Insurance Basics for Nonprofits

A Risk Management Webinar
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Risk Management and Insurance

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

- Financing Risk
  - How will we pay for it?
  - The “exchange”

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
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

How much insurance is enough?

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

Commonly Purchased Coverages

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

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

Commonly Purchased Coverages

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

Commonly Purchased Coverages

- Directors’ and Officers’ Liability (D&O)
  - wrongful management acts
  - employment claims?
Commonly Purchased Coverages

- **Employment Practices Liability**
  - wrongful employment acts
  - broadly written to include all but enumerated claims, or claims specified

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

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
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

Commonly Purchased Coverages

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

Do’s and Don’ts

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

Your Insurance Advisor

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

How to Read an Insurance Policy

- Declarations
- Insuring Agreements
- Definitions
- Exclusions
- Conditions
- Endorsements
Group Purchasing, 
Sponsored Insurance 
Programs

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

Resources on 
Insurance

- www.nonprofitrisk.org
- Your questions?

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- Free technical assistance to nonprofit leaders, staff and advisers
  - www.nonprofitrisk.org
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