

Community Association Management Liability Claim Scenarios

Theft of personal property - \$175,000

An association member sued the board of a homeowners association after his personal property was misappropriated during the association's execution of a foreclosure judgment. The suit settled for \$175,000 including legal fees.

Breach of contract - \$60,000

A member of a homeowners association sued the board over its approval of plans for construction of a new home which violated the association's zoning regulations, and was considered to be "excessive and obtrusive" by the member. The suit settled for \$60,000 including legal fees.

Misrepresentation - \$40,000

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Discrimination - \$60,000

An association member filed suit against the association and board president regarding the association's refusal to recognize the plaintiff's handicap and allow her the accommodation of her emotional support service dog. The parties attempted to mediate these claims several times however could not come to a mutually agreeable settlement and the matter was brought to trial. Despite a favorable decision for the association, defense costs exceeded \$60,000.

Harassment and wrongful termination - \$40,000

The association and individual board members were named in a complaint brought by an employee of the association. He alleged harassment and wrongful termination because he was not of Italian heritage. He claimed harassment and his subsequent termination caused him both mental and physical damages necessitating medical treatment. The case was subsequently settled for \$40,000 plus legal fees.

No organization or person is immune from being the target of a lawsuit. Community associations have limited resources to indemnify directors and officers or respond to expensive litigation, settlements or damage awards. Directors and Officers (D&O) liability and Employment Practices Liability (EPL) insurance protects directors and officers as well as the community association from damages (awards and settlements) and defense costs resulting from allegations of wrongful conduct and lawsuits. When you consider the cost of defending these claims plus the risk of substantial judgment or settlement, ask yourself - can you and your organization afford not to carry a D&O or EPL policy?