

5 Reasons the Nonprofit You've Started Needs Insurance



You have a nagging suspicion that your nonprofit might be missing something. Whether you've just launched a nonprofit or been running one for years, let's talk about why you need insurance and fast! (Who doesn't love a walk on the wild side? But there are safer ways, we're just saying.)

Even aside from the event of a claim filed against your organization, nonprofits need insurance for various (and perhaps less obvious) reasons. The best way to understand why insurance is important is to understand to consequences of not having it.

1. **Board members might refuse to sit on your board without insurance.**

If you have experienced board members, they'll likely have previously sat on the board of an organization that has director's & officers (D&O) liability insurance. It's (unfortunately) easy to see the value of D&O insurance. If anyone files a claim against your board of directors, officers, trustees, committee members, etc., their own personal assets could be on the line if you haven't purchased D&O insurance, which may be a risk that your potential board members are unwilling to take.

2. **You might get a grant!**

Receiving a grant is celebratory news! Nonprofits often survive on donations and grants. But unlike donations, grants are contributed with a specific purpose. Applying for a grant entails presenting a thorough, well-argued case for why you deserve a grant and what objectives the grant will help you accomplish. Since applying for grants is usually very competitive, the foundation or trust might be reluctant to issue a grant to a nonprofit if the nonprofit and its operations are uninsured.

3. **You might need to rent a venue.**

All that fundraising with no place to host it? Nonprofits often rent venues in order to

congregate for larger events with guests. The venue will ask you to show a certificate of insurance—and you should ask the venue the same question!

4. Someone may slip and fall on your property.

If anyone slips and falls or otherwise hurts themselves on your property, they can sue the organization. Your insurer will handle the claims resulting from incidents and injuries and will provide defense costs. Most nonprofits on their own can't afford expensive attorneys' fees, so it'll be a relief at a time of distress when your coverage kicks in. And of course, when insurance carriers provide free risk management and loss control resources, the volunteers, clients, and staff at nonprofit events and activities are safer, and accidents are less likely.

5. An employee or volunteer not in line with your mission could cause harm.

It's hard to imagine that one of your employees would act in any way that would harm another employee. But we see employment practices liability claims related to improper classification of employees, sexual harassment, racial and gender discrimination, defamation, and failure to accommodate (as per the Americans with Disabilities Act). When you're faced with a claim, the appropriate insurance coverage can protect the organization so that you can continue to serve your community. As a 501(c)(3) nonprofit, NIA prioritizes your ability to carry on with your mission, and that mutual objective drives our approach to handling your claims.

Nonprofits provide critical services to their communities, and those services should be protected. Are you interested in purchasing insurance for your nonprofit? [Get a quote!](#)

If your nonprofit is a member of the Nonprofits Insurance Alliance, you have access to free, unlimited consultations with our loss control manager. We also have sample property inspection checklists on our secure website. For more information, contact Loss Control at losscontrol@insurancefornonprofits.org or call: 831-621-6076

If your nonprofit is not a member of the Nonprofits Insurance Alliance and you'd like to learn more about joining our community, please check out our [list of coverages](#), as well as the [benefits of membership!](#)