

VIS[®] CONNECTIONS

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Fall 2012

We are happy to provide you our publication for nonprofit risk managers, as part of our service to you. The titles in the contents section link directly to their articles. If you need to change the email address to which this is sent, please [contact us](#). Be sure to include your name, organization and address. You also are welcome to call us at 800.222.8920 for assistance.

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Building Blocks For a Risk Management Plan

By M. L. Donnellan

Editor's note: The information in this article is from "The Three-Hour Risk Management Plan," one of 15 guides in the "Hour Series of Guides for Nonprofit Management," published by Nonprofit Management Services, LLC, and available at www.nonprofitmanagementservices.com.

Ms. Donnellan has 30 years of experience as a nonprofit CEO and consultant. The nonprofits where she served ranged from a single staff organization with a \$150,000 budget to a \$6 million nonprofit with a staff of 300. She is the author of three books, as well as numerous articles, on all aspects of nonprofit management. She can be reached through the NMS web site or marilyn157@aol.com.

We appreciate Ms. Donnellan's contribution to this issue of VIS Connections.

A youth pastor was arrested for the sexual assault of two girls. The man had a history of sexual abuse, and was listed in the state’s public database as a sexual predator. Unfortunately, the church had no policy that required criminal background checks on potential staff and volunteers. Now the church is facing a lawsuit by the parents for failing to protect their children.

Effective nonprofit administration must include a frequent examination of all the risk issues associated with the facility; programs; the board; and the overall functions of the nonprofit, especially the financial controls. When significant changes occur within the organization, or there are changes in programs, the leadership must consider the level of risk and the impact that such changes will have on safety and insurance issues. It is the board’s responsibility to make sure there are adequate policies and procedures in place to implement any changes.

To avoid potential lawsuits, staff and volunteers need to be well trained on how to deal with safety issues, as well as issues such as sexual harassment and client abuse. They also need to know how and when to conduct criminal background checks on prospective employees or volunteers.

Risk management for nonprofits is not just about having adequate insurance; it is also about reducing the level of risk for the nonprofit, the staff, the volunteers and the clients by implementing effective policies and procedures. An effective risk management plan will encompass man-made disasters, abuse (clients, staff or volunteers), exposure to lawsuits, workplace health and safety issues and natural disasters, to name just a few.

What follows is a series of sample policies in a few key areas of risk, showing who within the organization is responsible for implementing the policy, and some of the resources that are available. (You may have additional resources available to you.) The staff and board of directors can use policies such as these, adapted and customized for the organization’s specific needs, as building blocks for a comprehensive risk management plan that recognizes and addresses its specific risk exposures.

Sample Policies for Insurance

Policy	Responsible	Resources
1. The board of directors will purchase D&O insurance.	Board	Insurance companies and brokers, chambers of commerce, other nonprofits, state associations of nonprofits
2. Insurance benefits for staff, such as health insurance, 401(k), etc., will be evaluated annually by the administration committee, which will recommend any changes to the board.	Board, administration committee	Insurance companies and brokers, chambers of commerce, other nonprofits,

		state associations of nonprofits
3. The administration committee will annually review insurance packages currently in use and determine if additional insurance or insurance changes are needed, making recommendations to the board. The staff will assist by doing a preliminary analysis and presenting it to the committee.	Board, administration committee, staff	Insurance companies and brokers, chambers of commerce, other nonprofits, state associations of nonprofits
4. Adequate insurance coverage will be included in the annual budget.	Board, finance committee	Insurance companies and brokers, chambers of commerce, other nonprofits, state associations of nonprofits
5. The state’s Good Samaritan laws and federal laws will be checked at least every other year to verify that the nonprofit is in compliance.	volunteer development or administration committee	State and federal labor and volunteer laws

Sample Abuse Prevention Policies

Policy	Responsible	Resources
1. All staff and volunteers working with vulnerable clients will be trained on how to recognize abuse.	Executive director, human resources (HR) manager, volunteer development coordinator	State or local department of health and human services, nonprofits dealing with abuse issues
2. Staff or volunteers accused of abuse will be suspended until the allegations are investigated by the proper legal authorities and the individual is cleared or criminal charges are filed. If cleared, the individual will be restored to employment and receive back pay for the suspension period. If charged, the individual will be fired and receive no back pay.	Executive director, HR manager, volunteer development coordinator	State or local department of health and human services, nonprofits dealing with abuse, law enforcement

3. Criminal background checks will be conducted on all staff and volunteers working with vulnerable clients.	Executive director, HR manager, volunteer development coordinator	Law enforcement or designated local or state nonprofit responsible for conducting criminal background checks, or commercial service provider
4. All new staff and volunteers will be paired with an experienced person for the first year of their involvement.	Executive director, HR manager, volunteer development coordinator, and the supervisor of the new person	Staff and volunteer development policies and procedures

