Insurance Handbook - Not-for-Profit Organizations[1]

Insight for Executive Directors, Managers and Board Members

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[1] Not for Profit reference includes Charitable Organizations in this handbook. Specific variances on organizational type need to be considered at a broker / insurer level. Advisor is used instead of broker to more clearly reflect the insurance advising role they play in serving clients.

1. About This Handbook

This handbook is written for the people who carry legal and fiduciary responsibility for a not-for-profit organization: executive directors, managers, board members and the volunteers who serve alongside them. It has two purposes. The first is to explain what a not-for-profit should look for when selecting a brokerage and building an insurance program. The second is to describe the coverage types that are commonly available to charitable and not-for-profit organizations, so that leaders can recognize what they have, what they are missing, and what questions to ask.

The handbook is deliberately vendor-neutral. It does not endorse a particular brokerage or insurance carrier. Coverage names, limits and sublimits are described as they typically appear in the market; the specific wordings, amounts and availability in your own program will depend on your carrier, your jurisdiction and your organization's activities. Every figure in this document should be treated as illustrative of what exists in the market rather than as a quotation of terms available to you.

How to Use It

1. Read Sections 2 through 4 before your next renewal. They describe the governance case for insurance and the service standard you should expect from a brokerage.
2. Use Section 5 as a reference when reviewing your policy schedule. Each coverage type is explained in terms of what it protects and what typically goes wrong when it is missing.
3. Use Sections 6 and 7 when comparing quotes. They describe the enhancements and eligibility considerations that separate a thin policy from a strong one.
4. Use Section 12 as a board-meeting agenda item. It is a checklist of questions your leadership team should be able to answer.
5. Campbell & Haliburton is available to present this handbook to your Board or Leadership Team in a more compact form if needed. Having informed discussions about insurance and risk is critical for protecting the mission of your organization.

2. Why Insurance Is a Governance Responsibility

Not-for-profit organizations should look for insurance providers that combine advisor expertise, integrated risk management, and a full range of brokerage services aimed at their specific needs. There is no substitute for experience across a wide range of insurance products, including commercial insurance. This insurance market and landscape is always changing.

Most not-for-profits are small. Many run with only one or two paid staff, and some run entirely on volunteer effort. Their insurance needs, however, are not small, and they are not merely administrative. Insurance is part of the due diligence that leadership, board members and general members undertake to protect the mission of the organization. A single uninsured liability claim, a fire in a leased hall, an employment dispute, or a fraudulent wire transfer can destroy an organization that has served its community for decades.

Board members carry personal exposure as well. Directors and officers of a not-for-profit can be named individually in claims arising from decisions made in good faith. Understanding what the organization's policies do and do not cover is therefore part of the duty of care, not an optional technical detail delegated entirely to staff.

The Three Questions This Handbook Answers

1. What should insurance provision include, and what kinds of services to brokerages provide? What’s not included?
2. How do we evaluate our current insurance provider and our current program?
3. What qualifications, coverages and service commitments should we pay attention to?

3. Scope of Services to Expect from a Brokerage

A brokerage serving not-for-profit clients should be able to demonstrate capability across five core service areas. If a prospective provider cannot describe how it delivers each of these, that gap is worth exploring before you move your business or purchase new coverage. Your brokerage is a key in managing your insurance when it becomes necessary.

1. **Risk Management**. Reviewing current renewals and operations, assessing emerging risks, and evaluating contracts and leases entered into by the organization and its member groups.
2. **Loss Control**. Providing advice on risk education, and advising on liability, Directors and Officers exposure, asset protection, disaster recovery and cybersecurity exposure.
3. **Claims Management**. Providing hands-on assistance throughout the claims process in support of the insured organization.
4. **Insurance Services**. Designing and placing a broad suite of coverages, including property, liability, Directors and Officers, Errors and Omissions, crime and cyber, Employment Practices Liability, participant and volunteer accident, event liability, course-of-construction, bonds, life insurance and group insurance.
5. **General Advising and Education**. Supporting accurate documentation, billing and certificate issuance, and delivering timely reporting to the organization's management and board.

