

Not-for-Profit Board Members: Are Your Personal Assets Protected?

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Serving on the board of a not-for-profit organization can be a rewarding way to give back to the community. However, an organization's general liability insurance policy may not cover its board members, and it may not have enough Directors & Officers liability coverage in place to fully protect them.

In the unfortunate event that a lawsuit depletes the primary layer of a not-for-profit's Directors & Officers liability policy, **the personal assets of individual board members could be at risk.**

What Is Your Exposure?

Some insurance companies include coverage in their personal umbrella liability policies for "non-compensated volunteer activities." That coverage applies to bodily injury, property damage, and personal injury liability claims.

But, **it does not cover** claims arising from a host of other possible situations, including lawsuits against a not-for-profit board asserting:

- Poor management practices
- Discrimination
- Wrongful termination
- Harassment
- Misrepresentations made by you as an employer
- Libel and slander

- Copyright infringement
- Tax law violations

How Do You Protect Yourself?

There are a few insurance companies that specialize in working with high-net-worth clients that can provide coverage to protect your personal assets when you are serving on a not-for-profit board. They add an endorsement to an individual's umbrella liability policy for Not-for-Profit Board liability in excess of the organization's underlying Directors & Officers liability insurance.

Once in place, both the insured and their spouse are covered in excess of any other underlying coverage maintained by the not-for-profit organization.

Qualifying boards may include civic groups, condos or co-ops, religious organizations, country clubs, cultural and performing arts institutions, school alumni groups, and youth associations.

For more information on coverage enhancement for not-for-profit board members, or for any questions about your personal insurance program, please contact us.

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