



At the request of many members, The Garden Club Federation of Massachusetts board has developed a Non-Profit Director and Officer Liability Coverage for your club to consider. This is a separate policy and not tied to your Federation General Liability policy.

BERKLEY MANAGEMENT PROTECTION – NON-PROFIT DIRECTOR AND OFFICERS

So, what is D & O and why is it necessary?

You asked the Federation. They delivered.

Garden Club nonprofit organizations recruit board members who all have the same passion for the cause, yet who often do not have experience serving as board directors. They often are unfamiliar with the responsibilities of running and protecting a non-profit club.

They are not aware that as a volunteer they can be held personally liable for actions and decisions made by the board on club business.

With the focus on the mission, clubs and their leaders do not always pay attention to liability issues. The lack of knowledge and experience about required oversight and sound decision-making creates a risk of claims against clubs.

D&O insurance for nonprofits is not just about managing risks; it is about ensuring the organization can continue to make a positive impact in the community without the fear of legal entanglements draining its resources.”

What issues place directors and officers at risk of a D&O claim?

When directors and officers agree to serve on a club board, they often accept but do not understand the multitude of duties and responsibilities that come with the position. Many of their duties place them at risk of some of these allegations:

- They are responsible for setting the organization’s policies and procedures.
- They deal with any major complaints or claims against the nonprofit.
- They oversee all the programs and services sponsored by the club, which makes them liable for all essential operations and decisions.
- Bad decisions on how funds are spent and expenses budgeted.
- Alleged bad decisions made operationally, even choosing programs and events.
- Complaints on how a club manages public relations.

How does D&O insurance protect nonprofit directors and officers?

D&O insurance will not prevent claims from occurring, but it does mitigate the prohibitive costs associated with defending claims. Lawsuits and potential claims can originate from vendors, donors, competitors, government regulators or employees, and the public.

What does D&O insurance cost? Is it expensive?

The GCFM program designed with Berkley Management through the Alera Group currently has a flat cost of \$513.00 annually, far less than the \$850 to \$1300 average costs for standard markets. This is a direct result of the low risk of the garden clubs shown by reviewing 180 different Federation members.

The likelihood of a garden club experiencing a claim is admittedly small, but if an allegation were to be made defense costs will be staggering. It is severity not frequency.

As a non-profit, your club is obligated, or should be, to protect and indemnify your past, present, and future directors, officers, and volunteers. Often, clubs do not have funds to do that.

Counting the cost of not purchasing D&O insurance

When someone chooses to make an allegation against a club director or officer, or against the club itself, they do not typically consider the size of the organization or whether it can afford potential damages. Damages can be sizable, even for small nonprofits, and can easily exceed the net worth of many directors and officers. Settlements may include damages and legal fees.

According to Blue Avocado nonprofit magazine, the [average claim](#) against nonprofit directors and officers costs around \$35,000 to settle. One of every 10 claims reaches \$100,000 before the parties agree on a settlement.

So, what kind of claims could a garden club possibly have??

Directors and Officers Liability Insurance for Nonprofits (D&O) helps protect an organization against a wide range of litigation directed against its volunteers and staff from:

- Allegations of poor managerial decisions,
- Sexual harassment allegations
- Improper use of donor contributions
- Selection of program or event locations not fully accessible
- Breach of fiduciary duty
- Misuse of funds or authority
- Fraud
- Misrepresentation
- Misappropriation of funds
- Inaccurate disclosures

Fiduciary Liability Claims come from failing to protect cash and designated funds as a fiduciary. Those could be administrative errors, imprudent investment decisions or unwise use of funds.

Berkley Management Protection is happy to offer a program in conjunction with **Jeff Helm at Alera Group** to offer a D&O Product for your Garden Club for a \$1M limit of liability with a separate \$1M additional limit Dedicated for Board Executives for a premium of \$513.00*
Please note that the quote offering may be expiring eff Jan 31st 2025.

Interested in purchasing a policy or learning more? Contact Jeff and his team. They will provide you with:

- Update a partially completed application with your club's information.
- Complete and sign the application – be sure to complete section XII on page 12.
- Include a billing contact/ email address.
- Requested effective date.

Thanks so much and any questions please contact:

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*Subject to final underwriting approval.

No member, director, officer, or employee nor the Federation itself receives any form of incentive or compensation for sharing this opportunity.