

Insurance & Risk Management Basics

by Cole Kinney

*Risk
Management*

*Bring it
together*

*Thank
you*

Insurance

*Buying
Tips*


CalNonprofits Insurance Services
A SUBSIDIARY OF THE CALIFORNIA ASSOCIATION OF NONPROFITS

What is Risk?

Risk is the chance of loss

- Injuries to clients, employees, volunteers, public
- Damage to property
- Theft/Fraud

*Risk
Management*

*Handling
Risk*

Risk Management

Process of risk management

- Identify
- Analyze
- Evaluation
- Treat
- Monitor & Review



Handling Risk

- Avoidance - don't do it
- Mitigation - reduce the risk
- Transfer - give it to someone else usually via contract
 - Insurance is one method of transferring risk
- Retention - accept risk and plan to pay for it

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Commercial Lines



General Liability

Professional Liability

Sexual/Physical Abuse/Molestation

Automobile

Directors & Officers Liability (D&O)

Workers' Compensation

Property Coverages

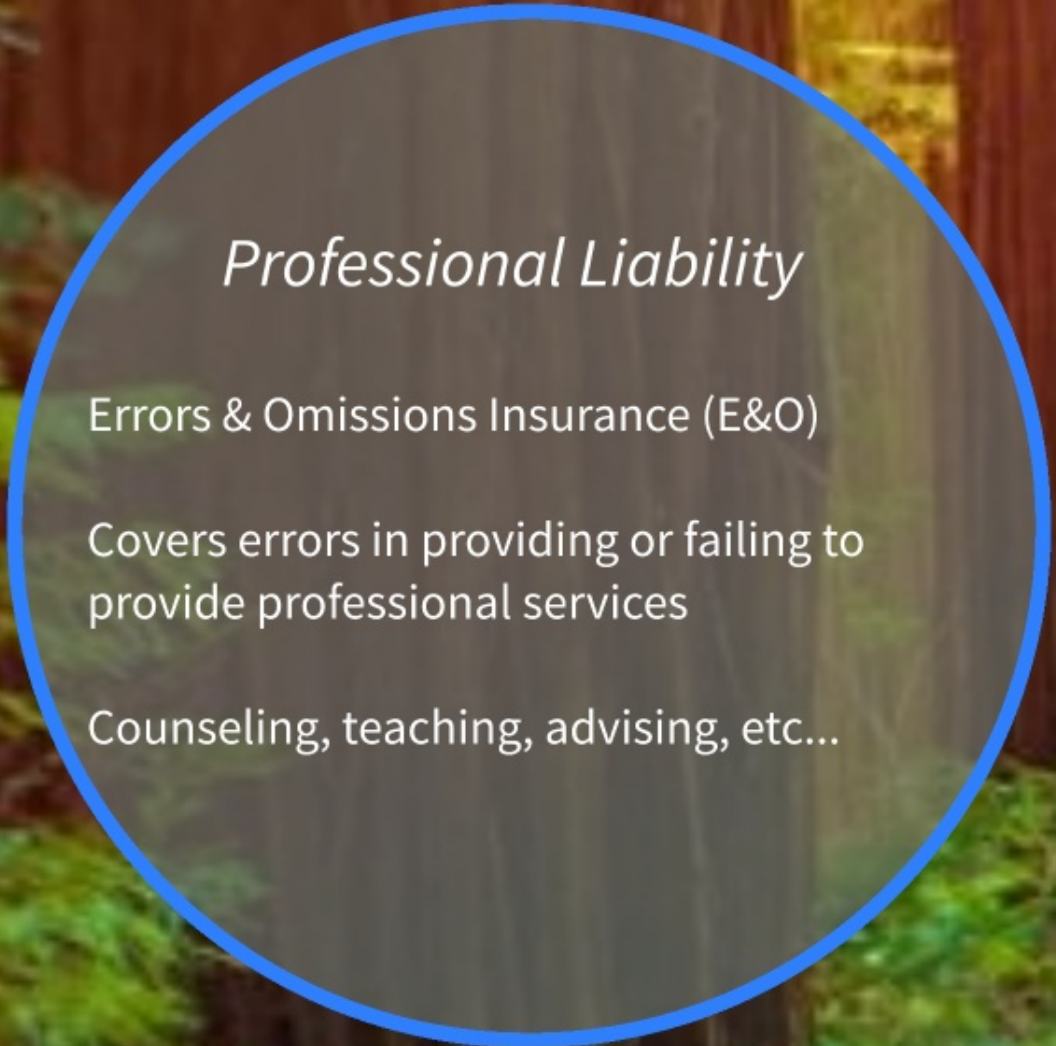
Other Coverages



General Liability

Covers bodily injury and property damage to third parties

Usually includes Personal Injury, Advertising Injury, Medical Payments, and Employee Benefits Liability




Professional Liability

Errors & Omissions Insurance (E&O)

Covers errors in providing or failing to provide professional services


Counseling, teaching, advising, etc...



