



Nonprofit Directors and Officers

Claim Examples

- ▶ A club secretary sued the country club's governing board, alleging that the directors and officers were negligent for failing to supervise the club manager, who she claimed sexually harassed her
- ▶ The trustees of a charitable organization decided to expand their activities into areas that were not explicitly envisioned by the founders. Soon after, their state's attorney general brought an action against them alleging misuse of funds and property for operating outside their charter, even though no third party raised a complaint.
- ▶ A YMCA advertised an open position for a camp counselor. The organization received seven applications and, of the seven applicants, one man was not chosen to be interviewed. This applicant alleged he was not interviewed because of his age, and he filed suit against the nonprofit organization for age discrimination. The organization denied any wrongdoing but settled the case for \$15,000 to avoid full litigation costs.
- ▶ A lawsuit was brought against a nonprofit board of trustees for failing to supervise the executive director. When they submitted their legal bill to their directors and officers carrier, they learned, for the first time, that no payments would be made until a settlement had been reached. Legal costs piled up until a settlement was reached five years later. The prohibitive costs caused the organization to close its doors forever.
- ▶ A donor made a large contribution to a nonprofit. The funds were to be used primarily to aid impoverished children with educational and health care needs. Instead, the nonprofit, through its executive director and board of trustees, decided that they needed to expand the building and committed a portion of the donation to the building fund. The donor filed suit, alleging misappropriation of funds. The damages included return of the full contribution plus interest. As some of the money was already spent, the nonprofit would be financially unable to return the entire donation.
- ▶ The personal assets of the directors and officers of a nonprofit organization were exposed when the organization ran out of funds to pay for a suit brought against it
- ▶ Representatives of a nonprofit organization become involved in attempts to influence legislation beneficial to the institution. Claims were presented challenging the organization's tax-exempt status under S501(c)3. An injunction was sought to prevent the organization from engaging in such legislative activity.
- ▶ An officer served a term on the board of directors of her church. Eighteen months after completing her service, she was named in a suit alleging mismanagement of church funds for the last five years. The ex-officer discovered that the current board had failed to renew its insurance policy, so even though she had diligently maintained insurance coverage throughout her term of service, the former officer was left without coverage for this suit.

The Business Resource Center is available to all insureds with discounts on background check services, tenant screenings, motor vehicle records, and other great services!



Directors and Officers and Employment Practices Liability for Nonprofit Organizations

As a director or officer of a non profit organization, are you immune from liability?

- ▶ Immunity does not prevent an organization from being sued
- ▶ Immunity typically applies to volunteers, not to paid employees or the organization itself
- ▶ Employment-related laws are the same for any type of organization
- ▶ Over 90 percent of the claims against nonprofit organizations are employment practices-related
- ▶ These employment practices claims may include wrongful termination, third party sexual harassment, and third party discrimination
- ▶ Nearly 85 percent of nonprofits have an annual budget that is less than the average cost to defend a claim closed by litigation

Why you should purchase the Nonprofit Directors and Officers and Employment Practices Liability policy:

| COVERAGE FEATURES | USLI | COMPETITORS |
|--|------|-------------|
| Separate limits of liability for D&O and EPL claims (D&O Limit not eroded by employment claims) | | |
| Defense outside the limit of liability on all claims | | |
| Punitive damages, where insurable by law, included automatically in most states. | | |
| Third-party sexual harassment and third-party discrimination coverage | | |
| Lifetime occurrence reporting provision (Occurrence feature for former D&Os) | | |
| Coverage for both monetary and non-monetary claims | | |
| Coverage for outside directorship liability | | |
| Risk management services - Free unlimited employment practices consultation via a toll free helpline supported by the ability to ask questions online in the new EPL Risk Management Toolkit from PeopleSystems. The toolkit also contains a helpful news center, how-to guide for writing an employment manual and sample HR policies and employment forms. | | |
| Fair Labor standards Act (FLSA) \$100,000 sublimit for defense and settlement (available in most states) | | |
| Optional Standard Form option; combined D&O and EPL limit, defense inside the limit, excludes helpline and FLSA | | |

This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws.



