

## IG Ad Hoc Committee

At the regularly scheduled IG meeting on October 12, 2019, an Ad Hoc Committee was formed for the purpose of investigating issues related to Napa Intergroup acquiring an umbrella liability insurance policy that would allow individual meetings or locations to obtain insurance as “additional insureds.”

Committee members are:

Lynn  
Mary S  
Terry C (Chair)  
Bill M (inactive)

Additional Individuals who have attended committee meetings or have provided written information to the committee:

Angela  
Jeff D  
Walter N (accountant for east Bay IG)  
Robin (Sacramento IG)

Specific questions that were asked of the committee are presented below, together with interim findings.

### **Is it necessary for IG to incorporate in order to obtain insurance?**

Probably not, however to obtain insurance or to enter into any valid contracts IG must be recognized as a legal entity. The most common way to do this is probably to incorporate as a 501(c)3 non-profit. Both Sacramento IG and East Bay IG have done this. However, there are pros and cons to this approach, see next item. Other possibilities could be to form a simpler type of 501 corporation, an LLC, or possibly just obtaining an EIN (employer identification number) as an unincorporated non-profit organization. Based on current information the Napa IG does not appear to be incorporated nor to possess an EIN.

### **Pros and Cons of becoming a 510(c)3?**

**Pros.** Because other intergroups have used this process it appears to be proven and accepted. It provides legal protection (limited liability) to officers and employees of the corporation for most claims and also allows the corporation to receive tax deductible contributions. **Cons.** This type of corporation is highly regulated. The IRS has strict reporting requirements and substantial penalties for failure to comply with IRS regulations. It may also be necessary to retain an attorney to prepare the initial corporate paperwork. The IGs that we discussed as having 501(c)3 designation both have central offices and paid employees to file/maintain IRS reports.

Other types of non-profit corporations, such as 501(c)7 have simpler requirements and also offer limited liability for officers and employees, but they do not allow tax deductible contributions.

The ad hoc committee is continuing to explore options.

**If we incorporate who would be the signer? Who would take care of the yearly paperwork?**

Not yet considered by the committee.

However, we emphasize that even if IG does not incorporate, the application for an EIN still requires that a responsible party be designated to receive legal notices and to sign contracts on behalf of the organization. Incorporation provides a statutory limitation of liability for this individual. Similar protection probably does not exist if an EIN is obtained as an unincorporated entity.

**Who would be a corporate officer?**

Not yet considered by the committee.

**Do we want to incorporate if not required for insurance purposes?**

Not yet considered by the committee.

**Does this violate the traditions?**

GSO has no objection to IG incorporating. Although the letter received from Doug Richardson and Rick Walker from GSO seems equivocal on the issue of insurance, our research indicates that many Intergroups do provide a venue that allows individual groups to obtain insurance as long as the group pays the additional premium and chooses this by informed consensus. Normally the insurance is obtained for a particular location rather than for a specific meeting.

**Cost of hiring an attorney, if necessary?**

Not yet considered by the committee.

**End of Document**

Please note that this is an evolving document. Feel free to mark up or send comments. Nothing in this document will be final until approved by vote of committee.
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