*Sexual/Physical
Abuse/Molestation*


Also called Improper Sexual Conduct

Covers bodily injury due to sexual or
physical abuse



Automobile

- Auto Liability
- Hired Auto
- Nonowned Auto
- Medical Payments
- Physical Damage
- Uninsured/Underinsured Motorists
- Rental Reimbursement/Towing
- Volunteers as Insureds
- Drive Other Car




Directors & Officers Liability (D&O)

Also called Nonprofit Management Liability

Covers decisions made by the Board of Directors or other covered officers

Can include Employment Practices Liability




Workers' Compensation

Required by law to protect employees from injury, illness or death on the job


Can sometimes include volunteers

No exemptions or exclusions for employees of nonprofits



Property Coverages

- Buildings, Contents, Business Income
- Inland Marine (Mobile Property)
- Crime (Employee Dishonesty, Fraud)
- Equipment Breakdown
- Catastrophe - Earthquake, Flood, etc.



Other Coverages

Cyber Liability
Accident Insurance
Business Travel Accident
Foreign Liability
Special Event Insurance
Excess/Umbrella Liability
Bonds

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Bringing it together



Contracts

*Transfer
Liability*

WOS

*Accident
Insurance*

Contracts



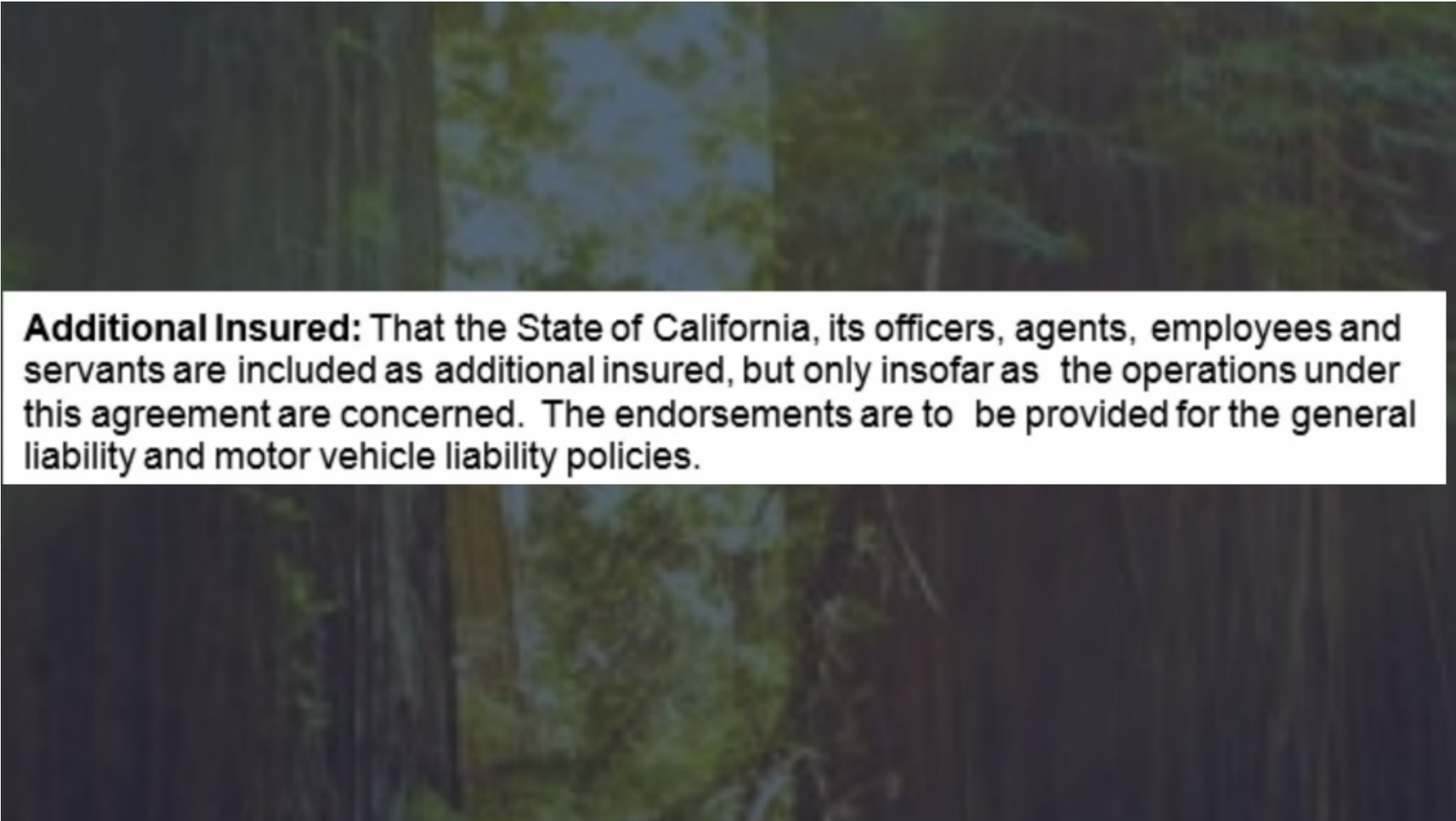
- Insurance policy is a contract between you and the insurance company - broker is not a party
- Cooperating Association Agreement with DPR

