



Travelers Wrap+[®] for Non-Profit Organizations Directors and Officers Liability

In the wake of controversy surrounding several high profile non-profits, directors and officers of nonprofit organizations are under increasing scrutiny. Your directors' responsibilities are similar to those of directors who serve in private companies, yet your organization may not have the resources to respond to expensive liability claims. Where full indemnification is not available, the personal assets of your directors and officers are at risk, as well as those of your organization.

Travelers Wrap+ not only covers the defense costs, settlements and judgments associated with these claims, but also protects the personal assets of a director or officer's spouse or domestic partner, including the deceased director or officer's estate.

Why you need protection

Although your organization doesn't have shareholders, your directors and officers still answer to stakeholders, including members, employees and the public. Immunity statutes will only go so far in protecting their personal assets from liability claims. For example, the 1997 Volunteer Protection Act does not protect compensated positions — which can be as loosely defined as a board member who receives travel reimbursement — or even volunteer positions if gross negligence, criminal misconduct or flagrant indifference to the rights or safety of others caused the claim.

Even if the claims are ultimately proved false, the cost of defending a lawsuit can be financially debilitating.



Claim scenarios

Misuse of funds – \$5,000,000

The state attorney general sued a large charitable foundation, alleging the trustees were excessively compensated and devoted insufficient time and resources to support the foundation's intended purpose. The suit was settled for over \$5 million.

Failure to manage a property lease – \$2,000,000

A group of members sued a country club, alleging the directors and officers failed to renew an option to extend the lease of the land used as a golf course. As a result, the lessor required the club to either purchase the land for more than \$10 million or to lease the land for a substantial price. The suit was settled for \$2 million.

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Anti-trust violation – \$175,000

A trade association was sued for anti-trust violations in connection with the rejection of a company's application for membership. Defense costs alone were \$175,000.

Restraint of trade – \$1,000,000

An animal owner sued an organization that registers thoroughbreds for restraint of trade. The registry rejected the animal due to excessive markings on its coat that made it ineligible for registry according to applicable rules. After a two-week jury trial, defense and settlement costs exceeded \$1 million.

Innovative risk management services

All of the Wrap+ coverages include Risk Management PLUS+ Online® at no additional cost to you. Delivered via a dynamic, web-based platform, it is your one-stop resource, providing a comprehensive set of tools that will help protect your organization from costly litigation, including current articles and whitepapers on risk management issues, such as *Primer for New Board Members*.

To learn more about Risk Management PLUS+ Online, visit rmlplusonline.com.

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