

2013 Annual Report

Celebrating

25 Years of Service to Nonprofits!



Nonprofits Insurance Alliance Group

Liability insurance by and for 501(c)(3) nonprofit organizations



**Nonprofits' Insurance
Alliance of California**

A HEAD FOR INSURANCE . . . A HEART FOR NONPROFITS

A Head For Insurance. A Heart For Nonprofits



**Alliance of
Nonprofits
for Insurance**
Risk Retention Group



Our printer donates a percentage of revenue from each print job to organizations that replant trees.



Environmental Savings Statement

This annual report was printed on paper made of 100% recycled fibers, 100% post-consumer waste, processed chlorine free, and manufactured with electricity that is offset with Green-e® certified renewable energy certificates. By using this environmentally-friendly paper, the Nonprofits Insurance Alliance Group has SAVED the following resources:

trees	water	energy	solid waste	greenhouse gases
17	7825	7	524	1,443
fully grown	gallons saved	million Btu	pounds	pounds

Message from the President and the Chairmen

25 years ago

In early 1989, it appeared unlikely that the first company in our Group, Nonprofits' Insurance Alliance of California (NIAC), would ever open its doors. After nearly two years of effort, most of the \$300,000 raised through grants to pay for the extensive work required to create the organization was spent. Insurance experts scoffed at our plan to insure organizations that the commercial insurance industry deemed uninsurable. Tax law on charitable risk pools did not exist. We had been waiting for months for the IRS to rule on the permissibility of foundations making loans of \$1.3 million for NIAC's original capital. We were warned that that ruling might take more than a year. We would run out of funds well before that.

When the IRS finally ruled in our favor in August of 1989, virtually everything—including leasing office space, executing loan documents, procuring investment services and reinsurance, staffing and more—had to coalesce simultaneously and in short order. On October 17, with only \$40,000

left to carry us before revenue generation would start, we moved into our tiny second floor office. At 5:04 p.m. that day, the 7.1 Loma Prieta earthquake struck Northern California. The epicenter was not far from our offices. Rattled and with the possibility of having no power, water or phone service for weeks or months, things looked pretty bleak. But, we were determined. On November 1, 1989, we welcomed our very first member-insured, Food First. We are proud to report that they are still a valued member today, with continuous coverage in place for 25 years!

Expanding Across the Country

Convinced that the model which began in California with NIAC should be expanded to other states, the Bill & Melinda Gates Foundation and the David & Lucile Packard Foundation each granted \$5 million to enable Alliance of Nonprofits for Insurance, RRG (ANI) and our property captive affiliate to launch in 2001. Because these foundations and hundreds of brokers and



Pamela E. Davis
*Founder, President and CEO
NIAC, ANI, NANI & AMS*



R. Lawrence Bacon
Chairman of NIAC, NANI & AMS

“...we are growing at the rate of nearly five new member-insureds every business day.”

thousands of nonprofits believed in us, the companies in the Nonprofits Insurance Alliance Group are now the insurer of choice for 13,067 nonprofits in 31 states and DC. And, we are growing at the rate of nearly five new member-insureds every business day. Day after day, month after month, year after year, brokers are introducing their nonprofit clients to this unusual insurance group. Working together and trusting in our collective power, nonprofits have solved a difficult problem and accomplished for themselves what the insurance experts said couldn't be done.

2013 Success

For 2013, gross written premium for the Group totaled \$89.6 million. Of that total, the Nonprofits' Insurance Alliance of California (NIAC) wrote \$56.2 million, the Alliance of Nonprofits for Insurance, RRG (ANI) wrote \$29.7 million and NANI, the Group's property reinsurance captive, retained \$3.7 million on a net basis. Also, we managed an additional \$19.5 million in premium for our companion property and volunteer accident programs, bringing the

total business administered by the Group in 2013 to \$109.1 million, an increase of 16.1 percent over 2012. At year's end, the Group's combined balance sheet showed total equity of \$161.6 million and total assets of \$354.9 million. Before dividends, the \$9.1 million of combined income for the Group was comprised of \$6.7 million from NIAC, \$0.8 million from ANI, and \$1.6 million from NANI.

The NIAC Board of Directors has declared a \$2 million dividend for 2014. NIAC's dividend plan, based on premiums paid, rewards individual members for length of continuous coverage as well as favorable claims experience. NIAC's price decreases, combined with additional claim activity during the dividend period, reduced the funds available for a dividend this year. At 13 years, ANI is not yet large enough to be in a position to pay dividends; however, its members are accruing points toward essentially the same dividend plan as NIAC members share. With 30 percent more members than NIAC had at this stage, ANI is well positioned for solid, successful growth.

More Than Insurance

More than insurance, we are a valued source of free management and loss prevention assistance for our members. In 2013, we provided, at no additional cost to members, training to 4,067 employees and volunteers, through web-based and in-person offerings. Our staff also conducted 3,047 personal risk management consultations on topics from labor and employment to facility and vehicle safety. And, through third parties, we paid for safety training for 1,732 employee and volunteer drivers.