Liability Transfer

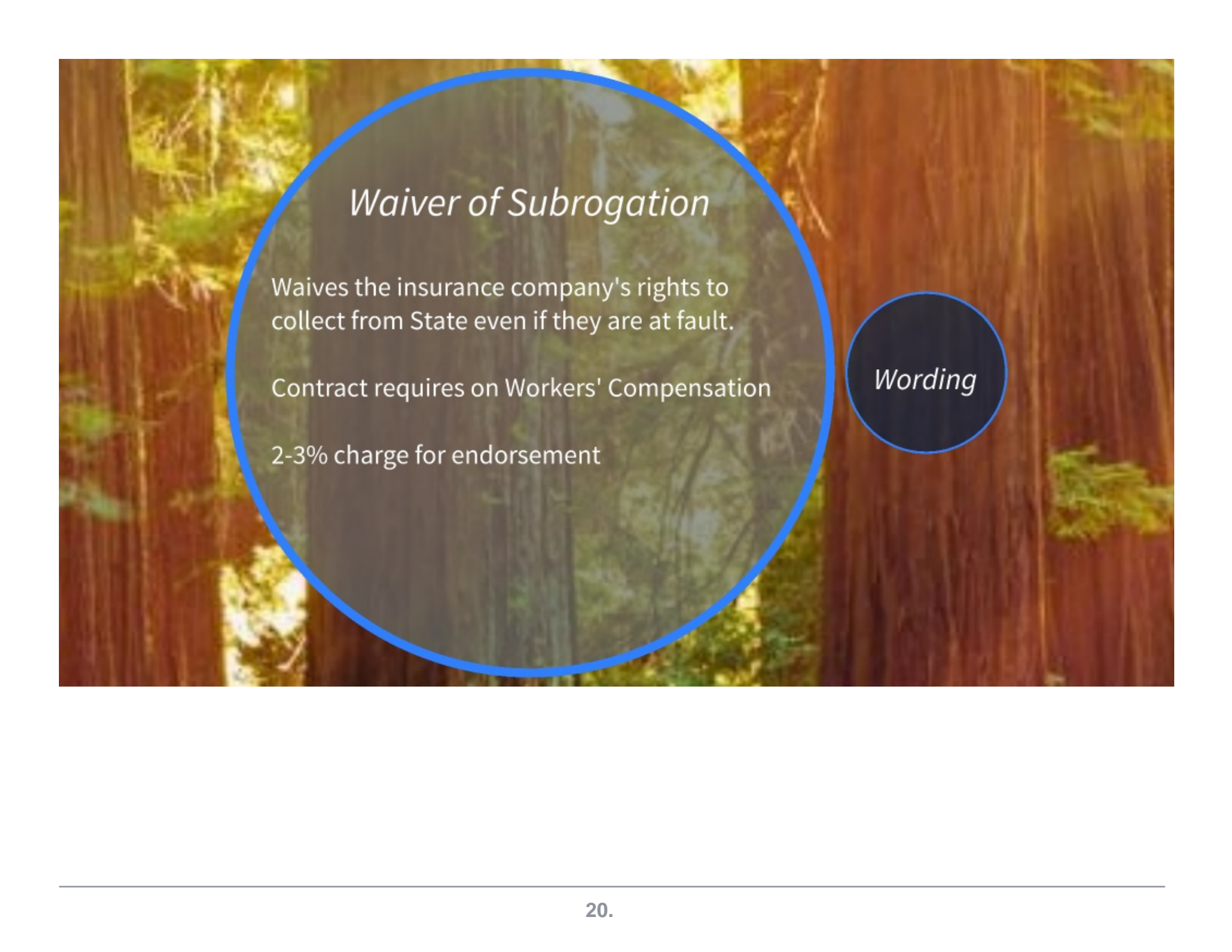
Most contracts include indemnification agreements or hold harmless statements which transfer liability from one entity to another.

