

## Why D&O Insurance is a Must for Nonprofits

We wanted to take a quick moment to share why D&O insurance is such a big deal for nonprofits. You might not think of it as essential at first glance, but it's a safety net many nonprofits can't afford to go without.

### Why Nonprofits Need D&O Coverage

Nonprofits aren't just mission-driven—they're also vulnerable to the same kind of legal headaches that for-profit businesses face. Here are a few reasons why D&O insurance matters for them:

- 1. Claims Happen Frequently:** Did you know more than half of the D&O claims between 2016 and 2021 involved nonprofits? Whether it's issues with managing funds, employment disputes, or even just miscommunication, nonprofits are targets for lawsuits more often than you'd think.
- 2. Board Member Risk:** Nonprofit board members might be passionate about the mission, but they don't always realize their legal responsibilities. Things like fiduciary duties or compliance slips can lead to big trouble.
- 3. Volunteer Protection Gap:** The federal Volunteer Protection Act only covers so much, and it doesn't apply to every situation. D&O insurance steps in to fill those gaps and protect the folks who are volunteering their time and skills.

### Real-Life Examples to Share with Clients

Here's a good example: A nonprofit received government funding for a program. Later, during an audit, it was claimed the funds weren't used properly. The government sued under the False Claims Act, and the case ended up costing the nonprofit about \$300,000 in legal fees to settle. D&O coverage saved the day—imagine how devastating that could have been without it.

### How You Can Help Your Nonprofit Clients

- Make sure their D&O policy fits their unique risks. For example, are volunteers included? Are employment-related claims covered?
- Help them understand what's covered and what isn't. Nobody likes surprises in a crisis!
- Highlight value-added benefits like risk management resources many carriers include with coverage. These extras can be a game-changer.

### Conclusion

Now's a great time to talk to your nonprofit clients about this—pricing is still pretty favorable, and getting the right policy in place could save them from a huge headache down the road.

**Let one of our brokers know if you would like to chat more about this or if we can help with anything else.**

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