

## PRODUCT PREVIEW

# *Liability* ASSESSMENT

### SITUATION

When a donor is also a board member of a charity, he or she has an exposure to liability. While federal and state governments have sought to limit the liability of “volunteers,” and Directors & Officers insurance covers some risks, affluent directors have substantial exposure due to their “deep pockets.” The *Liability Assessment* provides a detailed analysis of the exposure a particular director has with a specific nonprofit with which he or she works. When a director has concerns about legal liability and does not have an adequate response from the charity, or needs an independent opinion, this service can fill the gap.

### MARKET

This service is designed for donors who are also volunteers—in particular, board members. Those who seek a deeper understanding of risk that exists by virtue of their involvement with a nonprofit will benefit from this product. The *Liability Assessment* is intended for individuals, not foundations or corporate donors.

### DESCRIPTION

The product starts with a detailed description of the various forms of protection that exist for directors, including: federal law, state laws, indemnification provisions, and various types of insurance. Next, a list is provided identifying all the pertinent charity insurance policies that may afford protection to a director. This is followed by two tables. One lists the sources of protection against liability and the various forms of liability each protects. It compares standard or common practices to the coverage held by the nonprofit, if any. Since insurance policies and statutes are often expressed in terms of what is covered, followed by exceptions or exclusions, a second table lists the exceptions from coverage. This serves as a useful reference guide and clarifies protections that exist. Tips on minimizing exposure for directors and a checklist regarding D&O insurance are included. The *Assessment* concludes with recommendations that the director may implement personally or take to the board for consideration. Information in the report is based on research of the actual state laws in the state the nonprofit operates, the charity’s current insurance policies, and their bylaws.

### PRODUCT USES

Likely uses include helping donors:

1. Understand and quantify their exposure to liability on account of their work as a volunteer director.
2. Identify measures that could be taken to reduce exposure for all directors.

3. Obtain an independent assessment of risk from a disinterested third party (not the nonprofit nor an insurance company).
4. Advise a charity regarding gaps in liability coverage.

### DELIVERABLES AND FEES

The report is a 15-20 page document containing several tables and checklists. The research can be done without an on-site visit if nonprofit executives provide the necessary documentation. One or two meetings with the donor are included, depending on their desired level of involvement. The fee is \$3,500 for all custom research, analysis, report writing, and presentation. Out-of-pocket travel expenses are reimbursable, if incurred.

### CONTACT US

For more information on the *Liability Assessment* or other products and services for committed and reflective philanthropists, please contact us at 770.395.9425.

### BENEFITS

- ✓ Provides a bottom-line, easy-to-understand statement of the liability to which a director is exposed.
- ✓ Enables recommendations to the ministry for changes in or additions to policies.
- ✓ Gives a totally independent analysis.
- ✓ Summarizes coverages & gaps for the nonprofit itself.

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