



Insurance 101: What Nonprofits Need to Know



January 6th, 2026

Agenda

- 1, Welcome and introduction
2. Insurance concepts
3. Customary coverages for businesses
4. Common Insurance Terms
5. Q&A

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Founded in 1984 as a subsidiary of the California Association of Nonprofits (CalNonprofits), CalNonprofits Insurance Services was established during a time of diminishing insurance options for nonprofits. One of the driving reasons for establishing the association was to use the collective influence of the sector to secure more stable and quality insurance. We have developed, and are known for, a wide spectrum of services reflecting expertise in both the insurance and nonprofit sectors, our superior customer service, and our development of exclusive insurance products, including a highly successful dental and vision trust. At CalNonprofits Insurance Services we insure more than 2,000 nonprofit organizations throughout California and we are the only California brokerage specializing in insurance for nonprofits. Our clients range from newly established nonprofits all the way to venerable organizations with multiple locations statewide.

What is Insurance?

Protection!

Insurance is one way of transferring risk away from your organization. It does not get rid of risk; but helps reduce the overall cost of risk.



Why do I need Insurance?

Statutory

Examples:

Worker's Comp

A nonprofit's paid employee slips and falls while carrying supplies into their facility.

Auto Liability

Auto insurance is also required by law for any owned vehicles, but coverages differ greatly depending on which state.

Contractual

Examples:

Vendors and funding sources

Typically, they require a minimum of general liability insurance before entering into an agreement

Events

Some venues request that the nonprofit provide them with a certificate of insurance to use their space for an event.

Exposures

Examples:

Directors and Officers

It's not uncommon for prospective board members to request that a Directors and Officers policy be purchased before they will participate as a board member.

Improper Sexual Conduct

Any organization that has the possibility of unsupervised contact with any vulnerable population such as children, the disabled or the elderly.

Risk

Risk is the chance of loss

- Injuries to clients, employees, volunteers, public
- Damage to property
- Theft/Fraud
- Balance sheet