Where Services May Be Out of Scope

It is equally important to define what a brokerage will not do. An advisor is not your legal counsel, your accountant, or your compliance officer. Advisors do not typically draft contracts, provide tax opinions, or adjudicate claims — the adjuster acts for the insurer.

Clarifying these boundaries at the outset prevents the assumption that a risk has been managed when in fact no one has taken responsibility for it. Ask any prospective provider to state plainly which services are included in their remuneration and which would be referred out or billed separately.

Brokerages also have experience and knowledge in specific types of insurance coverage. It is important to understand what the depth and extent of your insurance brokerages experience in the industry.

4. Evaluating Your Current Insurance Program

A meaningful evaluation is more than a premium comparison. The following sequence describes what a competent risk management review looks like and what your organization should expect to receive from it.

Reviewing Current Renewals and Policies

1. Undertake a review of current insurance renewals, including the timing and sequencing of each renewal date.
2. Conduct a thorough review of all current and existing policies rather than only the largest one.
3. Obtain an understanding of all existing policies, including their effective and expiry dates, and make recommendations against each.
4. Support members and associated member groups in identifying and evaluating existing and emerging exposures to risk. This risk assessment work is used to guide existing programs, or to develop new risk control and risk financing programs and insurance requirements. Healthy organizations are proactive rather than reactive.
5. Determine the adequacy of existing accounts against their existing exposures and emerging risks, and explore risk financing options as required.
6. Identify any immediate considerations that should be addressed prior to the renewal dates.

Common Gaps Found in Review

Reviews of not-for-profit programs tend to surface the same four categories of weakness. Each of these is worth checking against your own schedule of policies.

1. **Missing coverages**, most often cyber, event cancellation and volunteer accident.
2. **Insufficient limits**, most often on Directors and Officers Liability and on Commercial General Liability where the organization runs large public events.
3. **Outdated or redundant policies** that have carried forward year over year without reflecting how the organization's activities have changed.
4. **Missed opportunities for bundling** or for enhanced coverage that would cost little relative to the exposure it removes.

Prioritizing the Recommended Actions

A review that produces a long undifferentiated list is not useful to a volunteer board. Recommendations should be ranked so that leadership can act on the most consequential items first. In a financial audit, there are typically items that could be improved and they are often ranked. Insurance reviews should do the same. Four criteria are normally applied.

1. **Urgency**, meaning how soon the exposure could produce a loss or how close the renewal date is.
2. **Risk impact**, meaning the severity of the consequence if the exposure is realized.
3. **Cost-benefit**, meaning the premium or administrative cost measured against the exposure removed.
4. **Ease of implementation**, meaning whether the change can be made immediately or requires a board decision, a policy change or a new procedure.

Building Learning into the Governance Cycle

Insurance knowledge decays as boards or staff turn over. A provider should be able to offer planned learning sessions tailored to distinct audiences, because each group needs a different depth of understanding.

1. **Executive or management staff**, who administer the program day to day and handle certificates, claims reporting and renewals.
2. **Board members**, who carry fiduciary responsibility and personal exposure under Directors and Officers Liability.
3. **Members and key volunteers**, who create much of the day-to-day exposure through events, transport, fundraising and direct service.

5. Core Coverage Types and What They Protect

This section describes the coverage types most relevant to not-for-profit organizations. Not every organization needs every coverage, but every organization should be able to explain why it has declined the ones it does not carry.

Commercial General Liability

Commercial General Liability, usually shortened to CGL, responds to third-party claims for bodily injury and property damage arising out of the organization's operations and premises. It is the foundational coverage for almost every not-for-profit. A minimum limit of $2,000,000 is a common baseline expectation, and organizations that run large public events, operate vehicles for participants, or hold contracts with municipalities and funders are frequently required to carry more.

