

# NONPROFIT D&O MANAGEMENT LIABILITY REPORT 2025



**Gallagher**

Insurance | Risk Management | Consulting



Nonprofit

# Key observations for 2025

Our US national Nonprofit practice leadership is pleased to produce this 2025 update on Management Liability for the Nonprofit Sector. Separate from, but complementary to this report, you can review other Gallagher commentary on the general commercial insurance marketplace at this [link](#) and specific nonprofit insurance market commentary at this [link](#).

Management liability for the third sector is complicated by the convergence of professional staff and volunteers/board members who act in fiduciary roles. While claims are fewer than the more frequent slip and fall and transportation risks, management liability engages several areas of risk including board decisions, employment practices, crime, cyber and fiduciary. Today we are encouraging nonprofit clients to consider splitting up (unbundling) these exposures under separate policies to insure better coverage, lower retentions and better premiums. Limits is another big topic for the nonprofit sector as carriers have reduced umbrella limits across the board, due to cost or availability of reinsurance. Much of this has been linked to social inflation and plaintiff groups seeking higher judgements that correlate to limits of the nonprofit's insurance program (limits can be targets).

The federal funding freeze can significantly affect nonprofit organizations, which often depend on government grants and funding to sustain their operations and programs. As a result, these organizations may need to consider layoffs or workforce reductions, potentially leading to an increase in employment practices liability claims. Additionally, some may face the necessity to break contracts or default on credit, which could expose them to Errors & Omissions risks.

The broader macroeconomic challenges, including rising interest rates, the threat of a recession, and governmental actions such as tariffs, further heighten the risk of bankruptcy, which reached a 14-year high in 2024. This situation poses a threat to the protection of directors and officers. In cases where there are insufficient funds to indemnify, individuals will need to rely on their insurance policies to safeguard their personal assets.

To address these risks, organizations should consider purchasing additional Side-A coverage to sit in excess of their Directors & Officers (D&O) policy. This additional coverage provides extra protection for non-indemnified individuals, particularly in scenarios where there are no funds available for indemnification or where indemnification is legally prohibited.

## 2025 NONPROFIT D&O MARKETPLACE

We have seen mostly flat renewals for nonprofit organizations, with some single digit decreases. The new D&O carriers entering the marketplace have helped drive prices down, especially for the benign nonprofit organizations. However, the nonprofit sector is very widely diverse and the most problematic sectors continue to be child welfare agencies, affordable housing, higher education, healthcare and faith-based organizations. There is less carrier appetite for these organizations, especially on a primary basis. Some organizations have been seeing increases exceeding double digits or even carriers leaving such classes of business as religious-oriented groups.

It's important to note that the new D&O carriers that have entered the marketplace have resulted in carrier competition that has helped drive down premiums. While the challenging industries struggle for primary capacity, there is a sheer number of excess carriers vying for the business.

Some of the problematic coverage changes we are seeing in the current market continue to be the deleting of antitrust coverage, very low rate caps for defense firms and broad exclusions for molestation, cyber and professional services. These exclusions must be understood and softened as much as possible.

