

Insurance

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Does insurance reduce the risk in my volunteer programs?

Insurance is only one form of risk management. While it can go a long way in protecting volunteers, organizations and board members, there are limits to what insurance policies can and will cover. It is important that volunteers and organizations avoid a false sense of security simply because they are insured.

There are many limits to all insurance policies. Insurance companies may refuse to pay for claims, or sue to recover losses, from those that demonstrate disregard for avoiding risk. Before granting or renewing a policy, insurers may also investigate an organization's claims history and ensure it has a risk management strategy in place. It is important, therefore, that insurance be considered in the context of a comprehensive risk management plan.

I'm a volunteer. Am I covered by the WCB?

Generally, no. Most volunteer positions are not eligible for WCB coverage. There are, however, some exceptions. For example, volunteer firemen and students on a work-study program can, under some circumstances, obtain coverage. For more information, contact the Employer Service Centre, phone: 604 244-6181 or toll free 1 888 922-2768 fax: 604 244-6490 or check www.worksafebc.com for more information.

What kind of insurance do we need for our volunteer programs?

Before calling an insurance agent, it is helpful to determine the kinds of risks that might require insurance. Although organizations encounter very different types of risk, the following gives a sense of the types of risk that could be encountered:

- risks associated with the premises, such as fire or theft
- risks to those involved in activities, such as volunteers and participants
- risks to those working on the premises, such as staff coverage for workplace injuries
- risks related to activities away from the premises, such as sports or special events
- risks related to advice that employees or volunteers give to clients

- risks related to the functioning of the organization, such as firing employees
- risks related to the work of the board of directors.

In most of these situations the organization may be liable and should consider insurance to cover the risks. In some of these situations individuals may be personally liable. Those at risk should consider purchasing their own insurance or ensuring the organization can and will reimburse them for liability costs they incur.

General insurance options that are available.

Options for volunteers:

- homeowner insurance (may protect a volunteer against loss, theft of personal belongings)
- auto insurance. (may cover volunteer who uses his/her own vehicle while volunteering)

Note:

Volunteers who drive during the course of their duties should ensure that their automobile insurance coverage offers full protection for their activities. Because different activities require different kinds of auto insurance, it is important that volunteer drivers check for coverage in their particular circumstances.

Also:

Volunteers may want to increase the limit of their third-party liability insurance, especially if they have only the basic \$200,000 limit. This insurance covers any claims made by passengers, other drivers, cyclists, or pedestrians for injuries caused by the volunteer. Without the added protection, volunteers might have to pay any claims in excess of the \$200,000 limit out of their own pocket. The organization may supplement volunteers auto insurance.

Options for organizations: - comprehensive general liability insurance (typically covers claims arising from bodily injuries, property damage, lost wages and other losses suffered because of the negligence of the non-profit organization or its employees.)

Note:

Volunteers may also be included in the policy, or added by special agreement, usually at no extra charge. However, this type of insurance usually protects volunteers only in the case of accidents. If a volunteer deliberately hurts someone or damages his or her property, general liability insurance policies will probably not pay for the claim.

- auto insurance (two types of insurance: 1. when organizations possess their own vehicles a basic auto insurance is required 2. insurance to supplement the insurance of those who drive on its behalf, such as volunteers)

Note: There are two types of supplemental insurance: non-owned liability insurance for vehicles and special excess third party liability insurance.

Voluntary organizations that use the cars of volunteers to transport others should consider non-owned liability insurance for vehicles. This insurance covers claims arising out of the use of a vehicle not owned by the organization, but which is used for the organization's activities. It protects the organization when it is sued by other people for loss or injury to person or property. It does not protect the volunteer as a car driver if he or she is the only one being sued by the injured party. Therefore, even if the organization has this insurance, the volunteer should still maintain adequate vehicle

insurance to cover claims arising out of the use of the volunteer's car. Organizations may also wish to consider special excess third party liability insurance, which protects drivers against claims that exceed the limit of their auto insurance. For example, if a driver's insurance limit is \$200,000 and the organization's special excess third party liability insurance is \$1,000,000, it covers claims up to \$1,000,000 in excess of \$200,000.

- professional liability or malpractice insurance (Organizations that coordinate the volunteer services of professionals, such as lawyers or doctors should ensure that the professionals' existing liability insurance will cover their volunteer activities)

Note:

Organizations may need to purchase additional professional liability insurance or similar types of insurance such as malpractice insurance or errors and omissions insurance – for professionals who are not covered, or for other services offered by the organization – such as counselling services – where no professional liability insurance is in place. The insurance should cover situations where a volunteer gives improper or incorrect advice that causes harm to the person who receives it and both the volunteer and the organization are sued.

- insurance for those injured on the job (organizations that are unable to obtain WCB coverage for on-the-job injuries of volunteers may wish to obtain coverage through the organization's general insurance policy or by purchasing additional insurance coverage.

Note:

In B.C., most regular employees are insured against workplace injury by the Workers' Compensation Board. In some specific circumstances, voluntary organizations may apply to the Workers' Compensation Board to have volunteers included as workers for the purposes of on-the-job injuries. For more information on whether your organization can protect its volunteers, contact the Workers' Compensation Board.

Options for boards and directors:

- director indemnification (indemnification covers the expenses a director incurs to defend a lawsuit or the cost of a settlement while the board member served on the board. This can include legal fees, the cost of fines from criminal convictions or a violation of a statutory requirement, and payment ordered by a court following a civil suit.
- director and officer insurance (D&O insurance provides coverage for directors and officers who are sued for negligently managing the company's affairs. It covers the organization for its responsibility to reimburse directors and officers for their liabilities and may also extend to directors being sued by the organization itself. Coverage includes the costs that directors incur to defend a lawsuit and pay an awarded settlement.

What are the limitations of my insurance policy?

Always check very carefully on the conditions and limitations of your insurance policy and make sure that you understand the fine print. Generally speaking though if you break the law, the insurance may become void and the company will not pay out a claim. For example, if a volunteer has an accident while impaired, ICBC will pay compensation to the injured people, but will then sue the volunteer to recover that money because Autoplan does not cover situations where the driver is impaired. Or indemnification may not be provided in cases where directors failed in their fiduciary duties. Insurance will not normally protect a director for a breach of fiduciary duty, such as profiting from a conflict of interest. Simply put, directors who act against the interest of the organization, or betray their duties to the organization, cannot reasonably expect to have their legal costs or losses covered.

To ensure that you comply with the conditions of your insurance policy it is key to fully understand the conditions and ensure that volunteers fully understand. The job description, orientation and training and ongoing supervision play an important role in ensuring that volunteers at all time comply with policies and procedures.

What do I look for when buying insurance?

- Shop around for an insurance broker who has experience with the non-profit sector (ask other organizations for references)
- Solicit bids every three to five years. Allow sufficient time for insurance companies to do a risk assessment of your organization.
- Ensure that all of your activities are covered, such as claims by volunteers or participants, or coverage for off-site activities. Have detailed information on your volunteer activities available.
- If legal defence costs are to be covered, determine whether you can use your own legal counsel and whether costs will be paid at the time they are incurred (very important as cases can drag on).
- Be extremely careful to provide accurate information on the application form.
- Fully disclose the organization's prior losses and provide details on ways the organization can avoid future losses.
- Report prior incidents that might give rise to a claim in the future.
- Keep in mind that many insurance agents operate on commission and may benefit from selling higher packages.