

**FAQ on Non-Profit Insurance Proposal prepared for:
Members of Friendship Force Clubs of Canada**

Insurance Agent	FPB (Foster Park Brokers Inc.)
Coverage	
Commercial General Liability See attachment for coverage	Deductibles: \$1,000 Property Damage \$500 Damage to Hired Vehicles (SEF 94) Limit of Liability: \$5,000,000 Aggregate: \$5,000,000 (See question 30 for explanation)
Directors and Officers Liability See attachment for coverage	Deductibles: Nil Insuring Clause a) Directors & Officers \$2,000,000 b) Company Reimbursement \$2,000,000 c) Entity Cover \$2,000,000 Annual Aggregate – All Coverages \$2,000,000 (See question 30 for explanation)
Cost of a National Policy	\$12,500 for a group policy which will cover all 23 Canadian clubs
Committee Working on Insurance Issue on behalf of Canadian FF Clubs	<ul style="list-style-type: none"> • Angie Grikis – President of FF Metro Vancouver, Chair of Council of Canadian FF Clubs and liaison with FPB • Rich Whitehouse – member of FF Edmonton & Area, former head of risk management for the province of Alberta and liaison with FPB • Andrew Stirling – member of FF Ottawa, former board member of FFI who is very knowledgeable about insurance topic and who did thorough research on this topic in the past • Pierrette Laborde – member of FF Sherbrooke who worked in claims management in the province of Quebec and who is very knowledgeable on insurance

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Question		Answer
1	Do we really need insurance for our Friendship Force activities?	Each club must make their own decision on this. Rich Whitehouse of Edmonton, who was the former head of Risk Management for Alberta, strongly believes that clubs should have insurance to cover both Commercial General Liability (CGL) and Directors and Officers Liability (D&O). A dissenting view is that D & O is unnecessary as clubs have minimal assets. However a suit for financial loss could be brought against Club officers personally and their personal assets have to be protected. FPB advised that often it isn't the insurance payout that is the big cost in an insurance claim but the legal bills to defend yourself.
2	Does FFI cover us?	FFI's insurance covers actions against FFI and clubs for actions in the USA and Canada brought in the <u>USA courts</u> . Thus if a USA club sued FFI in a US court it would cover them. However, for an event that occurred in Canada, the case would most likely be pursued in Canada and the coverage would not be valid.
3	Does our home insurance cover us?	Owner household policies cover the risks when ambassadors are staying in the home of a host . Since a club member undertakes this role as a private citizen and not for any commercial gain, their home insurance is sufficient when they have ambassadors staying in their home. When hosts receive ambassadors into their homes it is the same as if they are receiving a friend or neighbor. Clubs should ensure that all people who host ambassadors live in a home where the owner or renter has a homeowner or rental insurance policy. It is important to recognize that the club nor its other members are not insured There is a risk to your club and board for its activities including when the club uses owned or rented vehicles. Commercial General Liability including non-owned auto liability and Directors & Officers coverage is to protect the club and Board members in the event of a lawsuit.
4	Why a national policy?	A national policy provides better coverage at a lower cost.
5	How would the Commercial General Liability in the policy offer protection?	It would cover claims alleging negligence of a member individually and the club as well as causing injury and or property damage resulting from an accident, including resulting financial loss.

