

Teaching with Small Boats Alliance Conference  
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**Program Development Workshop: Planning  
Your New Program**

Insurance for Non-Profit Organizations

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# What should a basic non-profit insurance program look like?

- Property
- Casualty (a.k.a. General Liability)
  - Sexual Abuse & Molestation if working with a vulnerable population
- Worker's Compensation (if you have employees)
- Auto (if you use cars at all, even if they aren't owned by the organization)
- Directors & Officers
- Volunteer Accident & Sickness policy
- Umbrella/Excess
- For young participants – Youth Group Accident policy

## Property Coverage



- Includes coverage for physical building (if you own) and the contents inside the building (office equipment, computers, etc.)
- If you rent your space, you will want an adequate limit for “Damage to Premises Rented to You” coverage (also known as Fire Legal Liability coverage) – at least \$500,000
- Watch out for common property exclusions, like water, and be aware of any sub limits

## General Liability Coverage

- This protects your organization against bodily injury claims, as well as property damage (against property of others) e.g. slip and falls
- Often includes products liability, which will protect you if you serve food and advertising injury, which may provide coverage if your marketing infringes on the copyright of another
- If you work with governmental entities, they often require aggregate limits of \$2 million or more and often request to be added as

# Sexual Abuse & Molestation Coverage (subset of GL)

- Is nearly always affirmatively excluded from GL coverage unless you add it back in and pay an extra premium
- This protects your organization against claims alleging abuse and molestation and provides legal defense costs and settlements
- Some states are now requiring any social service organizations to have this coverage if they receive government grants
- Things to verify – are volunteers considered insureds, are defense costs inside or

# Workers Compensation

- State mandated insurance coverage that provides wage replacement and medical benefits to employees injured on the job
- Workers compensation coverage varies by state law – check with your agent to see what's required to be compliant



## Auto



- Even if your organization doesn't own actual automobiles, you will want to purchase auto coverage for hired and non owned autos if you, your staff, your BOD or any volunteers use their own or rented vehicles on organization business (e.g. bank deposits)
- Having non-owned or hired coverage will give you liability protection in case there is an accident involving a 3rd party – often excludes comprehensive or collision coverage (e.g. if an employee's car is broken into, it won't cover broken glass or damage)

# Directors & Officers Liability Coverage

- D&O coverage comes in two parts – the traditional **Directors & Officers** coverage, which protects the organization's Board of Directors against allegations of fraud or fiduciary mismanagement and **Employment Practices Liability (EPL)** coverage, which comes into play when there are allegations of discrimination or civil rights violations against the organization, its employees and its volunteers.
- Even if a claim is groundless, it can cost thousands of dollars to defend in court.

## Directors & Officers Liability Coverage

- EPL claims are prevalent in non-profit organizations, particularly if the organization works with a vulnerable population.
- Claims scenarios:
  - A potential client who is 70 years old alleges age-based discrimination when they are rejected from a culinary arts program that is created to prepare participants for a long term career in the food industry
  - A former employee who was terminated alleges racial discrimination as the cause of their firing, despite the fact that the termination was due to well-documented poor job performance
  - A disabled patron sues under the Americans With Disabilities Act for a lack of wheelchair ramps at a facility

## Volunteer Accident & Sickness Policy

- Can be added to your existing insurance program for relatively little money, depending on how many volunteers you have.
- Provides no-fault medical bill coverage up to a certain amount (e.g. \$50,000) so if a volunteer is injured while doing work for the organization, they have a way of getting their bills paid without having to go through their personal insurance.
- You can also add disability coverage to an A&S policy.
- A good idea to get if you have volunteers working in a kitchen, outside or with sharp tools.

## Umbrella/Excess Policy



- An extra level of coverage that sits over your existing policies, giving you a higher limit for certain lines.
- Usually comes in increments of \$1 million.
- Oftentimes, it will NOT sit over Abuse & Molestation and Directors & Officers coverage – check with your agent.
- Some government agencies and universities request outside vendors to have an umbrella – always check requirements.

## Youth Group Accident Policy

- Elective coverage that covers medical expenses for program participants for accidental injuries received while participating in a sponsored activity.
- Can includes accidental death and specific loss benefits.
- Like the volunteer policy, it may be comforting for parents to know that there is coverage should their child get injured.



