



Nonprofit Insurance Basics

Insurance is an important tool to protect your organization and the county from risk. When you receive funding from Buncombe County, you are required to carry certain types of insurance. This resource explains the requirements and provides a checklist to help you make sure you are covered. Your insurance agent is a key partner in ensuring you have the right coverage for what your organization does.

Selecting an insurance carrier

- Your insurance carrier must be licensed to work in North Carolina.
- Your insurance carrier must have a rating of A- VII or better as determined by A. M. Best Company.

Duration (term) of your policies

- Your insurance policies must remain in force during the entire term of your contract with the county.
- Each policy must state that coverage cannot be cancelled without written notice to the county.
- Your professional liability policy must remain in effect for two years after the end of your contract.
- All your insurance policies must be signed and in force before the county will sign your contract.

Minimum requirements

- Your policies must meet county requirements for minimum insurance coverage, which we explain below. If you have more insurance coverage than required, you should know that the county has access to that higher amount. That means in the event of a claim, insurance proceeds in excess of the minimum will be available to the county.

Endorsements/additional named insured

- Buncombe County must be named as an additional insured on your policies.

Proof of insurance required

- You must provide proof of insurance to the county. This means certificates of insurance on approved forms that indicate the coverage amounts.

Detailed requirements

- Each policy must be "primary," meaning this policy will be triggered first in the event of a claim.
- Each policy must be "non-contributory," meaning it will not seek contribution from another party or policy to cover a claim.
- A waiver of subrogation is required to protect the county. It relinquishes your insurance company's rights to pursue legal action to recover paid-out damages as a result of a claim. Check with your insurance carrier, since this may require you to obtain an additional endorsement on your policy.

Who pays for the insurance

- You are responsible for the full cost of the insurance. Make sure you budget for the cost of the premiums for the full term of the contract, as well as any deductibles that might be required.

Types of insurance

Buncombe County requires contracted organizations to have the appropriate insurance for what they do. It is good practice to explore what insurances you should carry with both your insurance agent and a member of the Buncombe County Community Engagement team. *Insurance is one aspect of your contract with Buncombe County that you can negotiate.*

REQUIRED

Worker's Compensation

- You must have coverage for all your employees in compliance with applicable state and federal laws.
- If you have subcontractors, you must ensure that their employees are covered in compliance with applicable state and federal laws.

Commercial General Liability insurance

- **Requirement:** A minimum limit of \$1,000,000 per occurrence with a \$2,000,000 aggregate.
- This protects your organization from financial loss should you be liable for property damage or personal injury. It covers non-professional negligent acts.
- The coverage must include all your operations.
- The coverage must not contain any endorsement(s) that exclude or limit Product/Completed Operations or Contractual Liability.
- You must provide evidence of this insurance.
- Buncombe County must be named as an additional insured on this policy.
- You are responsible to make sure your subcontractors have this same level of insurance and that Buncombe County is named on their policies.

YOU MAY ALSO SEE THESE TYPES OF INSURANCE IN YOUR CONTRACT

Business Automobile Liability

- **Requirement:** \$1,000,000 minimum combined single limit per occurrence.
- Insurance covering all owned, non-owned, and hired vehicles used in performance of this Agreement.
- To include uninsured/underinsured motorist coverage.

Crime Policy

- **Requirement:** \$1,000,000 minimum limit per loss that includes coverage for extended theft and mysterious disappearance.
- Covering all acts of employee dishonesty, forgery or alteration and computer fraud.
- To include coverage for all directors, officers, agents and employees of the contractor.

Employer's liability insurance

- **Requirement:** Minimum limits of \$1,000,000 each employee accident and \$1,000,000 each employee disease.
- This insurance covers expenses related to a lawsuit resulting from an employee's work-related injury or illness.

Professional liability insurance

- **Requirement:** A minimum limit of \$1,000,000 per claim with a \$2,000,000 aggregate.
- Protects organizations from bearing the full cost of defending against a negligence claim.
- The coverage must include acts, errors, or omissions in performance of the contract.

- The policy must remain in effect for two years following the expiration or termination of your contract and must provide for a retroactive date no later than the inception date of the contract.

☐ **Umbrella/excess liability insurance (optional)**

- **Requirement:** Enough to bring your existing policies up to the contracted requirements above.
- This provides extra protection beyond existing limits and coverages of other policies.
- If your existing policies are below the limits required, you may be able to use this insurance to extend the limits to meet your contracted requirements. You'll still need to make sure Buncombe County is named as an additional insured under the underlying policies.

This list is not inclusive of all possible types of insurance. Please consult with an insurance professional for more information about other types of insurance.