Through the best and the worst of times over these 25 years, the great work of 501(c)(3) community-based nonprofits has been our constant inspiration. With far less respect than they deserve for their professionalism and innovation, these organizations serve all of us—body, mind and spirit—and work tirelessly to enrich and protect our communities, all living creatures, and our planet.

Our very first annual report message in 1990 ended with the sentence, “This is only the beginning.” Despite our solid success and strong growth, we still feel the same today. We are expecting great things of the next 25 years!



Pamela E. Davis
Founder, President and CEO
NIAC, ANI, NANI & AMS



R. Lawrence Bacon
Chairman of NIAC, NANI & AMS



Wilson M. Jones
Chairman of ANI



Wilson M. Jones
Chairman of ANI

“This is only the beginning.”

Boards of Directors *All volunteer, member-elected*

- **Pamela E. Davis, *President***
Chief Executive Officer
NIAC and ANI
Santa Cruz, CA
- **R. Lawrence Bacon, *Chairman***
President
Bacon & Company
Carmel, CA
- **Wilson M. Jones, *Chairman***
Chief Operating Officer, Retired
BoardSource
Sarasota, FL
- **Jeanne Bell**
Chief Executive Officer
CompassPoint Nonprofit Services
Oakland, CA
- **Norris W. Clark**
Financial and Regulatory Specialist
Locke Lord LLP
Los Angeles, CA
- **Suzanne Cross**
Board Member
Coro Center for Civic Leadership
San Francisco, CA
- **J. Jeff Fly, *Secretary***
Chief Executive Officer
Turning Point of Central California, Inc.
Visalia, CA
- **Donald Kleinfelder¹**
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Child Advocates of Placer County
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- **Bernadette Joe Maddox¹**
Director of Human Resources
National Children's Center
Washington, DC
- **Martha Marcon**
Partner, Retired
KPMG LLP
Glendale, CA
- **Cheryl Paddack**
Executive Director
Novato Youth Center
Novato, CA
- **Steven Richard, *Secretary***
President and Chief Executive Officer
SUN Home Health Services
Northumberland, PA
- **Andrew Sargeant, *Assistant Secretary***
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USA Risk Group of Vermont
Barre, VT
- **Mary K. Stroube**
President and Chief Executive Officer
Terra Nova Counseling
Citrus Heights, CA
- **Stephen Sumner**
Executive Director
Center for the Arts Evergreen, Inc.
Evergreen, CO
- **Michelle Uchiyama**
President
Charitable Connections, Inc.
Atlanta, GA
- **Ted Van Name**
President Emeritus
Goodwill Industries of Delaware
and Delaware County
Wilmington, DE
- **Tom Wander**
Chief Executive Officer
BETA Healthcare Group
Alamo, CA
- **Jennifer Weiss¹**
Co-Chief Executive Officer
Boys & Girls Clubs of Central Sonoma County
Santa Rosa, CA
- **Tammy Wilson**
Chief Executive Officer
Oak Grove Center
Murrieta, CA
- NIAC Board
- ANI Board
- NIAC and ANI Boards

¹ Elected February 2014

We are grateful for our present and past board members who have given their time and expertise over the past 25 years. Their thoughtful deliberations have made invaluable contributions to our Group. Our members, past, present, and future, are beneficiaries of their efforts.

Leaders from our member organizations and volunteer professionals comprise our boards.



Back Row (L-R): Jennifer Weiss, Cheryl Paddock, Tom Wander, J. Jeff Fly. Third Row: Stephen Richard, Tammy Wilson, Ted Van Name, Jeanne Bell, Norris Clark, Donald Kleinfelder. Second Row: Martha Marcon, Suzanne Cross, Mary K. Stroube, Bernadette Joe Maddox, Michelle Uchiyama, Stephen Sumner. First Row: Wilson Jones, Pamela E. Davis, R. Lawrence Bacon.

We are tax-exempt 501(c)(3) nonprofit insurance providers governed by the nonprofits we insure.

They said it could not be done

“Leaders are visionaries with a poorly developed sense of fear and no concept of the odds against them.” —Dr. Robert Jarvik



Food First
Oakland, CA
Member since 1989—our first member!

“We have been with NIAC from the beginning. For 25 years, we have appreciated having a partner we can count on to provide the coverage we need and inspired service. As a nonprofit itself, NIAC truly understands what nonprofits need and value. Congratulations on this milestone!”

—Marilyn Borchardt, Food First, Inc.

Our companies were founded in response to a crisis, during which many nonprofits suffered from skyrocketing liability insurance prices in the mid-1980s. Nonprofits were poorly understood by commercial insurance carriers, who viewed their diverse community serving activities as risky.

Our founder envisioned a different type of insurer—one that would partner with nonprofits to make them stronger and more effective organizations by pricing their policies fairly, and maintaining stable prices over the long haul. This partnership would extend beyond responding to claims; it would include valuable resources and training to help prevent accidents from happening in the first place.