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6	How would the Directors and Officers (D&O) Liability Insurance in the policy offer protection?	It would cover claims alleging negligence causing financial loss with no accident, damage or injury necessarily.
7	Why do we need both?	They work together for the best defence and settlement of a claim particularly with the same Insurer. We've got homeowner or rental insurance policies and car insurance but there are many activities that fall outside of these. For example, your club holds a barbeque in a park (not in your house, not in your car) and people get food poisoning and for one person this is fatal. The family sues the club and the Board. You have to defend yourself and the lawyers get involved. It is not just an issue of claim settlement, it is the cost of the lawyer fees to defend yourself which will be substantial . There may be frivolous lawsuits which will be dismissed but you still have to pay the lawyers. As well, the US is a litigious society and we invite American ambassadors.
8	We don't do many activities at privately rented venues and public locations have insurance. We have house insurance. Isn't this enough insurance coverage?	In a lawsuit, people through their lawyers sue everyone involved including the private and public venue as well as the people organizing the event (FF). There may be frivolous lawsuits which will be dismissed but you still have to pay the lawyers to defend yourself. The private or public venue insurance would not cover a lawsuit against your club or Board.
9	Are there policy exceptions?	The policy does not cover intentional damage which includes physical assaults and sexual molestation. Adding this coverage would substantially increase the policy. The policy does cover liable slander and defamation lawsuits.
10	Do we become <u>more likely</u> to being sued if we have insurance?	No
11	What are some of the accidents or potential accidents we know of that have occurred?	<ul style="list-style-type: none"> a) Member fell from a defective bench and broke hand - no claim b) Ambassador was thrown from a sleigh when a horse bolted and broke arm - no claim c) Multiple drowning deaths in a river a few days after a club took ambassadors on the same cruise d) Multiple deaths of Australian ambassadors in a car accident in New Caledonia e) Death of Canadian club president in automobile accident returning alone from an FF picnic trip (no claim)

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12	What claims have been made in the past?	None that the persons writing these answers are aware of.
13	Does the policy require that an ambassador or host need to be a club member?	There is no requirement by FFI that a person participating as either an ambassador or host be a <u>club member</u> . There is widespread misunderstanding of this and it is a major barrier in recruiting new people as both ambassadors and hosts. At minimum it limits our pool of helpers on an exchange or club activity, at worst it limits adding potential members to fill undersubscribed exchanges. It is common for clubs to involve non-members particularly in hosting. The policy covers all persons acting under the auspices of Friendship Force in a Friendship Force activity, irrespective of actual "membership" by including "volunteers" as insureds.
14	Are volunteers covered?	The policy covers all persons acting under the auspices of Friendship Force in a Friendship Force activity, irrespective of actual "membership".
15	When could a policy come into effect	This would be up to a club. It is a national policy so we hope that all clubs without insurance would participate at inception. Clubs that presently have insurance in place would join when their policy ran out.
16	What steps are needed to put a policy in place?	One person needs to sign the policy on behalf of all the Club. Clubs will need to provide permission for the Council Chair to sign the policy on their behalf
17	Will it be optional for clubs, or are we all required to participate?	It is a club's decision however please be aware that by opting out you expose your Club and Board to risks outlined as per 5, 6 and 7 as well as increase the cost for participating clubs.
18	How many clubs already have insurance?	Clubs with insurance include Niagara, Ottawa, Montreal, Medicine Hat, Edmonton & Area and Sherbrooke.
19	Does the total policy cost depend on the number of clubs participating?	The total policy cost is fixed therefore, the more clubs, the less cost per club or member as the policy cost will be divided between participating clubs.
20	Does the policy cost change if fewer clubs sign on?	This is unlikely – the policy cost is \$12,500

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21	How will we assign a fair share to each club?	This will be determined and voted on by the participating clubs. We have several options to determine the fee structure. See attachment for possible options. Hopefully all clubs will participate to lower overall costs to clubs. During the WebEx meetings on insurance, most participants favoured a per member fee. If we go with this option, clubs will need to submit their membership list to the Chair.
22	How do we incorporate the clubs with existing policies, each of which have different termination dates	This decision will need to be made once we know who is participating. The insurer will want to know which clubs will be participating, which of them currently have insurance and when their coverage expires.
23	What will happen if a club withdraws after 1 or a subsequent year?	The insurer would again look at the number of clubs participating { some may join } and determine a premium. Assuming the total policy cost remains constant, the cost per club or member will increase or decrease based on clubs and membership.
24	What happens as new clubs are formed?	If a club is formed during the year, they could participate at no cost during that year because we have already paid the policy but would need to pay their share the following year.
25	Will costs increases annually?	Costs could change but should not be significant. The Ottawa policy has remained constant for a number of years as the risk and total coverage remains the same.
26	Will the policy be available in French?	Yes FPB's insurer is working on a French version
27	In the event of a claim, will the insurer have someone available that speaks French?	Yes
28	Does the "deductible" chosen make a significant change in the policy cost?	Higher deductibles do not reduce premiums. Unlike first party coverage (home, car, furniture) the insurer doesn't want us involved in any defense or negotiations with claimants as that could increase the amount paid by the courts.

