Arizona Head Start Association Board Meeting
Who We Are

Among the 100 largest independent brokerages in the U.S.

Established in 1915

Employee-owned

200 employees

Offices in nine states

Property & Casualty > Employee Benefits > Risk Management
Why Do Business With Us

• A trusted advisor.

• We help ensure your coverage meets complicated and ever-changing state, federal and grant-giving entity requirements.

• We’ll provide customized, mandated trainings for you and your staff.

• We’ve helped protect hundreds of millions of dollars in assets at some of the largest human service providers, charitable organizations and community foundations where we operate.

• Ours is a service timetable that puts accountability above all else.
Human Services Practice

- Collectively insure over 150 Human Service organizations in Arizona.
- Insure more IDD employees than any agency in the state.
- Members of AAPPD and the Arizona Council of Human Service Providers.
- Members of Assurex Global Non-Profit Group.
Who We Serve

- Human services providers
- Foster-care providers
- Group homes
- Food banks
- Head start Providers
- Family, child and youth service agencies
- Behavioral health service providers
- Intellectual disability service providers
Abuse in America: Child Abuse

• A report of child abuse is made every 10 seconds; (American Society for the Positive Care of Children)

• 1 in 3 girls and 1 in 7 boys will be sexually assaulted by the time they reach 18; (Department of Justice)

• More than 4 children die each day because of child abuse; (U.S. Department of Health and Human Services)

• More than 90 percent of child sexual abuse victims know their attacker; (“Sexual Assault of Young Children as Reported to Law Enforcement” by Howard Snyder)

• Approximately 70 percent of children that die from abuse are under the age of 4; (U.S. Department of Health and Human Services)

• About 30 percent of abused and neglected children will later abuse their own children, continuing the cycle of violence; (U.S. Department of Health and Human Services)
Insurance Payouts

**USC & USA Gymnastics**
$1 billion payout for the USA Gymnastics case.

**University of Michigan**
Larry Nassar case & $600M payout.
How did this happen? Dr. Nasser was the expert in his space and not questioned.

**Penn State University**
Jerry Sandusky, $500M
How did this happen? “It couldn’t happen here!”

**Hacienda Healthcare**
$15 Million dollar settlement against the doctor overseeing care in this case, Hacienda is still negotiating.

**Church**
Jury awards $2.28 billion to victim of abuse involving the Church.
Abuse and Molestation

Data sets were collected from 153 organizations.

153 non-profit organizations in our survey, or over 60 percent of respondents, reported purchasing abuse and molestation coverage. 41 percent of those purchasing the coverage bought a $1 million limit. 8 percent purchased less than $1 million (most likely a standard sublimit within their professional liability policy), 21 percent purchased $2 million, and 30 percent purchased $3 million or more of coverage.

When compared to the limits of professional liability insurance purchased, it appears that the non-profit organizations purchase somewhat lower limits for abuse and molestation than for overall professional liability insurance.
# What can be done?

## Awareness
- Background checks & Fingerprint Cards
- Don’t be afraid to ask the question; situational awareness
- Interview questions
- Situational awareness

## Training
- Mandatory Incident Reporting
- Abuse and neglect training
- Now mandated by the state of Arizona for DD providers
- Engage third party trainer
- Use Resources
  - Insurance Company
  - Insurance advisor
  - State

## Accountability
- Who is responsible for having the hard conversations? What are your protocols?
- Handbook with abuse prevention language.
- Is leadership involved
- What is our culture around abuse
## Our approach

### Prevention Training
- Our safety professionals are approved by the state of Arizona to provide abuse and neglect training.
- Last year, we trained 622 employees for 14 organizations.
- Helped return $155,500 back to those organizations.

### Risk Analysis
- We create policies and procedures for your organization to make sure your training matches your policies.
- We also can provide certificates of abuse and neglect completion to satisfy your regulatory agency.

### Insurance
- Relationships and data are what provide the best results when trying to secure abuse coverage.
- More markets are sublimating abuse or not offering it at all.
- We share with underwriting the measure you take to prevent abuse which results in better outcomes for you and the carriers.
Insurance Market Analysis: What’s Driving Rate Increases?

- Catastrophic Losses
- Extreme Weather
- Social Inflation
- Auto accidents
- Mixed Investment Returns
- Inflation
- Cost of Reinsurance
In one of the longest soft markets in recent years, businesses enjoyed stable premiums and expanded terms of coverage for a period of about 13 years from 2005-2018. That ended in early 2019.

**Average Rate Increases, 2019-2021**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Rate Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2019</td>
<td>3.5%</td>
</tr>
<tr>
<td>3Q 2019</td>
<td>6.2%</td>
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<tr>
<td>1Q 2020</td>
<td>9.3%</td>
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<tr>
<td>3Q 2020</td>
<td>11.7%</td>
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<tr>
<td>1Q 2021</td>
<td>10.0%</td>
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<tr>
<td>3Q 2021</td>
<td>8.9%</td>
</tr>
<tr>
<td>1Q 2022</td>
<td>6.6%</td>
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</tbody>
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*Source: Council of Insurance Agents and Brokers*
5 Key Components of a Successful Risk Management Strategy

- Pinpoint your exposures and cost drivers
- Identify the best loss control solutions to address your risks
- Create a solid business continuity plan to account for disasters and other unpredictable risks
- Build a culture focused on safety
- Manage claims efficiently to keep costs down
Thank you!!