

Almost everyone has a cause or a charity that they love and support. And quite a few of us sit on the board of directors of our favorite non-profits. The most common case is found with those who sit on the board at their church. And in the case of us giving our time and energy to our favorite cause, few of us understand the risks we are taking financially. But there is a quick, easy and inexpensive step you can take to protect yourself from this risk.

You see, non-profit organizations are for the most part, very similar to for profit corporations. In that regard, most have a board of directors who are charged with the fiduciary duties of keeping their organization solvent and making decisions that guide the actions of that particular charity. This means that each director or officer of the non-profit can be held responsible for the actions he or she takes as a director or officer. To protect the personal assets of those on the board, most large non-profit organizations go out and purchase a directors and officers liability insurance policy. In the industry we call this a D & O policy. Without this protection, corporations and large non-profits would be unable to lure the talent they want for their boards.

The problem comes when smaller non-profits and churches fail to purchase this protection for their board members. Usually this is because no one on the board is aware of the exposure – at least not until they face a loss. Also, this coverage can be overwhelmingly expensive to some non-profits which may operate on a shoe string budget.

So what can you do to protect yourself? Well, fortunately, there is a little known clause in most [personal umbrella policies](#) that provides D&O coverage for the policyholder as long as the company where they hold a board membership or officers title is a non-profit. And since I would recommend that almost everyone consider purchasing a personal umbrella policy anyway, this extra coverage is just gravy. Don't forget that the personal umbrella policy provides an additional layer of coverage limit over and above your homeowners insurance policy and your auto insurance policy.

If you are unsure whether or not [your umbrella policy](#) will protect you as a director or officer of a non-profit, please call your agent and have them check on this for you. At Clinard Insurance Group, in Winston Salem, NC, we work hard to make sure that all of our clients are informed insurance buyers. If we can help you with your

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