



## 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



# 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 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!**



CARRIER:

[Empty box for carrier information]

# Nonprofit Management Liability Policy Application

YOU CAN OBTAIN A QUOTE BY PROVIDING THE INFORMATION IN THE INSTANT QUOTE SECTION SUBJECT TO THE REMAINDER PROVIDED PRIOR TO BINDING.

All questions must be answered and application must be signed by the applicant. **This is an application for a claims made policy – Please read your policy carefully.** Application for Nonprofit Directors and Officers Liability Insurance and Employment Practices Liability Insurance (optional) and Fiduciary Liability Insurance (optional)

**New York Disclosure Notice:** Under DO 290 NY, DO 256 NY, DO 281 NY and DO 282 NY, if made part of your Policy, the limits of liability available under this Policy may be completely exhausted by the payment of defense costs. Defense costs shall be applied against the retention.

## I. INSTANT QUOTE INFORMATION

*Instant Quote is only available for accounts with no losses in the past five years. If there is loss history, please detail the losses below.*

Applicant's name: \_\_\_\_\_

Location address: \_\_\_\_\_  Same as mailing address

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip code: \_\_\_\_\_

Website address: \_\_\_\_\_ E-mail address of primary contact: \_\_\_\_\_

### Description of operations:

[Empty box for description of operations]

Total annual revenue: \$ \_\_\_\_\_ (If >\$2 million attach the most recent 12-month financial statement)

If less than three years in operation, annual revenue: this year: \$ \_\_\_\_\_ next year: \$ \_\_\_\_\_ third year: \$ \_\_\_\_\_

Total fund balance (total assets minus total liabilities): \$ \_\_\_\_\_

Full-time employees: \_\_\_\_\_ Part-time: \_\_\_\_\_ Temporary/Seasonal: \_\_\_\_\_ Volunteers: \_\_\_\_\_

Does the organization perform any operations located outside the U.S.? \_\_\_\_\_ In existence since: \_\_\_\_\_

## II. UNDERWRITING INFORMATION

1. Does the organization have an anti-harassment and anti-discrimination policy?  Yes  No
2. Does the organization have tax exempt status by the IRS?  Yes  No
3. Does the organization have general liability insurance?  Yes  No
4. Expiring D&O information: Carrier: \_\_\_\_\_ Limits: \$ \_\_\_\_\_ Retention: \$ \_\_\_\_\_ Premium: \$ \_\_\_\_\_
5. Is any entity proposed for insurance involved in any of the following? (Attach a statement of details for all "yes" answers to the following)
  - a. Research, development or testing?  Yes  No
  - b. Certification, accreditation or standard-setting?  Yes  No
  - c. Disciplinary actions as a result of peer review activities?  Yes  No
  - d. Administration or sponsorship of any insurance programs?  Yes  No
  - e. Labor/union negotiations or collective bargaining?  Yes  No
6. Does the applicant have any chapters or subsidiaries requiring coverage?  Yes  No
7. Has any entity proposed for insurance closed, downsized, laid off, reduced staff, sold, merged with or acquired any company in the past 12 months or anticipates doing so in the next 12 months?  Yes  No
8. Has the applicant or any person proposed for coverage (whether or not in the service of applicant) been the subject of or been involved directly or indirectly in any civil, criminal, regulatory, legislative or administrative proceeding(s)?  Yes  No
9.
  - a. Within the last five years, has any inquiry, complaint, notice of hearing, claim or suit been made against any entity proposed for insurance, or any person proposed for insurance in the capacity of director, officer, trustee, employee or volunteer of any entity proposed for insurance?  Yes  No
  - b. Is any person(s) proposed for this insurance aware of any fact, circumstance or situation which may result in a claim against any entity proposed for insurance or any of its directors, officers, trustees, employees or volunteers?  Yes  No
10. Has any policy for directors and officers or employment practices liability ever been cancelled or non-renewed?  Yes  No

### III. FIDUCIARY

All questions must be answered in order for fiduciary liability coverage to be bound