## Wrap Up

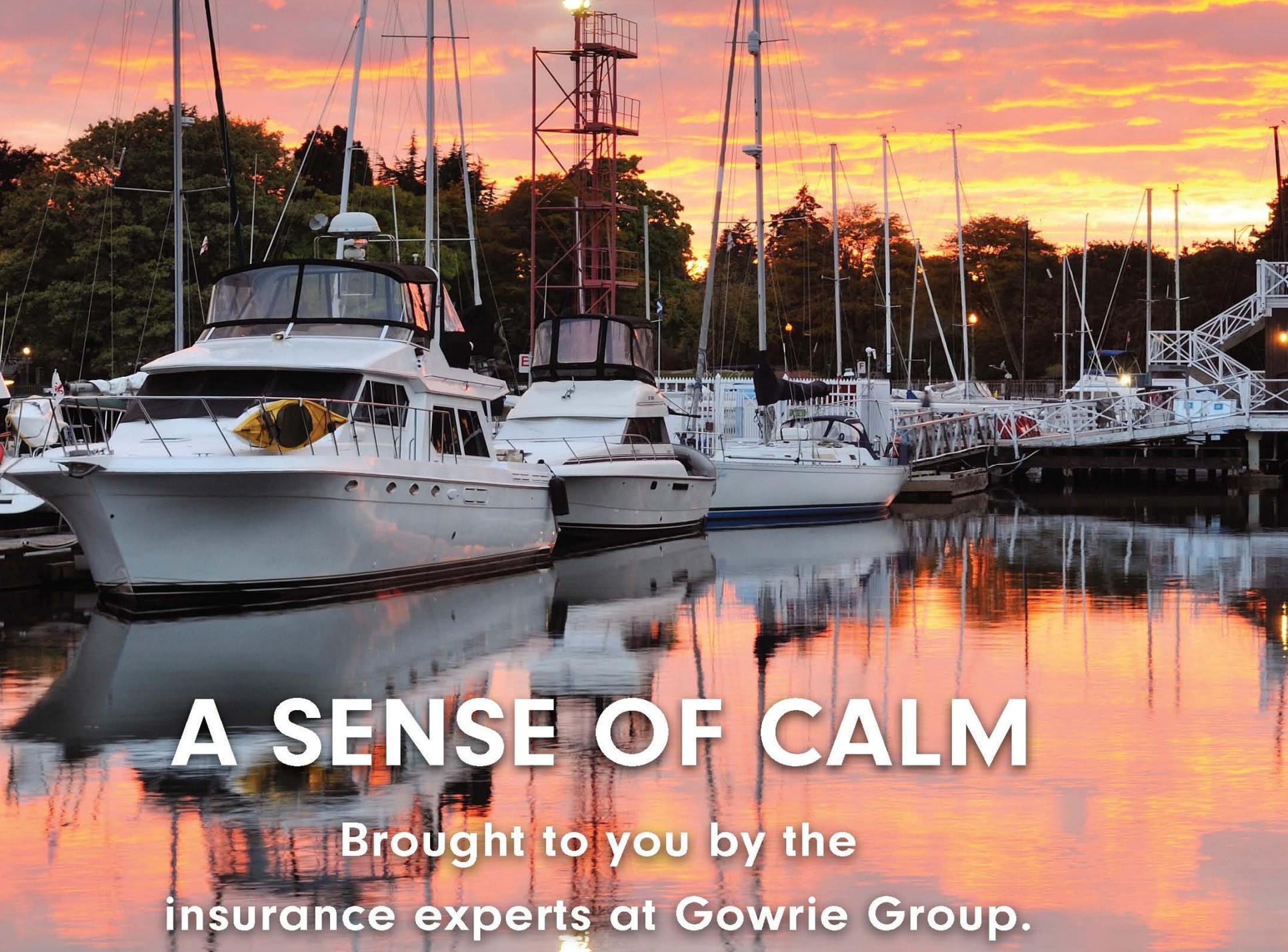
- Non-profit organizations vary widely and so do their insurance programs – talk to a knowledgeable agent who has experience and insures entities similar to your own
- Your program should be reviewed yearly
- As you grow and change, so should your coverage
- Your agent should be your insurance advisor and advocate. Find someone who makes you and your organization feel valued, no matter how big or small your premium is.

## Contact Information

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I'm happy to review anyone's program if you'd like a second look.



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