

# Liability Insurance Nonprofits Should Consider

## Policy

## Claims Example

### 1. Commercial General Liability (CGL) has these five parts:

- a. Coverage A: Bodily Injury and Property Damage
- b. Coverage B: Personal Injury
- c. Coverage C: Medical Payments (**NO** lawsuit)
- d. Coverage D: Tenants Legal Liability
- e. Endorsements like Non-Owned Automobile Liability

- 1a. Client trips and falls on wet floor during nonprofit activity.
- 1b. Third party sues a director alleging he was slandered.
- 1c. Child playing game at nonprofit has two teeth knocked out.
- 1d. Water damage destroys landlord's flooring; he sues.
- 1e. Volunteer driving his car has an accident, badly injuring a pedestrian. He was driving for nonprofit at time.

### 2. Directors' & Officers' Liability

2. Just received lawsuit alleges 8 years ago a previous director mismanaged funds. It isn't true but the lawsuit still needs to be defended.

### 3. Employment Practices Liability

3. Ex-employee or ex-volunteer claims were let go of unfairly.

### 4. Professional Liability

(Errors & Omissions Liability and Malpractice Liability are separate)

4. Teen hotline; psychologist volunteering her help; teen commits crime. Family sues psychologist and nonprofit.

### 5. Employers Liability

5. Your own employee gets injured on the job, sues nonprofit.

### 6. Abuse Liability

6. The unthinkable is alleged. True or not must be defended.

### 7. Liquor Liability

7. Your event; alcohol served; accident of some kind happens.

### 8. Special Events Liability

8. Large fundraiser; bad weather; no turnout; many costs.

**Remember: Always talk to an insurance broker or agent to explain these policies. Some insurers have combinations of these policies or may have new coverages.**