Sample Employee Health and Safety Policies

Objective	Policy	Responsible	Timeline
1. Safe work environment	An employee committee will be established by the executive director (ED).	ED and health and safety committee	Annually
2. Equipment upkeep	The committee is responsible for identifying and reporting any items that need to be replaced or repaired.	Health and safety committee	Quarterly
3. Facilities upkeep	The committee is responsible for finding and reporting any items that need to be replaced or repaired.	Health and safety committee	Monthly
4. Cost	The board of directors will include in the annual budget line items for facilities and equipment maintenance, repair and replacement.	Finance committee, board of directors	Annually
5. Healthy employees	The committee will develop training programs that will encourage healthy lifestyles for clients, staff and volunteers.	Health and safety committee, HR	Annually

Sample Disaster Policies

Issue	Policy	Responsible	Resources
Internal disaster plan	The employee health and safety committee will be responsible for developing the internal disaster plan and procedures.	Executive director (ED)	American Red Cross, county emergency management agency, The Salvation Army, fire and police departments, insurance loss control representatives
Internal disaster plan	In the event of a disaster at the facility, the executive director or designee will implement the board-approved plan and notify the board chair as soon as possible.	ED or designee	American Red Cross, county emergency management agency, The Salvation Army, fire and police departments, insurance loss control representatives
External disaster plan	In the event of a disaster in the community, the nonprofit will implement the board approved external disaster plan and notify the board chair as soon as possible.	ED, health and safety committee, board chair	American Red Cross, county emergency management agency, The Salvation Army, fire and police departments, insurance loss control representatives
Communication	In the event of any crisis, only the board chair and executive director are authorized to speak to the media on behalf of the nonprofit. Should they not be able to do so, the associate executive director and vice chair of the board will speak on behalf of the nonprofit.	Board, board chair, ED	Media or public relations representatives
Communication	Before speaking to the media, the spokespersons will confer and develop written responses to the crisis. Responses will occur within 24 hours of the crisis, or as quickly as possible.	Board, board chair, ED	Media or public relations representatives

Holidays are coming up...including November 5 and December 5

[International Volunteer Managers Day](#) on **November 5** and [International Volunteer Day](#) on **December 5** are opportunities to honor all the great people who keep your organization going and uphold its mission, every day. If you click the links above, you will find more information, along with a variety of resources you might find useful for an observance of these annual celebrations.



Volunteering in the United States is as old as the original colonies, and as long as there have been volunteers, there have been people to manage them. In the colonies, militias were composed of volunteer soldiers. Militia captains were paid to recruit and lead those soldiers. Pioneers pushing westward hired wagonmasters, to organize the work necessary to keep the wagon train moving safely toward its destination – to manage the efforts of those who had volunteered for the long and challenging journey.

Sometimes, volunteer managers have found their calling because of one volunteer's successful idea. For example, in 1851, Thomas V. Sullivan, a retired sea captain, decided to establish the Young Men's Christian Association, to provide a home away from home in Boston, for young men moving from the country to the city to find work. Soon, the idea caught on nationwide, and supporters from various faith congregations became volunteers and volunteer managers to establish those homes away from home, in their own communities.

(For many more examples like this, see *A History of Americans As Volunteers*, by Susan J. Ellis and Katherine H. Campbell, available at www.energizeinc.com.)

Help us honor your own volunteers, and volunteer managers

We'd like to help you tell others within the Volunteers Insurance Service community how great your volunteers, and volunteer managers, are. With the redesign of our Website (www.cimaworld.com), we will be making use of social media such as Facebook and YouTube to share resources, stories, successes, and profiles of volunteers.

What is it that makes a particular volunteer or volunteer manager special to you? Is it the many years they have served? The way they help others in a way they themselves once were helped? The distance they drive a client, in all kinds of weather, for the services the client needs? The way a manager coordinates the efforts of staff and volunteers, and makes sure everyone knows he or she is valued? We encourage you to send us a short profile and photo of the people you are proud to recognize and honor publicly. Or consider doing a short video interview with them. There is no limit on how many or how often you can share. Just email [VIS Executive Director William Henry](mailto:VIS_Executive_Director@CIMAWorld.org) with the information, photos or video, and include your phone number in case he needs more information. We will let you know when the volunteer's profile is ready for viewing.

And please be sure to "like" us on Facebook! – www.facebook.com/cimaworld.

Collaborating with another organization? Know and navigate risks

Nonprofit organizations often choose to collaborate with other organizations for mutual benefit. Joint purchasing agreements, office-sharing, information-sharing, program coordination, event sponsorships, mergers and other arrangements have become commonplace, and often serve to strengthen each of the collaborating partners. However, there are risks involved. The partners exercise little control over each other's operations. Collaborations often involve breaking new ground, where inexperience can cause mistakes. Sometimes partnerships involve more effort or resources than expected. Sometimes the motivations of one or more partners change, and sometimes partners don't meet expectations.

For these reasons and others, collaboration risks need to be recognized and addressed.