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29	Do clubs have to be federally or provincially incorporated or is our FF club charter with FFI sufficient?	No – our club charter is sufficient
30	Under Directors & Officers liability, are Exchange Directors and Committee members included?	Anyone holding a position appointed by the Executive is covered.
31	Why do they want our financial statements? We have a few dollars in the bank, but no other real assets?	Financial statements should not be necessary if a significant number of clubs join as per a discussion Rich had with FPB.
32	Under Directors & Officers liability, what is c) Entity cover	The club
33	Under CG Liability what is meant by “All Risk Tenants legal liability”	This is the Property you are occupying and are alleged to have damaged
34	« Host Liquor Liability » and "Worldwide Territory » (is that limited to North America, i.e. Canada & USA?)	Yes
35	Under Deductible, clauses d & e - do they correspond to «Annual Aggregate» and what does that include?	Aggregate is the total amount that coverage will pay in a policy year.
36	Is the proposal by FPB Inc. a general overview of Liability provided or is it Friendship Force specific.	The initial proposal included a general overview of covered liabilities but the insurer has taken out items not specific to FF
37	The Commercial General Liability coverage as to "Volunteers as additional insureds" is a pretty broad statement as all members of our club are volunteers. In a lawsuit, would all members be named and would all of them be covered?	Members are already covered. This is for others who may be involved in activities. For example, The Edmonton & Area club does a Habitat for Humanity build each year and invites others to work with them. Clubs may invite non-members to host (indeed are encouraged to do so). The coverage includes all persons participating in an event under the auspices of Friendship Force. Note: this would not cover "underground or informal" exchanges or visits by FF members that are privately arranged.

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38	Do other countries have a national insurance program?	Australian clubs have a national insurance policy. Some US clubs have a policy. A major concern is law suits coming from US insurance companies who seek to reimburse themselves if their policyholders make health claims.
39	Wouldn't it be easier to have all ambassadors sign a waiver?	Rich Whitehouse believes that it may be good to have people sign a waiver if you are willing to do all the paperwork necessary, as a waiver does potentially reduce the number of claims made. However, it is almost useless in court if you are alleged to be negligent. For example, a ski resort has a waiver, which is good if someone hits a tree but is useless if the chairlift chain breaks and they fall and are injured.
40	What steps are needed to obtain the insurance?	<p>Implementing the insurance will require a series of steps.</p> <ol style="list-style-type: none"> 1. The WebEx meetings on insurance held on April 19th allowed participants to provide their input and concerns. 2. This FAQ was revised based on the WebEx meetings. A French version has also been developed. 3. Presidents send this FAQ to their members. 4. Presidents advise the Chair of the date of their next General Meeting. 5. Presidents obtain buy-in from their Board & members at their next General Meeting . 6. Presidents commit to participating in buying the insurance and submit this in writing to the Chair along with an authorization for the Chair to sign the policy on their behalf. 7. Participants vote on the option for paying the policy cost of \$12,500 8. If the selected payment option is based on a per member fee, participants submit their membership list to the Chair. 9. The committee works with clubs that currently have insurance to determine how and when they will participate. 10. The Chair signs the insurance policy on behalf of participating clubs. 11. The FF Canadian Clubs have liability & D&O coverage to protect them from lawsuits. <p>Celebrate!</p>