



San Marcos Mobilehome Residents Association  
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## HOA Directors and Officers Insurance

Insurance protection for the defense costs, settlements and judgments arising out of lawsuits and wrongful act allegations brought against a non-profit organization. Non-profits may not realize that their board members may be held personally liable for the actions of the organization. Protect your organization's mission and your personal assets – you can't afford not to.

According to NPQ (Non-profit Quarterly) when asked if Director and Officer Liability insurance is needed for a non-profit the "answer is "YES." Attorneys seem more willing than ever to sue nonprofits (unlike ten years ago, the focus of such lawsuits is no longer on for-profit companies)"

Those in management of a nonprofit organization — including directors, officers and volunteers — could be held personally liable for errors or omissions involved in the management of the organization.

The protections afforded by the **Volunteer Protection Act** are limited and **don't** fully protect the directors or officers of nonprofits who may be on the receiving end of a lawsuit. The Act **does not** provide for the cost of defense, nor does it apply to harm caused by gross negligence or reckless misconduct.

Nonprofit organizations and their directors and officers can be sued for a large range of issues. Non-profit organizations may be more at risk of litigation than for-profit companies, as 63 percent of nonprofit organizations reported a D&O claim within the past 10 years compared to 27 percent for private companies.

Legal fees and damages resulting from nonprofit directors and officer claims often exceed the organization's liquid net assets, which may prevent the organization from indemnifying directors and officers and serving the community.

Being on the receiving end of a lawsuit can put a director's or officer's reputation and finances on the line and threaten your organization's ability to continue serving the community. That's why Directors and Officers Liability Coverage for Nonprofit Organizations is an essential coverage. It not only covers the defense costs, settlements and judgments associated with these types of claims, but also helps protect the personal assets of your directors or officers.

*For more information ask your SMMRA Park Representative*