



Risk assessment for international associations

Are you covered for what you actually need ?
Do you really understand the limits of your insurance coverages ?

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Brief « Personal » Presentation

- ▶ 44 years old ...
- ▶ I Spent one year in USA as an AFS exchange student (1992-1993)
- ▶ Master's Degree in Business Administration (UCL) 1998
- ▶ First job = Project management in IT for Cresus (Real Software) – IT consultancy for Banks
- ▶ French- Dutch - English and German fluent
- ▶ 2001: Took over the family business MOT-DEHON & Partners as 4th generation « Insurance Broker »
- ▶ During my « insurance broker's career »: development of private clients, corporate clients and a lot of associations and not-for-profit organizations
- ▶ Specific development of « niches » such as PCO's, Event Organizers, Expats clients, CRO's, Research & Development, International Organizations, Federations, Professionals...

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Brief « Personal » Presentation

- ▶ With curiosity and willingness to find solutions for specific needs, I developed business with the Lloyd's market
- ▶ Executive Master's degree in International association management at the Brussels Solvay School
- ▶ Very Recently: new opportunity/challenge : Belfius Banque offered me to join their teams as insurance Expert for several agencies in Brussels to develop both business and the « not-for-profit » segments of clients.

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Brief « Personal » Presentation

- ▶ I was meant to work with people and love to meet others
- ▶ I love to learn, discover, understand people, businesses...
- ▶ **Who thinks insurance is boring or dull? Who believes it is an administration task?**
- ▶ What do you think about insurance ? Do you often reflect on your needs, changes in activities?

SURPRISINGLY : after 20 years of experience in the field... I have not been bored once since I started !

I am still learning every day, still discovering possibilities, and I still see a lot of potential improvements in the insurance business...

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What's the point of today's discussion?

- ▶ Set up a « general » risk assessment for « AISBL »
- ▶ Hopefully, to give you some hints, and point out « specifics » of the non-profit sector regarding insurances
- ▶ Draw your attention in order to avoid gaps or bad surprises
- ▶ Global overview and explanations of each type of insurance product with its limits of interpretation

My objective is : to raise questions in your minds!!!

Have you really assessed your risks? Do you know what they are?

Are you supported by professionals in this matter? Not an "insurance seller", but a responsible professional?

What do you want to be covered? If it is not covered, are you ready to take that risk on yourselves?

Who is in charge of this « process » in your association? Is this person able to **think « risk »** or is this person just « **administrating** » your policies?

Questions that I hope , you will want to **review internally** and think about it with greater attention and **awareness...**

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Overview of potential coverage needed

- ▶ 1) Worker's Compensation (volunteers?)
- ▶ 2) Liabilities:
 - 2.1 General Liability (organizer's liability?, volunteers?)
 - 2.2 Professional Indemnity
 - 2.3 Directors and Officers Liability
 - 2.4 No-Fault Liability (objective)
- ▶ 3) Cyber Risk
- ▶ 4) Events (cancellation and organizer's liability)
- ▶ 5) Fire insurance/property (tenant liability? Limits?)
- ▶ 6) Business/activity Interruption
- ▶ 7) Travel assistance and « accidents »
- ▶ 8) Employee benefits / Hospitalization group policy
- ▶ 9) Car/Fleet insurance (omnium mission)
- ▶ 10) Legal defense

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1. Worker's Compensation



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1. Worker's Compensation/ Employer's liability

Legally and mandatory for any employer. **Volunteers/interns** should also be mentioned in the policy...

As a responsible employer, your staff members should be protected in case of an accident either:

- on site during their duty +
- on their way to work or back from work.

This legal coverage is based on fictive maximum wages ("plafond INAMI") and therefore, can additionally be improved with an excess coverage for higher salaries

Limits on territory of the insurance coverage... so DO advise your insurer if staff travels abroad.

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2. Different types of Liabilities

Overall Context: potential increase of number of claims

2.1 General Liability

“Extra-contractual” = Covers your liability against third parties and potential **material damages and/or bodily injuries** you would be found liable for, either caused by one of your staff members or volunteers.

- ▶ Precise and detailed description of the activity in the policy is fundamental
Organizer’s Liability (definition of activity?) ... is a must for event organizers to protect material damages and bodily injuries occurring during the event

For some organizations or activities, **product liability** is also inherent to their risk exposure and therefore need to be included in your general liability coverage (events, catering....)

