

CHECKLIST

Three Liability Exposures for Nonprofit Executives

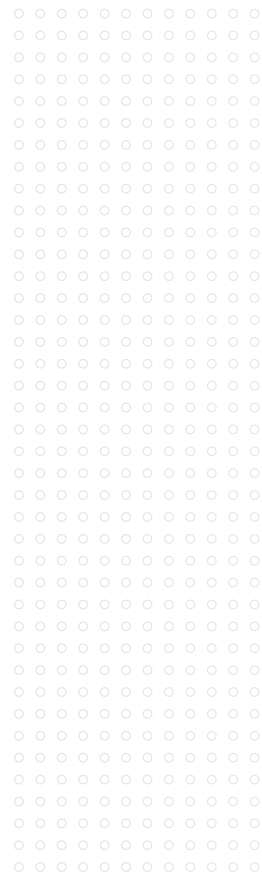
Nonprofit leaders and boards have risk exposures as challenging as their for-profit counterparts. Here are three management liability exposures that nonprofit boards must consider when arranging their insurance protection.

1. Employment Practices Liability (EPL) is the most frequent source of claims against nonprofit leaders and involves employment-related offenses. EPL includes the following:

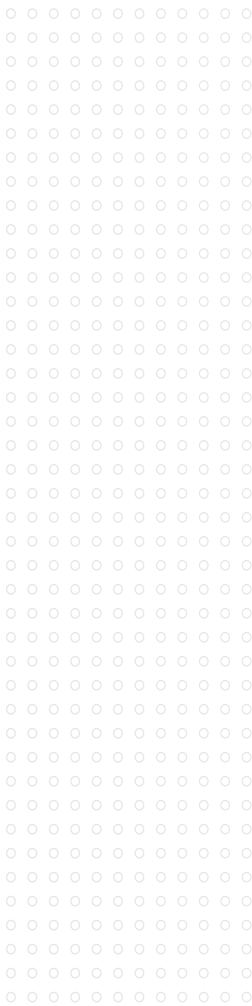
- ☐ Wrongful termination
- ☐ Hostile work environment or retaliation
- ☐ Harassment
- ☐ Discrimination, including third-party discrimination such as a nonprofit membership organization's denial of admission based on age, gender, religion, nationality or sexual orientation
- ☐ Workplace torts, such as negligent hiring, retention and performance appraisal

2. Directors & Officers (D&O) Liability stems from mistakes in the management of the business. Within the nonprofit world, D&O liability can arise from such actions as:

- ☐ using a restricted bequest for purposes other than the donor's specified intent;
- ☐ disregarding the organization's conflict-of-interest policy to enable an individual to gain personal enrichment through a business relationship; or
- ☐ taking an unpopular stance on a societal issue that triggers legal action to force change or prevent further action.



3. Fiduciary Liability covers the risk associated with sponsoring and managing retirement or employee benefit plans. This coverage protects both the organization and the individuals serving as plan fiduciaries against claims of negligence or mismanagement in such activities as selecting service providers, communicating plan rules and fees, and managing plan assets.



Minimizing Risk for Your Nonprofit

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