



DIRECTORS AND OFFICERS LIABILITY – CONSIDER SEPARATE LIMITS

If a lawsuit against your nonprofit organization names individual employees as well as your directors and officers, your policy limits could be depleted in defense of the employee(s)...unless you have separate limits just for your directors and officers.

Reserving separate limits of liability for directors and officers can provide vital protection if, for example, an employment-practices lawsuit names the executive director and the human resources director, in addition to the board. Typically, the additional limits would apply once underlying limits have been exhausted.

From the publication *D&O Compass*: “If D&O coverage is written with a \$1 million limit, consider buying at least an additional \$1 million dedicated limit for directors and officers, especially if the D&O limit is shared with the policy’s employment practices liability and fiduciary coverages.”

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