

Questions asked during the VANNO Webinar on March 24, 2010

1. Would you be able to email a copy of the powerpoint presentation?
 - a. Yes, I've attached in PDF format the presentation given today. Please feel free to share with your board members, etc. We may set up future webinars targeted to new board members of a nonprofit organization so they have a better understanding. We are looking at possibly doing this around the middle of August so stay tuned to future VANNO newsletters.
2. Have you seen recent lawsuits brought by State Attorney Generals?
 - a. Yes, especially in dealing with federal funding/grants. They want to be sure that the funding/grants given are used as they are intended. It is important for nonprofits to establish and abide by their charter and by-laws.
3. Hasn't Virginia established an immunity law in the early 1990's to protect board members of nonprofits' individual assets?
 - a. Yes and No, Bill Clinton passed a Federal Law in the early 1990's known as the Good Samaritan Law. This was passed to help protect individuals acting in good faith. Most states (including Virginia) have also adopted a charitable immunity law with similar wording. This law does not necessarily apply to entities, employees, board members, volunteers, etc. especially if they are grossly negligent. In addition, if nonprofit organizations are involved with children, board members, etc are even more at risk.
4. What if you are named in a lawsuit which exceeds your D&O Policy limit?
 - a. Many different insurance carriers write D&O policies in many different ways. With regards to USLI, they provide unlimited defense costs outside the \$1,000,000 limit. They will defend you until the indemnity limit of \$1,000,000 is exhausted. Most other insurance carriers will have defense costs within the limits, which means you only have coverage and defense until the \$1,000,000 limit is exhausted.
5. Is there coverage for lawsuits due to embezzlement?
 - a. Directors & Officers Insurance does have an exclusion for criminal acts/fraud and has a severability clause. This means that those who are involved or know about the embezzlement are severed from coverage and those who do not, maintain liability coverage.
 - b. To provide actual crime/employee dishonesty coverage for the money embezzled, you would need to purchase a separate crime policy
6. Have you seen increase litigation involving investment decisions since the economy and stock market has crashed?
 - a. There have been some lawsuits regarding this topic. This is best covered under the Fiduciary Liability section of your policy. However, if you use a Financial Advisor and or have another party helping manage funds prudently, you should not be held liable. In the event that your 403B, Investment portfolio, etc has taken a hit and you get sued, your insurance policy will provide good defense since you acted in a prudent manner.
7. What is the average cost of a Directors & Officers/Employment Practices Liability Insurance Policy?

- a. If your annual budget is less than \$1,000,000, then your annual premium for both insurance policies with \$1,000,000 separate limits, should be approx \$900/year with USLI.
8. Should an organization purchase Employment Practices Liability Insurance even if they have no employees?
 - a. Absolutely. Please note the definition of who is an insured and note that the coverage also applies to board members, volunteers, etc. Please also note that this coverage also includes protection against 3rd party if a volunteer says anything offensive, etc.
9. If your organization uses an independent subcontractor instead of employees, is there coverage?
 - a. Yes, under the USLI Policy, independent subcontractors are included as named insureds as long as they are working on behalf of the insured. The liability is not meant to extend liability to work performed outside of the insureds' operations and will not include any Errors & Omission exposure.
10. What factors are involved in the pricing of Directors & Officer Liability Insurance?
 - a. Speaking only for USLI, the main factors are the nature of operations and the annual revenue of the operation.
11. You mentioned that USLI partners up with a Human Resource company called People Systems and include free unlimited usage of their services. Does that service include a free review of your employee handbook?
 - a. You will have unlimited and 24/7 access to this HR company using their online resource (which shows constant updates on HR changes) as well as their 1-800# where you can call them at any time and speak with a licensed HR consultant (you can also contact them by webchat and email). They will be able to help you with details regarding policies, procedures, and other questions that you may have to be proactive. They can also talk to you about specific issues you are facing such as terminating an employee, pending lawsuit, etc.
 - b. They can answer specific questions about your employee handbook but will not review your entire handbook word for word. Since they are an HR company as well, they may be available in providing this service to you for an additional fee.
12. Can you provide booklets on these topics
 - a. Yes, you can find several topics such as claim examples, duties and responsibilities, who sues a nonprofit, etc. on our website – www.smins.net/nonprofits You can also complete a short online D&O application and hit the submit button for a no obligation quote to you. We guarantee a quote back to you within one business day.