

Volunteer work is a very integral part of the social fabric of America. Almost everyone has volunteered somewhere at some point in their life and many people have regular work as volunteers each week. But could your volunteer work get you into trouble? There are certainly several areas of liability that can arise from volunteering from acts as a director or officer of a non-profit all the way down to minor clerical errors that could lead to large personal liability risks for the volunteer. This article discusses a relatively new coverage form that can be added to some homeowners insurance policies to protect an individual from the liabilities associated with a wrongful act committed as a volunteer.

Let's start with some definitions. What is a wrongful act as defined by the volunteer wrongful acts coverage endorsement? The policy endorsement defines this term as an actual or alleged error, misleading statement, act or omission, neglect or breach of duty committed by any insured during the policy period in the insured's capacity as a volunteer. Now that's a mouthful so let's break it down a bit. First of all, the act must have occurred as the result of your volunteer work. It can be either an alleged or an actual error. It can be an omission or simply a breach of your duty as a volunteer.

Perhaps an example would better illustrate this kind of loss. Let's say you are a treasurer for a local nonprofit and you make an honest error in calculations that indicates that the nonprofit has more money to spend on a project than they actually have in the bank. The project is approved based on your numbers and contracts are signed and the project gets underway. Soon it is found that you made an error and that this error is going to generate huge expenses for your nonprofit due to the contracts that were signed for the project. You could find yourself on the wrong side of a lawsuit with your nonprofit for these damages. If you had added volunteer wrongful acts coverage to your homeowners insurance policy, then you would have protection for this liability.

If you think you may need this kind of protection and want to add it to your homeowners insurance policy, then you next want to evaluate the limits of coverage that can be provided. Not every insurance company will allow this endorsement to be added to the policy and most will have limitations on how much protection you can buy. Also, when you purchase this coverage, be sure to ask if your umbrella insurance policy will pick up coverage where this endorsement leaves off. In most cases I have found that it will not do so.

Volunteering is a wonderful act of generosity and we should all encourage this kind of behavior as much as possible. Unfortunately the law can still put you in a vulnerable position when you

volunteer so you need to make sure that you have the protection you need to make sure that you are just giving your time and not your personal assets. If we can help you with your homeowners insurance policy, please feel free to call us, toll free, at 877-687-7557.