Nonprofits Insurance Alliance of California and Alliance of Nonprofits for Insurance, Risk Retention Group, have published an excellent guide, *Managing Collaboration Risks: Partnering With Confidence and Success*. The 18-page guide provides checklists and key questions to ask before, during, and after a collaborative venture, to identify potential problems and help the partners address those areas of concern. It also covers special situations such as collaboration with organization insiders and with for-profit organizations; describes the key components a memorandum of understanding should have; and summarizes insurance considerations.

If you would like a copy of *Managing Collaboration Risks* by return email, please email VIS Executive Director [William Henry](mailto:William.Henry@CIMAWorld.org) or call him at 800.222.8920. There is no charge.

Checklist to minimize the most common volunteer risks

A few practical measures to consider, in addressing the most common risks resulting in claims we have seen in the VIS® program:

- Clear walkways, steps, etc. of anything that might cause a volunteer to slip or trip.
- When volunteers are assigned to another location, make sure those areas also have been freed of fall hazards.
- Caution volunteers that they might need to use more care walking than they do when they're in their own homes.
- If volunteers are asked to lift or carry:
 - Is the material light enough and compact enough to lift safely?
 - Have volunteers been trained in safe lifting techniques?
 - Can you reduce the risk of injury by rearranging items to be lifted, assigning more (or stronger) volunteers to the task, or obtaining hand trucks, a dolly or other materials-handling equipment?
- Identify what equipment or tools volunteers use.
 - Have they been trained to use these properly?
 - Have they demonstrated that they truly can use these safely?
- If there a risk of cuts or scratches in the volunteer's work, require long sleeves and gloves.
- Consider any allergies or special medical needs the volunteer might have, before assigning tasks.
- Have – and enforce – a formal policy for screening and supervising volunteers. Require volunteers to follow your rules, and hold them accountable for doing so.
- Make sure volunteers know – and follow – the chain of command for reporting abuse or other problems they observe in the course of their work.
- For volunteers who are caregivers, train them in the communication aspects of their duty, so they can understand the wants, needs and fears of the person they are caring for.
- Obtain motor vehicle records and copies of drivers' licenses for all of the volunteers who will drive your organization's vehicles or use their own cars on organization business.
- Devote adequate time to vehicle safety, particularly with respect to driving in inclement weather.
- Monitor the driving of elderly volunteers. VIS® can suggest resources for help in doing this. Contact Executive Director [William Henry](#) for more information.

Whose business is it if you change your bylaws?

Nonprofit organizations sometimes do that, and wonder if anyone outside the organization needs to be notified. It depends. As an article in *Nonprofit Issues* (www.nonprofitissues.org) points out, mission statement or bylaws changes normally do not need to be reported to the state office where you filed your articles or certificate of incorporation. However, “notification of the change may be required by the offices in which you are required to register to solicit charitable contributions in the various states, although you may be able to wait until you file your renewal,” the article notes. “Check the statute in any state in which you are registered. The IRS asks on the Form 990 tax return whether there have been any changes to governing documents, and the changes should be reported there.”

Those state offices can be found on www.nasconet.org, the Website of the National Association of State Charity Officials.

Resources

The IRS has a variety of resources to help nonprofit organizations maintain their tax-exempt status. See www.irs.gov/charities, and the IRS’s special compliance Website for nonprofits, www.stayexempt.org.

CIMA service team for VIS® members

Volunteer insurance:

[Victoria W. Brooks](#), Account Executive

[Joan R. Wankmiller](#), Account Executive

Directors and officers liability:

[Aaron Jones](#), Account Executive

[Laurie S. Coleman](#), Senior Vice President

Toll-free: 800.222.8920 or 800.468.4200

We are always happy to serve our members. Please let us know, any time we can be of help!

VIS® Commitment

Volunteers Insurance Service is committed to providing its members a complete resource for the nonprofit organization's risk management needs. Our services include:

- Publishing *VIS® Connections* as one of our information resources for members;
- Maintaining for members' use a library of information relating to management of risks in the nonprofit organization;
- Researching available and appropriate insurance relating to volunteer activities;
- Designing and administering insurance programs, and compiling underwriting information;
- Providing consultation on risk management issues at no additional charge to our members, via a toll-free line (800.468.4200);
- Assisting members, on request, with matters relating to insurance.

Insurance and administrative services are provided to VIS® and its members by The CIMA Companies, Inc. and/or one of its affiliated companies.

VIS®'s Articles of Incorporation, Financial Information, and a list of the members of VIS®'s Board of Directors are available to VIS® Members upon request.

CIMA licensing information

The following licensing information is being provided in order to comply with state governmental regulations:

Volunteers Insurance Service Association, Inc. is a risk purchasing group formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901 et seq.)

Notice to Texas clients: The insurer for the purchasing group may not be subject to all the insurance laws and regulations of your state. The insurance insolvency guaranty fund may not be available to the purchasing group.

Notice to California clients: License #0B01377 and #0A06046, CIMA Companies Insurance Services

Notice to Minnesota clients: License #009285 and #07544084, The CIMA Companies, Inc.

CIMA, one of its subsidiary companies and/or an authorized individual is licensed in all jurisdictions. Please contact CIMA at 800.468.4200 if you would like information about our licenses.