

## Directors and Officers Insurance for Not-for-Profit Organizations: Protect Leadership. Preserve Mission.

Directors and Officers (D&O) insurance is a vital form of liability coverage for individuals serving in leadership roles within not-for-profit organizations. It helps protect both the individuals and the organization from covered lawsuits brought by donors, members, employees, volunteers, and other stakeholders.

Here are several compelling reasons why not-for-profit organizations of all sizes should consider purchasing D&O insurance:

### 1. Protection Against Personal Liability

Board members and officers of not-for-profits can be held personally liable for decisions made in the course of their duties. D&O insurance safeguards their personal assets against claims of mismanagement, breach of fiduciary duty, or failure to comply with regulations. This protection typically extends to past, present, and future directors and officers, enabling them to serve confidently and responsibly.

### 2. Attracting and Retaining Qualified Board Members

Qualified individuals may be hesitant to serve on a not-for-profit board without the assurance of D&O coverage. This insurance provides peace of mind that they won't face personal financial ruin due to legal claims arising from their governance responsibilities.

### 3. Maintaining Donor and Stakeholder Confidence

Donors, grantmakers, and community partners often view D&O insurance as a sign of sound governance and risk management. It demonstrates that the organization is taking proactive steps to protect its leadership and ensure continuity of its mission.

### 4. Preserving Organizational Resources

Without D&O insurance, a not-for-profit may have to divert funds from its programs and services to cover legal defense costs and settlements. These expenses can be substantial, even if the organization is ultimately cleared of wrongdoing. D&O insurance helps preserve the organization's financial health and ensures that resources remain focused on its mission.

### 5. Protection During Organizational Changes

During periods of transition — such as leadership changes, mergers, or restructuring — directors and officers may face increased legal exposure. D&O insurance provides critical protection against claims of misrepresentation, breach of duty, or failure to disclose material information during these sensitive times.

Hamilton Select Insurance Inc. targets small to mid-sized hard-to-place and distressed accounts in the US excess and surplus (E&S) space, and is rated A- (Excellent) by A.M. Best Company, Inc.

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