three times monthly assessments, plus cash assets." ***Master Fidelity will assist you with determining the proper fidelity limits that will satisfy the CC&RS and Government lenders, Freddie Mac and Fannie Mae.***
- ✓ Check fraud is at an alarming rate and increasing. Third parties trying to seize your money is a major risk. ***Master Fidelity automatically includes additional third-party coverage for forgery and alteration (\$10,000), computer fraud (\$10,000), and counterfeit currency and money orders (\$50,000).***
- ✓ Following the recommendations by experts in the field of Risk Management (The Business Judgment Rule) is a smart business decision. ***Master Fidelity is recommended by experts in the field of Risk Management.***

Master Fidelity specializes in providing fidelity coverage for management firms and the community associations they manage

Coverages Included

Employee Theft Coverage Blanket

Covers your money, securities, and other property against loss through the dishonest acts of any of your employees, community managers, and principles. The maximum recovery for any one loss occurrence is the limit of insurance, which you select, regardless of the number of employees involved. Sole proprietors are excluded.

Forgery or Alteration Coverage (\$10,000 Limit Included)

Covers loss by forgery or alteration of, on or in any checks, drafts, promissory notes or similar written promises, orders or directions to pay money that are made or drawn upon your accounts by someone acting as your agent, or that are purported to have been so made or drawn. This coverage protects you against forgery losses caused by a person other than an employee or manager.

Computer Fraud Coverage (\$10,000 Limit Included)

Covers loss of your money, securities, and other property by computer fraud. This coverage protects your money, securities, and other property from theft which follows and is directly related to the use of any computer to fraudulently cause a transfer of that property from inside your premises or a banking premises to a person or place outside that premises. This coverage protects you against computer fraud caused by a person other than an employee or manager.

Counterfeit Currency and Money Orders Coverage (\$50,000 Limit Included)

Covers loss resulting from the acceptance of counterfeited money orders in exchange for merchandise, "money" or services issued by any post office, express company or bank in the United States or Canada that is not paid upon presentation; and "counterfeit" United States or Canadian paper currency that is acquired during the regular course of business. This coverage protects you against counterfeit currency and money order losses caused by a person other than an employee or manager.

Optional Coverage

Theft, Disappearance, and Destruction/Robbery and Safe Burglary

Covers loss of your money and securities by theft, disappearance, or destruction while the property is within your premises or banking premises, or while your money and securities are outside your premises in the possession of a messenger. This coverage protects you against losses caused by theft, robbery, and safe burglary when caused by persons other than employees. This coverage is important due to the potential of evidence (securities) being destroyed by a perpetrator in an attempt to cover their identity after a burglary. For a community association, this coverage is priced very reasonably, and it is also highly recommended that management firms protect their assets against robbery.