

## **Risk Management: How to Protect *Your* People, While You Protect Others**

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### **This hour has 75 minutes....**

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1. How our Centre helps nonprofits (2 min)
2. Risk Management to prevent trouble (23 min)
3. Insurance in the event of trouble (23 min)
4. June 26<sup>th</sup>: Car Seat & Helmet Clinic Talk (2 min)
5. Open for Questions & Discussion (10:50 – 11:15)

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## How our Centre helps Nonprofits

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- What we DON'T do: sell insurance. We receive no funding from insurance companies. We are financially supported only by the Ontario government and our workshop fees.
- What we DO do:
  - 1) provide free assistance by email and phone to staff (paid and volunteer), board members of Canadian charitable and nonprofit organizations. My email: [dhartley@imaginecanada.ca](mailto:dhartley@imaginecanada.ca)
  - 2) Ontario workshops (customized and public) & online resources  
Our website: [www.riskmanagement.imaginecanada.ca](http://www.riskmanagement.imaginecanada.ca)

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## The Greatest Risk

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- The greatest risk is that organizations like yours or people like you **stop taking risks** ... Nonprofits anchor communities. Communities and especially vulnerable people need groups taking smart risks on their behalf.
- My goal every day: **increase** (not diminish) courage .... by helping people and organizations create a eyes-wide-open risk plan for every critical risk they face.
- It takes patience. And it takes a push often to get started, especially for busy, often over-loaded staff and volunteers.

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## What is Risk?

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- Risk is anything that threatens the ability of a nonprofit to accomplish its mission. (Note: important to stick to your mission)
- One way to categorize different risks is to look at the four assets a nonprofit has at risk:
  - **Your People** (volunteer and paid staff, board members, participants)
  - **Your Reputation** (ability to attract a strong staff and board, funders)
  - **Your Property** (building and/or contents)
  - **Your Income** (grants, contributions, contracts, investment earnings)

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## What is Risk Management?

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- The **ongoing** process of:
  - 1) **identifying** risks
  - 2) selecting **significant** risks requiring your attention
  - 3) responding with a **written** action plan
  - 4) **communicating and training** the plan
  - 5) **monitoring** its success, making changes where necessary
- Must be a **group effort**, not a top-down “here’s what **we** think you should do”. Why? 1) so it doesn’t miss important risks or solutions; 2) buy-in ..... I’ll more likely follow the plan if I helped create it

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## 4 Obstacles to Risk Management

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- See separate document
- Obviously the fact you are on this call today means I'm "preaching to the choir" but these are important as you provide leadership going forward.

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## 14 Motivators for Risk Management

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- See separate document.
- Again, these are very important when trying to get your "board on board" (which is becoming easier in our liability-focused leadership culture since the days of Enron), and other staff and volunteers.

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## What is your slippery grape?

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- For a grocery store their big risk may be best described as slippery grapes (clients falling on slippery floors). There are a lot of other risks they face but that has been determined to be their **most significant risk**.
- It has both 1) a good chance of happening, and 2) a good chance of having severe consequences for people (client falling), reputation and income (because of lawsuit).
- **What is your organization's "slippery grape"?**

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## Risk Management Process: Next 90 Days

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- See document: Option A or Option B.
- Here are risk categories we use for our 1-day workshop:
  - **Board Risk**
  - **Volunteer Management**
  - **Driving**
  - **Partnering & Contracting**
  - **Employment practices**
  - **Safe work environment (including in office and in community)**
  - **Special Events**
  - **Alcohol**
  - **Children & Youth**
  - **Fundraising & Finances**

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## The Place for Insurance

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Staying Out of Trouble:

- Solution: Ongoing Risk Management Process ..... for operations (employees and volunteers) and for governance (board)

In the Event of Trouble:

- Solution: Insurance (that effectively covers your people and your risks) ..... to pay for legal advice and representation and to pay any settlement or judgment
- Insurance is important for providing defense even when your organization did everything right (risk management).

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## Insurance: Important Concepts

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- See documents.

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## Insurance: 2 Types of Policies

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- Insurance policies generally are there for one of the following:
  - 1) A LOSS - cover your buildings and things (e.g. laptop, important papers) in the event they are lost, stolen or damaged
  - 2) A LAWSUIT - cover your organization and/or people from a lawsuit (e.g. someone experiences harm or damage and sues your organization or people)
- Here's a list of 13 policies (see document). Lawsuits are the first 9.

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## 4 Insurance Questions You Need Answers To

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- Insurance brokers/agents change insurers at renewal occasionally to get better rates or coverage for one or all of your policies. I suggest finding out the answers to these four questions each year. If you aren't one dealing with insurance broker, then ask person who is.
- **Question #1: What's covered?** (e.g. are you covered for counselling/advice, each special event, sexual abuse, etc)
- **Question #2: What's not covered?** (make a list, check it twice)
- **Question #3: Who's covered?** (A) if they cause harm are they and organization covered. B) if they themselves are harmed are they and organization covered. (Think about everyone involved in activities).
- **Question #4: Who's not covered?** (same as question 3)

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## 4 Insurance Questions You Need Answers To (part 2)

- Your organization likely has more than one policy (e.g. CGL, D&O, Building and property policy, Abuse coverage) or has a package policy where all these policies are pulled together into one.
- **For each question ...** I am suggesting that a verbal response only is insufficient. Request for the broker to show exactly where they are getting the answer from in the policy documents. Get the actual page number, follow along to see if it seems clear to you or the person handling the insurance for your organization.
- **If is not clear to you ...** than ask for a written confirmation (e.g. email). File that with your insurance documents.

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## Insurance & Risk Management

- Organizations who do start creating risk management policies (one by one, which can take months or years depending on resources) ... will find it easier to maintain insurance during the next "hard market" when insurers are non-renewing policies with organizations they consider to be most risky.
- **Final thought:** Contact your broker when your activities change
- **Final Last Thought:** Be forthright with your broker. Don't hide anything. You don't want to be in the position of having claim denied.
- **Final Last Last Thought:** Use your insurance broker's skills to develop your risk management policies .... The more you pay in premium the more you can request assistance. (Commissions range from 10 to 20% of the insurance premium you pay annually, and the broker splits that with the office)

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## Online Resources

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- In September 2008 we're releasing an online risk management tool to assist nonprofits in creating a larger formal plan. There will be a charge (approx \$100).
- Our website has a links page for excellent websites and an online library: [www.riskmanagement.imaginecanada.ca](http://www.riskmanagement.imaginecanada.ca)
- Volunteer Lawyers Service: [www.volunteerlawyers.org](http://www.volunteerlawyers.org)

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## Next Session (June 26)

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- Focusing on risk management for organizations, employees and volunteers doing:

**Car seat clinics**  
**Helmet fitting workshops**

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## Leaving Here

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- Focus the message of risk management on “protecting your people”.
- Don’t get overwhelmed. Start with one risk. Realize it will take time to create a written plan for all of your important risks, but don’t let that stop you from doing the first one, or the next one.
- Sell the benefits of risk management.

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## Contact Information

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- David Hartley
- Manager, Training & Outreach
- Insurance & Liability Resource Centre for Nonprofits (Operated by Imagine Canada)
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# Question & Discussion Time

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