



Southern California Outrigger Racing Association

Frequently Asked Questions: Directors & Officers Liability Policy

As of October 12, 2012

1. Why does my club need D&O insurance?

Without D&O insurance, most organizations have a great deal of trouble finding anyone who wants to assume the responsibility for making financial and policy decisions. Without insurance, any legal judgments made could only be paid from that Director's or Officer's personal pocket. So D&O insurance is a way of sustaining the organization by having the best people available making the most critical decisions for the organization because it offers that financial protection from loss to the individual and the organization.

2. What's the worst thing that could happen if my club decides not to get D&O coverage?

The very worst thing that can happen without D&O is that the Club and/or Association may be sued for any number of reasons and a judgment may be awarded to the Defendant that the Club and/or Association cannot pay. The only recourse for the Club and/or SCORA would be to cease existence or to seek funds from members.

3. Who is covered by D&O?

D&O covers Directors and Officers. It is recommended that Coaches be named as Officers within their Clubs so that they are also protected.

4. What actions are covered by D&O? And not covered?

The specific actions covered and not covered are too broad and varied to list. However, here are some of the most basic:

- Covers liability for losses or injuries that are caused by their breach or neglect of duty.
- Covers suits alleging mismanagement of the Club and/or Association
- Covers legal actions brought by creditors, involving civil actions by competitors, allegations of violations of regulatory statutes
- Defends suits for dishonesty, fraud (but obligation ends upon proof of deliberate dishonesty)
- Covers civil rights violations
- SCORA's policy includes Employment Practices Liability and thus includes:
 - Wrongful termination
 - Discrimination
 - Breach of employment contract

Exclusions include, but are not limited to:

- Libel or slander
- Dishonesty (again: obligation ends upon proof of deliberate dishonesty)
- Failure or omission to effect and maintain insurance
- A loss that is insured by any other existing valid policy(ies)
- Any loss or expense that is reimbursed by the company, when that reimbursement is a lawful obligation
- Bodily injury, sickness, disease or death of any person, or damage of any tangible policy including use thereof
- Personal injury or bodily injury, sickness, disease or death of any person, or damage to , destruction of, or loss of use of any property, directly or indirectly, caused by seepage, pollution or contamination of the cost of removing, nullifying or cleaning up seep, polluting or contaminating substances

NOTE: Some of these exclusions may be removed under certain circumstances

5. What is the difference in coverage between D&O and MGL?

D&O coverage insures only the Directors and Officers for claims/suits brought against them for the management and direction of the Club and/or Association. This is organization specific, so the SCORA policy insures only SCORA Directors and Officers, and the Clubs must have their own policies to cover their Directors and Officers.

MGL coverage insures the Association (SCORA), the member Clubs and paddlers for liability arising out of their activities including meetings, practices, training sessions, races, volunteer work/community service work, and more. Coverage is for liability for bodily injury to third parties and property damage to property of others. This policy excludes things that are covered under a Directors & Officers Liability policy.

6. If someone on our Board is sued for harassment or discrimination by a paddler who does not like the crew or the seat they are assigned, or they disagree with the Coach's decision, does D&O cover the Board and the Coach?

Yes, when the Coach is also an Officer or Director. This is the reason for the recommendation that Coaches be named as Officers for their Clubs.

7. How much does D&O cost?

Prices vary based on exposure identified on the applications and any past claims. In general, for SCORA and member Clubs, they can be expected to be in a range from \$500 to \$3,000 per year.