



SERVING ON THE BOARD OF A NOT-FOR-PROFIT ORGANIZATION CAN BE A FULFILLING WAY FOR YOUR CLIENT TO GIVE BACK TO THE COMMUNITY. YET, IN TODAY'S LITIGIOUS ENVIRONMENT, IT CAN ALSO COME WITH SUBSTANTIAL PERSONAL RISK—AND THE HIGHER YOUR CLIENTS' NET WORTH, THE MORE THEY HAVE TO LOSE.

Not-for-profit organizations typically operate on tight budgets; many of them carrying the minimal amount of liability insurance, which may satisfy statutory requirements. In addition, most umbrella policies exclude many of the exposures not-for-profit board members face, such as discrimination (sex, age, and race) and copyright infringement.

There are approximately 1.5 million not-for-profit organizations in the United States today.<sup>1</sup> Many of these fall outside of the "charitable" box that is often associated with not-for-profit organizations. Some not-for-profit organizations which fall outside of the "charitable" box are:

- Civic groups
- Country clubs
- Condominium or co-op boards
- Cultural and performing arts institutions
- Religious organizations
- Alumni and Youth associations

**“Claim frequency for not-for-profit organizations increased 12% from 2004 to 2005.”**

Tillinghast's Directors and Officers Liability: 2005 Survey Executive Summary

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The article *Agents Can Underestimate Nonprofit Risks*, from the June 16, 2006 issue of *National Underwriter* (P&C edition), gives additional insight into the risks associated with not-for-profit organizations. We hope you find it helpful and informative. Use the **“Click Here”** button above to download a copy of the article.



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<sup>1</sup>Approximate number of not-for-profit organizations information was found at www.guidestar.org on 5/3/06

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