

Commercial Insurance Basics For Nonprofit Boards

Tidbits and More Regarding
Insurance and Risk Management

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Agenda

- Introduction – Who the heck is ANI?
Background information
- Insurance Coverages:
 - Commercial General Liability – Directors & Officers
 - Property Insurance – Umbrella
 - Improper Sexual Conduct – Accident Insurance
& Physical Abuse
- Leases -- Rental Agreements
- Wrap up

Background Information

NIAC is a California liability risk pool formed under the California Corporations Code and has ~9,000 member-insureds

ANI is a risk retention group formed under the Federal Risk Retention Act and has ~6,000 member-insureds

NIAC and ANI are both 501(c)(3)'s



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Background Information

(continued)

- ANI does business in 32 states plus Washington DC
- ANI started doing business in Texas January 1, 2015
- ANI (and NIAC) provide specialized insurance coverages and RM services exclusively to the 501(c)(3) sector
- All coverages provided through independent insurance brokers
- AM Best rating A VIII (Excellent)

Organization Structure



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Risk Pool
California



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Risk Retention Group
Outside California



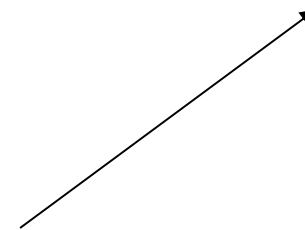
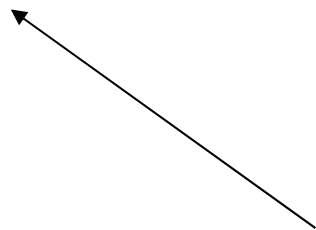
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Association Captive
Reinsures Property Program



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Support Organization – Staff



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**All companies in the Group are
501(c)(3) nonprofits themselves!**

Mission

- To serve 501(c) (3) nonprofit organizations by providing a **stable** source of reasonably priced liability insurance tailored to the specialized needs of the nonprofit sector, and to assist these organizations to develop and implement successful loss control and risk management programs.



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What Have We Built ?

- Member Insureds: 15,000+
- GWP: \$95 million
- AM Best rating A VIII (Excellent)

95%+ of members stay every year!

Commercial General Liability

- Core coverage for a nonprofit
- Coverage S/B provided on an “occurrence” policy. Not “claims made”
- Deductible not typical
- \$1M Occ / \$2M Agg typical limits
- M.P. ~\$1K annually -12 month policy
- Extends to events, fundraisers, book sales, etc.
- Include volunteers as additional insured!



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Commercial General Liability

(continued)

What it almost always covers

1. Bodily Injury
2. Property Damage
3. Personal Injury/Advertising Injury
4. Medical Payments to a third party

(Also: Host Liquor, Products, Completed Operations, and Special Events)



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Commercial General Liability

(continued)

What it never covers

1. Automobile, aircraft and watercraft
2. Employee injury
3. Employee benefits liability
4. Intentional acts
5. Pollution
6. Medical malpractice
7. Publishers' errors and omissions



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Property Coverage

(Through North American Elite)

- Coverage is written on “special” modified BOP form
- Coverage extends to Buildings and Contents (BPP)
- Deductible amounts of \$250, \$500, \$1,000 and \$2,500, \$5,000 and \$10,000 available
- Employee/Volunteer Dishonesty (limits up to \$500,000)
- Business Income and Extra Expense restoration periods - 18 months
- Water Backup damage up to \$25,000



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Property Coverage

(Through North American Elite)

(continued)

- Outdoor property limits (plants Limit \$1,000, signs up to \$25,000)
- Increased Cost of Construction up to \$100,000
- Fire Extinguisher Systems Recharge Limit \$25,000
- Arson & Vandalism Reward Limit \$5,000
- Spoilage Limit \$25,000
- Earthquake Sprinkler Leakage Limit \$10,000



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Improper Sexual Conduct & Physical Abuse

- Provides coverage for bodily injury arising from improper sexual conduct or physical abuse
- Also known as “Sexual Abuse” or “Abuse and Molestation Coverage”
- Does not extend to Sexual Harassment!

Improper Sexual Conduct & Physical Abuse

(continued)

An organization's exposure:

1. Supervisory authority over children?
Developmentally disabled? Seniors?
2. One-on-one unsupervised situation with one of these populations?
3. Assisted living?
4. Day care? After school care? Camping? Fieldtrips?
Mentoring? Tutoring?
5. Residential care?



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Improper Sexual Conduct & Physical Abuse

(continued)

Ask if the coverage you're buying covers:

1. Client vs. client activity?
2. Volunteers and employees. Additional insureds?
3. Defense of the alleged employee or volunteer?
4. Reimbursement of wages?



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Directors and Officers Liability

- Provides coverage for “intentional” wrongful actions taken by an organization’s board of directors or managers that someone else thinks are wrong

Directors and Officers Liability

(continued)

Key coverages to look for:

- Broad definition of insured
- Fiduciary coverage
- Broad coverage for employment practices liability (EBL)
 - Wrongful Termination, Sexual Harassment, Discrimination.
The big three!

Directors and Officers Liability

(continued)

Other issues:

- Settlement Authority
- Selection of Attorney
- Coverage Triggers
 - Claims Made
 - Event Trigger / Occurrence

Directors and Officers Liability

(continued)

Additional Considerations:

1. Defense of breach of contract claims
2. Defense of wage and hour claims
3. Pre-term consulting services
4. Personnel handbook reviews

Umbrella Coverage

- Provides additional liability limits over your general liability, auto liability, and professional liability. May follow over your improper sexual conduct, directors and officers and employers liability.

Accident Coverage

(Through QBE Insurance)

- Provides excess coverage for bodily injury to volunteers or participants
- Who buys it?
- Low limit
- Low cost
- Goodwill nature
- Not workers compensation



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Rental Agreements, Leases

- Know what you are signing!
 - Have lease reviewed by attorney, insurance broker, etc.
 - Lessee may be in weaker negotiating position
- Naming lessor (landlord) as Additional Insured
 - Risk Transfer mechanism
- Hold Harmless Agreements:
 - Only assume liability for which you have control

Wrap Up

Questions or Comments?

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