

# TRUSTED ADVISOR INSURANCE REFERENCE GUIDE

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## Questions your clients should ask before agreeing to serve on a *not-for-profit* board:

1. What limit of liability is in place for Directors and Officers coverage?
2. Are the limits appropriate? (Taking into consideration the number of board members and the industry exposure?) If possible, ask for a benchmark of other like industry D&O policies.
3. Are defense costs included within or outside the limits of liability?
4. Is an Employment Practices Liability policy in place to defend against allegations of discrimination, wrongful termination, or sexual harassment?
5. Aside from Directors and Officers insurance, what risk mitigation measures are being taken to protect Directors and Officers?

## Questions you should ask your clients about their *volunteer activities*:

1. What volunteer organizations are you and/or your spouse/partner involved in?
2. Are the roles and responsibilities of this position clearly defined in organization bylaws?
3. Does this organization carry Directors and Officers and Employment Practices Liability insurance?
4. Do you sit on this not-for-profit board at the request of your employer? If so, does the firm's Directors and Officers policy also cover volunteer activities?
5. If the not-for-profit were sued for bodily injury or property damage, what insurance do you have in place to protect the Board of Directors? (This is not covered on a traditional Directors and Officers policy.)

## Questions for your client to ask their insurance agent about *personal liability* coverage:

1. What is my total limit of liability coverage? Are there any potential gaps in coverage?
2. How would my liability coverage respond in the event I was sued as a Director or Officer of a not-for-profit organization?
3. Do I have coverage for personal injury (libel, slander, defamation)?
4. What coverage do I have that protects me from my residential staff (nanny, housekeeper, etc.) against allegations of sexual harassment, discrimination, or wrongful termination?
5. What coverage do I have to protect me when I am entertaining in my home?
6. Does your policy provide worldwide coverage?

## Questions to ask your client about their *personal liability*:

1. Do you currently have enough liability coverage to protect you against a lawsuit? (Consider that a jury award or settlement can go after your investable assets, personal property, potential inheritance, and future earnings.)
2. Do you have measures in place to protect you as a Director or Officer of a not-for-profit organization in the event the organization is sued for bodily injury or property damage?
3. What have you done to protect yourself from allegations of sexual harassment, wrongful termination, or discrimination from your domestic staff?
4. How are you protected for host liquor liability in the event you entertain at your home?
5. Have you protected yourself from lawsuits arising from harmful statements your children may make while on the internet or on the playground?
6. Are you signing contracts (with event sponsors; building contractors; as a member of a club) in which you agree to indemnify a third party?



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