

Coverage Insights

Non-Profit Directors and Officers Liability

The best intentions won't pay runaway legal fees

Why you and your organization need protection

Non-profit organizations of all sizes remain under a **threat of litigation**. Individuals serving as directors or officers can be held personally liable for their actions and inactions and those of the people they oversee.

The responsibilities of directors and officers of non-profit organizations are similar to those of for-profit companies. Both have fiduciary responsibilities, as well as a duty of care and a duty of loyalty. And, just like for-profit companies, a director or officer's right to indemnification from a non-profit organization is only as good as the economic strength of the organization itself.

Without the proper coverage, it can be difficult to indemnify members and cover costs of expensive legal fees or damage awards if faced with a lawsuit.

Coverage Highlights

Non-profits provide valuable services to local communities. Lawsuits may not only be expensive and time-consuming to defend, they also may make it difficult to maintain the organization's mission. Even if claims are ultimately proven false, the defence costs could be devastating.

Directors and Officers Liability Coverage for non-profit organizations is a coverage that your organization should not be without. It typically covers the organization's defence expenses, settlements and judgments associated with these claims, it also helps protect the personal assets of the organization's directors and officers.

*We deliver creative solutions so you can
build a secure future and thrive.*

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Claim Scenarios

Employment Practices

The Plaintiff, an executive director of a large non-profit association, was dismissed after 17 years of employment following a re-organization of operations and responsibilities. While the Plaintiff was dismissed with cause, the association issued a slanderous letter about him to various parties. The Plaintiff brought an action claiming damages for pay in lieu of notice, defamation, vacation pay, loss of benefits and punitive damages.

Defence Costs: \$55,0000

Settlement: \$110,000

Failure to manage a property lease – \$2 million

A membership organization was sued by a group of members who alleged the directors and officers failed to renew an option to extend a lease on land. As a result, the lessor required the organization to either purchase the land for more than \$10 million or to lease the land for a substantial price. The suit was settled for \$2 million.

Breach of fiduciary duty – \$3 million

An organization providing housing for the disabled was sued by the parents of adult disabled children alleging, among other things, breach of fiduciary duty. After a jury trial and an appeal, the plaintiffs won a judgment in excess of \$3 million.

These Claims Examples are for illustrative purposes only. Please remember that only the insurance policy can give actual terms, coverage, amounts, conditions, and exclusions.

Speak With One Of Our Industry Leaders

We are making it easier for you to make your clients aware of the protection they need. We're combining our experience and expertise with a new way of doing business featuring faster turnaround time, competitive pricing, and the robust coverage options organizations expect from Lawrie Insurance Group.

Non-profit organizations, and the directors and officers who lead them, are constantly exposed to the threat of litigation. Help protect your non-profit clients and the personal assets of their directors and officers with a Non-Profit Directors & Officers Liability Policy from Lawrie Insurance Group.

To learn more, speak with a broker by calling **1.800.661.1518**