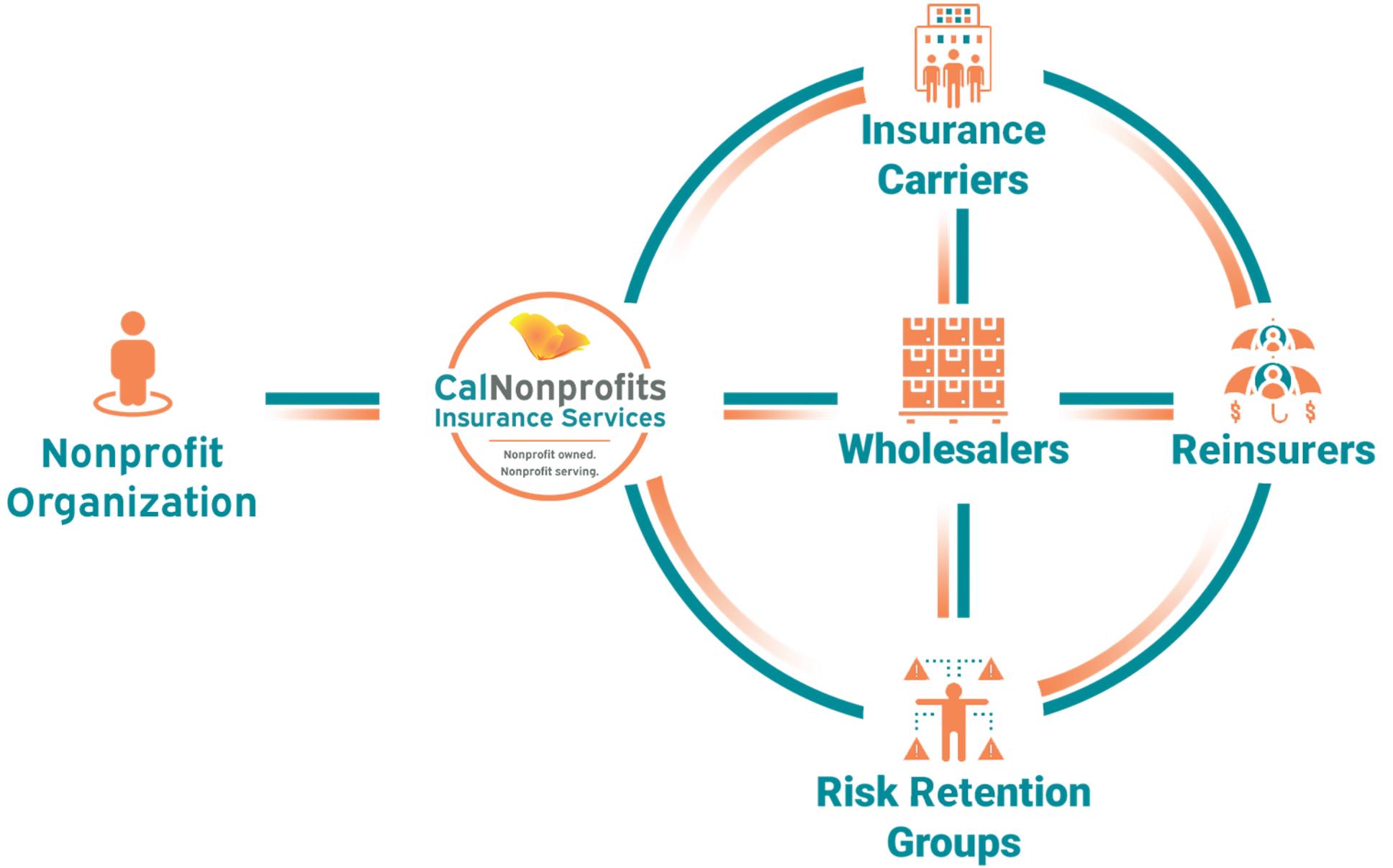
Methods for handling risk

- Avoid
- Reduce/Mitigate
- Transfer
- Accept

Contract

- Between you and Insurance Company
- Standard and Nonstandard contracts
- ISO=standard
- D&O, Professional, Sexual Abuse, & Cyber are typical nonstandard lines





Roles & Responsibilities

Carrier vs Broker

What to Look for in a Carrier

- Experience
- Specialized Coverages
- Financial Strength
- Risk Management Assistance
- Claims response and support

What to Look for in a Broker

- Knowledgeable About Commercial Lines Coverage
- Experienced in Nonprofit Risk
- Familiar With Marketplace
- Provide Regular Insurance Reviews
- Contract Assistance
- Service
- Claims advocacy and support
- Transparency and updates in market changes

Core Business Insurance Coverages

Directors & Officers Liability (D&O)

Employment Practices Liability (EPLI)

Fiduciary

General Liability / Professional Liability / Sexual/Physical Abuse

Property Coverages

Automobile/Hired and Nonowner Auto

Umbrella/Excess Liability

Workers Compensation

Volunteer & Participant Accident

Cyber

Crime / Employee Dishonesty

Other Coverages

General Liability

Covers bodily injury and property damage to third parties (not volunteers or employees).

Usually includes Personal Injury, Advertising Injury, Medical Payments, and Employee Benefits Liability

Limits provided in annual occurrence and aggregate, generally 1M / 2M or 1M / 3M

For higher limits, secure an umbrella or excess liability policy



Directors & Officers Liability (D&O)

Also called Nonprofit Management Liability

Covers decisions made by the Board of Directors or other covered officers

Can include Employment Practices Liability and Fiduciary Liability



Employment Practices (EPLI)

Can be written in a package along with other lines, in Management Liability policy

Provides defense to allegations of wrongful termination, discrimination, harassment, including from a 3rd party such as vendor, contractors or other third parties.

Wage and hour- defense only and sublimited

Fiduciary Liability

- Fiduciary is E&O coverage for defense and settlements related to management or mismanagement of benefit plans, not limited to 401(k) plans. Can apply to other employee benefits
- If you use a third party to manage your plan, your organization can still be liable for allegations of failing to maintain, offer the benefits.



Automobile

- Auto Liability
- **Hired Auto**
- **Nonowned Auto**
- Medical Payments
- Physical damage
- Uninsured/Underinsured Motorists
- Rental Reimbursement/Towing
- **Volunteers as Insureds**
- Drive Other Car Coverage



Professional Liability & Sexual Misconduct

Also referred to as Errors & Omissions Insurance or E&O

Covers errors in providing or failing to provide professional services

Counseling, teaching, advising, etc.....

