



Why Use a Consultant to Craft Your Insurance Program & Educate Your Board?

A Publication of Nonprofit Compass LLC



Introduction

**The Importance of Tailored Insurance
Programs for Nonprofits**

A Publication of Nonprofit Compass, LLC

For nonprofits, safeguarding your mission means more than funding and good intentions; it requires a thoughtful approach to risk management. Every nonprofit, large or small, faces a unique set of exposures—whether it's liability for volunteers, cyber threats, or property risks. An improperly designed insurance program can mean the difference between overcoming a crisis and being sidelined by it.

Unlike businesses, nonprofits operate under tight budgets and a heightened responsibility to their communities, donors, and those they serve. That's why insurance decisions are not just about price—they're about protection, transparency, and ongoing support for your mission.

Traditional insurance brokers have long assisted organizations in securing coverage. However, insurance consultants offer a powerful new alternative, engineered for the distinctive needs of individual entities. This approach brings objectivity, advocacy, and holistic risk solutions directly to your nonprofit and its' boardroom.

In this guide, we'll dive deep into three compelling reasons why your nonprofit should consider partnering with an insurance consultant rather than relying solely on commission-based brokers. By understanding these differences, you can build an insurance and risk management approach that truly protects your organization's purpose—and gives you peace of mind.

Whether you lead a community service organization, a foundation, or an association, this ebook will equip you with practical insights and actionable steps toward a safer, smarter, and more resilient nonprofit.

Let's begin by exploring the crucial issue of objectivity—and why it matters so much for your nonprofit's future.



BE TEAMWORK

EMPOWERED TOGETHER

When you work together, you can achieve more than you can on your own. Empowerment is the key to success. It's about giving people the tools and resources they need to do their jobs better. It's about creating a culture of trust and collaboration. It's about making sure everyone has a voice and is heard. It's about empowering your team to take ownership of their work and to be proud of what they achieve together.



Team Content

Icon of a hand pointing to a screen.



Icon of a group of people.

Reason 1: True Objectivity

**Consultants vs. Commission-Based
Brokers**

How Broker Commissions Can Influence Recommendations

Insurance brokers often receive a commission from insurance carriers for every policy they sell. This traditional system may seem straightforward, but its impact on your nonprofit's insurance program is profound. Since brokers' compensation is directly tied to the premiums you pay, there's an inherent risk that their recommendations may be influenced by what earns them the highest commission—not necessarily what best fits your needs.

When brokers have access to incentives like higher commission percentages for selling certain policies, it introduces a potential conflict of interest. This isn't to say all brokers are unethical, but the system itself creates a dynamic where your nonprofit's needs might inadvertently come second. The more coverage or higher-priced policies you purchase, the more the broker stands to gain.

For nonprofits, every dollar counts—and misallocated funds can directly impact your mission. Relying solely on advice from someone whose compensation depends on selling you insurance products could mean your organization is over-insured in some areas while remaining exposed in others. It may also mean missing out on creative, lower-cost ways to transfer or mitigate risk that don't line a broker's pockets.

An insurance consultant, by contrast, works on a fee-for-service basis or retainer—eliminating any financial motivation to “upsell.” Their role is to serve your interests exclusively, evaluating all possible solutions without regard to commissions or carrier incentives.

Example Scenario:

A children's arts nonprofit was advised to purchase an expensive umbrella liability policy “just in case.” Only later did board members discover the broker would net a 15% commission on the new premium—yet the actual exposure was limited, and a more targeted, affordable solution was available.

Key Takeaway:

Commission structures inherently bias the advice you receive. Seeking objective guidance that's free from these influences is the first step toward building a program that truly protects your mission.



The Benefit of Unbiased Advice from Independent Consultants

When you partner with an insurance consultant, you're working with a professional who is untethered from commission-based compensation and carrier-driven sales quotas. Their sole focus is on advocating for your nonprofit's best interests and providing well-rounded, unbiased advice.

Benefits of Independent Consultants:

- **Objective Risk Assessment:** Consultants perform deep-dive analyses to identify your unique exposures, rather than relying on “one-size-fits-all” insurance checklists.
- **Transparent Fees:** Because consultants are paid directly by you—typically a flat fee or hourly rate—there's complete transparency in compensation, eliminating any hidden agendas.
- **Creative Solutions:** Consultants look beyond traditional insurance, recommending alternative risk management techniques, loss prevention strategies, or risk retention if more cost-effective.

