
INSIDE THE CHUBB MARKET

October 2006

Not-For-Profit Organization Liability Insurance Solutions From Federal Insurance Company

Times Have Changed in Singapore

Recent high profile cases in Singapore have demonstrated that personal liability is not just something that Directors and Officers of companies face in today's world. We are constantly reminded about the importance of good corporate governance practices for private and listed companies, but such values, ethics and good management applies to all types of institutions, from schools to charitable organizations. We have been witness to the legal and regulatory consequences that can take place when private matters are brought into the public domain for open debate and judgment!

If a person gives time and energy to a Not-For-Profit organization, often without monetary reward, they want to make certain they are not risking their personal or the organization's financial security. That's why such individuals need the facts about Chubb's Not-For-Profit organization liability insurance, which helps protects them and the organization in the event of a lawsuit or mere allegation of wrong-doing.

Our policy, specifically addresses the exposures not-for-profit organizations face every day. In today's litigious society, even Not-For-Profit organizations run the risk of being sued for an extensive list of alleged wrongdoing, such as:

- Acts beyond granted authority
- Inefficient administration of supervision
- Discrimination (age, race, sex, employment, membership)
- Harassment
- Wrongful termination of employees
- Waste of assets
- Misleading reports or other misrepresentations
- Libel and slander
- Failure to deliver services

The cost to defend an organization and its executives, employees, and volunteers in the event of a lawsuit can be devastating.

Claim Example From Chubb

“FUNDING ISSUES”

A national Not-For-Profit organization terminates the funding of a local affiliate, and announces to the press that the termination is due to financial improprieties discovered in an audit and negligence on the part of the local Executive Director. The local affiliate sues alleging breach of contract, and its Executive Director sues for defamation of character. The plaintiffs demand that the national organization honor the funding contract and publically retract previous statements. A non-monetary settlement is eventually reached.

DEFENSE COSTS ALONE: MORE THAN \$200,000

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General liability or public liability insurance leaves gaps. Some Not-For-Profit organizations assume a general liability policy will provide coverage for various allegations. Actually, many general liability policies specifically exclude employment-related claims. Even when employment-related claims are not excluded, typically many general liability policies are only triggered by a reported claim based on an occurrence of property damage or bodily injury.

Loss Prevention

Loss prevention is only part of the picture. An effective loss prevention program can help to reduce liability exposures, but will not prevent litigation or allegations. Loss prevention should be used in connection with a comprehensive insurance program because even an organization that has made appropriate management decisions can still be forced to defend itself.

Our Solution

Chubb's Not-For-Profit organization liability policy offers comprehensive coverage, including coverage for damages and defense costs. As a leading insurer in this field, Chubb has been providing Not-For-Profit organization liability insurance for more than 25 years, and we count more than 200,000 Not-For-Profit organizations globally among our satisfied customers.

Finally ... Consider the following:

- Could the Not-For-Profit organization fund a defense against allegations of wrongdoing?
- Can the organization pay if its Directors and Officers are found liable?
- Is this how the organization's funds should be spent?
- Isn't proper insurance the most cost-effective safeguard?

Chubb has a dedicated underwriting centre for such risks and we match that support by having local Specialty Insurance claims service for your customers. Chubb has unique products to address SMEs, Educational and VWOs.

For more information please contact Jonathan Chan at 65107 340 or email at jdchan@chubb.com



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