**Insurance for Non-Profits Guide**

**Who Needs General Liability Insurance?**

Virtually every business. A single lawsuit or settlement could bankrupt your business five times over. You might also need this policy to win business. Many companies and government agencies won't do business with your company until you can produce proof that you've obtained one of these policies.

##### **Business Insurance Required by Law**

If you have any employees most states will require you to carry worker's compensation and unemployment insurance. Some states require you to insure yourself even if you are the only employee working in the business.

Your insurance agent can help you check applicable state laws so you can bring your business into compliance.

Choosing the right type of coverage is absolutely vital. You've got plenty of options. Some you'll need. Some you won't. You should know what's available. Once you look over your options you'll need to conduct a thorough risk assessment. As you evaluate each type of insurance, ask yourself:

* What type of business am I running? **Non - Profit**
* What are common risks associated with this industry? **( Risk Assessment will reveal, e.g. below )**
* Does this type of insurance cover a situation that could feasibly arise during the normal course of doing business? **( although most businesses have similar exposures, yours could be different dependent upon lease/rent/property/surety agreements. )**
* Does my state require me to carry this type of insurance? **( check with your individual state. )**
* Does my lender or do any of my investors require me to carry this type of policy? **( check your lease/rent/property agreements )**

#### How Much Does Nonprofit Organization Insurance Cost?

The average price of a standard $1,000,000/$2,000,000 General Liability Insurance policy for small Non-profit organizations ranges from $27 to $59 per month based on location, size, payroll, sales and experience.

#### Why Do Nonprofit Organizations Need Insurance?

While many charity groups and non-profits are under the misconception that they are not at risk for liability and claims from others, the truth is that they are just as vulnerable.

The actions of representatives of the non-profit or charity, including its volunteers and its employees, are the responsibility of the non-profit.

As an organizer or founder or the non-profit, it's crucial that you take measures to mitigate any claims by having a good nonprofit organization insurance policy in place.

**Be sure to check your Lease/Rent agreement to make sure you are compliant with all insurance requirements.**

There are more than 1.5 million non-profit, tax-exempt organizations operating in the United States. Around two-thirds of them are public charities, while less than 100,000 are private foundations.

Civic leagues and fraternal organizations account for nearly a half-million of these NPOs, and non-profits pay around 10 percent of all salaries and wages in the country, making up around 5.5 percent of the gross domestic product.

Although they don't operate for profit, non-profit organizations must protect their assets and finances in much the same way as businesses do. Business insurance policies for these types of groups are specially designed for the individual coverage needs of each group.

##### **Commercial General Liability Insurance for Nonprofits**

Most insurance experts recommend that the basic NPO carries at least $1 million in nonprofit organization insurance general liability coverage. The more your organization can afford, the better.

##### **Commercial Auto Insurance for Nonprofits**

Another area to consider is commercial vehicle insurance. If the NPO owns a van, truck, or car that it uses for business operations, then it is important to carry commercial insurance.

Likewise, if the charity's members sometimes use their private cars while performing business for the organization, then a non-owned or vehicle-for-hire policy is a good investment, since it protects the organization from liability and claims involving those types of vehicles.

Being fully covered against damage and loss is important to the health of the organization. Some of the different types of nonprofit organization insurance coverage for non-profits to think about include:

**If you need any additional help or just have questions, you can contact Glenn Salter at:**

**Email:** **GSalter@DelaneyIns.com****Glenn@ComplianceandSafetyFirst.com**

**Tel: 909-481-7222**

**Websites:** [**www.DelaneyIns.com**](http://www.DelaneyIns.com)[**www.ComplianceandSafetyFirst.com**](http://www.ComplianceandSafetyFirst.com)

**For additional information on Insurance and Topics discussed, you can go to**

[**https://www.delaneyins.com/Specialty\_Programs.html**](https://www.delaneyins.com/Specialty_Programs.html)

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| **General Liability Insurance** | It steps in to pay claims when you lose a lawsuit with an injured customer, employee, or vendor. The injury could be physical, or it could be a financial loss based on advertising practices. |

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| **Workers Compensation Insurance** | This type of insurance protects a business and its owner(s) from claims by employees who suffer a work-related injury, illness or disease. Workers Comp typically provides the injured employee with benefits to cover medical expenses, a portion of his/her lost wages, rehabilitation costs if applicable, and permanent partial or permanent total disability. |

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| **Product Liability Insurance** | It pays an injured party's settlement or lawsuit claim arising from a defective product. These are usually caused by design defects, manufacturing defects, or a failure to provide adequate warning or instructions as to how to safely use the product. |

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| **Commercial Property Insurance** | General liability policies don't cover damages to your business property. That's what commercial propertyinsurance is for. It protects all of the physical parts of your business: your building, your inventory, and your equipment, giving you the funds you need to replace them in the event of a disaster. If you work from home, you might consider a Home Based Business Insurance policy instead. |

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| **Business Owners Policy (BOP)** | This is a policy designed for small, low-risk businesses. It simplifies the basic insurance purchase process by combining general liability policies with business income and commercial property insurance. |

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| **Commercial Auto Insurance** | This type of insurance covers automobiles being used for business purposes. This could include a fleet of business-only vehicles or a single company car. In some cases it might cover your car or your employee's car while they're being used for business. These policies have much higher limits, ensuring you can cover your costs if one of these vehicles gets into an accident. |

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| **Commercial Umbrella Policies** | This type of policy is a sort of "gap" insurance. It covers your liability in the event that a court verdict or settlement exceeds your general liability policy limits. |

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| **Liquor Liability Insurance** | It covers bodily injury or property damage caused by an intoxicated person who was served liquor by the policy holder. |

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| **Professional Liability (Errors & Omissions)** | This type of business insurance is also known as malpractice oe E&O. It covers the damages that can arise from major mistakes, especially in high-stakes professions where mistakes can be devastating. |

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| **Surety Bond** | Bonding is a contract where one party, the SURETY (who assures the obligee that the principal can perform the task), guarantees the performance of certain obligations of a second party, the PRINCIPAL (the contractor or business who will perform the contractual obligation), to a third party, the OBLIGEE (the project owner who is the recipient of an obligation). |

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| **Directors & Officers Liability** | This type of insurance covers directors' and officers' liability insurance to cover specific liability incurred by these professionals. |

* Business Interruption Insurance Contractor's Insurance Cyber Liability
* Data Breach Employment Practices Liability Environmental or Pollution Liability
* Management Liability Sexual Misconduct Liability Special Events/Fundraisers
* Crime Health