

THE MOST COMMON D&O CLAIM MISCONCEPTION

If you were to ask a D&O claim analyst what is the number one most rejected D&O claim, the answer would be one seeking “bodily Injury and/or property damages.” The reason for this is twofold. First, “bodily injury” and “property damage” claims are normally covered under a general liability policy, subject to other terms and conditions of those policies. The most common misunderstanding of insureds is that if the damage is the result of a board decision or misconduct, it should be covered. However, if the damage is only bodily injury or property damage, they must look to the general liability policy. This can be exemplified as follows:

BOARD DECISION	DAMAGE OR DEMAND	POTENTIAL COVERAGE
The board of the museum decides to house a modern art exhibit which is interactive for guests and patrons.	Due to the weight of various parts of the exhibit and the speed of some of the moving parts, a guest is severely injured.	The alleged bodily injury is possibly covered by the General Liability policy if the museum is found to be negligent. This would not be covered by the D&O, because of the Bodily Injury or Property Damage exclusion.
The board of the museum decides to house a modern art exhibit which is interactive for guests and patrons.	A group of institution members sue the board and the museum to compel them to remove the exhibit due to its inherent dangerous condition.	The board will be defended by the D&O policy. However, if the board loses, the policy will not pay the cost to remediate. This will not be covered under the GL policy, because the board’s decision was not an “occurrence” (unintentional or accidental act) and therefore not covered.



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Museums & Cultural / Historical Institutions



MUSEUMS & CULTURAL / HISTORICAL INSTITUTIONS

*What D&O Claims
are Covered?*

What you need to know:


MUSEUMS & CULTURAL/HISTORICAL INSTITUTIONS D&O CLAIMS

1. A Member of the institution sues alleging misappropriation of funds when the board pursued activities outside the charter.

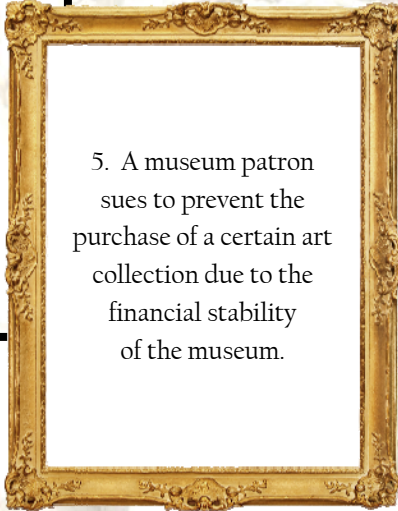
2. A new board member discovered that the prior board failed to renew the Historical Society's insurance program.

3. The board became involved in trying to influence legislation beneficial to the institution resulting in claims challenging its tax exempt status.

4. A lawsuit was brought against the board of trustees for failing to supervise the executive director.



6. A Museum employee sues for wrongful termination.



5. A museum patron sues to prevent the purchase of a certain art collection due to the financial stability of the museum.

7. A well qualified older gentleman was not chosen to be considered for a curator position due to his age.

9. An outgoing board president sues to challenge the validity of an election.

10. The board was sued to compel it to install safety gates around ponds and gardens..

8. A museum patron sues because a volunteer sexually harasses a child on a school tour.

Do you want your association claim questions addressed or a claim scenario analyzed?

Contact our team:

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