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INSURANCE IN TOUCH WITH YOUR WORLD

CNA Pro News

What exactly is Not For Profit Organization/Association Professional Liability?

Everyone knows that public and private companies need Directors and Officers (D&O) and Employment Liability Practices (EPL) Insurance, but why would a Not For Profit (NFP) organization need such insurance? NFP organizations are targets for lawsuits, especially suits related to employment practices. Not For Profit Organization/Association Professional Liability insurance addresses these entities' exposures by providing coverage for wrongful acts, errors or omissions for non profit entities, their directors and officers, employees and volunteers in the discharge of their duties.

Who's covered?

Any NFP organization which provides services to its members and/or the public. This includes 501(c)(3) organizations; condominium, homeowner and property owner associations and cooperatives; homes for the elderly, including continuing care retirement communities, skilled nursing facilities and senior independent living facilities; professional associations; and charitable organizations. Interestingly, we insure not for profit and for profit golf and country clubs.

What's covered?

Our NFP policies are of a "claims-made" nature and afford coverage for claims made during the policy period. All of our NFP policies are written on a "duty to defend" basis, which means that even if the allegations against the insured are groundless or false, the insurance company will still provide the insured with a defense of a covered claim.

One significant and common cause of action asserted against NFP entities today is employment liability, including wrongful termination, discrimination and harassment. This claim can be asserted in a suit filed directly against the organization as well as in a counterclaim. It can be made

against one or more directors or officers and/or the entity. For example, a NFP entity may terminate an employee for failure to perform his/her job; that employee may turn around and sue the entity and the former manager claiming wrongful termination.

In addition, third party discrimination is also covered. For example, if a member of an association brings a claim for discrimination against the association or board of directors, that claim could trigger the policy.

Another significant cause of action asserted against NFPs is breach of fiduciary duty of a director or officer of a not for profit entity. For example, a homeowner may bring suit against the homeowner association board of directors, for a decision that the board made which the homeowner believes was not in the best interests of the association.

We hope you found this information interesting and it provided a perspective that assists you in meeting your customers' needs. If you would like to learn more about our Not For Profit product offering, please scroll down to the Not For Profit section of http://www.cnapro.com/html/Our_Products/OurProducts_DO.html

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