



# TIP SHEET

## Taking Control - Insurance & You (2018)

Written by: Cindy Simmons, Henderson Insurance  
and Kathleen Watkin, MAS Museums Advisor

Whether you are a for-profit cultural organization or a non-profit cultural organization, ensuring you have proper insurance coverage in place is imperative for a strong risk management program.

Most cultural institutions, including museums, are non-profit institutions and have specific insurance needs. There are a wide variety of insurance coverages that non-profit cultural organizations have available, and it is important to research and understand these options, as it is extremely important to protect your organization, your directors and your property.

### Specific Coverage for Non-Profit Cultural Organizations:

Specifically, for non-profit cultural organizations the following coverages are *highly recommended* and should be included in your insurance policy. (See Note 1).

#### Property Insurance

Property Insurance can protect the physical assets of your non-profit that you either own or rent: computers, furniture, medical equipment, office space, and more. Property insurance can help replace or repair property that's been stolen or damaged by certain events, such as vandalism, fire, and windstorms. This would include Tenants' legal liability. Coverage extends to rented or occupied locations by the insured.

#### Building & Contents Coverage (Personal & Business)

Building and content insurance covers your building and any related contents. Building Insurance includes the museum's permanent fixtures (roof, walls, ceilings, floors) as well as covering the cost of most natural disasters, accidents and vandalism.

For non-profit cultural organizations content insurance can include valuable Papers; Fine Arts – to appraised value (See Note 2); Exhibition Coverage; Loaned Items Coverage (See Note 2); 3-D Crime Coverage (Dishonesty, Disappearance, Destruction); and, Employee Dishonesty (Money Orders & Counterfeit Paper Currency, Depositors Forgery, Computer Theft and Funds Transfer Fraud).

#### Commercial General Liability Insurance

This is a foundational policy that protects your non-profit when a third party sues over bodily injuries or property damage. Sometimes called "slip-and-fall" insurance. Commercial General Liability is essential because non-profit Cultural Organizations are open to the public. If someone is hurt on your property, you could be liable for the medical expenses. Some landlords may require you to carry this policy before letting you lease a space.

## Directors and Officer Insurance (D&O) Insurance

Directors and Officers Insurance can protect your non-profit's directors, officers, and board members in case they're personally sued. This coverage will pay for compensatory damages on your behalf in the event your Directors and Officers are held liable for damages caused by error, mismanagement, negligent acts, misleading statements, omission or any other wrongful act that results in losses to others. Having this insurance offers incentive for talented officers to help your non-profit's mission by not requiring them to put their own livelihoods on the line.

## Errors & Omissions Liability (Directors and Officer/Wrongful Acts)

Over the course of your non-profit's work, you may offer counsel or guidance to clients. Those clients could allege that you made a mistake or gave them bad advice. If a client sues over these oversights and alleges that your non-profit acted negligently, your Errors and Omissions Insurance can help pay for legal defense fees and judgments or settlements, saving your non-profit from dipping into its own limited budget.

## Volunteer Accident Coverage

Volunteer accident coverage includes accidental medical, disabilities, dismemberment, and death. Accidental medical coverage is designed to cover medical claims for a volunteer's service-related injury that is above the insurance they carry through mandatory health care. If a volunteer becomes critically injured or totally disabled, this insurance includes a temporary total disability benefit. Additionally, the coverage can help provide a portion of the volunteer's wages if they miss work for a period of time after the accident. Terms and conditions vary within each policy.

## Non-Owned Auto Liability

This insurance protects non-profit organizations against negligent acts of others who are using an automobile which is not owned by the insured or registered to the insured but conducting business on behalf of the insured.

## Specific Coverage for Non-Profit Cultural Organizations:

Sometimes, Museums need additional insurance coverage for special events and unique opportunities. (See Note 1).

## Special Event Insurance

If your non-profit organization throws a fundraiser, awareness walk, celebratory concert or other special event, Special Event Insurance can protect against personal injury and property damage that happen at the event. It can also include Liquor Liability coverage. Special Event Insurance is a short-term policy that can cover a single event, and the cost and coverage depend on the event specifics.

