



## **“NEED TO HAVE” AND “NICE TO HAVE” INSURANCE FOR NONPROFITS**

For nonprofits, there are insurance coverages that are nice to have, and coverages that a responsible organization **must** have, to protect itself and its volunteers.

The “need-to-have” coverages:

### **Directors and Officers Liability Insurance**

Your organization is guided by a board whose responsibilities include management of your resources. Unfortunately, your directors and officers can be sued for wrongful acts, OR mismanagement of the organization or its resources. If you don’t have insurance in place, your directors and officers could lose their homes and businesses trying to pay their legal expenses. To attract the best, you’ll need to protect your directors and officers so they aren’t putting their assets on the line.

The most common limit is \$1,000,000 for a small to average size organization, but higher limits are available. The directors and officers liability policy available through Volunteers Insurance Service (VIS) has a minimum premium of \$800 for a \$1 million limit of liability.

### **General Liability**

No matter how safety-conscious your volunteers are, accidents happen. Volunteers can injure others, or damage property. If you have paid staff, the same is true of them. If you have an office, people can be injured on your premises. General liability coverage protects the organization and its employees against allegations of bodily injury, property damage and “personal injury” such as libel or slander. General liability can also protect your volunteers, but that means your liability limit is shared among your organization, your employees and your volunteers. We recommend purchasing a general liability policy with a limit of liability not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, and a separate policy to cover liability of your volunteers. Volunteer liability policies are an inexpensive way to protect your volunteers while preserving your organization’s general liability limits and claims experience. The minimum premium for general liability is around \$800; the minimum for volunteer liability through the VIS program is \$100.

2750 Killarney Drive, Suite 202, Woodbridge, VA 22192 p 800.222.8920 f 703.739.0761

## **Auto Liability**

General liability policies don't cover property damage or bodily injury caused by vehicles. Your volunteers -- and employees, if any -- may use their vehicles on their assignments, so it's important to protect your organization for this risk. If your organization doesn't own vehicles, you can obtain what's called hired and non-owned auto coverage. Hired would be a rental car. Non-owned would be the vehicles of your employees or volunteers when they are using them in their assignments. This can be a separate policy, or it can be added to a general liability policy. We recommend a limit of not less than \$1,000,000.

This coverage protects the organization. However, volunteers often are concerned about their own liability, especially if they transport clients. Offering volunteer excess auto liability coverage can satisfy those concerns. This coverage sits over the volunteer's personal auto liability coverage. The minimum premium for hired and non-owned auto liability is about \$250, and the minimum premium for volunteer excess auto liability through the VIS program is \$100.

## **Workers compensation**

If you have employees, your state probably requires that you carry workers' compensation insurance, for job-related injuries. Sometimes volunteers can be covered under workers compensation, but even if your state will allow it, we recommend you cover them separately. Volunteer accident coverage pays in excess of your volunteers' other insurance (if any), and is much less expensive than workers' compensation. Workers' compensation premiums vary according to total payroll and loss experience. The minimum premium for volunteer accident insurance with VIS is \$100.

Now for the nice-to-have coverages:

## **Property Insurance**

If you own or lease an office, you will need to cover your property. (The lease might require it.) Furniture, computers, phones and other equipment can be expensive to replace if they are damaged or destroyed. Property insurance is readily available; premiums vary based on the value of what is covered.

## **Crime coverage**

While we might never think that our employees or volunteers would be dishonest, things happen sometimes. Crime coverage makes the organization whole if a theft occurs. Coverage can be limited to the premises, or can include losses off premises. You can cover the assets of others, such as clients. The VIS crime policy starts at a little more than \$200, and is based upon the number of volunteers and employees.

## **Cyber liability**

If you collect personal information, you have a cyber liability exposure. Even though your organization might not be a high-profile target for hackers, information can be released accidentally, or intentionally by a disgruntled employee or volunteer. The more information that you have, the higher your risk. Cyber liability coverage helps pay expenses you would incur should there be a breach. Pricing and coverage vary greatly.

## **Employment liability**

If you have employees, risks include failure to hire, failure to promote, wrongful termination, sexual harassment, discrimination...the list goes on. For nonprofits, the coverage can be endorsed onto a directors and officers liability policy for about \$200.

Because every organization's needs are a little different, it's important that you work with an agent or broker who understands nonprofit organizations, and can place coverage with appropriate insurance companies. Unfortunately, most agents (and companies, for that matter) do not specialize in nonprofits. If you need help identifying an agent who's an exception, please contact William Henry at VIS -- [william.henry@visvolunteers.com](mailto:william.henry@visvolunteers.com), 800.222.8920, or directly at 703.778.7310. For more information about the VIS program, please go to [www.visvolunteers.com](http://www.visvolunteers.com).)