Also referred to as Sexual Abuse and Molestation or SAM

Covers bodily injury due to sexual or physical abuse against 3rd parties

Property Coverages

Buildings, Contents, Business Income

Inland Marine (Mobile Property)

Crime (Employee Dishonesty, Fraud)

Equipment Breakdown

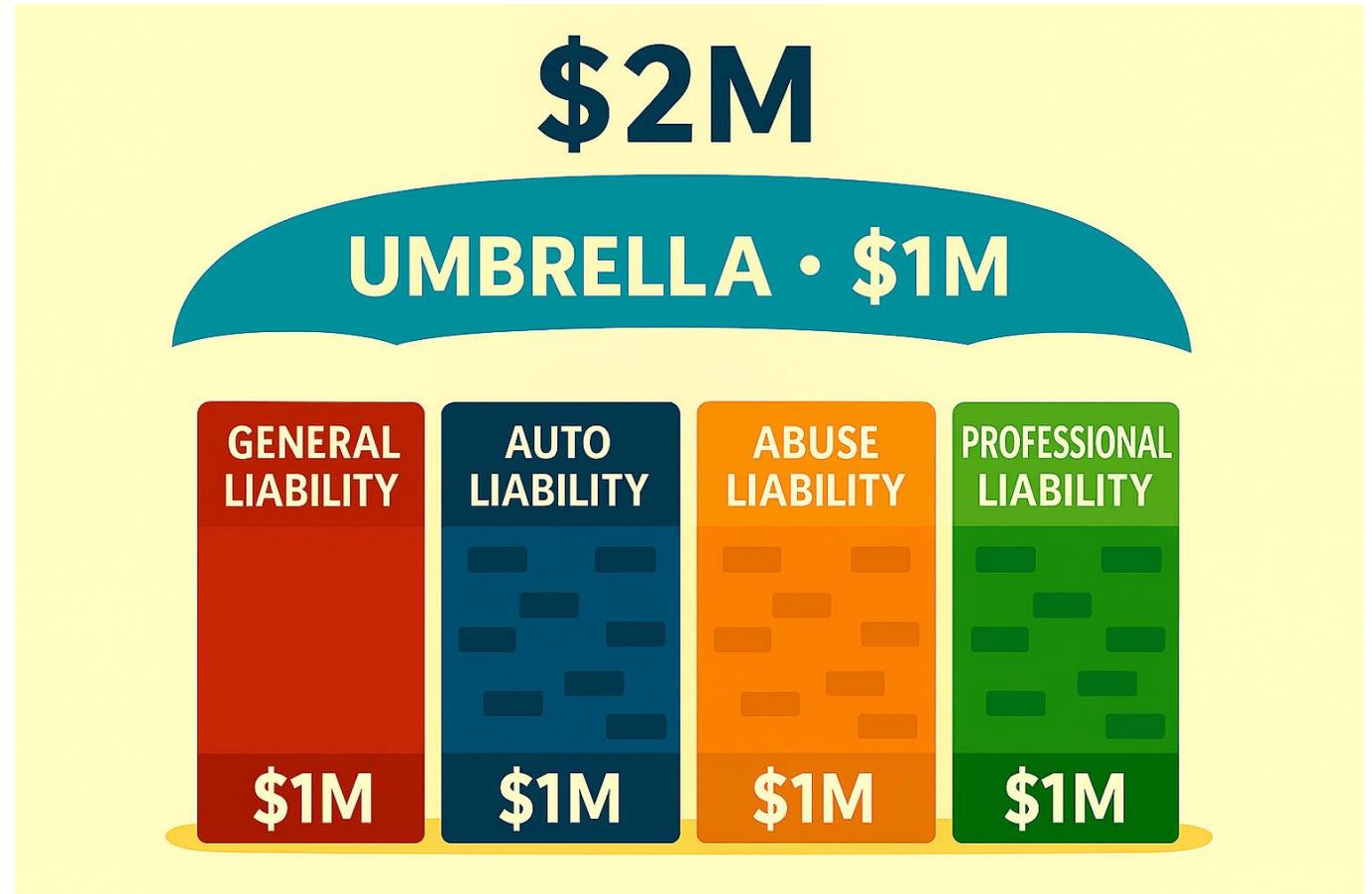
Catastrophe - Earthquake, Flood, etc.

