



## DIRECTORS AND OFFICERS LIABILITY

Many people serve on boards of non-profit organizations as a way to give back to their community. If you do, it's important to know the personal liability risks that you are assuming and consider purchasing directors and officers liability (D&O) to protect your assets.

**What does D&O cover?** Non-profit board members can be sued for many reasons, including poor management practices, discrimination, wrongful termination, harassment, and libel and slander.

**Why do I need coverage if the organization has insurance?** If a lawsuit is brought against the non-profit, the organization's coverage is primary. However, many non-profits operate on a slim budget and purchase low limits for their D&O policy. Once the organization's limit is exhausted, the board members are held personally liable for the remaining portion of the claim. Your D&O coverage would respond as excess coverage over the organization's policy.

**Doesn't my homeowner policy include liability coverage for this?** No, your homeowner policy provides liability coverage for bodily injury and property damage, and specifically excludes exposures related to serving on non-profit boards.

**What do I need to do?** First, confirm with your organization that they have D&O coverage, including the limit. If you are comfortable that the limit is adequate, you may decide not to purchase coverage. You should also confirm that the organization's policy extends coverage to your spouse if s/he is named in the lawsuit.

**How do I obtain D&O coverage?** Coverage is usually endorsed onto your excess liability (umbrella) policy. Carriers will require that the organization's policy limit be at least \$1,000,000. Your excess D&O limit is typically \$1,000,000, although higher limits may be available.

**How much does D&O insurance cost?** Premiums are based on the limit and number of boards on which you serve. Carriers typically charge a flat premium if you serve on a small number (5 or less) of boards, with an annual premium range of \$500-\$800. Your Account Manager can provide a firm quotation based on your specific activities.

**How do I know if my organization is a non-profit?** Check your organization's status at [www.charitywatch.org](http://www.charitywatch.org) or [www.charitynavigator.org](http://www.charitynavigator.org). Most homeowner and condo associations have non-profit status.

Contact your Account Manager if you have further questions or would a quote for this coverage.