

Directors & Officers Liability Insurance

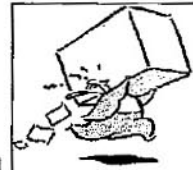


A Shield of Protection

Commercial General Liability Insurance

Commercial General Liability (CGL) Insurance is different from Directors & Officers (D&O) Liability Insurance. CGL Insurance covers the organization if it is sued because someone suffered bodily injuries or property damage whereas D&O Insurance insures the organization for lawsuits arising from the "wrongful acts" of the organization.

For example, if a truck towing a float at a parade organized by a non-profit hit someone and broke his leg, CGL insurance would likely cover the doctor's bills. If the Board negligently allowed unlicensed drivers to drive trucks at the parade, then D&O Insurance would cover a lawsuit arising from this "wrongful act."



Each organization should decide if it needs both D&O and CGL Insurance policies.

Spending Too Much on D&O Insurance?

To avoid spending too much on D&O Insurance, your organization should decide carefully what type of coverage it needs. Only select the policy provisions that are the most important to your organization. For example, a volunteer-run organization with no paid staff would not need to select employment practices coverage.

Another way to reduce the cost of your organization's D&O Insurance is to compare the premium with the policy's coverage, limits and deductibles. Also, get bids from at least 3 insurance companies before making a final decision. Be sure your organization gets bang for its buck.

Having Trouble Paying Your Premiums?

Many insurance companies will allow your organization to finance its premium. If affording a lump sum premium is an issue, be sure to ask the insurance agents about financing.

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Some Buying Tips

1 Find an insurance "advisor" - a broker or agent - who has experience working with non-profits. The advisor should answer all

your questions about D&O Insurance.



Read the policy from front to back so you know exactly what you're paying for.

2 Get at least 3 bids from insurance companies before buying any D&O insurance. Every 3-5 years, get more bids to make

sure you're still paying a fair price.

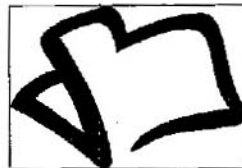
3 Keep in mind that coverage and pricing terms are negotiable. And when comparing prices, make sure the policies offer similar coverage. Look out for "hidden fees."

4 Ask for information about each insurance company's financial strength.

5 Ask the insurance agents about risk education services. Useful services can increase the value of the D&O policy.

6 Review the "prior acts" coverage in each policy. Look for coverage that dates back to the creation of your organization.

7 Be sure to fully complete the application and attach all requested documents. Discuss any activities that your organization is doing to minimize losses, such as attending trainings:



Offer all the information necessary to quickly complete the application.

**FOR MORE INFORMATION,
CONTACT CAROL MILLER.**

8 Be accurate and truthful on the application. Fully disclose any prior losses and provide details about actions taken to prevent future losses. Your coverage may become void if mistakes are found later.

9 Report any prior incidents that may give rise to a claim against your organization.

10 Respond to the underwriter's questions as quickly as possible.

11 Be sure to give enough time for an underwriting review, especially if the insurance company is not familiar with your organization.

**A Wealth of Justice for Those
Who Have Neither**