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2. Different types of Liabilities

2.1 General Liability

Example: rental of venue = congress center (or part of-)for the event

Questions you should ask yourself while you are planning your event:

- Are the damages to the rented venues or material rented included in my policy?
Up to what limit? Complicated issue...
- It is important to negotiate with the « Venue » about insurance constraints... **Do not accept to take** all the risks on you... some of them are hard to transfer to the insurer...be aware of this
- Staff and volunteers mentioned in the policy?
- Subcontractors? Recourses? PCO’s...???
- Do I need to mention them on my policy?

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2. Different types of Liabilities

2.2 Professional Indemnity

This policy covers the **financial loss** a third party would claim for, that would be consequent to an **“error or omission”** of one of your staff members or volunteers in the course of their duty (includes the contractual liability).

- What about confidentiality issues??? GDPR?
- **Some** insurance policies may include a liability cover in case you would spread (unintentionally) a virus to a third party **but it is not** equivalent to a full CYBER RISK policy (1/3 + own damages)
- **Some policies clearly exclude** any cyber-caused damage in their PI wording because they offer a broader separate CYBER policy

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2. Different types of Liabilities

2.3 Directors and Officers Liability

- Needs to be in place to protect the Board of Directors and their Officers in the course of their management.
- A management fault could potentially affect their personal assets and therefore needs to be protected through this type of contracts.
- Includes the legal defense costs **before** going to court... and a limited coverage for **court expenses (limited)**

Context: new legislation to come will probably limit the Maximum amount of liability for Directors and officers in the not-for-profit sector

So true in the non-profit organization sector as you also call on volunteers especially on the Board!

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2. Different types of Liabilities

2.4 No-Fault Liability (objective)

- covers damages to third parties, even though your organization **has not committed a fault**.
- **has to be** put in place typically for activities where there is an aggravated **explosion or fire risk** especially where “public” could suffer some bodily injuries for example. (Event’s-venue?)
- More specific to the R&D sector, this type of liability is also the case for clinical trials for example.

3. CYBER RISK

Interesting figures

- 60% of organizations, corporates cannot function without IT
- 44% of the data collected contains private information
- 41% of organizations have already been victim of a cyber crime (virus, fake invoices, hacking, phishing, deny of services ...)

Reflection:

- 77 % of organizations don't feel they could potentially be victim of a cyber crime, BUT 41 % already have...
- 36% of organizations know about the existence of an insurance Cyber policy but only 6% actually has underwritten a Cyber policy
- GDPR is already in force, are you certain you are not exposed to Cyber risk?

3. CYBER RISK

What is to be understood under "cyber risk"?

Non-authorized transmission of electronic data to another electronic system in order to destroy, alter or encrypt it without the consent of the data manager.

It can also be unauthorized access use to your information system

Sometimes against ransom

Emergent risk but aggravated with the new GDPR legislation

What kind of risk?

Interruption of business activity

Damage to personal data or data of the organization

Theft of data, fraud, extortion, terrorism...

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3. CYBER RISK

What is/should be usually covered in most Cyber policies?

- **Only financial loss**
- First help IT assistance during 48h after facts and notification to the insurer
- If you suffer « own damage »: the insurer will research and evaluate the problem, see how to restore the damaged data... + **legal advice** to notify the claim
- **Crisis Consultants costs** to limit the crisis as much as possible
- **Communications costs**
- **Monitoring and surveillance costs** in case of abuse in the use of the data
- Liability related guarantee: Defense costs linked to a claim in case of security failure of network or system failure
- Claim in case of violation of use of « insurable personal data » (defense and financial loss are covered)
- **Late notification to the commission** : defense is covered but not the fine (civil, not criminal)

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3. CYBER RISK

What is usually excluded ?

- **Financial loss resulting of the loss of reputation**
- Claims that are **not due to system/security failure**
- Bodily and material injury are excluded of the policy

Make sure you don't underestimate the risk and if you outsource the services, make sure you can transfer most of the liability to your IT provider.

Be careful with the terms / wording of the policy, some insurance companies cover very little and with many sublimits.

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4. Events : Cancellation and Organizer's liability

- Organizing an event involves a great deal of planning and financial investment.
- Your reputation is depending on the success of the event
- Any major problem could put the financial sustainability of your association at risk.
- Have you analyzed the venue contract in details regarding the insurance section?
Do you really understand the limits of your insurance policy (guarantees and capital limits?)
- Is it sufficient? Are we talking about the same thing?
- Abonnement policy or one-shot?

