



## Insurance for Libraries

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# INTRODUCTION

Independently governed libraries are responsible for protecting the public's library assets. In addition to good management practices, insurance coverage is one way to protect assets, maintain service during emergency situations and be aware of risk management issues. In some instances the library may want to consider self-insurance options. In most cases the library will work with an insurance professional. To that end, a sample Request for Quote for Insurance Services is also provided.

This tip sheet is meant to identify some common types of insurance coverage that libraries might want to consider. It is not meant to be exhaustive or prescriptive. It is just an outline to help you discuss insurance options available to your library.

# PROPERTY INSURANCE

Property Insurance provides protection against most risks to property, such as fire, theft and some weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, or boiler insurance

([www.en.wikipedia.org/wiki/Property\\_insurance](http://www.en.wikipedia.org/wiki/Property_insurance))

Things to consider are:

- Level of insurance that you might want: replacement cost, actual cash value, functional replacement cost? Is the coverage on an “occurrence” basis?
- Value of furniture, fixtures and computers.
- Value of your books and other library materials. Do you want to include replacement costs, purchase price or include a fee for processing, materials kept offsite in a bookmobile or deposit collection? This may be covered under an Inland Marine Coverage for valuable papers.
- Types of fine art, rare books, sculptures that the library owns.
- Value of your valuable records like the library’s patron and bibliographic databases.
- Coverage of property of others (employees, patrons, items in your display cases)?
- Do you need terrorism coverage (usually something you can opt out of)?
- Commercial crime coverage may include vandalism, employee and trustee dishonesty, forgery/alteration, funds transfer fraud, theft, computer fraud, etc.
- Boiler and machinery insurance, which covers equipment damaged through power surges or brownouts. Includes equipment like HVAC systems, computers, compressors, and copiers plugged into an electrical system.
- Extra expense coverage in case you have to relocate your services while repairs are being done. Consider the length of the term of coverage you may need to rebuild in the case of a total loss of a building.
- Perils insurance covers hazards or special situations named on the policy depending on your risk of earthquakes, floods, tornado, cyclone, high winds, sewage backup, etc.
- Builder’s risk insurance covers damage to buildings that are under construction (theft of materials, fire, collapse of unfinished structures, etc.).

# LIABILITY INSURANCE

Liability Insurance covers unintentional negligence on the part of your library that cause injury or perceived injury to others or to their property, which may result in liability lawsuits or claims against the library.

- Commercial general liability coverage
  - Additional insured used for library events held off site
  - Can cover out-of-pocket expenses for individuals injured on your property including volunteers.
  - Can provide coverage of law suits related to claims of libel or slander
  - Operations liability cover negligence incurred as a result of your business operations.
  - Covers damage employees do to others or their property
- Data Breach Insurance / Cyber Liability Insurance protects the library from liability from theft of data, loss of data, and other expenses incurred from a breach of privacy.
- Employer's liability such as workers' compensation for workers or volunteers injured on the job will cover medical expenses related to the injury and lost time for medical treatment.
- Public employer dishonesty coverage pays for loss of money from employee or trustee dishonesty.
- Trustee and fiduciary liability protects fiduciaries of employee benefit plans in the case of bad or illegal acts, such allegations as breach of duty, too little return on invested assets, too much risk on investment assets, imprudent choice of investment advisory firms, inadequate contribution on the part of the employer, improper assessment of future vested liabilities.
- Directors and officers coverage provides liability coverage for wrongful acts of a board of directors. It covers board decisions for litigation regarding breach of duty, neglect, misstatements, inadequate disclosure and misleading statements. The insurance covers damages that the library under the law would be required to reimburse.
- Umbrella insurance provides extra liability insurance when your primary policy limit has been exceeded and can cover things like slander, invasion of privacy, false arrest, etc.
- Special events insurance to supplement commercial general liability and liquor liability coverage.
- Require all independent contractors/performers to provide certificates of insurance before they begin work for the library.

# COMMERCIAL AUTO POLICIES

Commercial Auto Policies are needed if employees operate any vehicles on or off library property, but for library business.

- Commercial auto insurance covers commercial vehicles (bookmobiles, library vans, cars) owned by the library and used on library business.
- Commercial non-owned auto insurance covers the library when employees using their own vehicles on library business have accidents. As a policy, employees should be required to provide proof annually of insurance coverage if using personal autos for library business.
- Commercial Hired Autos covers the library when employees rent a vehicle and use it on library business.

# DIRECTORS AND OFFICERS INSURANCE

The subject of Trustee liability is one that should be taken seriously and addressed. Federal law and state laws in many cases protect individuals from harm in a lawsuit if they have acted in good faith – even if a decision they made turned out to be one of poor judgment or erroneous. In addition, anyone bringing suit against an individual trustee or trustees has the burden of proof to show that the individuals did *not* act in good faith.

That's all well and good, but protecting trustees from liability when acting in accordance with their fiduciary responsibilities won't necessarily keep someone from trying. The cost to any individual board member to defend against a lawsuit can be very significant. Therefore, it behooves the board as a whole to indemnify members in the case of law suits.