Strong not-for-profit CGL forms tend to share several characteristics. Coverage follows the organization rather than being tied to a single premises. Fundraisers, special events and outreach activities are automatically included rather than needing to be scheduled one at a time. Members and volunteers are included as insureds. Emotional distress and mental anguish fall within the definition of bodily injury. Some forms include no general liability deductible, and blanket additional insured status simplifies the certificate requests that funders and venues routinely make.

Directors and Officers Liability

Directors and Officers Liability, commonly written as D&O, protects the personal assets of board members, officers and the organization itself against claims alleging wrongful acts in the management of the organization. Typical allegations include mismanagement of funds, failure to follow bylaws, breach of duty to members, discriminatory decisions, and disputes with staff, donors or member organizations. D&O is the coverage most often found to be missing or insufficient for not-for-profit operations, and it is the coverage that individual board members should be most personally interested in.

Employment Practices Liability

Employment Practices Liability, or EPL, responds to claims brought by employees and applicants alleging wrongful termination, harassment, discrimination, retaliation or failure to accommodate. It is frequently packaged with D&O for not-for-profits. Organizations with only one or two employees often assume this exposure does not apply to them; in practice, small employers are disproportionately vulnerable because they rarely have formal human resources processes to demonstrate in their defence.

Asset Protection and Property

Property coverage protects buildings, contents, equipment, and in many cases property in transit or in the open. Replacement cost valuation should be confirmed rather than assumed, because actual cash value settlements can leave a substantial funding gap for an organization with older assets. Organizations that lease their space still need contents and improvement coverage, and leadership should review what their lease makes them responsible for.

Business Interruption, Disaster Recovery and Resumption Planning

A loss that closes a facility interrupts programs, revenue and, for many not-for-profits, essential community services. Business interruption and extra expense coverage funds the gap while operations are restored. It is most effective when paired with an actual written resumption plan that identifies alternate premises, critical records, key contacts and the order in which services are restored. Ask whether your provider will help you build that plan, not just insure the consequence of not having one.

Cyber, Social Engineering and Extortion

Cyber coverage responds to data breach, network interruption, ransomware and the response costs that follow: notification, credit monitoring, forensics, legal advice and public communication. Social engineering coverage addresses fraudulent instruction losses, where a staff member or volunteer is deceived into transferring funds or changing payment details. Extortion coverage addresses ransom demands. Not-for-profits are attractive targets precisely because they hold donor data and personal information while often lacking dedicated IT staff.

Crime, Theft and Fraud

Crime coverage addresses employee dishonesty and the loss of money and securities both inside and outside the premises. Well-drafted not-for-profit crime forms extend to directors, officers, committee chairs and employees without requiring each person to be scheduled by name or position, which matters in organizations where signing authority rotates. Crime coverage is a practical response to the reality that small organizations frequently cannot maintain full segregation of financial duties.

Abuse and Molestation

Abuse and molestation coverage is essential for any organization that works with children, youth, elderly people or other vulnerable populations. Limits in the market commonly range from $100,000 to $1,000,000. Because most general liability forms exclude abuse, this coverage must usually be added deliberately. Insurers will normally expect to see screening, supervision and reporting policies in place, and the underwriting conversation itself often improves the organization's practices.

Professional Liability and Errors and Omissions

Professional liability responds to claims arising from advice, counselling, instruction or professional services delivered by the organization. Counselling ministries, employment training programs, advocacy services and educational workshops all create this exposure. Pastoral professional coverage is a specific form of this available to faith-based organizations.

Event Protection and Host Liquor Liability

Special event coverage responds to liability arising from events the organization hosts. Blanket special event endorsements can cover events up to a stated attendance threshold — for example, up to 2,500 attendees — with host liquor liability included. Some forms include a set number of smaller events, such as three events with up to 250 attendees, at no additional premium. Where alcohol is sold rather than served, commercial liquor liability is normally required and can often be arranged on a blanket basis. Event cancellation coverage is a separate product and is frequently overlooked by organizations whose annual fundraiser carries most of their revenue.