Nonprofit Management Liability Product

For nearly 25 years, USLI has provided nonprofits and those who serve them with critical protection against unforeseen and costly management liability claims. Nonprofits are often asked to do more with less, and we in turn strive to provide them with more coverage at an affordable cost. Applicants can depend on the following coverage features to protect them and their missions:

Directors and Officers Liability

- ▶ \$1 million additional Side A coverage included on all policies
- ▶ Full severability
- ▶ Employed lawyers, personal injury and publishers liability included
- ▶ Retention forgiveness included at no charge
- ▶ Lifetime Occurrence Reporting Provision
- ▶ Defense costs for breach of contract
- ▶ Broad definition of claim
- ▶ 80/20 hammer
- ▶ Comprehensive subsidiary coverage
- ▶ Broad Insured vs. Insured carve backs
- ▶ Full prior acts included
- ▶ Defense outside the limit

Employment Practices Liability

- ▶ Employment practices liability including express social media coverage
- ▶ Retaliation carve backs
- ▶ Separate limits of liability for directors and officers and employment practices liability claims
- ▶ Fair Labor Standards Act (FLSA) \$100,000 sublimit for defense costs and loss (available in most jurisdictions)
- ▶ Third-party harassment and third-party discrimination coverage

Product Advantages

- ▶ Data & Security+ endorsement – \$50,000 sublimit each for data breach, identity theft, workplace violence and kidnap expenses, plus free identity theft services for directors and officers
- ▶ Risk management services – Free human resource consultation helpline service with unlimited calls and no time limits, plus an online HR resource center

See reverse side for common eligible classes

Additional Advantages

- ▶ Direct Bill available
- ▶ Available for web quoting
- ▶ Financial stability of a carrier rated A++ by A.M. Best
- ▶ Policyholders have access to many free and discounted services through our Business Resource Center that will assist in growing and protecting their business





Common Classes

- ▶ **Target Classes**
 - Foundations
 - United Way centers
- ▶ **Social/Human Services**
 - Assistance centers
 - Court- appointed special advocates
 - Food banks
 - Homeless shelters
- ▶ **Community**
 - Exhibitions (auto shows, fairs, festivals)
 - Historical societies/Preservation
 - Humane societies
 - Libraries/Museums
 - Performing arts organizations
- ▶ **Education**
 - Preschools/Kindergartens/Day cares
 - Montessori schools
 - Boarding/Private high schools
 - Community/Junior colleges
 - Vocational training
- ▶ **Religious Organizations**
 - Churches
 - Temples
 - Synagogues
 - Ministry organizations
- ▶ **Government Related**
 - Convention centers
 - Community/Civic centers
 - Economic development corporations
 - Public broadcasting
 - Regional planning commissions
 - Visitors/Tourist bureaus
 - Zoos
- ▶ **Shared Property**
 - Cemeteries
 - Condo/Homeowners associations
 - Low-income housing
 - Property owners associations
 - Water associations
- ▶ **Membership Organizations**
 - Fraternal clubs
 - Service clubs
 - Country clubs – dining clubs (golf, swimming, tennis, yacht clubs)
- ▶ **Promotion of Business**
 - Chambers of commerce
 - Lending organizations
 - Private industry councils
 - Professional associations
 - Research organizations
 - Trade associations
- ▶ **Youth Organizations**
 - At-risk youth facilities
 - Big Brother/Sister
 - Boys and Girls Clubs
 - Scouting organizations
 - Youth sports associations
 - YMCAs/YWCAs
- ▶ **Health**
 - Mental health centers
 - Substance abuse centers
 - Counseling/Referral/Crisis services/ Developmentally disabled facilities
 - Health care providers/clinics
 - Assisted living/Retirement/Nursing homes/Hospice

Ease of Doing Business

- ▶ Minimum information to quote:
 - Name
 - State
 - Annual revenues
 - Description of operations
- ▶ Ability to quote:
 - Over the phone
 - Off of competitor applications
 - Online