



PUT CLAIMS IN THEIR RIGHT PLACE

When nonprofit organizations struggle with their budgets, they often feel as though they have a twin-size sheet for a king-size bed. Grants and other private contributions are fewer and smaller, and public funds are short, but meanwhile the needs that these organizations respond to are as great as ever, and often greater. So nonprofits have learned to economize -- cutting overhead where possible, using more volunteers to extend their human resources, merging with organizations that have a similar mission, to share expenses, etc. Those are all ways to reduce actual expenses. But prospective expenses also represent an area where nonprofits sometimes can economize.

An increase in the organization's general liability premium, driven by a claim arising from an incident involving a volunteer, is an example of a prospective expense. In states where volunteers can be covered by workers' compensation, a volunteer's injury can have a similar effect on workers' compensation premium and "experience modification factor." These increased insurance expenses can make that twin-size sheet even smaller.

Besides applying appropriate loss control measures, there are two other ways to shield the general liability and the workers' compensation policies against possible claims:

- 1) A volunteer liability policy can help prevent claims against the general liability policy, should a volunteer injure someone, or damage someone's property, while volunteering. Experience shows that if the injured party knows that adequate coverage is available through the volunteer liability policy, a claim against the organization engaging the volunteer is much less likely than it would be otherwise. (In fact, there is an easy way to expressly *exclude* volunteers from the general liability policy.)
- 2) A volunteer accident medical reimbursement policy can be an attractive alternative to workers' compensation coverage. Although it is not a true "apples to apples" comparison, the available limits and policy conditions of an accident policy can make it a more than acceptable alternative to the expense of workers' compensation.

The cost of volunteer liability and accident policies is a manageable one even for nonprofits on tight budgets, and can save them from a claims expense that might not be so manageable later on. The VIS Volunteers Insurance program can be the right solution. For more information, visit [this information page](#) of The CIMA Companies, which administers the VIS program.

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