

Summary of Coverage

Director's and Officer's

Presented to

Episcopal Diocese of Western Massachusetts

Finance Town Hall

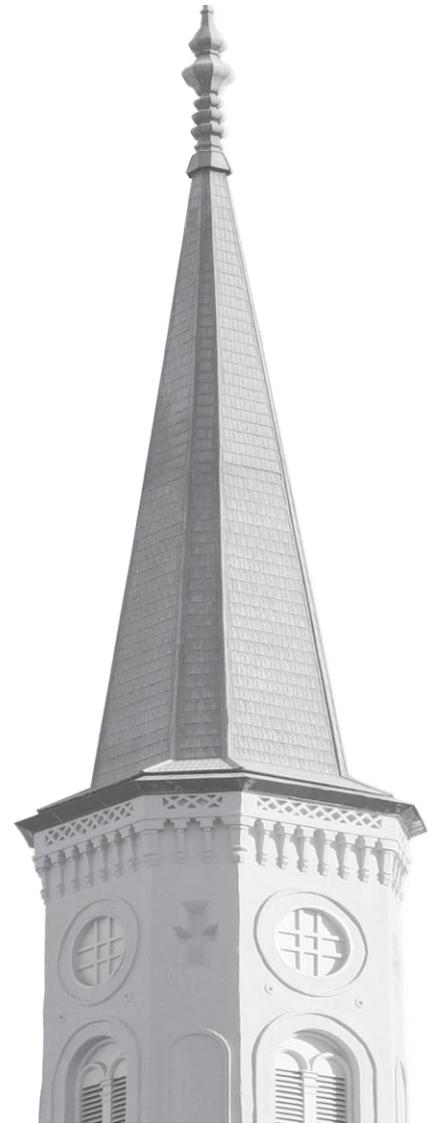
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Episcopal Risk Management Services

Provided by



Directors' & Officer's Liability / Employment Practices Liability

Directors and officers liability insurance covers liabilities that arise when an individual or group acts in the capacity of a director or an officer for business or practice. This would respond when there are allegations of fraud, fiduciary misconduct and other serious wrongdoing. Donors, employees, recipients of service, vendors, competitors, and even the government may bring legal action against the non-profit organization and its board of directors.

Employment practices liability insurance provides protection for an employer against claims made by employees, former employees, or potential employees. It covers discrimination (age, sex, race, disability, etc.), wrongful termination of employment, sexual harassment, and other employment-related allegations. It covers your firm, including its Directors and Officers.

- Deductible (retention) of \$2,500 per occurrence.

Directors & Officers Liability	\$1,000,000
Employment Practices Liability	\$1,000,000
D&O / EPL Annual Aggregate	\$1,000,000

Umbrella

The Diocese and each parish also has an Umbrella policy in their package. This insurance is extra liability insurance that sits "on top of" your Directors & Officers insurance policy to provide added financial protection in the event that other policies cannot cover the loss.

Standard Limits Per Occurrence	\$1,000,000
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- Employment Practices Liability is **excluded** from umbrella coverage.

Self-Insured Retention: \$10,000

The below information is taken from our Safety and Insurance Handbook that I thought would be helpful. For full details, the handbook can be located on our www.cpg.org website.

Directors' and Officers'/Employment Practices Liability: The Basics

The purpose of Directors' and Officers'/Employment Practices Liability Insurance is to protect an organization and its agents against civil liability for "Wrongful Acts." It protects the corporate entity and its Directors and Officers, including clergy, church officers, chapter members, and boards and leaders of church-related institutions.

Within the Directors' and Officers' policy, a Wrongful Act is typically defined as:

- An act committed or wrongfully attempted
- An error
- An omission
- A misstatement
- A misleading statement
- Neglect
- A breach of duty

Generally, in a typical church, there aren't job descriptions, annual reviews, Human Resources files, and the like. As a result, there can be gray areas around employment issues. Employment Practices Liability covers the following Wrongful Acts:

- Wrongful termination
- Allegations of discrimination
- Harassment
- Retaliation
- Misrepresentation to an applicant
- Libel, slander, and defamation
- Failure to employ
- Deprived opportunity
- Wrongful evaluation or demotion
- Wrongful discipline
- Failure to enforce policy
- Violation of civil rights

Wrongful termination is the most common type of claim related to this policy. Breach of contract wrongful termination suits are most common, followed by termination or non-renewal for prejudice. When a demand, suit, or complaint is made by an employee, Employment Practices Liability Insurance kicks in.

When an Employee Complains

Don't take it personally if a current or former employee sues or threatens a suit, and don't ignore the issue. Instead, report any potential employment practices liability incidents or allegations to your insurance company, your attorney, and the clergy member as soon as you become aware of them. A well-documented response is best. In most cases, the matter is settled out of court.

Some Common Questions and Answers

Q: What are some typical claims?

A: One typical claim is a suit against members of the board alleging financial mismanagement. In this case, the policy would provide both defense and indemnity coverage for the church and for the individual board members.

Another example could be a claim arising from violation of the Americans with Disabilities Act after terminating an employee with an existing medical condition. Claims can also arise during or after the installation of a new clergy member. One or several members of the congregation upset with the process or decision might bring a claim.

Q: Is there coverage for claims evolving from our operations in the past?

A: Our policy includes coverage for prior acts.

Q: Are volunteers included under the policy?

A: Yes, a volunteer performing an authorized activity on the insured's behalf is covered under a D&O/EPL Insurance policy.

This summary is a matter of information only. It does not constitute a contract between the issuing insurer(s), its authorized representative or producer, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed herein.