Indemnification means that the board will cover any costs for defense of a member or members if in the end there is no judgment against them.

The board can protect itself from legal defense costs by having Directors and Officers (D&O) insurance. Coverage for this insurance can be extended to individual trustees or can cover the board itself in the case where it indemnifies its trustees for reimbursement of expenses.

Some boards may well be covered by their parent organization if part of a larger government body such as the county or city. It's a good idea to find out. If the board does not have this protection, they should look into and carefully compare D&O policies.

# Appendix A

## Notice

The \_\_\_\_\_ Library is issuing this request for quote (RFQ) for the Library's insurance needs. The contact person regarding this RFQ is \_\_\_\_\_, who can be reached at the \_\_\_\_\_ Library at (address) \_\_\_\_\_ or by phone at \_\_\_\_\_. The response due date for the RFQ is \_\_\_\_\_ PM, on (date) \_\_\_\_\_. Any proposals received after this date will not be considered. We are requesting (2) copies of your proposal in a sealed envelope. /the envelope should clearly indicate it is a proposal for insurance services. The period of coverage is for the fiscal year beginning \_\_\_\_\_ and ending \_\_\_\_\_ and may be extended at the discretion of the Library. The Library is interested in the possibility of a multi-year commitment at pre-determined premium amount.

## Description of the \_\_\_\_\_ Library

The Library serves a population of over \_\_\_\_\_. Formed in \_\_\_\_\_, the Library directly serves the residents of \_\_\_\_\_. The Library is governed by a Board of trustees appointed / elected by \_\_\_\_\_. A copy of the Library's more recent audited financial statements and approved budget are included in this request as Exhibits I and II, respectively.

## Time requirements

The Library shall receive all proposal responses by \_\_\_\_\_ PM, on (date) \_\_\_\_\_. Evaluation of each proposal will be made as soon as possible with the award contingent upon approval of the \_\_\_\_\_ Library governing board. The Library may elect to interview representatives from selected firms. We anticipate the successful bidder will be notified by (date) \_\_\_\_\_.

## Bid Specifications

Details of the Library's current policies and claim history are provided in Exhibits III and IV, respectively.

## Right to Reject

The Library reserves the right to reject any and all proposals submitted and to request additional information from all proposers. Any contract awarded will be made to the insurer who, based on evaluation of all responses, applying all criteria and oral interviews if necessary, is determined to be the best qualified to provide the coverage.

## Contractual Arrangements

Invoices for service will be paid when received. The total amount to be invoiced shall not exceed the amount of the bid unless other arrangements have been negotiated with the Library first.

## Additional Data

Provide any additional data the proposer feels may be helpful in the selection process.

Exhibit III – Bid Specifications

Library: \_\_\_\_\_  
Federal ID# \_\_\_\_\_

**1. Directors and Officers Liability including Employment Practices Liability**

\$ \_\_\_\_\_ limit with a \$ \_\_\_\_\_ limit.

**2. Property Coverage**

Address of property \_\_\_\_\_

Square footage \_\_\_\_\_

Year built \_\_\_\_\_

Type of construction \_\_\_\_\_

Age of roof \_\_\_\_\_

Age of plumbing \_\_\_\_\_

Age of wiring \_\_\_\_\_

Age of HVAC \_\_\_\_\_

Building value \$ \_\_\_\_\_

Business personal property \$ \_\_\_\_\_

Extra expenses \$ \_\_\_\_\_

Computer hardware \$ \_\_\_\_\_

Computer extra expense \$ \_\_\_\_\_

Site signage, flagpoles, lighting, decorative brick \$ \_\_\_\_\_

Fine arts, including breakage \$ \_\_\_\_\_

Valuable papers (library materials) \$ \_\_\_\_\_

Glass coverage \$ \_\_\_\_\_

Property is written on Agreed Amount Basis, \_\_\_\_\_ deductible,  
Replacement Cost Basis, Special Form, Property Extension Endorsement, and System  
Breakdown – Comprehensive Form.

**Commercial Liability for all locations and operations**

Each occurrence \$ \_\_\_\_\_

Personal injury/advertising in jury \$ \_\_\_\_\_

General aggregate \$ \_\_\_\_\_

Fire damage limit \$ \_\_\_\_\_

Medical payments \$ \_\_\_\_\_

**Landlords/Suppliers of rented equipment:**

Additional Insured:

Additional Insured:

Hired/Non-Owned Auto: \$ \_\_\_\_\_

Commercial autos (bookmobiles, delivery) \$ \_\_\_\_\_

**3. Workers Compensation – Statutory Employer’s Liability**

Payroll estimate assigned to each classification

Custodial salaries \$ \_\_\_\_\_

Salaries for employees working in the bldg. \$ \_\_\_\_\_

Salaries for employees outside the bldg. \$ \_\_\_\_\_

**4. Umbrella Liability**

\$ \_\_\_\_\_

**5. Commercial Blanket Bond**

\$ \_\_\_\_\_

Including check forgery for staff and board members with a \$\_\_\_\_\_ deductible.