By prioritizing your organization's needs over product sales, consultants become trusted advisors rather than salespeople. Their fiduciary-like commitment helps you sleep easier knowing decisions are made based on facts, not commissions.



Trust is built when you know the advice you receive is independent of financial incentives.

Nonprofit Risk Management Center

Ultimately, independent consultants level the playing field—ensuring your nonprofit's resources are spent on protecting your people, property, and mission, instead of hidden fees or unnecessary coverage.



Case Studies and Examples of Conflicts of Interest

Let's look at real-world situations where commission-driven broker arrangements have conflicted with the needs of nonprofits:

Case Study 1: Inflated Property Values

A regional theater troupe was advised to insure its venue for twice its replacement value, resulting in unnecessarily high property premium payments. The broker received considerable commissions each year until an independent audit (conducted by a Nonprofit Compass) revealed the excessive valuation—and cut the insurance cost in half without reducing protection.

Case Study 2: Recommending Unnecessary Coverage

A health-focused nonprofit was encouraged to purchase high-cost endorsements that didn't even apply to its operations (e.g., pollution liability for a food pantry). The consultant's review identified the mismatch, saving the nonprofit thousands annually.

Case Study 3: Overlooked Exposures

A broker, preoccupied with selling popular “package” policies, neglected to assess the nonprofit's large volunteer driver pool—a major uninsured liability. Nonprofit Compass flagged this exposure and recommended proper non-owned auto coverage, averting disaster.

These stories underscore the risk of trusting advice from professionals incentivized by sales. The difference with an independent consultant is simple: their success depends on your organization's protection, not product volume.

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The interests of the client must always come first; anything less puts the mission at risk.

Anonymous Nonprofit Board Chair



Reason 2

The Role of Consultant as Educator and Advocate

Consultants' Commitment to Educating Nonprofit Leaders and Boards

A crucial piece of the nonprofit insurance puzzle is education. Most nonprofit leaders and board members have a wealth of experience in mission-driven program work but may have limited familiarity with the complexities of insurance and risk management. Here, insurance consultants step in as educators and advocates—committed to building your organization's internal capacity to make informed decisions.

Consultants don't just answer questions about deductibles or limits; they empower stakeholders with a clear understanding of how insurance integrates into the broader strategy of safeguarding your mission. Through plain language explanations, scenario planning, and patient learning sessions, consultants give your team the tools to ask the right questions and avoid costly pitfalls.

Benefits of This Educational Approach:

- Helps align executive leadership and the board around clear risk management priorities.
- Increases engagement, as board members realize they have meaningful input beyond rubber-stamping insurance renewals.
- Reduces organizational “blind spots” by demystifying complex policies and requirements.

How Consultants Provide Education:

- Tailored workshops at board meetings
- Insurance literacy training for new executives
- Actionable guides and risk assessment briefings

By building insurance familiarity within your leadership, Nonprofit Compass leaves your organization stronger and more self-reliant.

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True leaders seek understanding—not just answers—so they can make decisions that protect what matters most.

Laura Callahan, Nonprofit Risk Educator



LEADERSHIP

HARD SKILLS

DISTR

DEFIN

FOR

COMMUNICATION
CONFLICT MANAGEMENT
TEAM WORK
ETHIC
CRITICAL THINKING

SO

Ongoing Support and Knowledge Transfer for Smarter Decision-Making

The consultant's advocacy doesn't stop after placing coverage. Unlike brokers, who might focus only on annual renewals, consultants engage in a process of ongoing support and knowledge transfer. This ensures the organization's risk profile—and its defenses—remain in sync as it evolves.

Long-Term Consultant Support Includes:

- **Regular Policy Reviews:** Ensuring your coverage aligns with growth, new programs, or regulatory changes.
- **Risk Management Updates:** Sharing current trends—such as cyber threats or new legal exposures—relevant to your mission.
- **Access to Expertise:** Consultants are available year-round to address questions, respond to emerging risks, or help with claims advocacy if a loss occurs.

Many consultants also leverage their broader network, introducing nonprofits to vetted service providers (legal counsel, HR consultants, safety trainers) as needed.

This knowledge-sharing goes both ways: by tracking incidents and near-misses, your consultant can adapt recommendations and update training to reflect real-world lessons—creating a continuous improvement loop.

Key Insight:

Building risk awareness across your organization isn't a one-time task, but an ongoing journey. The right consultant becomes your insurance “coach,” helping your team grow in confidence with every engagement.

