



Board Liability

* This policy is adapted from the policies of The Winnipeg Foundation.

This document serves as a tool for your community foundation to build a relevant policy applicable to your foundation's context. The function of each policy is listed in the footer on the left, and on the right is Endow Manitoba's numerical organizational structure, which needs to be modified to reflect the organizational structure of your community foundation's policies.

Policy Template

Policy name: 1.06 Board Liability	Effective date: (The date the policy became effective)
Policy type: Organizational	Monitoring frequency: (Suggested: 3-5 years)
Policy owner: (This is who is responsible for this policy. It can be the board of directors, the board chair, a specific staff person.)	Revision history: (History of revisions)
Who approves:	Next review date:

Background and purpose

(Explains relevant historical information and the purpose of the policy).

Sample: The Board of Directors of [Organization Name] plays a critical role in governing the organization, ensuring it fulfills its mission, complies with legal and regulatory obligations, and operates in the best interests of the public. However, directors and officers may face personal liability for decisions, actions, or omissions made in good faith while discharging their duties. To attract and retain qualified individuals to serve on the Board and to provide them with protection against personal financial risk, [Organization Name] recognizes the importance of implementing a Directors and Officers (D&O) Liability Insurance Policy.

Scope

The policy applies to all board members of the Foundation.



Policy statement

(Outlines the community foundation's intent, principles, and expectations regarding a specific subject or area of operation. It is a guiding framework for the community foundation's decisions, actions, and behaviours.)

Sample: This policy aims to mitigate the risk of financial loss arising from claims of negligence, wrongful acts, or breaches of duty, while also fostering accountability and sound governance practices.

Things to Consider for Inclusion in the Policy

This is not a comprehensive list but rather a list of ideas to start a meaningful conversation about policy development. Each of the following could be a subheading in your policy.

General Considerations

- What are the key risks that Board members might face in their roles?
- How can the community foundation ensure that Board members and officers are protected from personal financial liability arising from decisions made in good faith?
- Does the organization want to implement a Directors and Officers (D&O) Liability Insurance policy, and what level of coverage is appropriate?
- How does having a liability policy support the recruitment and retention of qualified Board members?
- What are the legal and regulatory requirements for director and officer liability insurance in Canada, and how do they apply to our organization?

D&O Liability Insurance

- What type of insurance is appropriate for our organization's size, scope, and activities?
- What risks should the policy cover (e.g., negligence, wrongful acts, breaches of duty)?
- Are there specific exclusions (e.g., fraud, criminal acts, or willful misconduct) that need to be clearly defined?

Coverage Scope

- What are the limits of coverage for legal defense costs, settlements, and judgments?
- Should the policy include coverage for past directors or officers, as well as current ones?
- How does the coverage apply to volunteers or committee members acting on behalf of the organization?

Indemnification

- To what extent should the organization indemnify Board members for claims against them?
- What criteria should be used to determine whether an individual acted in good faith and in the best interests of the organization?
- Are there legal restrictions or guidelines in our jurisdiction that limit indemnification provisions?



Annual Review

- How often should the Board review the adequacy of the D&O Liability Insurance coverage?
- What process should be in place to assess whether the coverage aligns with evolving risks and organizational needs?

Training and Education

- What training should be provided to Board members to help them understand their roles, responsibilities, and risks?
- How can ongoing education help reduce the likelihood of liability claims?

Policy Implementation

- Who will be responsible for maintaining and administering this policy?
- How will the community foundation communicate the details of the policy to Board members?
- What steps will be taken to ensure compliance with the policy and foster a culture of accountability and sound governance?

Policy Review

- Who is responsible to review this policy?
- Will the review be done every [2-3] years?