Participant and Volunteer Accident

Participant and volunteer accident coverage provides medical and accidental death or dismemberment benefits to people who are injured while taking part in the organization's activities, whether or not the organization is at fault. It matters because volunteers are generally not covered by workers' compensation and are not employees, which can leave them with no recourse other than suing the organization that they came to help.

Personnel Safety and Enterprise Risk Management

Personnel safety and enterprise risk management are not single insurance products but the framework in which the products sit. They cover the policies, training, screening, incident reporting and escalation practices that reduce the frequency of claims. An insurance program built without them will be more expensive and less effective, and insurers increasingly price for the presence or absence of this discipline.

Additional Coverages Commonly Packaged

1. Inland marine, covering equipment, exhibits and property away from the premises or in transit.
2. Hired and non-owned automobile liability, covering the organization's exposure when staff or volunteers use their own or rented vehicles on its behalf.
3. Course-of-construction coverage, for undertaking building or renovation projects.
4. Bonds, including fidelity and performance bonds required by funders or contracts.
5. Group insurance and employee benefits, where the organization has paid staff.

6. Coverage Features Worth Asking About

   Two policies with the same coverage names can differ substantially in what they actually pay. Availability, wording and dollar amounts vary by carrier and jurisdiction.

General Liability Features

1. No premises limitation, so coverage follows the organization wherever it operates.
2. Automatic inclusion of fundraisers, special events and outreach activities.
3. Members and volunteers automatically included as additional insureds.
4. Emotional distress and mental anguish included within the definition of bodily injury.
5. Optional defence reimbursement cost coverage for certain criminal or civil proceedings.
6. Educational enhancement endorsement covering business seminars and instructional workshops.
7. Blanket additional insured status, and inclusion of business meetings and seminars.
8. No general liability deductible.
9. Abuse and molestation coverage available, commonly from $100,000 up to $1,000,000.

Property Features

1. Replacement cost valuation available rather than actual cash value.
2. Value-added endorsements bundling twenty or more small coverage enhancements — for example, fine arts, signs, property in transit, monies and securities, employee dishonesty, outdoor property, accounts receivable, valuable papers and records, and water back-up.
3. Theft coverage available as an extension.
4. Electronic data and computer interruption coverage available.

Management Liability Features

1. Lifetime occurrence reporting provision, giving an unlimited reporting extension for former directors and officers. This protects people who have already left your board.
2. Full prior acts coverage, so that decisions made before the policy period are not excluded.
3. A data and security endorsement providing expense — often in the range of $50,000 each — for data breach, identity theft, workplace violence and kidnap expenses.
4. A wage and hour sublimit, commonly $100,000, including defence and loss for back wages.

5. Third-party sexual harassment and discrimination automatically included, covering claims by non-employees such as clients and members.
6. Breach of contract coverage where available.
7. A standard form option (specifics named) offered as a competitively priced alternative to a broad form (wider range of unnamed risks), where budget requires it. Understand what is given up before accepting it.

Crime Features

1. Coverage for employee dishonesty and for money and securities both inside and outside the premises.
2. Coverage extended to directors, officers, committee chairs and employees without scheduling them by name or position.

Special Event Features

1. A blanket special event endorsement for events up to a stated attendance threshold, with host liquor liability included.
2. A number of smaller events included at no additional premium.
3. Commercial liquor liability available on a blanket basis for events where alcohol is sold.

7. Organization Types and Eligibility Considerations

Insurers segment the not-for-profit market into classes, and the class your organization falls into affects both eligibility and the shape of the package offered. Understanding where you fit helps you frame your submission and explains why a quote may differ from that of a peer organization.

Classes Commonly Written

1. Houses of worship and faith-based organizations
2. Social services organizations
3. Charities and business associations
4. Not-for-profit boards seeking standalone Directors and Officers coverage
5. Amateur sports and recreation organizations

Houses of Worship

Eligibility in this class is typically open to all faiths and denominations, including churches, meditation centres, mosques, temples, ministry groups and tenant organizations that meet in space owned by others. Size thresholds apply; risks up to roughly 40,000 square feet are commonly written in standard packages, and new ventures or organizations with no prior coverage are often eligible.