My "wise" advise would be: good analysis = good negotiation = good evaluation of what needs to be covered and avoiding bad surprises

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4. Events : Cancellation and Organizer's liability

What it is mostly covered in cancellation?

- From strikes to volcanic ash clouds, border closures by local authorities, the death or physical incapacity of crucial persons to the event or even serious on-site issues that leave you in need of a new venue
- Terrorism, events curtailment, national mourning, key speakers, loss of attendees, communicable diseases...

Incomes of Events are for most associations (besides memberships) = THE revenues needed to cover future operational costs.

My advise = you should budget this risk and transfer it to the insurer if you cannot take it on you...

5. Fire insurance/property

- Tenant liability or Property owner: you need to be covered unless your rental contract mentions waiver of recourse (abandon de recours)
- Content: Fire and theft, what about the property development you financed?
- Sufficient limit covered?
- IT and electronic devices? Do you need an all risk policy? Is your inventory updated ?

Basic idea but so important: correct capital limit insured means no problem in case of a claim...

6. Business/activity Interruption

- This could **feel at first inapplicable to your sector**, but it actually might also apply to the non-profit organizations too...
- Whenever a fire, water damage, or storm occurs and puts your activities on hold for a longer time. How much time do you need to restart? 3-6-9 or 12 months?
- Unable to pursue normal activities and you could encounter difficulties to cover your **fixed costs**.

How long do we need to “restart” our activity? How much are our fixed costs going to sum up in that period of time?

7. Travel Assistance and « Accidents »

- Some of your staff members (or board members) travel regularly for your organization and you wish to cover their assistance/accidents during their professional trips on annual basis or one shot basis
- What if they are expats? Make sure the policy is active.. Mostly they are not... you need something specific to cover non-residents
- You can also choose to cover the accidents for the participants
- Difference with workers compensation?
- What is considered private/ professional?

8. Employee Benefits

- Indeed, our State and public finances are put at stress and in deficit.
- Act for a supplement to legal retirement fund in order to increase the fidelity of your staff
- Objective: to allow your employees to keep the same level of financial means when they will retire.
- Several possibilities are interesting, and you can combine different schemes such as the retirement scheme or a bonus scheme
- These solutions can also provide **significant fiscal advantages and costs advantages for both parties.**
- These policies allow (if sufficient capital accumulated in the policy) to finance real estate project in EU with reduced cost and can be very interesting versus a loan

9. Hospitalization group policy

- For your staff: discount pricing possible for a « group » of people
- Package or Tailor made solutions and coverages are possible
- Policies exist for international travelling employees
- Board members / expats specific policies exist (temporary contracts: or yearly contracts)

10. Car/Fleet insurance (+ “omium” mission?)

- Coverages options are similar to the private cars insurance policies
- Car fleet insurance? Better quote? Not systematically...
- What if one of your staff member used his private car for a business mission and has an accident and recurses against the organization?
- Solutions are possible with the « full coverage while on mission » policy

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11. Legal Defense

- Special insurance policies are available to cover your potential legal defense claims costs, attorney's fees...
- Be careful with matters that are covered and not covered...
- Make sure your association's activities are correctly described and as well as the territories where you are active
- Limits in capital per type of coverage
- Prevention is the first step: A good lawyer as partner is always a good way to prevent future issues, especially when you deal with a lot of different types of contracts and potential liabilities but if something goes wrong, then you may want to cover those costs through an insurance policy

Good analysis before signing your contracts is a must ... Insurance will take over the cost of your defense in case of a claim

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Conclusion

- The insurance sector is a broad and complex matter.

It is not just a paper in a file, and payment once a year

- Your job: identify the risks exposures and list them and you will need a reliable partner that goes along the path with you and understands your activity, assesses the risks with you, and finds a solution within your budget lines and priorities

Always cover what can potentially put the existence of your association at risk

- Insurance is a great mean to protect your association and should be considered and managed professionally just as you do for pursuing the mission of your association and for your members

Find a good professional insurance adviser to manage your insurance portfolio. It is of the utmost importance for the association.

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Conclusion

Questions?

**THANK YOU VERY MUCH
FOR YOUR ATTENTION**

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