



WHAT YOU NEED TO KNOW D&O INSURANCE

WHAT DOES IT COVER?

D&O insurance helps pay for losses or defense costs when a nonprofit or its board members are sued for actual or alleged wrongful management decisions.

It does **not** cover every potential claim against the board.

Coverage is limited to management decisions; it does not apply to all decisions.

Illegal acts are generally not covered by D&O.

D&O often covers management decisions such as:

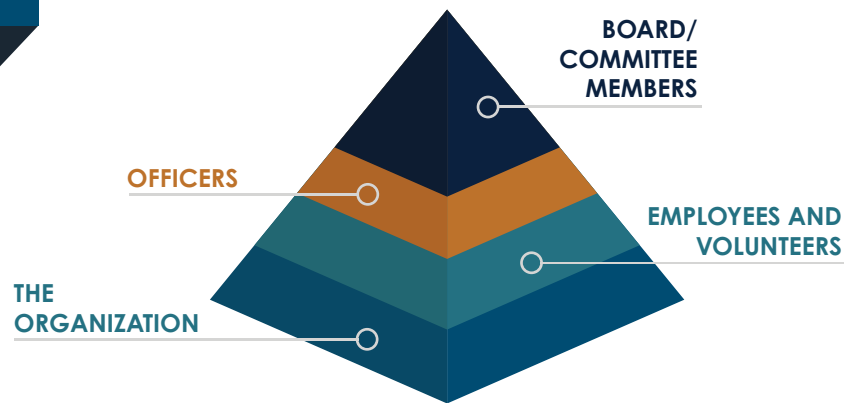
- Breach of fiduciary duty causing loss
- Misrepresentation of assets
- Failure to comply with workplace laws
- Misuse of funds
- Theft of intellectual property
- Lack of corporate governance



WHO DOES IT COVER?

It's not just for board members!

Most D&O policies cover claims arising out of management decisions by:



RISK TIPS

Don't confuse D&O with General Liability Insurance

Most D&O policies do not cover third party claims alleging bodily injury or property damage related to a nonprofit's fundraising activities or programs.

Bundle D&O with employment Practices Liability insurance

Many D&O policies can add this coverage for claims made by employees alleging discrimination, harassment, wrongful termination, or other employment-related issues.

Avoid gaps in your D&O coverage

If your policy is written on a claims made basis, then coverage only applies to claims made during the term of the policy. Before changing your policy, follow one of these steps to avoid a gap in coverage:

- Make sure your new policy does not exclude prior acts and does not have a retroactive date.
- Buy an extended reporting period (ERP) if coverage is being canceled and not replaced.

WHO MIGHT SUE?