### *Gaming Permits*

Additionally, if your non-profit organization is participating or hosting gaming events, such as Bingos, Raffles or Chase the Ace, a gaming license is required. For more information and permits or charitable gaming grants, visit Saskatchewan Liquor and Gaming Authority at <https://www.slga.com/permits-and-licences/charitable-gaming>.

## Liquor Liability Insurance

If your non-profit organization ever organizes or hosts a special event where alcohol is served, you may need Liquor Liability Insurance. This policy can protect your organization when someone alleges that an intoxicated guest harmed someone and attempts to hold your non-profit accountable for the damage.

## Liquor Permit

Additionally, liquor permits are required for anyone serving alcohol at a special event, such as a wedding, cabaret or fundraiser that is held in a location other than a private place. A permit is required regardless if alcohol is served free of charge or if it is sold.

You can apply for your liquor license online at <https://www.slga.com/permits-and-licences/liquor-permits/special-occasion-permits>.

For more information, contact SLGA's Liquor Licensing Branch at 1(800) 667-7565 or (306) 787-5563.

## Cyber Liability/ Data Breach Insurance

Cyber Liability Insurance can cover expenses when your organization is hacked or experiences a data breach. It can help pay for notifying affected members/donors, repairing your security, offering credit-monitoring services, and rebuilding your organization's reputation after the breach.

## Commercial Auto

Commercial Auto Insurance insures your company vehicles against loss or damage. It can also address your organization's liability for auto collisions.

## Umbrella Insurance/Excess Liability Insurance

Umbrella Insurance is supplementary coverage for certain underlying policies when their limits have been reached. For example, you can draw on your Umbrella coverage if your General Liability policy has been maxed out. It's often an affordable alternative to increasing your underlying policy limits.

## Bailee's Customers Insurance

This insurance covers the bailee - the persons/organization that is in temporary possession of another person's/organization's property, in case of damage while under the bailee's care. The bailee is covered against many potential hazards, including fire damage, theft, robbery and sprinkler leaks. The insurance is in effect when the bailee issues a receipt to the lender for the item.

## Employment Practices Liability Insurance

Employment Practices Liability Insurance or EPL insurance, provides coverage to employers against claims made by employees alleging discrimination (based on sex, race, age or disability), wrongful termination, harassment and other employment-related issues, such as failure to promote.

## Business Interruption Coverage

This is a type of insurance that covers the loss of income that a business or non-profit organization suffers after a disaster. The income loss covered may be due to disaster-related closing of the facility or due to the rebuilding process after a disaster. Business Interruption Insurance is an additional add-on to the business' property insurance policy.

It differs from property insurance in that a property insurance policy only covers the physical damage to the business, while the additional coverage allotted by the business or non-profits interruption policy covers the profits that would have been earned. This extra policy provision is applicable to all types of businesses, it is designed to put a business/non-profits in the same financial position it would have been in if no loss had occurred.

## Extra Expense Coverage

This insurance coverage provides funds for reasonable and necessary costs a business may incur in the event that business/non-profit operations are interrupted. Extra expense insurance coverage applies to the period of time between when a business/non-profit is forced to temporarily close and when it has been restored to normal operation.

Extra expense coverage can be purchased in addition to or instead of business/non-profit income coverage, depending on the needs of the organization.

## Terrorism Insurance

Terrorism Insurance is insurance purchased by property owners to cover their potential losses and liabilities that might occur due to terrorist activities.

## What Henderson Insurance Can Offer You:

If you are unsure of your insurance needs and coverages, Henderson Insurance is here to help. They will work with you to identify your risks and insurance requirements. They offer a **SaskCulture Insurance Certificate Program**, a competitively priced insurance program for SaskCulture members (that's all members of MAS), which may suit your needs. For any deficiencies, they can look at additional coverages and increased limits. Call Cindy Simmons today to discuss your options - 306-694-5959.

## Overview of the SaskCulture Certificate Insurance Program

Henderson has created the SaskCulture Insurance Certificate Program, a program specifically for SaskCulture members, including the Museums Association of Saskatchewan and its members.

