



DIRECTORS & OFFICERS LIABILITY INSURANCE

Directors and Officers insurance provides management liability insurance for Cycling and its Provincial Affiliates and Clubs.

Why do I need Directors & Officers Liability?

As Directors & Officers you are appointed leaders representing the best interest in a fiduciary capacity for your club members, friends, colleagues and you are apart of team responsible for the internal management of your club.

As a Director or Officer representing a Board such you may be exposed to personal liability for mismanagement.

What types of claims can result against me?

- Misrepresentation
- failure to employ or promote a person
- wrongful dismissal, discrimination, misleading reports, in efficient administration
- negligent evaluation
- financial mismanagement
- failure to remit/pay taxes
- failure to comply with the rules of the association/organization

How does D&O protect my club and its board members?

Directors and Officers Liability Insurance provides coverage for "Wrongful Acts," "alleged to have been committed by a club's Board of Directors, employees, volunteers and officers while executing their duties in service to the club. The directors and officers owe their club a duty to exercise their powers in good faith and with prudent judgment.

Who can sue a Non-Profit Cycling club?

- **Insiders** - current and former staff of alleging a host of wrongful acts, including wrongful termination, discrimination, sexual harassment, etc.
- **Outsiders** - Third parties that have a relationship with the board, like vendors, funders, or another nonprofit.
- **The Entity** - The club may bring an action against its directors and officers.
- **Directors** - a board member may sue another board member alleging violation of a duty owed to the club.
- **Members** - members may allege harm to the interests of the member.
- **Donors** - A clubs contributor may sue directors and officers alleging misuse of a restricted gift or mismanagement of appropriated monies.
- **Government** — represents the interests of the general public in assuring the proper management of the association. As such, the may bring a claim against club directors and officers alleging wrongdoing.

- **Other Government Officials** — Other government officials, including representatives of the Canadian Revenue Agency, etc. for tax issues, Department of Labor alleging violation of provincial or federal laws.

What are some example claims against Directors & Officers?

The board of a community Cycling club terminated the employment of a manager once they learned that he planned to start a competitive facility on a "for profit" basis near by. The manager brought an action against the directors. The suit was brought for wrongful dismissal, mental distress and financial hardship caused by the inability to find comparable employment. Claim amount: \$100,000.

A cycling club in financial difficulty were presented with a number of claims were presented by banks, creditors, employees and parents for reimbursement of prepaid enrolment. Even though most claims were brought against the club, the *directors were* held personally liable for the claims of unpaid wages, wrongful dismissal and prepaid enrolment. Claim amount: \$30,000.

One of the directors of a national charitable organization donated a large amount of the charity's funds to help fund a personal enterprise. The director was criminally charged with misappropriation of the funds. The other directors were sued by the government on the grounds that they did not exhibit enough control over the actions of the other director. Even though one director was charged with a criminal act (which is excluded from most directors and officers policies), the policy responded for the suit against the other directors for lack of control over the funds. Claim amount: \$50,000

A flagger / official at a club event was judging a competitive cycling race and a rider lost by a "spilt second". The rider claimed he was wrong and it affected his national ranking, due to this apparent mistake by the judge. The rider sued the judge and club directors on the basis of wrongful acts and presented with a Claim amount: \$50,000

A parade in a town was sued by a spectator after one of the volunteer performers tossed a free gift into the crowd, injuring the plaintiff. Although the direct damages resulting from the bodily injury may seek indemnity under a CGL policy form, the plaintiff is suing for financial damages of \$200,000 from the directors and officers alleging inadequate safety protocol and training procedures. Defense costs are accumulating and expected to be significant. Claim settled for \$20,000

The executive director of Cycling Club was terminated due to unauthorized spending of the organization's funds. The club was sued for wrongful termination resulting in a settlement in favor of the former executive director. Claim Amount \$75,000.

An executive of a cycling club was carrying on a relationship with one of its members. They went their separate ways; later the plaintiff filed a sexual harassment lawsuit against the executive and the club and was awarded \$60,000 from the D&O and liability policy.

Our premiums start at \$300 a year for \$1,000,000 D&O coverage

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