1. Does each pension plan use an outside investment manager?  Yes  No
2. Does each plan subject to ERISA comply with all applicable requirements of ERISA and the Internal Revenue Code of 1982, as amended (the "Code") including: eligibility, participation, vesting, fiduciary responsibility and funding standards?  Yes  No
3. In the past two years has there been or is there now under consideration any material changes to a plan or termination/consolidation of a plan?  Yes  No
4. Has there been or is there now pending any claim(s) against any proposed insured arising out of any plan?  Yes  No
5. Does any proposed insured have knowledge or information of any act, error or omission which might give rise to a claim under the proposed fiduciary liability coverage?  Yes  No

### IV. ADDITIONAL APPLICANT INFORMATION

Applicant's mailing address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

#### FRAUD STATEMENTS

**Alabama, Arkansas, District of Columbia, New Mexico, Rhode Island and West Virginia:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Colorado Fraud Statement:** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

**Florida Fraud Statement:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

**Kansas Fraud Statement:** Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto may be guilty of a crime and may be subject to fines and confinement in prison.

**Maine Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits

**Maryland Fraud Statement:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**New Jersey Fraud Statement:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**Oklahoma Fraud Statement:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**Oregon Fraud Statement:** Notice to Oregon applicants: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may be guilty of insurance fraud.

**Kentucky, Pennsylvania AND Ohio Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**Tennessee, Virginia and Washington Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

**Fraud Statement (All Other States):** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

#### STATE NOTICES

**Arizona Notice:** Misrepresentations, omissions, concealment of facts and incorrect statements shall prevent recovery under the policy only if the misrepresentations, omissions, concealment of facts or incorrect statements are; fraudulent or material either to the acceptance of the risk, or to the hazard assumed by the insurer or the insurer in good faith would either not have issued the policy, or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the insurer as required either by the application for the policy or otherwise.

**Florida Surplus Lines Notice:** (Applies only if policy is non-admitted) You are agreeing to place coverage in the surplus lines market. Superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

**Florida and Illinois Punitive Damage Notice:** I understand that there is no coverage for punitive damages assessed directly against an insured under Florida and Illinois law. However, I also understand that punitive damages that are not assessed directly against an insured, also known as "vicariously assessed punitive damages", are insurable under Florida and Illinois law. Therefore, if any Policy is issued to the Applicant as a result of this Application and such Policy provides coverage for punitive damages, I understand and acknowledge that the coverage for Claims brought in the State of Florida and Illinois is limited to "vicariously assessed punitive damages" and that there is no coverage for directly assessed punitive damages.

**Maine Notice:** The insurer is not permitted to withdraw any binder once issued, but a prospective notice of cancellation may be sent and coverage denied for fraud or material misrepresentation in obtaining coverage. A policy may not be unilaterally rescinded or voided.

**Minnesota Notice:** Authorization or agreement to bind the insurance may be withdrawn or modified only based on changes to the information contained in this application prior to the effective date of the insurance applied for that may render inaccurate, untrue or incomplete any statement made with a minimum of 10 days' notice given to the insured prior to the effective date of cancellation when the contract has been in effect for less than 90 days or is being canceled for nonpayment of premium.

**New York Disclosure Notice:** This policy is written on a claims made basis and shall provide no coverage for claims arising out of incidents, occurrences or alleged Wrongful Acts or Wrongful Employment Acts that took place prior to retroactive date, if any, stated on the declarations. This policy shall cover only those claims made against an insured while the policy remains in effect for incidents reported during the Policy Period or any subsequent renewal of this Policy or any extended reporting period and all coverage under the policy ceases upon termination of the policy except for the automatic extended reporting period coverage unless the insured purchases additional extended reporting period coverage. The policy includes an automatic 60 day extended claims reporting period following the termination of this policy. The Insured may purchase for an additional premium an additional extended reporting period of 12 months, 24 months or 36 months following the termination of this policy. Potential coverage gaps may arise upon the expiration for this extended reporting period. During the first several years of a claims made relationship, claims-made rates are comparatively lower than occurrence rates. The insured can expect substantial annual premium increases independent overall rate increases until the claims-made relationship has matured.

