

Our Not for Profit form provides superior coverage:

- Comprehensive Policy Form providing D&O, EPL and Fiduciary Coverages
- Policy Limits up to \$5,000,000 for qualifying risks, Minimum Premium of \$500
- The insurer has the duty to defend covered claims even if they are groundless or fraudulent
- Our Not for Profit policy was designed with broad definitions of claim and loss
- Option for defense outside the limits for qualifying risks
- Two year policies available with annual installments for qualifying risks
- Definition of Charitable Organization is expanded to include 501c (3), (4), (6), (7), and (10) of the Internal Revenue Code
- Third Party Wrongful Personal Injury Coverage
- Mediation Provision – Retention is reduced by 50% (up to \$5,000)
- Consent to settle offered by automatic endorsement – apportionment is 80/20
- Punitive damage coverage is available where insurable by law
- Willingness to consider extending coverage to for-profit subsidiaries
- Severability provisions
- Noncancellable policy except for non-payment of premium
- Coverage applies worldwide
- Automatic Renewal available for qualifying risks – no renewal application required
- Our network of 41 local branches across the country - plus four new branches in the pipeline - enables CNA to provide local resources and conduct business closer to our agents and brokers

Age Discrimination

The Facts: Jane Doe had worked for NPO, a not-for-profit organization for 5 years when she voluntarily resigned to take a position at another company. Two years after her departure, an NPO officer asked her to return. Jane interviewed for the position, but another person, who was younger, was hired. Jane sued for age discrimination. The matter was initially dismissed, but on appeal the age discrimination count was reinstated and sent back to the court for trial.

Risk Factors: NPO could not justify why they hired a younger employee, as they did not document their reasons for hiring the other employee and could not show that the new person was better qualified. There were some alleged comments which could have been construed as age-related, including one saying Jane "was 60 and he didn't know ... how much longer she would work," and that she "didn't have the 'new vision' that NPO wanted."

The Bottom Line: After extensive negotiations and mediations, the matter settled for \$155,000. NPO's defense costs were over \$150,000.

Misappropriation of Trademark

The Facts: A not-for-profit countrywide association of bridal shops and wedding vendors ("Association") held a convention each year in Las Vegas called the "Down the Aisle Expo." For the past several years, Association had used Mr. Y as a promoter/manager of the convention, but decided to use a different promoter for its upcoming convention. Mr. Y claimed that he owned the trade show and the service mark "Down the Aisle Expo and Trade Show," and that he had the exclusive right to hold a wedding trade show on the dates that Association was planning to hold the show. Association filed a lawsuit against Mr. Y and his company, seeking to establish that it owned the service mark. A counterclaim was filed by Mr. Y against Association and its officers and directors, which alleged that Association had misappropriated the trademark and trade name, breach of implied covenant of good faith and fair dealing and unjust enrichment/detrimental reliance/promissory estoppel. Association then amended its complaint to include additional allegations, including RICO violations.

Risk Factors: Because of the money at stake, which was approximately \$300,000 to \$600,000 annually, Mr. Y vigorously litigated the matter, taking many depositions and filing numerous motions, which caused Association to incur substantial defense costs before its attorneys were able to reach a settlement.

The Bottom Line: The matter was settled when Association and Mr. Y agreed to withdraw their lawsuits. Association's defense costs were over \$140,000.

Misrepresentation

The Facts: A not-for-profit country club ("Club") was attempting to merge with another club because of financial difficulties. Many members resigned from Club rather than incur further dues payments. After the merger attempt failed, Club decided to sell its property and disburse the funds to its members. A Mr. Ex and twenty other former members of Club requested that Club rescind their resignations. When Club declined, Mr. Ex sued Club and its President, alleging that the President had told him that he could rescind his resignation. The Complaint alleged causes of action for promissory estoppel, negligent misrepresentation, and interference with economic relationship. Mr. Ex sought a judgment allowing him to rescind his resignation, compensatory damages of \$1.5 million, punitive damages of \$500,000, attorneys' fees and costs.

Risk Factors: Club's President did not want to settle. The sale of the property was complicated by tax and zoning issues, which made it difficult to determine how much would be distributed to each member. Club also had debt which had to be paid off before any distribution. The Board was hesitant to settle with Mr. Ex before they knew the amount each current member would receive.

The Bottom Line: The matter was ultimately settled for approximately \$145,000. Defense costs were over \$180,000.

Mismanagement and Fraud

The Facts: An agricultural cooperative ("Co-op"), entered into a joint venture and formed a limited liability corporation ("LLC") with a food manufacturing company to manufacture and sell baked goods. The parties agreed that Co-op would finance the venture and install the equipment while the food manufacturer would market and sell the products. After operating at a significant loss for approximately one year, Co-op decided it no longer wanted to be a part of the joint venture and would no longer fund the LLC. Despite notice of the dissolution, the food manufacturer continued to sell the baked products while looking for a new partner. The food manufacturer sued Co-op, alleging that the problems were due to the co-op installing inefficient equipment, which increased production costs. It was also alleged that Co-op made fraudulent transfers of funds and violated its duties under the joint venture agreement. Co-op alleged that the food manufacturer failed to market the products properly.

Risk Factors: During discovery, an officer of Co-op testified that Co-op had not funded the LLC properly and it was destined for failure.

The Bottom Line: Although settlement was attempted, the matter could not be resolved. Co-op won at trial. Defense costs were \$500,000.