RISK

HIGH



Examples of Training, Workshops, and Strategic Risk Planning

Nonprofit Compass offers a breadth of services beyond policy review, each designed to turn uncertainty into practical, manageable action steps. Here are some tangible engagement types:

1. Board and Staff Workshops

Custom sessions explain the essentials of insurance policies—directors and officers (D&O), general liability, property, auto, etc.—so everyone understands what’s covered and what’s not.



2. Strategic Risk Planning

Facilitated planning exercises help identify the nonprofit's top risks, prioritize them, and develop measurable mitigation strategies. This might include scenario planning (e.g., what happens if there's a data breach or critical volunteer injury?) and clear roles for response.

3. Claims Process Training

Nonprofits learn how to document incidents, communicate with insurers, and navigate disputes—a critical skill when something goes wrong.

4. Documentation and Resource Sharing

Consultants often create plain-language manuals, FAQ guides, or resource libraries that your team can reference in the future.

Real-life Example:

A mid-sized youth services nonprofit holds annual “insurance boot camps” for new board members, led by their Nonprofit Compass. This ensures consistent baseline knowledge—regardless of board turnover—and empowers all leaders to contribute to insurance-related discussions.

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Invest in education, and you invest in your organization's resilience.

National Council of Nonprofits



Reason 3

Comprehensive Services That Go Beyond Insurance Placement

Consultants Analyze Risk Holistically, Tailoring Solutions to Unique Nonprofit Exposures

Insurance is just one tool in the risk management toolkit. The most effective consultants see the bigger picture, analyzing your organization's risks holistically and developing strategies that go beyond the act of simply buying a policy.

Every nonprofit faces a unique mix of challenges: property exposures, staff and volunteer safety, cyber risks, fiduciary liability, special events, or transportation needs. Rather than defaulting to standard insurance packages, Nonprofit Compass differentiates itself by:

- Conducting in-depth risk assessments and on-site walk-throughs
- Interviewing key staff to surface “hidden” operational vulnerabilities
- Mapping risks that fall outside the traditional insurance landscape

Example:

A nonprofit focused on environmental education hosted frequent field trips. Nonprofit Compass's risk analysis identified gaps in liability protection for off-site events and developed customized waivers, safety protocols, and special event coverage tailored to their activities.

We work to align insurance and non-insurance strategies, such as safety training, incident reporting, or contract risk transfer, delivering protection that's as dynamic as your organization itself.

RISK

HIGH



Access to Assessments, Policy Reviews, and Risk Management Strategies

The advisor role of a consultant extends to a suite of essential services, each designed to keep your nonprofit one step ahead of emerging risks. These can include:

1. Risk Assessments

Thorough reviews of your operations, physical sites, and procedures to identify risk “hot spots.” This may include recommendations for safety improvements, security upgrades, or operational changes.

2. Policy Reviews

Detailed examinations of your existing insurance policies, ensuring you have appropriate limits, coverages, and exclusions—and flagging any areas of underinsurance or redundancy.

3. Customized Risk Mitigation Plans

Consultants help you implement tools and strategies to actively reduce risk: staff training modules, loss-prevention programs, volunteer background check protocols, or secure data storage practices.

4. Claims Advocacy

If an incident does occur, consultants offer hands-on support for preparing and submitting claims—minimizing delays, advocating for maximized recovery, and troubleshooting disputes with carriers.

Value Proposition:

By accessing a broad range of risk management services, nonprofits can ensure that insurance is only one piece of a robust, mission-protecting strategy.



Privacy Policy

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Flexibility in Service—Advice, Audits, Claims Advocacy, and More

A significant advantage of using a consultant is flexibility. Consultants provide far more than transactional advice tied to renewal time; their role adapts as your organization grows or changes.

Consultants Offer:

- **On-Demand Support:** Whether you're launching a new program, facing an unexpected risk, or revisiting an old claim, your consultant is there when you need them.
- **Program Audits:** Periodic “checkups” help ensure ongoing alignment between your operations, strategy, and insurance.
- **Claims Advocacy:** When things go wrong, the consultant can serve as your advocate—helping you build strong claims, interpret policy language, and push back if a carrier denies a legitimate claim.
- **Special Projects:** Consultants can spearhead risk assessments for special events, new facilities, mergers, or partnerships.