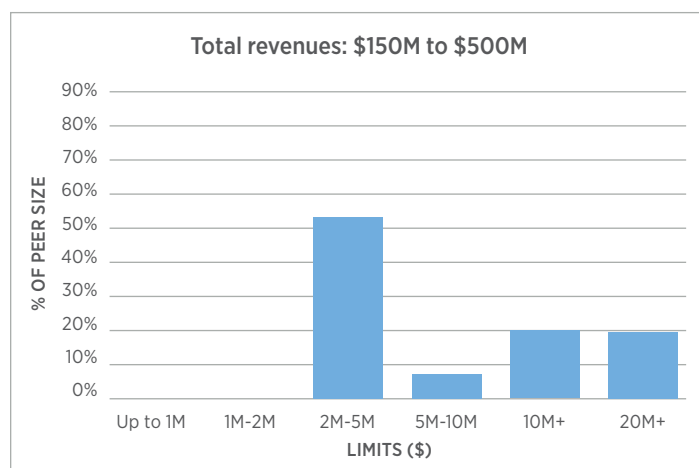
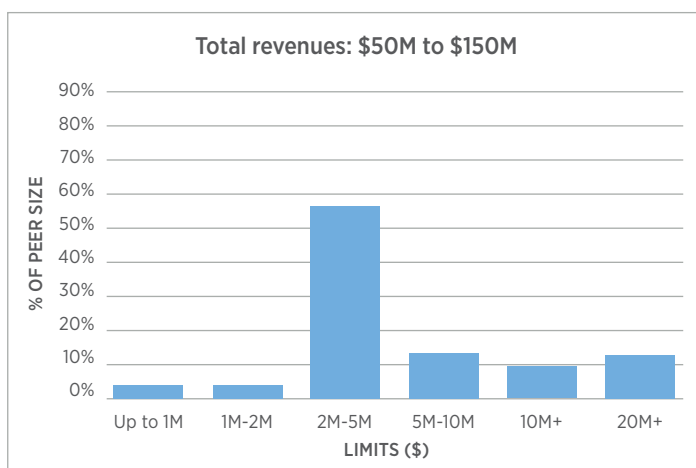
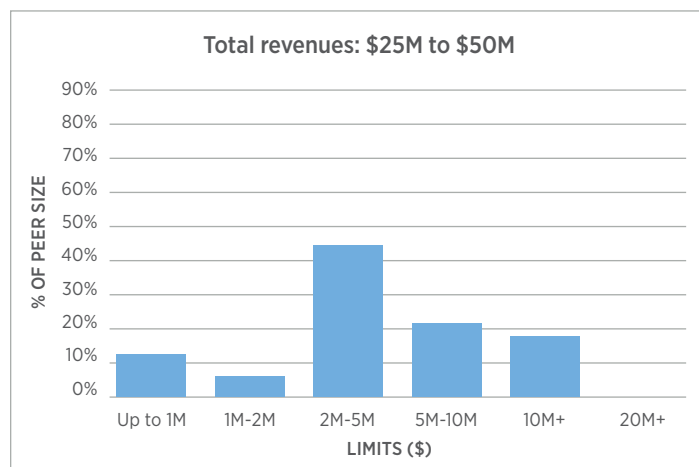
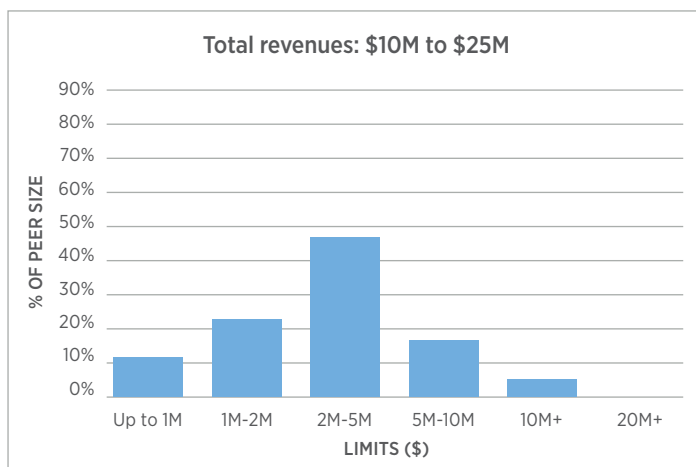
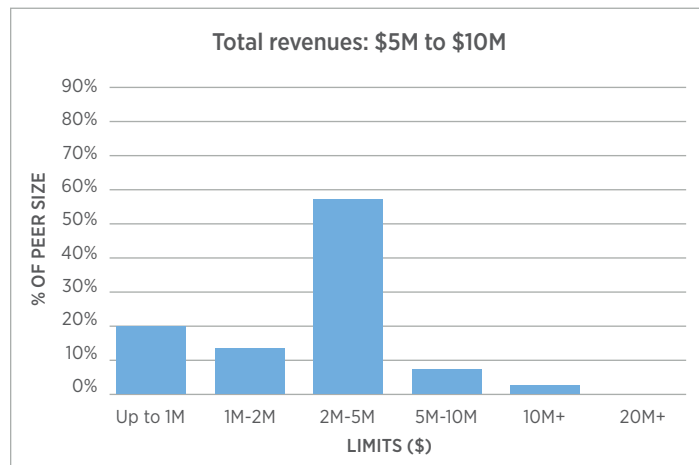
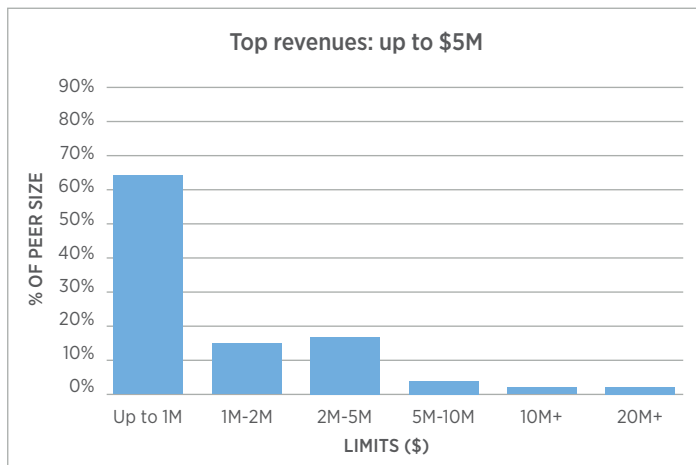
It is important to note that employment practices liability (EPL) claims continue to be a lead loss in the nonprofit sector. Especially in California, premium for EPL claims is still not adequate for the risk. Wrongful termination claims that were expected to decline after the spike from COVID have not moderated as expected. Carriers are seeing a high frequency of wrongful termination claims for organizations that lack a strong HR infrastructure with dedicated resources. EPL claims outside of California are much more moderate, but depending on the state, can still be problematic.

