

Myths of Volunteer Risk Management, Part 1



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This is the first of a six-part series on common myths about the risks of using volunteers in nonprofit organizations. We'll look at each myth for its impact on liability assessment, the purchase of insurance, and risk management planning.

Myth #1

The biggest risk associated with the utilization of volunteers is that volunteers might be injured.

Many volunteer organizations are aware that there is liability associated with using volunteers, but carry a misconception about where the bulk of the risk lies. When they hear volunteer liability, many people think about liability to volunteers, and not always about liability caused by volunteers for the organization.

This myth shows that there is confusion about the relationship of volunteers to accidents. Many organizations believe that the largest bodily injury exposures comes from the risk of accidents happening to their volunteers. It is our experience that the largest bodily injury exposure often comes from accidents or incidents caused by volunteers.

Because of this misconception, some volunteer organizations do not purchase adequate insurance. Some buy “volunteer accident” insurance policies only and feel well protected from liability. But this kind of insurance addresses only one kind of liability associated with the utilization of volunteers — that of injury to the volunteer. Injury caused by a volunteer is generally not covered by such a policy.

Volunteer accident policies provide a certain limit of coverage, usually for medical expenses. They respond when a volunteer is injured in an accident while engaged in activities for the benefit of the organization. Look at the example of a volunteer who is caring for a young client, and is involved in an accident that injures them both. Volunteer accident insurance could address some of the medical expenses that the volunteer may incur and some accident policies protect the volunteer personally from lawsuits arising from their actions as a volunteer. But these volunteer policies do not protect the organization if it is named in a lawsuit along with the volunteer. If such an accident were to occur, it is possible, if not probable, that the organization will be sued for its failure to adequately select, train, or supervise the volunteer. The volunteer may not even be named in the suit.

The limits of coverage payable by volunteer accident policies for medical expense, death or liability incurred

personally by the volunteer are often quite modest. But the loss for the organization associated with the actions of volunteers, such as supervisory responsibility, molestation, or transportation, can rise to catastrophic amounts. And intangible losses to reputation or goodwill, for example, cannot be insured at all. And even though volunteers themselves can incur major expenses if they are hurt or personally liable, these events are not the most significant sources of losses we see facing volunteer organizations.

How can a volunteer organization address the risk of bodily injury caused by its volunteers? Organization-wide risk management methods are key, because these are the kinds of losses that can be prevented or at least reduced in their severity. For example, when risks created by volunteer action have been identified and evaluated, an organization may see opportunities for increased training and other quality programs to reduce the likelihood for problems for both volunteers and other parties. These methods also reduce the risk of a successful claim for failure to adequately train and supervise volunteers.

Once this has been done, coverage for catastrophic losses caused by volunteers (in contrast to losses to volunteers) should be incorporated into the nonprofit's liability insurance coverage. Speak to your insurance advisor about whether harm caused by volunteers would be covered by your current insurance policies. Of course, an organization should still consider volunteer accident insurance in order to transfer to (or share with) an insurer the very specific risk of medical expense which a volunteer may incur.

How should you debunk this risk management myth? Evaluate both kinds of risk within your organization: the risk of injury to volunteers and injury caused by volunteers. Then allow the more significant exposure to guide your choice of risk management methods, including the purchase of insurance.

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([Part 2](#) and [Part 3](#) of this series are also available online.)