Association agreement with DPR does not but requires an Additional Insured endorsement to the policy.

Wording



Additional Insured: That the State of California, its officers, agents, employees and servants are included as additional insured, but only insofar as the operations under this agreement are concerned. The endorsements are to be provided for the general liability and motor vehicle liability policies.



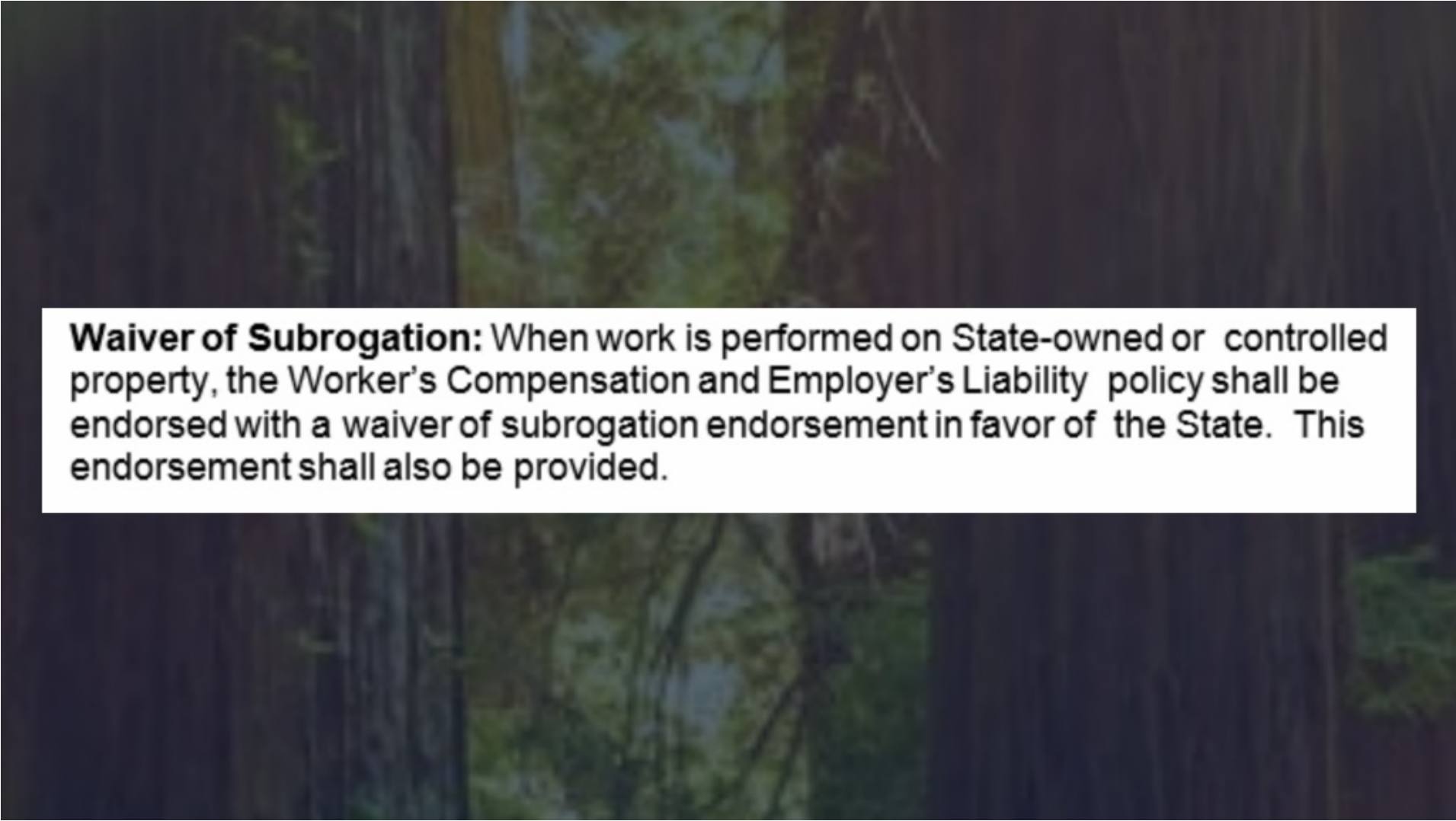
Waiver of Subrogation

Waives the insurance company's rights to collect from State even if they are at fault.

