

Commonly Purchased Insurance Compared

There is no formula for the amount of insurance coverage for a land trust or for appropriate limits of liability and deductibles. Land trusts frequently purchase these coverages. *This is not legal, risk, insurance or any other advice.* The following is a general summary only.

COVERAGE TYPE	COVERAGE PROVIDED	NO COVERAGE
<ul style="list-style-type: none"> • General liability 	bodily injury or property damage	embezzlement, fraud or dishonesty; all of D&O coverage; Emotional distress, unless arising from bodily injury; financial loss, unless arising from bodily injury or property damage, property damage to intangible property (such as information stored on a computer network)
<ul style="list-style-type: none"> • CGL 	adds personal, advertising injury liability and medical to GL cover	employment practices, social media, smart phones
<ul style="list-style-type: none"> • Directors and officers (D&O) 	wrongful management decisions by board, volunteers and staff, allegations of neglect, breach of duty, misstatements, and errors by the board, employees, volunteers, and/or the entity itself. allegations of harassment,	embezzlement, fraud or dishonesty; all of GL coverage
<ul style="list-style-type: none"> • Employment practices liability 	discrimination, retaliation and wrongful termination	stand-alone policy may not provide depth of coverage, nonprofit D&O policy with EPL coverage may have more; check that the organization, all employees and volunteers are insureds, definition of covered employment actions may be narrow
<ul style="list-style-type: none"> • Professional liability 	higher standards required of professionals providing services w/in expertise	may not cover all your land trust's professional exposures
<ul style="list-style-type: none"> • Non-owned automobile liability 	accidents caused by an employee or volunteer driving a personal vehicle for a nonprofit	covers only the organization not the individual

COVERAGE TYPE	COVERAGE PROVIDED	NO COVERAGE
<ul style="list-style-type: none"> Business Continuity 	costs of business disruptions from specific causes	may exclude cyber risk
<ul style="list-style-type: none"> Property coverage 	property must be damaged by certain causes of loss	significant catastrophes that affect a wide geographical area, such as floods or earthquakes, nuclear war
<ul style="list-style-type: none"> Excess and umbrella liability 	when primary policy limits are exhausted, the excess policy provides additional coverage for defense, judgments and settlement expenses	does not cover claims excluded by the primary policy
<ul style="list-style-type: none"> Volunteer accident coverage 	payment of medical costs associated with work-related injuries or illnesses	does not cover the organization itself, may dissuade an injured volunteer from suing the land trust
<ul style="list-style-type: none"> Workers' compensation 	medical reimbursement up to a defined limit but not income replacement	reduces but does not eliminate the risk that the employer will face a liability claim from an injured worker; laws vary widely
<ul style="list-style-type: none"> Fidelity or dishonesty coverage 	employee theft, forgery, fund transfer fraud, computer fraud, money order and counterfeit currency fraud and credit card fraud, as well as costs to investigate a loss.	Only covers employee dishonesty
<ul style="list-style-type: none"> Title insurance 	compensates the land trust if actual title to (ownership of) the conservation easement is challenged or if the legal description is disputed, subject to the survey exception	issues on the ground, specific preexisting title exclusions
<ul style="list-style-type: none"> Cyber insurance 	Most cyber insurance has the option to include six key coverage areas data loss as opposed to hardware loss, business interruption, notice, content, regulatory, perception, extortion	This coverage is now expensive and coverage has narrowed; be sure to have expert help reading the quotes
<ul style="list-style-type: none"> Terrafirma 	significant protection from risk not covered by other insurance specifically for your conservation portfolio; provides coverage when a land trust must sue or is sued regarding <i>only</i> conservation rights	38 specific exclusions in Section 3 of the policy form

Similarities in Commercial General Liability and D&O Policies

Commercial General Liability	Directors & Officers Liability
Covers liabilities common to all nonprofits, including land trusts.	Covers claims alleging wrongful management acts that are common to all nonprofits.
Provides broad catch-all or basic liability coverage. Other liability coverages are more specific and narrower in scope.	Provides broad coverage for wrongful management acts.
Includes all board members, employees and volunteers as insureds.	Includes all board members, employees and volunteers as insureds.

Key Differences between Commercial General Liability and D&O Policies

Commercial General Liability	Directors & Officers Liability
Covers bodily injury, property damage and personal and advertising injury.	Always excludes bodily injury and property damage.
Covers accidents only. Claims usually arise directly from operations rather than governance (management decisions).	Covers wrongful acts. Claims usually arise from governance or management decisions. Board members, management and the organization itself are often defendants and are listed under a broad definition of <i>insured</i> in the policy.
Most often sold to nonprofits as an “occurrence” policy. The coverage trigger in this policy form is the date of the event, accident or occurrence.	Most often sold to nonprofits as a “claims-made” policy. In a claims-made policy, the coverage trigger is the date the claim was made against the organization. A lawsuit is likely to be filed or “made” many months after the events occurred.
Standard policy wording. Most insurance carriers use one of the forms issued by the Insurance Services Offices (ISO). The form number and ISO reference appear at the bottom of each page of the policy.	Nonstandard policy wording. Each insurer drafts or “manuscripts” its own D&O policy forms. Differences in wording and policy structure make it difficult to undertake a side-by-side comparison of coverage, a key to determining which provides better or preferable protection for the insured.

Adapted from [***A Guide to Risk Management for Land Trusts***](#), The Land Trust Alliance 2014. See the helpful Annual Insurance Analysis Grid on the next page for you to complete with your agent and board.

DISCLAIMER

The Land Trust Alliance designed this material to provide accurate, authoritative information about the subject matter covered with the understanding that the Land Trust Alliance is not engaged in rendering legal, accounting or other professional advice. If a land trust or individual requires legal advice or other expert assistance, they should seek the services of competent professionals. The Land Trust Alliance is solely responsible for the content of this series.

	Insert ins policy here	Insert ins policy here	Insert ins policy here	Insert ins policy here
Coverage type				
Premium annual				
Deductible				
Claim limit				
Policy aggregate				
Who covered?				
Who not?				
Other gaps				
Any riders				
Any endorsements				
Umbrella				
Notice requirement				
Potential overlaps				

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