

II. BUDGET AND MANAGEMENT

Effective Date: April 21, 2008

E. INSURANCE

Non-profit organizations have a responsibility to carry the types of insurance coverage necessary to prevent undue loss in the event of accidents, thefts, fires, etc. Also, the governing board should carry liability coverage for directors and officers to protect against personal liability in the event of a lawsuit against the organization. All board members involved in financial activities should be bonded the same as employees.

Set forth below are the more common types of insurance coverage applicable to non-profit organizations.

1. Vehicle

If the organization either owns or requires its employees to use personal automobiles in the performance of their duties, automobile insurance should be carried to protect against property damages and liability claims.

2. Worker's Compensation

This insurance coverage is required of all employers in order to compensate employees for losses resulting from injuries sustained in the course of employment. The coverage also serves to protect, to some degree, assets of the organization in the event of lawsuits for job-related injuries.

3. Fire

Coverage is designed to protect against fire related losses to building and contents. Contents should be insured regardless of whether an organization owns or rents the building which it occupies.

4. Fidelity

This coverage provides protection against loss of funds due to embezzlement activities on the part of officers or employees. Since many non-profit organizations are operated by a small staff and/or volunteers, it is imperative that this coverage be in effect to protect resources.

5. Liability

Coverage provides protection against claims for accidental injuries which occur on the premises, whether owned or rented by the non-profit organization. Coverage can apply to non-employees, volunteers, clients, as well as employees.

Since the insurance industry is quite complex and it is so important that non-profit organizations have proper and adequate coverage, the governing board is encouraged to secure the advice and counsel of a qualified insurance agent prior to beginning operation.