

Neighborhood and Board Member Liability Protections

Current Insurance

General Liability insurance protection is available for neighborhood association events and activities. This covers property damage or bodily injury caused by negligence at any neighborhood activity or event. This \$2 million policy is carried by East Portland Neighbors.

Directors and Officers insurance coverage is also available for neighborhood association acts. This errors and omissions type insurance covers the liability of Board members acting on behalf of the Association when there is a claim that an action harmed someone. It would cover mistakes and unforeseen consequences of Association actions; it would not cover gross negligence or intentional misconduct. There is a \$2,500 deductible for this policy which East Portland Neighbors has pledged to cover.

State and Federal Protections for Board Members

Volunteers of non-profit organizations are also protected by the Federal Volunteer Protection Act and the Oregon Statutes for non-profit corporations. The Oregon Statute states that directors of non-profit corporations are liable only for gross negligence or intentional misconduct. The Federal Volunteer Protection Act protects a volunteer of a non-profit organization from liability when they are acting within the scope of their responsibilities. For this to be effective, neighborhoods need to clearly define the responsibilities of their volunteers. Both of these laws limit the liability of Board members and volunteers acting on behalf of the Association.

Legal Defense Fund

Because the major exposure for neighborhood associations and their board members is the defense of lawsuits, Office of Neighborhood Involvement has set up a legal defense fund for neighborhood associations. This could be used for initial costs of responding to a lawsuit. The ONI neighborhood legal fund is set up as a reimbursement account and each incident can claim up to \$1000.