

INSURANCE REQUIREMENTS FOR ATHLETIC ASSOC.



PROVINCIAL

C.G.L

D&O

ACCIDENT

PROPERTY

CLUB LEVEL

C.G.L (premises)

D&O

PROPERTY

What is a CGL – 10 Mil Limit

A CGL is the major liability policy for Canadian businesses and nonprofit organizations. The CGL provides coverage for a wide range of negligent acts that result in bodily injury, property damage, and personal injury.

A negligent act is “to fail to do” what a reasonable and prudent person would do or do what such a person would not do, which can result in property damage, injury or death.

CGL covers 4 main areas

1. Bodily Injury
2. Property Damage
3. Personal Injury
4. Tenants Legal Liability

Keys to coverage

- T/P is physically injured or has property damage
- First party (insured) was negligent
- It was accidental

Bodily Injury

Physical injury, sickness, disease or death of a 3rd party– Slip and Fall is most common.

Common Claims examples:

- Trip and Fall– Elderly guest at a social event badly breaks her arm in a fall caused by a poorly placed extension cord.
- Chair Collapse– Standing on a chair for a better view at a event
- Food Poisoning

Property Damage

Damage to property of a t/p (not property the organization or any insured owns or rents)

Claims e.g– You rent space for your office activity and one of your staff or volunteers accidentally starts a fire and it spreads to another unit. They sue you for starting the fire. The CGL would likely cover their damages. It would not cover your unit. That would be under the tenant's legal liability which will be discussed further later. It is also common for their ins pay first and subrogate against you later.

Personal Injury

Keys to coverage

- T/P has a injury that is NOT bodily
- 1st party was negligent
- It is NOT accidental

It is coverage for an injury that is not covered by Bodily Injury

E.g

- libel (a statement about someone that would personally injure an individual)
- slander (a spoken word)
- wrongful entry
- violation of privacy
- Infringement of copyright or trademark– advertising injury

Defamation of character is most common claim (libel or slander)



Medical Payments– On CGL – \$10,000 limit

Not liability coverage

Smaller limits but allows to compensate a t/p for minor injuries on a no fault basis – meant to discourage a lawsuit – limits typically between \$1000 – \$10,000 depending in the injury

Tenants Legal Liability– \$250,000 limit

95 % of people rent or lease their space – this coverage is crucial for them.

Covers you if you are sued for damages from an insured peril to the landlords building or contents you are renting/ leasing

D&O Policy

Key dangers for Directors and Officers

1. They can be held personally liable for their decisions
2. They can be held liable for acts committed by other directors simply because they sit on the same board.
3. Damages can extend to their entire personal estate

Coverage provides personal financial protection for the directors and officers against claims alleging wrongful management acts while performing their duties

Wrongful acts might include actual or alleged errors, omissions, misleading statements and neglect or breach of duty on the part of the board of directors.

This policy is for the board members protection. The value in most cases is providing the resources to defend the board.

CGL – deals w/ “wrongful acts “that result in bodily injury, property damage or personal injury to a third party

D & O – deals w/ “wrongful acts “ that result in financial loss to a third party.

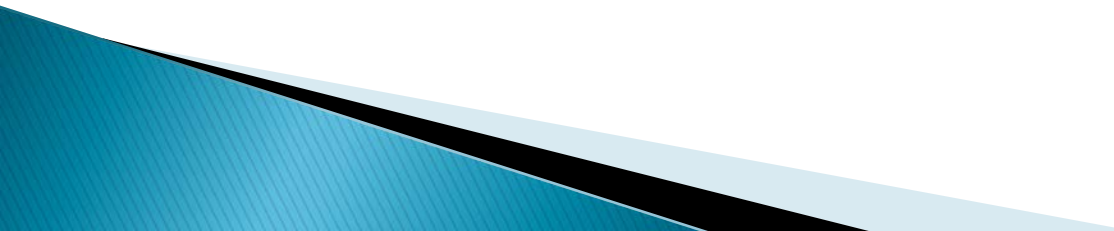
D & O ins. protects individual directors & officers when they are sued individually or jointly.

Common exclusions – failure to remit taxes, cpp or ui for employees.

Director's Responsibilities

1. Duty of diligence – Act reasonably, in good faith, in the organizations best interest
2. Duty of Loyalty – Place the interests of the organization before your own
3. Duty of obedience– Act within the scope of the organization, within rules and laws

Who may sue a non profit board?

