

**Insurance Coverage Form - Instructions**

* This should be generated in compliance with the following guidelines for insurance coverage and should be based on entire PCAR budget allocation, i.e., Act 44/Title XX, RPE, PHHSBG and SASP funds.
* We ask that The Department of Human Services, The Department of Health and The Pennsylvania Coalition Against Rape are all named as additional insured.
* Workers’ Compensation Insurance: This insurance is required by law. It covers employees for on‑the‑job injuries/accidents. This is an employer paid insurance. This type of insurance is regulated by the state.
* Business Owners’ Insurance: This insurance covers loss in the case of fire, casualty or theft. It is required that this insurance cover equipment and the building if it is owned. It is required that this insurance is at replacement value. It is suggested that when equipment is added in the Center, that coverage be upgraded/added. In addition to total amount of coverage, a Center needs to allow for loss of general office supplies, books, films, or other items that would need to be replaced in the event of fire or theft; for example, items not included on the equipment inventory.
* Personal Liability Insurance: This insurance protects the Center from claim for damages for personal injury (including bodily injury) or property damage arising from the use and occupancy of a particular premise. It is required that the Center carries personal liability insurance in an amount of $500,000 per occurrence and $2,000,000 in the aggregate, with PCAR and DHS named as additional insureds.

Also it is wise to insure personal automobiles used for Center business, since many auto insurers exclude coverage when an insured uses their automobile for business. This is over and above insurance held by the individual.

* Employee Dishonesty Insurance (Bonding Insurance): This insurance covers the Center when an employee commits a dishonest act (whether alone or in collusion with other persons) in order to obtain financial benefit (or cause a loss for a Center) for the employee or others. This insurance would also cover board members and anyone who handles money. There are three types of bonding insurance:

Name

Name Bond insurance covers the specifically named persons. This type of bond insurance is considered the least reliable as the administrator of the policy needs to be updating the policy according to the names of the persons affiliated with the Center.

Position

Position Bond insurance covers by position. This is considered unreliable also because names of positions change or positions are added and it seems to create confusion if one isn’t monitoring the policy closely.

Blanket

Blanket Bond insurance is highly recommended. This type covers everyone in the Center without having to submit names or positions as changes occur. There are no checks on individuals. As this coverage is preferred and safest it is the most expensive of the three; however, the cost is quite reasonable.

The Center is required to secure coverage for at least one‑sixth (1/6th) of the total amount granted to the Center by PCAR. For example, if the PCAR contract with a Center is $36,000, PCAR requires coverage of at least $6,000 (1/6 of $36,000). The limit of the insurance required is based upon the Center’s annual revenue.

* Nonprofit Indemnity (Directors and Officers) Insurance: This insurance protects against allegations of wrongdoing in connection with the performance of their managerial duties on behalf of the organization. This insurance covers inappropriate acts, errors and omissions by directors, officers (D & O), staff and volunteers. This insurance would pay for all damages, settlements and legal fees in the case of a lawsuit. The most significant source of D & O claims are employment-related acts. These acts include wrongful termination, failure to hire or promote, workplace harassment, and so forth. Coverage is typically sold in increments of $1 million. Deductibles for most non-profit organizations should be below $25,000, and in many cases below $10,000.

There is no “standard” D & O policy, so nonprofit organizations need to review the policy’s coverage and exclusions. Exclusions could include certain types of claims brought by one insured against another insured (known as an insured vs. insured exclusion, e.g. board members suing the center), claims arising from bodily injury and property damage, fraud, deliberately dishonest acts, etc.