**Ohio Representation Statement:** By acceptance of this policy, the Insured agrees the statements in the application (new or renewal) submitted to the company are true and correct. It is understood and agreed that, to the extent permitted by law, the Company reserves the right to rescind this policy, or any coverage provided herein, for material misrepresentations made by the Insured. It is understood and agreed that the statements made in the insurance applications are incorporated into, and shall form part of, this policy. **THE INSURED UNDERSTANDS AND AGREES THAT ANY MATERIAL MISREPRESENTATION OR OMISSION ON THIS APPLICATION WILL ACT TO RENDER ANY CONTRACT OF INSURANCE NULL AND WITHOUT EFFECT OR PROVIDE THE COMPANY THE RIGHT TO RESCIND IT.**

**Utah Punitive Damages Notice:** I understand that Punitive Damages are not insurable in the state of Utah. There will be no coverage afforded for Punitive Damages for any Claim brought in the State of Utah. Any coverage for Punitive Damages will only apply if a Claim is filed in a state which allows punitive or exemplary damages to be insurable. This may apply if a Claim is brought in another state by a subsidiary or additional location(s) of the Named Insured, outside the state of Utah, for which coverage is sought under the same policy

**Missouri and Rhode Island Disclosure Notice:** I understand and acknowledge that if a \$100,000 or \$250,000 Limit of Liability is chosen or if the Insured Organization has more than 200 employees, that Defense Costs are a part of the Limit of Liability. This means that Defense Costs will reduce my limits of insurance and may exhaust them completely and should that occur, I shall be liable for any further legal Defense Costs and Damages. Defense Costs are as defined in Section III. I also understand that the Limit of Liability for the Extended Reporting Period, if applicable, shall be a part of and not in addition to the limit specified in the Policy Declarations.

**Virginia Notice:** This Policy is written on a claims-made basis. Please read the policy carefully to understand your coverage. You have an option to purchase a separate limit of liability for the extended reporting period. If you do not elect this option, the limit of liability for the extended reporting period shall be part of the and not in addition to limit specified in the declarations. If you have any questions regarding the cost of an extended reporting period, please contact your insurance company or your insurance agent. Statements in the application shall be deemed the insured's representations. A statement made in the application or in any affidavit made before or after a loss under the policy will not be deemed material or invalidate coverage unless it is clearly proven that such statement was material to the risk when assumed and was untrue.

If your state requires that we have information regarding your Authorized Retail Agent or Broker, please provide below.

Retail agency name: \_\_\_\_\_ License #: \_\_\_\_\_

Agent's signature: \_\_\_\_\_ Main agency phone number: \_\_\_\_\_  
(Required in New Hampshire)

Agency mailing address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

The signer of this application acknowledges and understands that the information provided in this Application is material to the Insurer's decision to provide the requested insurance and is relied on by the Insurer in providing such insurance. The signer of this application represents that the information provided in this Application is true and correct in all matters. The signer of this Application further represents that any changes in matters inquired about in this Application occurring prior to the effective date of coverage, which render the information provided herein untrue, incorrect or inaccurate in any way will be reported to the Insurer immediately in writing. The Insurer reserves the right to modify or withdraw any quote or binder issued if such changes are material to the insurability or premium charged, based on the Insurer's underwriting guides. The Insurer is hereby authorized, but not required, to make any investigation and inquiry in connection with the information, statements and disclosures provided in this Application. The decision of the Insurer not to make or to limit any investigation or inquiry shall not be deemed a waiver of any rights by the Insurer and shall not estop the Insurer from relying on any statement in this Application in the event the Policy is issued. It is agreed that this Application shall be the basis of the contract should a Policy be issued and it will be attached and become a part of the Policy.

**New York Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Applicant's signature: \_\_\_\_\_ Title: \_\_\_\_\_  
President, Chairperson of the Board, Managing Member, or Executive Director

Date: \_\_\_\_\_