What frequently drives the underwriting conversation is the range of activities the organization runs alongside worship. Food banks, mission work, prison ministries, homeless shelters, community centres, after-school programs, soup kitchens, thrift stores, education programs for children, and residences for clergy each carry their own exposures. Disclose them all. An activity omitted from the application is an activity that may not be covered.

Charities and Business Associations

This class is broad. Target classes commonly include alumni associations, arts and culture promotional or educational organizations, booster clubs, business membership and networking groups, car clubs, chambers of commerce, charitable fundraising foundations, charitable membership organizations, community gardens, drug and alcohol support meeting groups, parent and teacher organizations, professional membership associations, and trade membership associations.

Organizations in this class often carry more event exposure relative to their size than any other, because fundraising events and member gatherings are central to how they operate. Special events, host liquor and volunteer accident coverage, and related activities deserve particular attention here.

Social Services and Sports Organizations

Social services organizations working with vulnerable populations should expect abuse and molestation, professional liability and hired and non-owned automobile exposures to be central to the underwriting discussion. Amateur sports organizations should expect participant accident coverage, waiver and screening practices, and facility agreements to be examined closely.

8. Claims Management: What Effective Support Looks Like

The claim is the moment the insurance program either works or fails, and it is the moment when the quality of the brokerage becomes visible. The following standards describe what a not-for-profit should expect.

1. The agency should assist as required in reporting claims to insurers, reviewing ongoing claims, and in any other way that requires claims management assistance.
2. The agency should provide expertise and assistance in the preparation and handling of all first-party and third-party claims requested by the organization that are normally part of an insurance program.
3. A strong agency will advise, advocate and manage the claim experience, rather than simply forwarding paperwork to the insurer.
4. The agency should leverage technology to maintain records, document the file, and communicate with the affected parties throughout.
5. Within the designated account team, there should be deep experience with claims adjusting and loss prevention, as well as significant hands-on claim handling.

It is worth establishing whether the firm has a claims manager with significant experience in direct claims adjusting and claims management. Expertise in this discipline has been shown to reduce friction and confusion for the insured, and this focused approach produces the best experience for everyone involved. For a small organization dealing with its first serious claim, that difference is substantial. It is worth learning about the qualifications of the people in your brokerage of choice.

9. Insurance Purchase and Service Requirements

Beyond risk review and coverage recommendations, the placement (buying and binding coverage) and administration of the program is where a brokerage earns its keep across the year.

Marketing and Placement

1. Your agency should negotiate with the market to obtain the best terms and conditions at the most favourable pricing level.
2. Your agency should prepare insurance specifications and underwriting proposals for policy renewals.
3. All new and remarketing opportunities should be completed with a comprehensive and updated submission prepared for the markets, because the quality of the submission directly affects the quality of the terms offered.
4. Insurance advisors should communicate with the insured to obtain the most current underwriting information, ensuring compliance and accuracy across carriers.

Billing, Documentation and Continuity of Coverage

Administrative failure is a real source of uninsured loss. A lapse caused by a missed invoice is indistinguishable, at the moment of a claim, from never having bought the policy at all. It is a good practice to ask about the technology and processing approaches used by your brokerage.

1. Operations staff should ensure invoices are prepared and delivered in a timely way.
2. Robust processing procedures should be in place to minimize missed payments and to drive the client interactions that keep policies active.
3. Invoices should be included with the policy documentation and delivered to the client promptly, in conjunction with correspondence from the insurance advisors.
4. Client service support should continue with regular notification as required to ensure payment is obtained and no gap in coverage occurs.

