Proposed Amendment 6
Directors and Officers Insurance

Submitted by: The Kiwanis International Board of Trustees
Purpose: To assure that every Kiwanis club in North America is protected from liability through affordable directors and officers insurance coverage (D&O).
Effective date: The Bylaws wording change would be effective immediately. Coverage for clubs would begin November 1, 2014.
Vote required to adopt: Majority

KI Board position: The Kiwanis International Board proposes this amendment for the following reasons:

• Kiwanis clubs are regularly exposed to potential risk from the actions and decisions of their directors and officers. Clubs are strongly encouraged but not required to have directors and officers (D&O) insurance. Clubs without D&O insurance are fully exposed to risk.

• Clubs consistently ask why Kiwanis International does not purchase D&O coverage for them, similar to the general liability program. This proposal is in direct response to these requests.

• The general liability insurance provided by Kiwanis International covers only bodily injury and property damage. D&O liability insurance provides protection for directors, officers, committee chairpersons and members for liability and legal expenses arising out of the performance of their duties that may result in claims, such as wrongful dismissal, harassment, discrimination, defamation, unfair hiring/firing practices (including volunteers), failure to follow club bylaws, and violation of state/provincial and federal laws. D&O insurance also covers club foundations and service leadership program (SLP) members.

• Clubs and districts in the United States and Canada are at a higher risk due to the legal environment. Kiwanis International plans to make D&O insurance mandatory for all clubs and districts in North America, effective November 1, 2014 (the beginning of the policy year).

• Clubs can currently purchase D&O insurance through an optional program negotiated by Kiwanis International at a cost of US$500 per year per club. Under the new program, clubs will receive a rate of only US$4 per member; thus, an average-sized club with 28 members would pay only US$112 per year. This cost is significantly less than most clubs would have to pay to purchase coverage individually. Districts in North America will also purchase D&O coverage at a cost of US$800 per year, a savings of approximately US$300 per year.

• D&O premiums can be paid from service funds, if desired.
Amend Article XXIV, Section 1, as follows:

ARTICLE XXIV. INSURANCE AND INDEMNIFICATION

Section 1. The Board of Trustees, at its discretion, may purchase a comprehensive or limited general liability insurance programs and/or limited blanket accident medical insurance program for the protection of all clubs and Kiwanis-sponsored organizations in the United States and Canada and the members, volunteers, and employees of such clubs and Kiwanis-sponsored organizations. The Board of Trustees, at its discretion, may provide such insurance programs to other parts of the Kiwanis world. (4/1999)

Section 2. Clubs covered by such insurance shall be billed for premiums by Kiwanis International, pro rata, based on membership, for the cost of such insurance and administrative costs. Clubs may pay insurance premiums from either administrative or service funds. (6/2009)

Section 3. The Board of Trustees may provide, through insurance or otherwise, indemnification to the past and present Trustees, officers, employees, or agents of Kiwanis International to the extent permitted by the laws of the State of Indiana applicable to not-for-profit corporations. (10/1998)