Federally, there are also employment law changes for 2025, such as overtime requirements and potential revisions to paid family leave, that will impact the sector as well.

In addition to education, healthcare and religious organizations, community-based nonprofits that have staffing on multiple shifts over 24 hours present a particularly high propensity for wage and hour claims that are likely not covered by insurance but still present a risk to the nonprofits. They need to have experienced HR professionals, sophisticated time tracking IT systems and knowledgeable managers willing and able to enforce complex rules. For nonprofits of any size, there is no substitution for adequate timekeeping and proper written documentation.

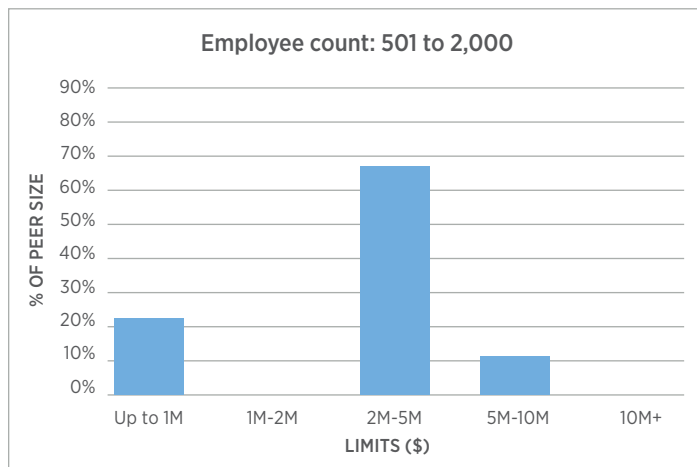
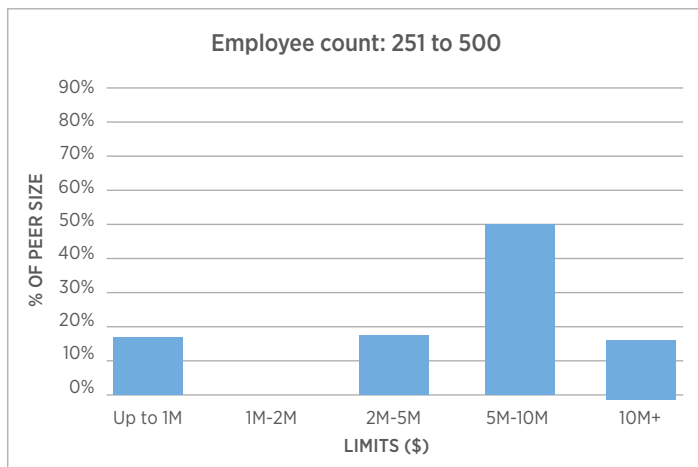
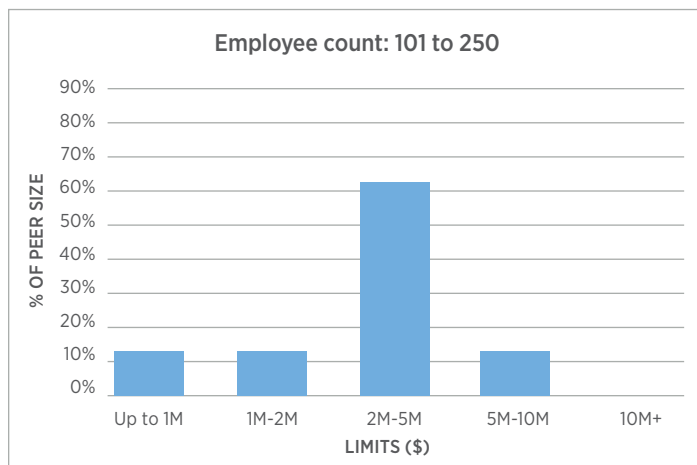
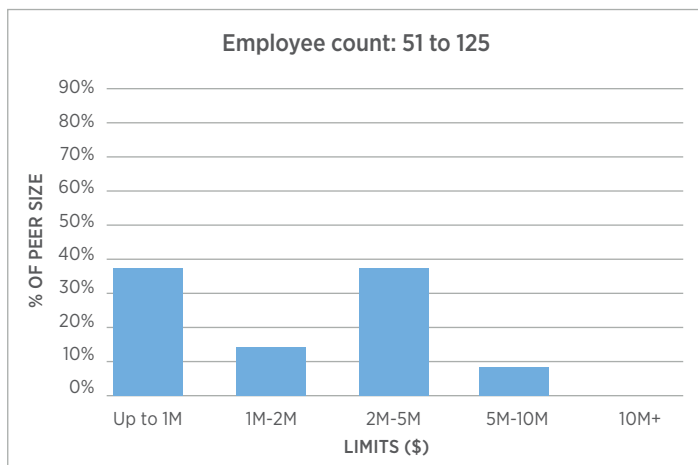
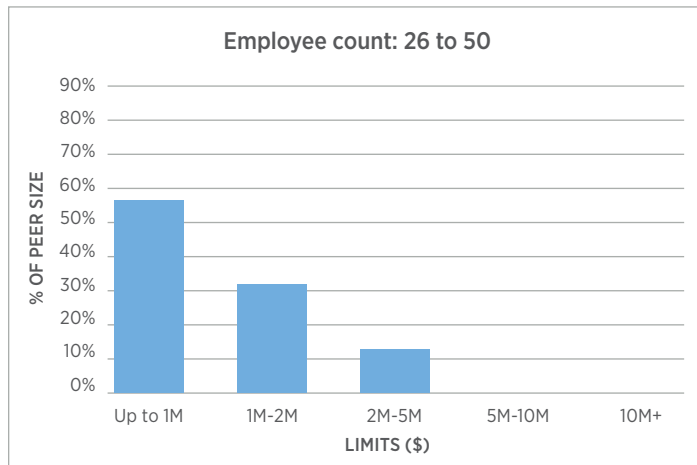
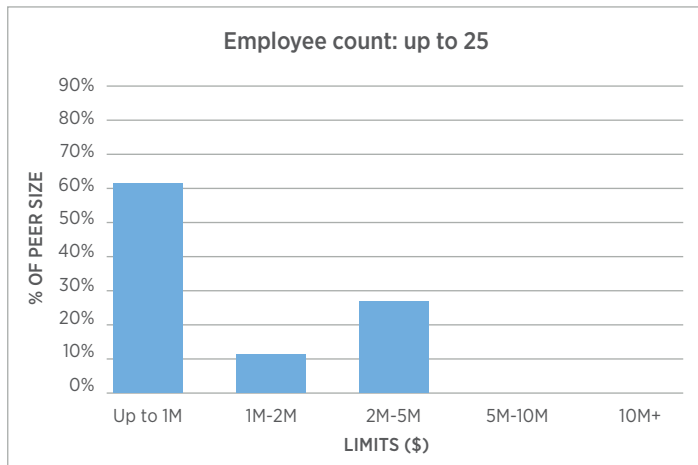
As always, start early and present a professional submission to the market to get the best results available in the marketplace.