Technology and Operational Capacity

The insurance industry is changing quickly, and it is reasonable to expect a brokerage to leverage tools and applications that create efficient internal operations and a better client experience. Categories of system worth asking about include a broker management system of record, a communications platform that preserves due diligence records, renewal management software that keeps documentation timely, and automation of key communication cycles. It is also reasonable to expect the firm to use support roles — service support specialists, customer service representatives and processing leads — to create additional efficiency and attention to

detail rather than leaving everything on one advisor's desk. Your advisor should be part of a strong team.

Privacy and Information Security

Your brokerage holds sensitive information about your organization, your staff and sometimes your clients. It is legally required to place a high priority on client privacy and information security, employ recognized best practices, and be able to describe them. Many brokerages can also draw on the resources of their cyber insurance carriers to run routine checks of a client's online systems and identify how they could be made more secure. Ask whether that service is available to you.

Continuing Education

Expect your brokerage to invest in continuing industry education. Each advisor's licence carries a requirement for continuing education, commonly between eight and twelve hours per year, which ensures their industry knowledge remains current. Strong firms go beyond the minimum by attending industry conferences and hosting insurance company representatives for educational sessions.

10. Innovation and the Changing Risk Landscape

The insurance and not for profit landscapes are changing quickly, and it can be difficult to keep track of how those changes affect client risk, industry practice or sector norms. These changes often reach directly into the functions of key leadership roles such as board members, executive directors and managers. You can reasonably expect a brokerage to have invested in the knowledge supports that let its brokers adapt, including tools that connect industry training, legal cases, social change, insurance underwriting and industry resources in something close to real time – they need to be knowledgeable about your sector.

Such tools are often focused on specific parts of the insurance landscape, including changes affecting not-for-profit and charitable organizations. They can also be built to deliver online training and self-directed learning for key leaders, volunteers and donors. That training might include reviews of the specific risk factors attached to the activities an organization runs, or targeted material addressing insurance knowledge gaps among its leaders.

The social tone within and across an organization is also a meaningful signal of how resilient it will be under stress, and that insight can increasingly be generated with a range of tools and technologies, producing more accurate assessments of organizational health.

Innovation through technology adoption, alongside a values-driven approach to team development, will matter for the long-term quality of service your insurance provider is able to deliver.

11. Professional Experience and Commitment

Products and pricing can be matched. The durable differences between providers are found in people and in the depth of their engagement with the sector.

1. Examine the experience and composition of the executive team and management. You will depend on the firm you choose having a strong core and a stable leadership team.
2. Ask for reference letters from existing clients, ideally from organizations of a comparable size and sector to your own.
3. Consider the firm's presence within the community, which reflects an important level of professional awareness.
4. Ask about discovery workshops and other learning opportunities. These matter because they help executive directors and board members communicate with each other and with the people who support their work.
5. Ask the provider directly what their plan is to keep you and your various stakeholders informed over the life of the relationship.

12. Board Checklist: Questions to Ask Before Your Next Renewal

The following questions are intended to be worked through by the board or executive committee, either directly or with your advisor in the meeting.

1. What policies do we currently hold, and what are the effective and expiry dates of each?
2. What is our Commercial General Liability limit, and is it adequate for our largest event and our contractual requirements?
3. Do we carry Directors and Officers Liability, at what limit, and does it include coverage for former directors and full prior acts?
4. Do we carry Employment Practices Liability, and do we have documented human resources policies that would support a defence?
5. Are our volunteers covered — for liability, and for their own injury through participant and volunteer accident coverage?
6. Do we work with children, youth or vulnerable adults, and if so, do we carry abuse and molestation coverage with appropriate limits and screening practices?
7. Do we hold donor or client personal information, and do we carry cyber and social engineering coverage?
8. Is our property insured on a replacement cost basis, and when was the valuation last updated?
9. What would happen to our programs and revenue if our facility were unusable for six months, and do we have both business interruption coverage and a written resumption plan?
10. Have all of our current activities been disclosed to the insurer, including new programs added since the last renewal?
11. Who in our organization is responsible for reporting a claim, and do they know how?
12. When did our board last receive an insurance briefing, and when is the next one scheduled?