



Personal Lines Coverage for Volunteers

Memo from Cindy H. Stellborn

Is there a need to buy additional personal lines coverage as I assume leadership responsibilities for my organization?

Your organization has developed very sound and comprehensive operational rules and guidelines for your collegiate chapters, your house corporations and your alumnae groups. In addition, they have purchased the most comprehensive insurance coverage available to businesses which has very few liability exclusions.

This is very critical because volunteers who are making business decisions on behalf of their organization must be confident that they will be covered under the organizations insurance coverage and not exposing them to personal liability. Saying it a different way, as you fulfill your fiduciary duty to the organization, they owe you the duty of personal indemnification should you be named in a lawsuit.

So let me now get to the question at hand, should you buy higher liability limits on homeowners policy and/or buy a personal umbrella policy or increase the limits of insurance on an existing umbrella policy? The short answer is that we are confident in the insurance coverage of your organization; there is no need to address this liability as a volunteer under your personal homeowner's policy or personal umbrella policies. We do know that many of the personal lines insurance policies include what is commonly referred to as "outside directorship" liability coverage under their homeowner's insurance policy. Here is an example of common wording:

"Director's Liability: Damage is covered if you or a family member is:

- An officer or member of a board of directors of a homeowner, condominium or cooperative associate; or
- Not compensated as an officer or member of a board of directors of a not-for-profit corporation or organization"

We do believe that it is always important that you do carry adequate personal lines coverage but make that decision on limits without the concern about involvement in sorority/fraternity.

We encourage you to consult with your personal lines agent should you have any questions on whether your policy includes this provision.