

Directors' & Officers' Liability Coverage for Non-Profit Associations

Why is it important for non-profit associations to carry Directors' & Officers' (D&O) Coverage?

Consider the following summary and we're certain you will agree this coverage is essential for every non-profit association and more importantly the directors and officers that run it.

What is Directors' & Officers' (D&O) Liability Insurance for?

A D&O policy will pay defence costs and damages on behalf of covered parties in the event they are sued in relation to the performance of their duties for the corporation. The policy also provides full entity coverage for the corporation itself by paying on behalf of the corporation defence costs and damages that it is legally obligated to pay.

Who is covered under the policy?

The non-profit corporation (the entity) as well as all directors, officers, trustees, volunteers, employees and members of any duly constituted committee.

What is covered under the policy?

The following are examples of different claims scenarios that can find coverage under a non-profit D&O policy:

Alleged Discrimination based on Physical Disability

Associations are well within their legal rights to terminate an employee due to performance issues. However, if that employee feels they were dismissed due to their physical disability, they can bring a claim for discrimination that may ultimately be brought before a Human Rights Tribunal.

Breach of Employment Contract / Wrongful Dismissal

Employees can bring lawsuits for an alleged breach of their employment contract with the Association. This suit will likely name the Association itself, and may name other officers, managers or employees. Claims for breach of employment contract/wrongful dismissal are the most common types of claims brought against non-profit associations and their employees.

Sexual or Workplace Harassment

These types of claims can be brought by employees, applicants for employment or other third parties that allege they were harassed while on your premises. A D&O policy can pay for the defence of these suits.

Employment Related Libel or Slander

Personal injury claims relating to libel or slander in an employment situation are very common. Emotions often run high when a person's reputation is at stake. As a result, these types of claims are difficult to settle and legal costs increase accordingly. A D&O policy can cover the defence of these matters for you.

Infringement of Copyright or Trademark

In today's information age, many associations turn to print or online newsletters to get their message out through email campaigns or through posts on their website. While this is an effective way to communicate with your audience, it also increases your exposure to intellectual property claims for infringing on another party's copyright or trademark in the material you distribute.

Breach of Your Fiduciary Duty of Loyalty, Obedience or Care

Claims alleging a breach of your fiduciary duty of loyalty (to act in the best interests of the association and not your own), obedience (to adhere to the by-laws and other governing statutes) and care (to act with a high standard of care, skill or diligence) are at the core of the coverage provided by a D&O policy. Directors and officers of a golf course that buys the property of an officer at an inflated price can be sued for breaching their duty of loyalty. Directors and officers that operate outside of the association's mandate as stipulated in their by-laws and jeopardize their charitable status can be sued for breaching their duty of obedience. Those that don't use qualified professionals to assist with major transactions such as the sale of property or entering binding legal agreements can be sued for breaching their duty of diligence or care.

Additional Benefits of a D&O Policy

Protects the Assets of the Society

You work hard to raise funds in order to carry out the mandate of your association. Don't let those funds go to waste defending frivolous lawsuits. A D&O policy will pay costs on your behalf so your association's assets are preserved for their intended purpose.

Protects the Personal Assets of the Directors and Officers

Since directors and officers can be held personally liable under numerous statutes, it is imperative to purchase a D&O policy to protect your home, car and other personal assets.

Cover for Defence Costs, even for Frivolous Claims

Some claims have merit, others don't. A D&O policy will respond and pay for defence costs regardless of the legitimacy of the action brought against you.

Cover for Settlements, Damages and Judgments Awarded Against You

In addition to paying for defence costs, a D&O policy may also pay for settlements, damages and judgments awarded against you.

A D&O policy will Protect you when the Association Can't

The indemnity afforded to you by your association is only as strong as the association's financial ability to pay. Remove the uncertainty around whether there will be money in the bank to pay for your defence by purchasing a D&O policy to protect you.

Contact your insurance broker today to talk about your need for Directors' & Officer's and Corporate Liability Insurance.

About Trisura

Trisura Guarantee Insurance Company is a federally-incorporated property and casualty insurance company licensed to conduct business across Canada. As a Canadian owned and operated company that distributes its products through independent insurance brokers, Trisura is uniquely positioned to address mid-market risks in Contract Surety, Commercial Surety, Directors' and Officers' Liability, Fidelity, and Professional Liability including Media Liability. Brookfield Asset Management Inc., a global asset manager focused on property, renewable power and infrastructure assets, with over \$100 billion of assets under management, is the principal investor of Trisura.

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