

## **Insurance 101: Director's & Officer's Liability Insurance**

### **Don't let this happen to you**

*A lacrosse coach sues the directors of a league for wrongful termination. Parents of a player sue a chapter's board in an eligibility dispute, after the player is cut from the team. A group of players and their parents institute a lawsuit against a lacrosse league after one of the coaches is charged with harassment and discrimination against the players.*

These are the types of claims that can cause sleepless nights among board members, chapter officials and other members of lacrosse leagues. Fortunately, Director's and Officer's Liability (or D&O Liability) is available, which is tailored specifically to cover these exposures for US Lacrosse chapters, leagues and officials' associations. This coverage is not automatically provided by US Lacrosse, but is available for purchase by the individual associations.

**What is D&O Liability?** D&O Liability provides coverage for lawsuits that arise out of wrongful acts, or errors and omissions-type claims. Examples of such claims under this policy would be: employment-related claims, including negligent hiring practices or wrongful termination; acts beyond the authority of the league or chapter; wrongful suspension of players, coaches or officials; selection and eligibility disputes; matters involving changes to, interpretation of, or implementation of rules; sexual harassment; and gender, racial or ethnic discrimination. If the officers of your chapter, league or association were sued for these types of incidents, coverage for such a claim would fall under a D&O policy.

D&O insurance does not cover claims that arise out of bodily injury or property damage. Those types of incidents are specifically covered under the general liability policy that is automatically provided to all members of US Lacrosse. If a board member or director of a chapter, league or officials' association were sued because a player was severely injured, or because a traveling team vandalized someone's property, those claims would be covered under the general liability policy. (Go to the US Lacrosse Insurance & Risk Management web site at [www.BollingerLax.com](http://www.BollingerLax.com) for more information on the General Liability Insurance plan.)

### **Don't be confused by the terms 'officer or director'**

Even though a director or officer may be named in a lawsuit does not mean the claim would fall under the Director's & Officer's Liability policy. The policy covering the claim is determined by the allegations or the incident that gave rise to the claim. Thus, if the claim is caused by a wrongful act as described above, you would need to have D&O Liability in place in order for the claim to be covered. If a director or officer is named in a lawsuit because of an incident arising out of an injury to a player for example, then that claim would be covered by the US Lacrosse general liability policy.

**Who is covered by D&O Insurance?** The D&O policy protects the individual directors and officers of the chapter or league. It also covers the chapter or league entity itself, as well as members of the chapter/league while acting in an official capacity, such as coaches, managers or volunteers.

**Who should purchase this coverage?** US Lacrosse highly recommends that all chapters purchase D&O Liability to protect their board and cover their operations. The coverage is also available to lacrosse officials' associations and to leagues who are comprised of US Lacrosse members.

**What are the policy limits and costs?** The policies are issued on an individual basis to each association who purchases the coverage. The D&O plan is underwritten by Chubb Group of Insurance Companies (an "A+" rated insurance company). The policy carries a \$1,000,000 limit per claim with a \$1,000,000 limit per policy year. There is a \$1,000 deductible per claim and the policy is written on a "claims-made basis." The annual premium is \$385.

**How to purchase D&O Liability:** You may purchase this coverage through the US Lacrosse web site at [www.BollingerLax.com](http://www.BollingerLax.com). Click on the "Optional Coverages" section, and go to "Directors & Officers Liability." You can either buy the coverage on-line or print out the application and mail it to Bollinger with your check. Your D&O insurance will be effective on the date that Chubb approves your application (typically 2-3 business days after receipt of your application by Bollinger).

**Want to hear more?**

Copies of other "Insurance 101" articles covering unique features of the US Lacrosse Insurance and Risk Management Program can be found on the US Lacrosse web site at [www.BollingerLax.com](http://www.BollingerLax.com). Just click on "Insurance 101" at the main menu to view past articles. Additional risk management information is also located under the heading "Safety and Risk Management."

*Lori Windolf Crispo, CPCU is the Executive Vice President of Bollinger, Inc.'s Amateur Sports Division. Contact her at [Lori@BollingerInsurance.com](mailto:Lori@BollingerInsurance.com). Bollinger, located in Short Hills, NJ, is the Insurance Administrator for US Lacrosse.*