By offering this full-service approach, Nonprofit Compass becomes your partner standing shoulder-to-shoulder with you, helping you anticipate, manage, and overcome any challenge.

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A proactive partner is worth their weight in gold—especially when the unforeseen happens.

Trina Martinez, Executive Director, Urban Youth Connect

How Consultants Can Partner with Boards and Leadership Teams

Empowering Boards with Clear, Actionable Information

Boards of directors play a pivotal role in nonprofit governance, holding legal and fiduciary responsibility for the organization. Yet, insurance decisions often seem complex or intimidating—leading boards to defer to brokers or staff expertise. Consultants break down these barriers, arming boards with clear, actionable information.

Consultants Help Boards:

- Understand the true scope (and limits) of existing coverage.
- Identify significant, mission-threatening exposures.
- Weigh the costs versus benefits of different risk transfer strategies.
- Draft and review insurance-related policies (such as indemnification or insurance procurement guidelines).

By translating technical jargon into easy-to-understand explanations, consultants ensure boards are active participants in insurance conversations—not passive bystanders.

Practical Example:

Nonprofit Compass created a one-page “insurance dashboard” for the board of a regional health organization—highlighting current coverage, exclusions, and top risks. This enabled the board to confidently approve annual renewals and prioritize future risk management investments.



Strengthening Nonprofit Governance Through Insurance Literacy

Strong governance is the foundation of a resilient nonprofit. Insurance literacy—knowing what’s covered, what’s not, and how to respond to risk—strengthens the board’s ability to protect mission assets and ensure organizational continuity.

How Consultants Build Governance:

- Facilitate honest conversations about risk tolerance and priorities.
- Help boards assess and update risk management policies as part of good governance.
- Document board decisions, supporting transparency and compliance.
- Equip volunteer leaders with practical tools for evaluating new insurance carriers or products.

With the right consultant, insurance becomes a vehicle for empowering the board—not a box to check. Clear understanding leads to better decisions, safer operations, and, ultimately, a healthier mission.



A well-informed board protects not just assets, but also the trust and wellbeing of everyone you serve.

Jeanne Bell, Nonprofit Leadership Expert

Selecting the Right Consultant

Key Questions to Ask

Choosing the right insurance consultant for your nonprofit isn't a one-size-fits-all endeavor. It requires careful vetting to ensure you find a partner whose expertise and approach align with your organization's mission, culture, and needs. Here are key questions to guide your selection process:

1. How are you compensated?

Look for consultants who work on a transparent, fee-only basis—without commissions or hidden incentives.

2. What is your experience with nonprofit organizations?

Seek out consultants with a track record in the nonprofit sector, familiar with risks and regulations that differ from the corporate world.

3. What services do you provide beyond insurance placement?

Comprehensive consultants should offer risk assessments, policy reviews, claims advocacy, and ongoing education.

4. Can you provide references from similar organizations?

Reputable consultants will have references and case studies from clients with similar needs or missions.

5. How do you partner with boards and leadership teams?

Look for a collaborative approach that prioritizes education, transparency, and board empowerment.

6. What is your approach to ongoing support and knowledge transfer?

Ask how the consultant ensures your organization stays up to date as risks and operations evolve.

The answers to these questions should give you clarity—and confidence—that you're choosing a true partner, not another transactional vendor.

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The right consultant won't just sell you insurance; they'll help protect your purpose.

Denise Wilson, Board Chair, Community Food Share



Conclusion

**Building a Safer, Smarter Nonprofit
Through Consultant Partnership**

Creating a resilient, mission-driven nonprofit is about more than safeguarding dollars—it's about preserving your ability to serve, adapt, and thrive, no matter what comes your way. The stakes are high, and insurance decisions should never be left to chance or to the persuasive powers of commission-driven sales.

By partnering with an independent insurance consultant, your nonprofit benefits from objectivity, deep expertise, and a relentless commitment to education and advocacy. You'll gain more than just the right insurance policies; you'll build governance, internal knowledge, and an empowered leadership team ready to make informed decisions.

The path to mission protection is a shared journey. Choose a consultant who listens, tailors solutions, and stands with you—helping your organization face the future with clarity and confidence.

Ask questions, seek transparency, and insist on a partner who cares as deeply about your mission as you do. The safer, smarter nonprofit you envision is within reach—with the right advisor by your side.

MISSION

VISION

VALUES



Your mission is too important to risk on anything less than the best possible protection and advice.

Final Thought

For additional information please visit www.nonprofitcompass.net