

DAVID'S 12 QUESTIONS



TO EMAIL YOUR INSURANCE BROKER/AGENT

DURING
2023

1 Start by creating a list of all people groups that are involved with your Canadian non-profit or charity (e.g. entity itself, staff, board, volunteers, committees, joint committees with other organizations). Ask your broker or agent if all of these people groups (don't list individual names) are covered by all of your policies.

2 Create a list of your mission activities and then any significant risks your leaders are concerned about (e.g. from a risk map). Ask if each of these significant risks are covered. If not, ask why not and what additional coverage they suggest. This is done best during a risk assessment (accomplished from scratch every 3 years).

3 Confirm that you have CROSS LIABILITY coverage on all of your liability policies. This provides coverage if one of your own staff, board members or other volunteers are sued by someone else within the organization.

4 Ask if you have any contents covered with actual cash value coverage? This is "garage-sale value" coverage (it deducts for depreciation and is therefore the lowest coverage you can buy). Especially check your laptop computers (not worth insuring an older laptop with this type of coverage as it will be under your deductible anyway). If you do have this coverage, why, and what the additional cost would be to get replacement cost coverage. Or consider no coverage.

5 Request a list of current policy limits & deductibles: building, contents, any special contents and various liability coverages. Then ask for advice: are each of our policy limits (for a single occurrence and aggregate) too high or too low. What about our deductibles? Should we consider higher deductibles? How would our premium change?

6 Ask if there are any specific CONDITIONS in any of the policies that you should be aware of.

7 For your Liability Policies ask if you have "entity coverage" as well as coverage for lawsuits against individual board members (or other volunteers if you should have them) and staff.

8 Ask if you have "wrongful dismissal" coverage if you have staff. Ask if you have full EPL (Employment Practices Liability) coverage which means coverage for things like: defamation, harassment, discrimination, wrongful deprivation of career opportunity, wrongful discipline, failure to promote, etc. If not, why not?

9 Technology risks (e.g. cyber security) have become front and centre risks. These risks, and the insurance available, are changing all of the time. Ask what coverages you have and what you don't have and what they suggest. Good questions to ask is "Do I have both first party and third party coverage on my cyber liability coverage?" and "Are privacy breach notification expenses included?". Also watch your deductibles – make sure they aren't so high you won't be able to use coverage.

10 Confirm that each of your liability policies have "Duty to Defend" coverage. A Duty to Defend policy assures the insured that the insurer will provide them with a defense from dollar one, regardless of the deductible on your policy. An indemnification policy will require the insurer to apply the deductible up front (like an auto policy) prior to defending the claim.

11 Directors' and Officers' Liability is important coverage that is provided in an insurance format called "claims made". This type of policy is a bit tricky, however the important point is that you need to have continuous coverage over the years as claims may be made for something that happened decades ago. Changing insurers is fine, however you have to be careful to ensure that you don't have any gaps in coverage when you switch over (or by having a policy cancelled for non-payment, etc.). If your policy shows an "initial coverage date" of October 1, 2017 the question is are you covered for legal complaints that may arise for decisions made (by the board or management) prior to this date. Ask your broker if you have a "retroactive date" or "full prior acts coverage".

12 Ask if there are any other coverages that you should consider (whether or not they are offered by your current insurer or a different one)? Or any coverages you currently carry which are unnecessary?

SPECIAL NOTE FOR YOU (DON'T SEND THIS TO YOUR BROKER):

STEP 1: Every 2 to 3 years ask your insurance broker for 3 written quotes from 3 different insurance companies. This will ensure you are receiving a competitive premium. You want to see these quotes yourself. Note which insurance companies the quotes are coming from as some insurance companies will not quote two different brokers for the same business. If you have an insurance agent (instead of broker) then go directly to step two.

STEP 2: I would suggest you get a quote from another broker as well. Different brokers have different insurers that they work with (they receive secondary commissions called "contingent commissions" from the insurers they have these contracts with based on the amount of business they with them). You can ask a broker which insurers they have these contracts with.

Bottom line: there are 100+ insurers (including M.G.A.s). It is not possible to contact all of these. Your insurance broker may only focus their attention on insurers they have a contract with (which may be only 1 or 5 or 20). This is fully legal, however it makes it valuable to make a few more phone calls.

IMPORTANT: Although this document was edited by insurance professionals it may have errors as insurance changes frequently and may have regional differences, so use this free resource with that in mind. Pass everything by a licensed insurance professional.