# Nonprofit D&O Limits of Liability



## 2025 ADVISEN BENCHMARKING

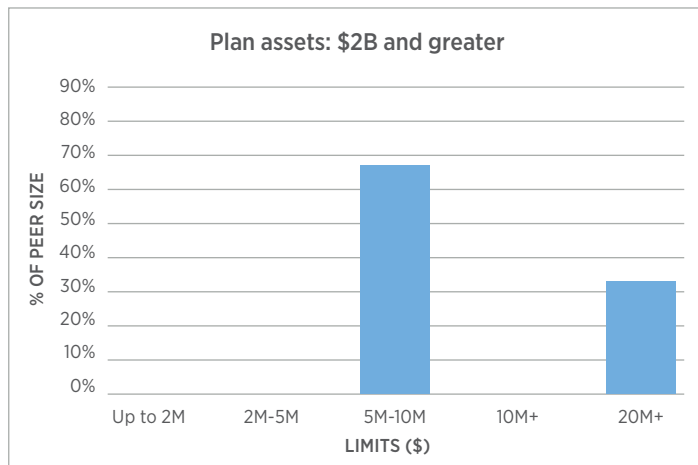
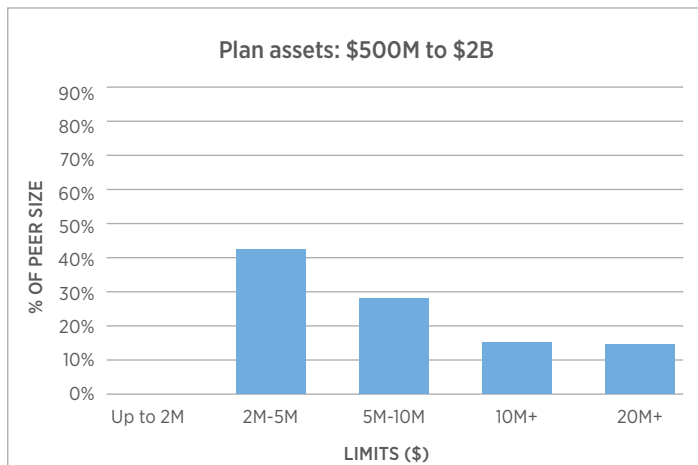
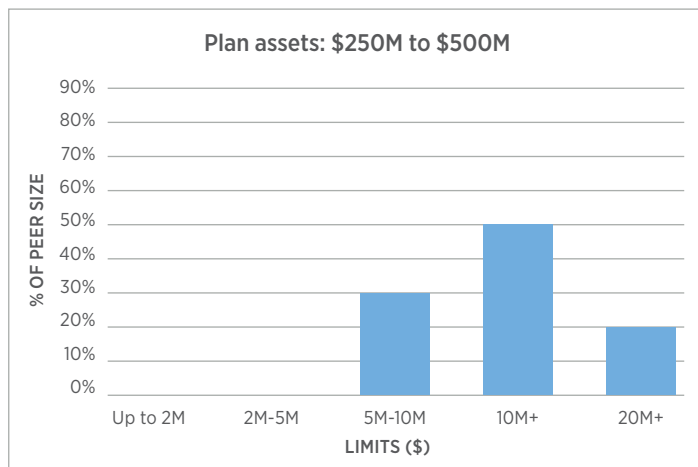
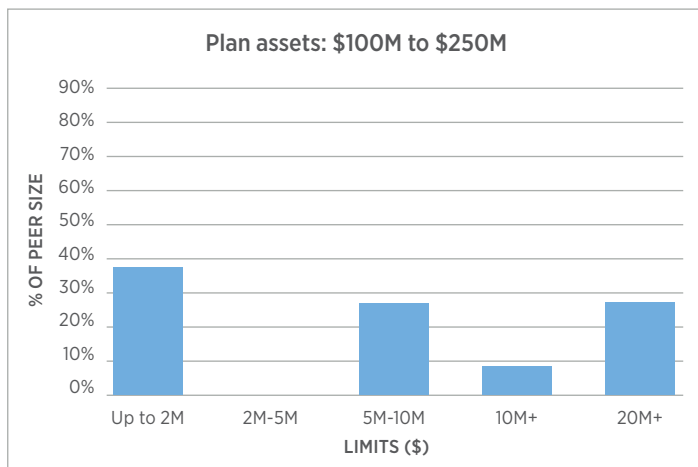
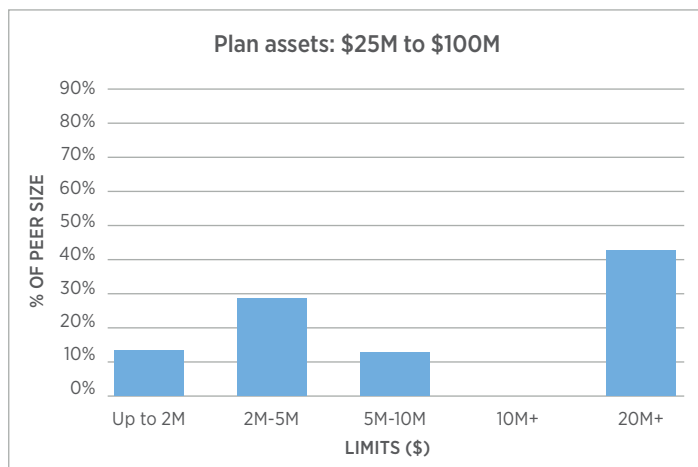
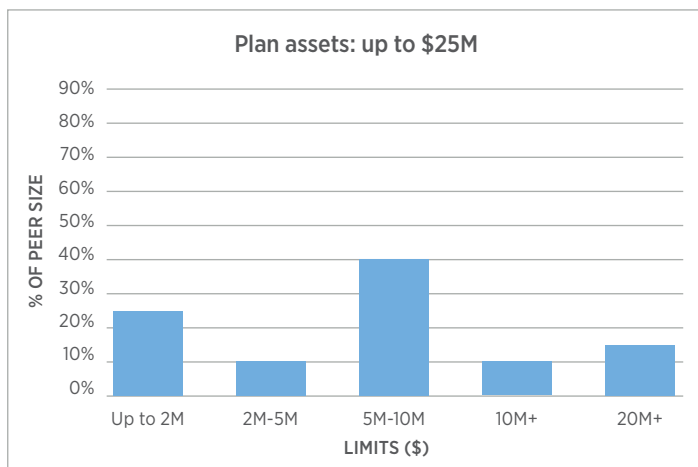
# Nonprofit EPL Limits of Liability