1. Current and former staff or volunteers for many types of wrongful acts including – wrongful termination, sexual harassment, discriminatory hiring practices, wrongful discipline, invasion of privacy etc
 2. Third parties (funders, partners, vendors) alleging harm caused by the nonprofit and /or its directors, officers employee's or volunteers.
 3. Board members against other board members alleging violation of a duty owed to the non profit
 4. Clients
 5. Members
 6. Donors
 7. Canada Revenue for monies owed
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Most common lawsuits

Acting beyond the scope of their authority

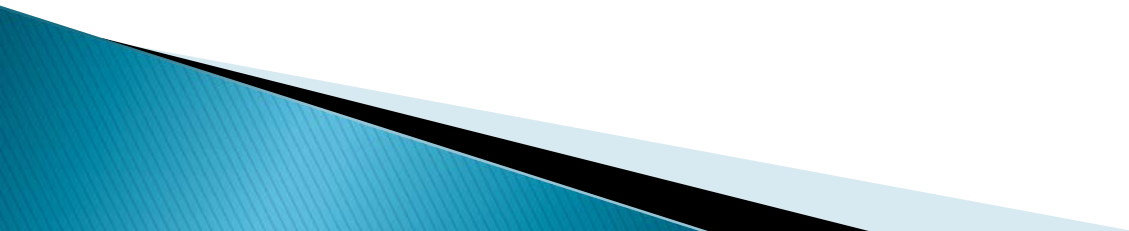
Giving wrong advice

Breach of fiduciary duties

Authorizing excessive spending

Failure to supervise subordinates or affairs properly and

Unauthorized company borrowing



Claims example

A small club hired a part time coach. It was understood that the coach wouldn't be an employee but would be an independent contractor and paid accordingly.

The CRA examined the affairs of the organization and determined that the coach was in fact an employee. The CRA pursued monies from the organization. When the organization didn't have the funds to pay this the CRA pursued the D & O's receiving judgment against them personally.

A D & O policy would have offered all the legal expertise to deal w/ CRA as well as funds to defend the Claim.

Actual Claims and Costs

1. Termination of senior exec after receiving complaints from employee's which including sexual harassment
Defense Costs – \$254,000 Award – Unknown, settled out of court
2. Suspension of a membership
Defense Costs – \$35,000 Award – \$16,000
3. Gov't claim for mismanagement of funds – grant money wrongfully used
Defense Costs – \$35,000 Award – \$120,000
4. Several D & O's breach of fiduciary duties
Defense – \$110,000 Award – \$25,000
5. Termination of exec director
Defense – \$55,000 Award – \$110,000

The defense costs alone are a crucial part to the importance of a D & O policy

Corporate Governance

Board Risk management is an important role and the following are some important requirements

Must confirm that the financial statements are checked

Is there an indemnity clause in the board's by-laws?

Are the by-laws checked

Do they abide by the constitution in maintaining an adequate number of D & O's.

Do they meet regularly?

Is the treasurer different from the President?

For abuse coverage – police checks and protocols in place (e.g. – how often, who monitors acceptance, where they are filed)

Participant Accident Cvrge

- ▶ Accidental Death & Dismemberment – \$10,000 limit
- ▶ Accident Reimbursement Exp – \$10,000 – \$250 ded
- ▶ Accident Dental Expense – \$1000 – \$250 ded
- ▶ Fracture Indemnity – \$1000 – \$0 ded
- ▶ Weekly Indemnity – (income replacement) not covered

ADDITIONAL COVERAGES

PROFESSIONAL LIABILITY – (Anyone Certified, licensed or accredited) need to advise us to determine if coverage available.

EMPLOYMENT PRACTISES LIABILITY – (wrongful dismissal) Excluded on the CGL but included on the D & O policy – 5 million limit

EMPLOYERS LIABILITY – legal liab in the event anyone is injured on the job – required if organization is exempt from having workers comp – \$100,000 limit

ABUSE COVERAGE – incl subj to police checks and protocols and safety measures in place – For further detailed information we can arrange a future seminar

LIQUOR LIABILITY – can be included

SPECIAL EVENTS LIABILITY – available – included as long as the events are sanctioned, otherwise need to contact us for an addition policy per event

NON OWNED AUTO – included

PROPERTY – available – We cover Athletics head office contents, each club has to purchase their own

PARTICIPANT ACCIDENT COVERAGE – Included

