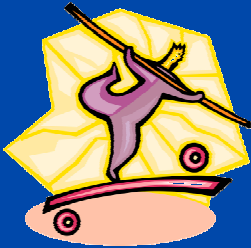


Nonprofit Risk Management Center

## Insurance Basics for Nonprofits



A Risk Management Webinar  
August 3, 2005

Melanie L. Herman  
Executive Director  
Nonprofit Risk Management Center

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## Risk Management and Insurance

- **Managing risk**
  - What could go wrong?
  - What will we do?

versus

- **Financing Risk**
  - How will we pay for it?
  - The "exchange"



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## Matching Claims and Coverages

- Your insurance needs and requirements may differ from a neighboring nonprofit
- Are there "must-buy" coverages?
  - It depends...
- Exposure analysis leads to consideration of insurance

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## Claims Against Nonprofits

- Claims filed against the nonprofit and its staff and/or volunteers
- Claims by staff/volunteers against the nonprofit (injuries)
- Claims by the nonprofit for lost, damaged or stolen property

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## How much insurance is enough?

- How much can you afford?
- Insurance for first dollar versus catastrophic losses
- The retention

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## Commonly Purchased Coverages

- **Commercial General Liability**
  - A. bodily injury and property damage
  - B. personal injury and advertising injury
  - C. medical payments



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## Commonly Purchased Coverages



- Professional liability insurance
  - E&O
  - Malpractice
  - 41 varieties!

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## Commonly Purchased Coverages

- Improper Sexual Conduct (Sexual Abuse)
  - Caregiver - client
  - Client - client

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## Commonly Purchased Coverages

- Directors' and Officers' Liability (D&O)
  - wrongful management acts
  - employment claims?



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## Commonly Purchased Coverages

### ■ Employment Practices Liability

- wrongful employment acts
- broadly written to include all but enumerated claims, or claims specified



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## Commonly Purchased Coverages

### ■ Workers' Compensation and Employers Liability

- coverage for bodily injury by accident, bodily injury by disease or death
- caused by conditions during employment
- exclusions? Criminal acts, fraud, injuries outside scope of employment
- genesis: Industrial Revolution; workers proving negligence to



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## Commonly Purchased Coverages

### ■ Basic Property Coverage

- Fire, lightning, explosion, windstorm, hail, smoke...
- **Broad:** falling objects, weight of ice or snow, water damage
- **Special form:** all perils (including theft) except those excluded
- **Endorsements:** Business interruption, extra expense, employee dishonesty...



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## Commonly Purchased Coverages

### ■ Automobile (business auto policy)

- Symbol 1 (any auto-owned, non-owned and hired)
- **Auto Liability**- amount due as damages for BI or PD caused by accidents & resulting from ownership, maintenance or use of covered auto
- **Auto Physical Damage**
- **Non-owned/Hired Auto Liability**



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## Commonly Purchased Coverages

- **Accident Insurance**
  - excess
  - volunteer or participant options
- **Crime Coverage**



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## Do's and Don'ts

- Competent advisor
- Read your policies
- Get answers in writing
- Involve the board



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## Do's and Don'ts

- Don't delegate without care
- Don't renew without analysis
- Don't be shy
- Don't equate insurance with risk management

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## Your Insurance Advisor

- What can you expect?
- What should you look for?
- What about putting your insurance program out to bid?

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## How to Read an Insurance Policy

- Declarations
- Insuring Agreements
- Definitions
- Exclusions
- Conditions
- Endorsements

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## Group Purchasing, Sponsored Insurance Programs

- **Primary Benefits:**
  - Customized coverage
  - Premium stability
  - What about the cost savings?!

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## Resources on Insurance

- [www.nonprofitrisk.org](http://www.nonprofitrisk.org)
- Your questions?



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## About Us

- Nonprofit Risk Management Center
- Free technical assistance to nonprofit leaders, staff and advisers
- [www.nonprofitrisk.org](http://www.nonprofitrisk.org)
- Free tutorials and factsheets on the Web site, plus affordable books, conferences, software and consulting help

[www.nonprofitrisk.org](http://www.nonprofitrisk.org)

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