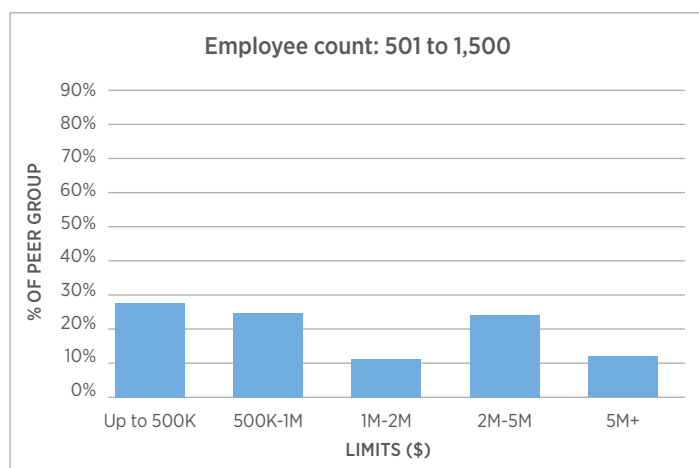
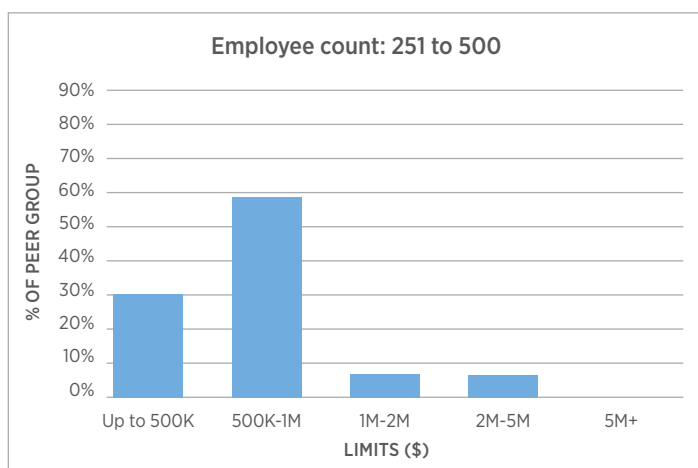
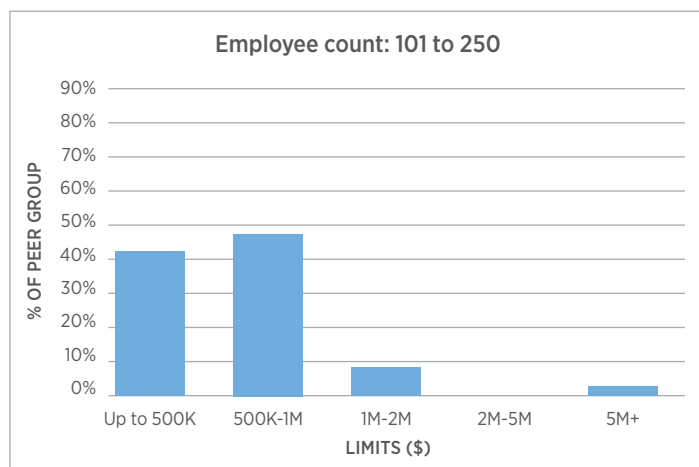
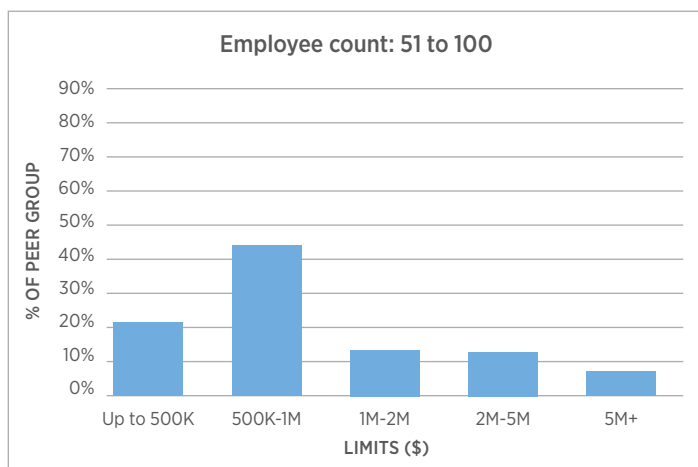
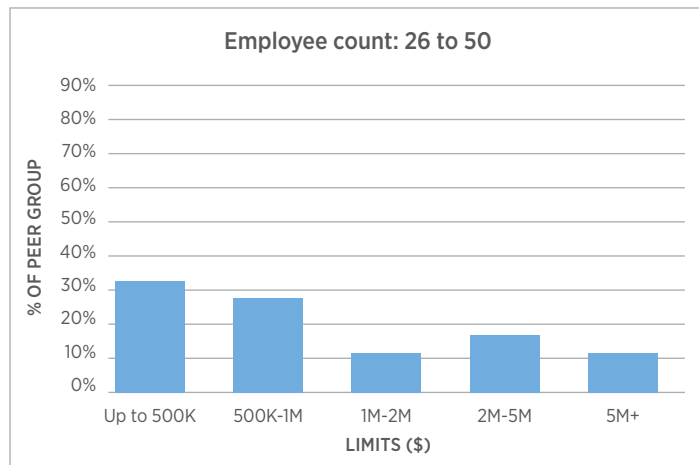
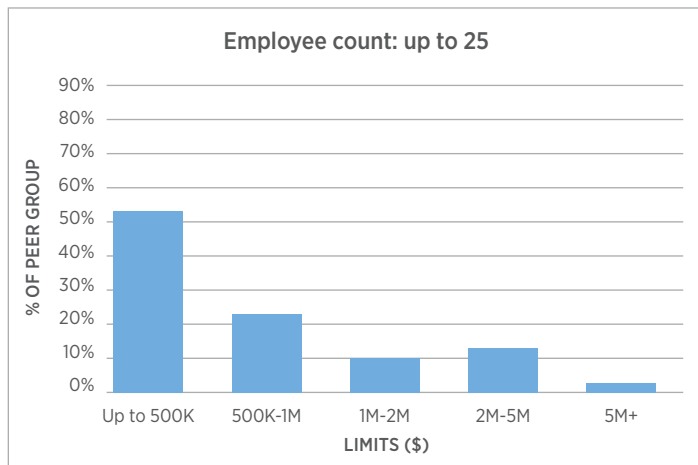
## 2025 ADVISEN BENCHMARKING

# Nonprofit Fiduciary Limits of Liability

Based on "All Company Types" rather than only Private (not enough data in Advisen for only Private Fiduciary)



# Nonprofit Crime Limits of Liability







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