

# Loss Control Tips

## Nonprofit Organizations

Nonprofit organizations serve their communities by working toward furthering social causes or providing other public benefits. Through charitable donations and other forms of fundraising, nonprofit organizations can help raise awareness on important topics and offer valuable resources or assistance to community members in need. However, operating a nonprofit organization also carries significant risks. These organizations have to manage numerous property and liability exposures, including working with volunteers, assisting vulnerable populations, serving food and drinks, hosting events or fundraisers and leading various community initiatives. That's why it's vital to have effective loss control measures in place. This resource outlines common risks nonprofit organizations must address and offers helpful strategies to avoid possible claims.



## Premises Liability

Nonprofit organizations are at risk of various liability concerns. For example, rental or property damage to a third-party caused by a nonprofit organization or its employees can lead to costly claims. In addition, injuries to volunteers, members or visitors/customers could result in litigation. Therefore, it's important for nonprofit organizations to take the following measures to limit their premises liability:

- Keep the parking lot in good repair by conducting regular inspections and maintenance. Make it a priority to fix potholes, cracks and other slip and trip hazards as quickly as possible. Maintain adequate snow removal and de-icing protocols throughout the property during winter months.
- Ensure all floor surfaces in the building remain clean and dry. Place water-resistant rugs at all property entrances to eliminate slip and trip concerns from excess moisture during adverse weather conditions (e.g., rain, ice and snow).
- Make sure all emergency exits are properly marked and free of obstructions. Instruct employees never to block an exit, even temporarily. Post property signage that clearly outlines emergency evacuation routes and procedures.
- Ensure proper food preparation and serving protocols are followed if the establishment hosts events where food is sold or provided.



## Professional Liability

A work mistake, failure to provide promised services or alleged negligence can be detrimental to a nonprofit organization, as they could result in major lawsuits or financial losses. To minimize professional liability risks, nonprofit organizations can implement the following procedures:

- Develop and implement an adequate vetting and application process for hiring both paid staff and volunteers.
- Ensure a training program is in place for new staff members and volunteers. Volunteers should be partnered with experienced employees until they are able to demonstrate full competence in their designated tasks.
- Establish adequate protocols for handling allegations of child molestation, sexual misconduct or other forms of harassment against employees.



## Directors and Officers Liability

Wrongful act allegations can hold directors and officers (D&Os) personally liable for the actions of a nonprofit organization. Nonprofit organizations should implement these precautions to limit D&O liability:

- Involve the organization's board of directors in candidate screening and selection for the CEO and other senior-level positions.
- Create measures to keep the board adequately informed on the organization's actions and community involvement.
- Develop and implement sufficient policies and procedures for handling potential conflicts of interest between the organization and its board of directors.
- Ensure that all physical, verbal or sexual harassment allegations are handled effectively by the board of directors.



## Automobile Liability

If a nonprofit organization has its own vehicle(s) to transport employees, volunteers or members, it may be considered a regulated passenger carrier. Therefore, the organization must follow all applicable regulations and laws, or they may be vulnerable to automobile liability risks. To minimize commercial auto exposures, nonprofit organizations should follow these protocols:

- Make sure all drivers possess acceptable driving records. Specifically, it's important to secure motor vehicle records (MVRs) for all drivers. MVRs should be updated annually.
- Provide employees will proper training on safe driving measures. Be sure to prioritize loading procedures so employees and volunteers load vehicles appropriately.
- Prohibit employees or volunteers from using their cellphones while driving.
- Consider utilizing telematics technology within commercial vehicles to identify employees' risky driving behaviors (e.g., speeding and hard braking).
- Implement an effective vehicle inspection and maintenance program. Such a program can help ensure that all commercial vehicles remain in good condition and operate safely.
- Review all commercial vehicle and trailer characteristics (e.g., size and weight) to determine applicable Federal Motor Carrier Safety Administration (FMCSA) regulations. Routinely monitor compliance with FMCSA standards and make operational adjustments as needed.



## Learn More

It's essential for nonprofit organizations to implement proper risk management precautions to limit costly insurance claims and lawsuits. It can also offer various benefits, such as greater member satisfaction, bolstered employee and volunteer safety, fewer liability concerns and reduced potential for property damage.

Although this resource provides a range of loss control strategies, nonprofit organizations don't have to establish risk management programs alone. Working with a qualified and experienced insurance professional can make all the difference. Contact us today to discuss insurance solutions and additional loss control techniques for nonprofit organizations.