COVERAGE	TYPE	LIMIT	PRICE
Property	Office Contents	\$10,000/ \$25,000	\$220/ \$440
	Misc. Property Floater	\$5,000/ \$10,000	Incl.
	Temporary Locations	\$5,000	Incl.
	Transit	\$5,000	Incl.
	Crime (money)	\$5,000	Incl.

Table continued on next page...

COVERAGE	TYPE	LIMIT	PRICE
Property	Deluxe Plus Endorsement- Includes such items as: Fine Art* (\$25,000) Exhibition (\$25,000) A/R (\$25,000) 3D Crime (\$5000 limit) Valuable Papers (\$50,000) Extra Expense (\$50,000) Sewer Back Up  **This is not an exhausted list of coverage under property	Varies depending on item covered. Most are \$25,000, some \$10,000 and some \$50,000 limit. Refer to policy  *Fine Art is any one item up to \$2,500 with a max limit for Fine Art of \$25,000 - items over \$2,500 required appraisal. Higher Limits can be requested	Incl.
	Building	\$1,000,000	Incl.

COVERAGE	TYPE	LIMIT	PRICE
Commercial General Liability (includes D&O)	Bodily Injury and Property Damage Liability	\$3,000,000 or \$5,000,000	\$435/ \$650 but dependent on Operating Budget
	Tenants Legal Liability- for any one premise	\$250,000	Incl.
	Medical Expense-Any one person	\$1,000	Incl.
	Products/Completed Operations Hazard	\$3,000,000	Incl.
	Directors & Officers Liability	\$1,000,000	Incl.
	Non-Owned Auto S.P.F. 6	\$3,000,000	Incl.

COVERAGE	TYPE	LIMIT	PRICE
Volunteer/ Member Accident	Accidental Death, Dismemberment & Specific Loss Indemnity	\$10,000	\$1 per volunteer *Additional \$25 policy fee per annum (minimum premium for this policy is \$50 per annum)
	Accidental Dental Reimbursement	\$5,000	Incl.
	Accidental Medical Reimbursement	\$15,000	Incl.
	Emergency Transportation Benefit		Incl.
	Rehabilitation Benefit	\$5,000	Incl.

\*\* Premiums and limits subject to change

## Conclusion

Due to the risks faced by museums, it is important to take a holistic view of your organization to ensure you are properly insured. Such risks include the type of museum – do you display priceless works of art, irreplaceable artifacts, valuable and historic papers, reference material that is extremely difficult to find, etc.? With these objects, are they owned by the museum or are they loaned by an artist, or from someone's private collection? Beyond the value of content on display and in storage for your museum, you must also consider the type and amount of traffic that visit your facility, the types of events you host and how many volunteers you have.

Insurance is one of many ways to protect your organization, however it is only one piece of the **Risk Management Process**. A thorough understanding of your business/non-profit organization from every angle will allow you to determine what risks your organization faces. It is important to determine the likelihood and severity of these risks to the survival of your organization. Do you have the proper insurance, security, policies, procedures, location, strategic planning and staff in place to decrease the chance of a risk from occurring?

## Notes:

**Note 1:** All insurance discussed does not cover fraudulent, illegal or criminal actions.

**Note 2:** It is important to understand the values of your contents / fine art to ensure you have adequate coverage in place. For Fine Art you may be required to obtain a professional appraisal to determine values. A listing of items along with the appraisals should be provided to the insurance company to ensure the items are covered. For items that are loaned to the museum or the museum has loaned out, there may be specific requirements from the insurance company to have these listed and covered. Additional premiums may also be required to cover these items.

### **For More Information, See:**

Henderson Insurance, Inc. Website: <http://www.hendersoninsurance.ca>

Insurance Bureau of Canada. Website: <http://www.ibc.ca>

International Risk Management Institute, Inc. (IRMI). Website: <https://www.irmi.com>

Investopedia. Website: <https://www.investopedia.com>

Saskatchewan Liquor and Gaming Authority. Website: <https://www.slga.com/permits-and-licences>

### CONTACT US!

Phone:

(306) 780-9279 Toll-Free in SK 1-866-568-7386

Email: [mas@saskmuseums.org](mailto:mas@saskmuseums.org)

424 McDonald Street

Regina, SK S4N 6E1

We gratefully acknowledge  
the support of...

