



FAQ'S

Understanding the Nonprofit Insurance Crisis

Nonprofits are struggling to find and maintain affordable commercial insurance coverage. As reported in the Wall Street Journal, “Insurers have raised prices aggressively in the past year on companies of all sizes across the country.”¹ “Especially hard-hit are nonprofits that work with animals, children, senior citizens, and disabled individuals.

Also impacted are nonprofits with camps, residential facilities such as domestic violence shelters, and addiction treatment programs.”²

North Carolina



Center for Nonprofits

¹ “Insurers Drive Up Prices for U.S. Businesses”, Feb 11, 2020, The Wall Street Journal.

² “Congress Must Help In Community Nonprofit Insurance Crisis,” May 6, 2020, Law360.

FAQ'S

UNDERSTANDING THE NONPROFIT INSURANCE CRISIS

Q: What is making it difficult for nonprofits to get affordable insurance today?

A: Commercial insurance companies have been limiting the types of organizations they want to write and nonrenewing or charging much higher premiums. The number of companies willing to insure nonprofit organizations has declined.

Q: How is a "hard insurance market" defined?

A: For policyholders, a hard insurance market is a period of time when insurance rates are increasing. There are a variety of factors that cause a hard market, including insurance companies exiting from insuring certain kinds of risks and classes of business.

Q: What types of nonprofits are being especially hard-hit by this insurance crisis?

A: Organizations that work with animals, children, the elderly, disabled individuals, and foster family agencies are seeing the impact. Nonprofit domestic violence shelters, addiction treatment programs, and camps are also struggling to find the coverage they need.

Q: Are there certain coverages that nonprofits are finding difficult to obtain?

A: The commercial insurance market is generally backing away from offering coverages for certain exposure in nonprofit organizations, like abuse/molestation coverage. When available, it is often for a high premium and low limits.

Q: Are there any alternatives to the commercial insurance marketplace?

A: Risk retention groups (RRGs) are one type of insurance carrier alternative that can still provide affordable coverage to specialized niches of the marketplace-like nonprofit organizations.

Q: What is a risk retention group (RRG)?

A: A risk retention group (RRG) is a special purpose insurer authorized by Congress in the 1980s. In a nutshell, RRGs can underwrite all types of liability risks for its members. An RRG is owned by its members.

Q: Are there any risk retention groups that specialize in providing coverages to nonprofits?

A: Nonprofits Insurance Alliance (NIA) was created 30+ years ago as an alternative source of coverage in the insurance marketplace for nonprofits who were struggling to find affordable insurance.

Q: How can NIA help my organization?

A: As a 501(c)(3) nonprofit, NIA is exclusively focused on insuring nonprofits, and is committed to the long-term health of the sector. NIA works through brokers. Have your broker contact NIA directly or request a broker referral:

<https://secure.insurancefornonprofits.org/GetAQuote.cfm>

NONPROFITS INSURANCE ALLIANCE

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