



Nonprofit Directors and Officers Liability

In today's litigious society, your directors and officers need liability protection.

With SECURA, you get great insurance and service specific to your organization. You'll find our people truly care and enjoy helping you.



Coverage features

- \$1,000,000 policy limit
- \$1,000 deductible
- Wrongful acts of director, officer, or trustee:
 - Act, error, omission, misstatement, misleading statement, or breach of duty
 - Any matter asserted against a director, officer, or trustee solely by reason of his or her status as a director, officer, trustee, employee, volunteer, or member of a committee of the insured entity
- Coverage provided for past and present:
 - Directors
 - Officers
 - Trustees
 - Employees
 - Volunteers
 - Estate, heirs, legal representatives of deceased persons who were insureds
 - Lawful spouses of insured persons
- Modified consent to settle (hammer) clause
- Separate Defense Limits coverage available
- Supplemental extended reporting period
 - 60 days automatically provided at no charge
 - 12- and 36-month extended reporting periods available
- Claims-made coverage
- Coverage can be retroactive to the same date as a prior policy

Value-added services

Outstanding claims service

- When we're notified of a loss, we call you back within 24 hours, follow up regularly, and work with you until your claim is resolved

Risk management

- We offer risk management solutions that help improve safety in the workplace
- For free safety talks, programs, and other resources, visit [secura.net](https://www.secura.net)

Coverages may not be available in all states. Coverages described are subject to all the terms and conditions of the policy, including rating, deductibles, exclusions, and limits of liability. Not all agents are authorized to write all types of insurance. Policies may be underwritten by SECURA Insurance Company or SECURA Supreme Insurance Company, affiliated companies referred to collectively as SECURA Insurance Companies. Please read the policy carefully.

Protection designed for you.



Nonprofit Directors & Officers Liability

Why every nonprofit needs D&O insurance

Working in the nonprofit world is unique. The very nature of your organization exposes your directors and officers to risks that can only be protected against by special coverage. These stories and benefits should help you understand why Directors and Officers (D&O) coverage is a crucial part of your insurance package.

Examples of D&O claims

- **A nonprofit youth soccer organization formed in 1995.**
Its bylaws, articles of incorporation, and mission statement were written to say that the club was to work with youth of a specific county. Over the years, this organization has grown into three counties. Unfortunately, the key documents were never updated by the board. Even though no specific party complained, the state attorney general brought an action alleging operations outside their charter.
- **A local donor helped a community shelter fund a new building.**
After discussion with contractors, the nonprofit determined the cost of building a new structure would be too high. The board decided that the money raised for a new building would, instead, be used for other projects. The donor sued, alleging misappropriation of funds.
- **A volunteer alleged that the board's recent decisions had represented a breach of duty.**
Even though no wrongdoing was discovered, the nonprofit had legal bills for two months of defense work.
- **An executive director of a literacy program filled a vacancy on its board with a personal friend.**
The organization did have procedures to fill board vacancies but did not follow them. Concern arose when it became public that this personal friend owned a local book store and profited from the relationship. Many people — including other board members, clients, and donors — alleged wrongdoing.
- **A nonprofit was established with a specific mission statement.**
Board decisions extended the scope of the nonprofit. The nonprofit's beneficiaries claimed that the new operations weakened the quality of service they had been receiving.
- **A 501c3 attempted to directly influence legislation beneficial to its cause.**
The nonprofit was accused of misusing government funds it received in a local political campaign.

Any claim example is for educational and informational purposes only. The information in this document will not be used to determine the coverage of an actual claim presented. All claims are adjusted based on the relevant facts, conditions and coverages at the time of loss. For specific terms and conditions, please refer to your coverage form. Coverage is also subject to applicable deductibles and limits or coverage.

Benefits of D&O insurance

- **Provides added protection.**
D&O provides coverage for perils not covered under a general liability policy.
- **It helps protect from increasing legal action.**
Legal action against nonprofits is at an all-time high. Obtaining the IRS designation of a nonprofit requires a greater level of transparency than a business in the private sector. That means nonprofits are under greater scrutiny. It can be easy for a lawyer to turn data or documents into accusations.
- **It provides a buffer from defense costs.**
As the number of claims against nonprofits rise, so do defense costs. Even frivolous claims need to be defended. Having a D&O policy gives your nonprofit immediate and expert defense.
- **A D&O policy is a cost-effective way to indemnify your board members.**
Many nonprofits include indemnification provisions in their key documents. If bylaws or articles of incorporation include language that promises to indemnify board members, then there must be a procedure to do so. To fulfill the promise, a nonprofit could:
 1. Set up a legal defense fund (bank account or bond) or
 2. Purchase a D&O policy.Because defense costs alone can be very high, it may be financially impossible to establish a legal defense fund. A D&O policy could be the only cost-effective way to indemnify board members.
- **Use it to recruit new board members.**
As a nonprofit, you want the best people on your board. Many of the brightest corporate citizens realize that they have personal exposure when they volunteer for a board. With that in mind, many potential board members require D&O insurance be in place before they agree to serve on a board.

Protection designed for you.