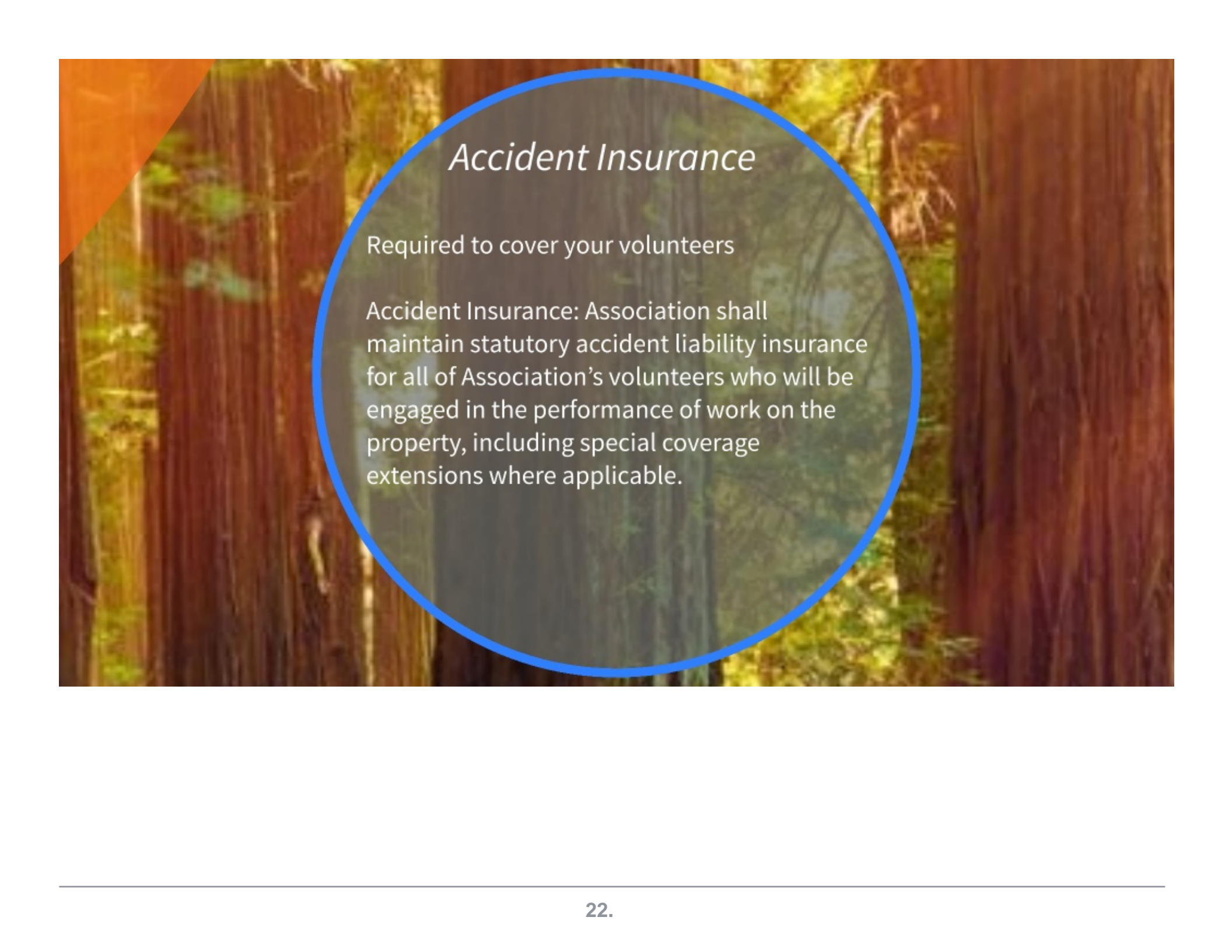
Contract requires on Workers' Compensation

2-3% charge for endorsement

Wording



Waiver of Subrogation: When work is performed on State-owned or controlled property, the Worker's Compensation and Employer's Liability policy shall be endorsed with a waiver of subrogation endorsement in favor of the State. This endorsement shall also be provided.



Accident Insurance

Required to cover your volunteers

Accident Insurance: Association shall maintain statutory accident liability insurance for all of Association's volunteers who will be engaged in the performance of work on the property, including special coverage extensions where applicable.

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Buying Tips

1

Choose Broker first

- Understands & knows Nonprofits
- Consultant/Teacher
- Access to markets
- Communicate deadlines

2

Ask Questions

- Understand your budget
- Ask for plan options
- Know what is important to your group
- Compare coverages - low price could equal less coverage

3

Use Resources

- Carrier websites
- Nonprofit Risk Management Center
- CalNonprofits Insurance Services
 - ThinkHR
 - Webinars



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Thank you



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