Course of Construction/Builders Risk



UMBRELLA / EXCESS LIABILITY

- Provides additional layer of coverage/limit.
- Often purchased for contractual requirements where limits exceed what the underlying policy can cover OR
- Exposures warrant potential for claims given growth or reach of operations

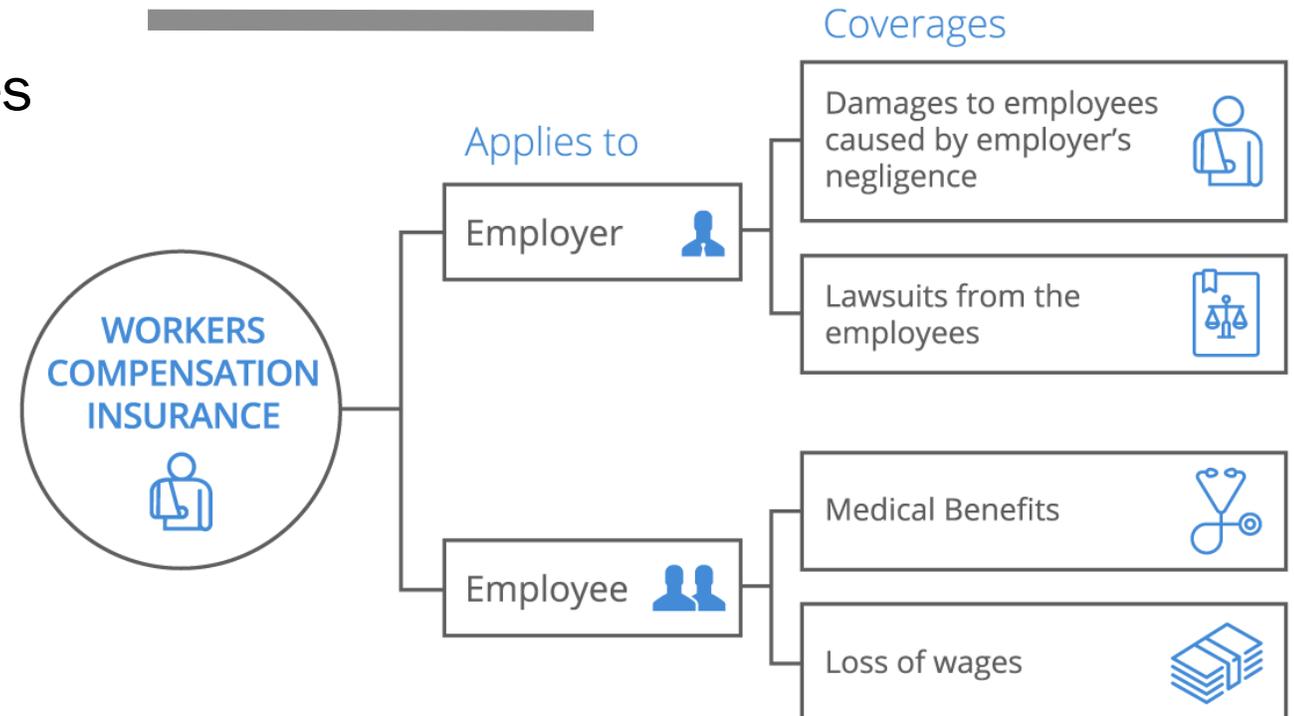


Workers' Compensation

Required by law to protect employees from injury, illness or death on the job

Can sometimes include volunteers for additional charge but not all carriers will offer it.

No exemptions or exclusions for employees of nonprofits



Volunteer / Participant Accident Coverage

Provides medical coverage for injuries to volunteers and participants (if elected).

Provides piece of mind for organization and its volunteers should an injury occur



Cyber Liability



Cyber covers the expenses related to data breaches such as ransom payouts, data recovery, forensics, privacy violations, and notification costs.



Crime – Employee Dishonesty

Coverage is triggered by a theft from an employee or third party such as burglary or social engineering/phishing.



Other Coverages

Business Travel Accident

Foreign Liability

Special Event Insurance

Bonds

How We Are Different

We are nonprofit OWNED!

Large pool of data for benchmarking

Deep insurance expertise

Claims advocacy and support

Best practices insight from top-performing nonprofits

Market dominance and carrier relationships

Technology to support the renewal process / applications

Passion for mission-driven organizations





Q&A



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Thank You!


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