It was a lofty goal, and an untested premise. Many doors slammed shut, but with the financial backing of some forward-thinking foundations, Pamela Davis turned her master’s thesis into a business plan and in

1989, launched the Nonprofits’ Insurance Alliance of California (NIAC).

A little more than ten years later, on the heels of unprecedented success in California and with \$10 million in foundation grant money, we expanded the model into other states.

Today, 25 years later, more than 13,000 nonprofits in 31 states and the District of Columbia are insured by this Group of companies. With more than \$350 million in assets, we are now a leader in the insurance marketplace for nonprofits.

It’s been a long road, but because nonprofits took charge of a difficult situation, they have better options available to them today no matter where they buy their insurance. What started as a response to a crisis has become a leading example of the power of nonprofits working together.

Priced Right

With 25 years of claims experience, we now know that nonprofits are eminently insurable risks. We are able to price policies appropriately so that our members don't have to face the significant price fluctuations typical of the commercial insurance marketplace.

Customized Coverage

We understand nonprofits, and have designed our Nonprofits' OWN insurance policies to meet the unique needs of nonprofits. The primary focus of our policy forms is to cover what goes wrong at nonprofits. It is our intention to cover as many insurable risks as possible, rather than to avoid providing coverage.

Professional Partners

We work with independent insurance brokers, who represent the interests of nonprofits in their communities. The brokers' role is to help the nonprofits select the right coverages for their risks and to provide expert advice about implementing appropriate loss mitigation strategies.

An Ounce of Prevention

We provide free training and services to help the nonprofits we insure become even stronger organizations. Whenever possible, we help prevent accidents and injury from happening; and when it does, we help our members avoid the stress that can result from the litigation process. This investment pays off for everyone. Good risk management policies and training keep our members' organizations running safely and helps protect their clients, employees, and volunteers from injury.

Strengthening the Nonprofit Sector

Purchasing liability insurance through the Nonprofits Insurance Alliance Group keeps nonprofit dollars working for our communities. Each nonprofit that joins us is making the nonprofit community stronger by pooling its resources in service to the sector, rather than letting them be drained out as profits to others.



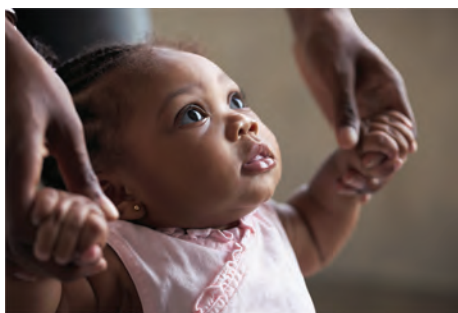
*Leadership Concepts
San Juan Capistrano, CA
Member since 1997*

"Nothing is more important to us than protecting the young participants in our programs. Through NIAC, we have access to significantly discounted background checks which help us ensure the safety of our volunteer staff and participants."

—Tom McCandless, Leadership Concepts

The heart of the matter

Ultimately, our goal is to provide the best value for insurance coverages and loss prevention services so that our members can focus on doing what they do best—serving their communities. The best part of our day is when we get a glimpse into our members' world and the amazing work they do. Here are just a few...



Child, Inc.
Wilmington, DE
Member since 2002

"Any time I am faced with a significant personnel decision, I consult an expert at ANI's Labor and Employment Risk Management service. I always get prompt, expert advice delivered in a professional but friendly manner. As unpleasant as these personnel matters can be, it is always a relief knowing I have considered all the options, minimized the risk to the agency and consulted with an expert."

—Tim Brandau, *Child, Inc.*



Community Bridges
Santa Cruz, CA
Member since 1995

"We get so much more than an insurance policy from NIAC! We have used the online sexual harassment prevention training for supervisors and online defensive driving training, attended webinars on various topics, and borrowed from the Audiovisual Lending Library—all for free!"

—Susan Marinshaw, *Community Bridges*

We Serve Only 501(c)(3) Nonprofits

These organizations provide valuable programs and services supporting youth, the disadvantaged, elderly, and countless others. Nonprofits improve our communities, our world and ourselves, and by doing so create tangible value.



Boys & Girls Clubs of Garden Grove
Garden Grove, CA
Member since 1995

"NIAC's webinars and legal advice have saved us thousands of dollars annually and have helped us manage our workforce ethically and compliantly. They offer sound and qualified advice and are always accessible, even at the most pressing times."

—Mark Surmanian, M.B.A., *Boys & Girls Clubs of Garden Grove*



Good Samaritan Pet Adoption Center
Denver, CO
Member since 2001

"A nonprofit insurance company seemed to us a novel concept at first, but we welcome the concept and are proud to be part of a solution that is keeping nonprofit dollars in the nonprofit sector."

—Beth Springer, *Good Samaritan Pet Adoption Center*



Above the Line
Santa Cruz, CA
Member since 1990

"We have been with NIAC 25 years, and we appreciate that policies are priced fairly so we don't have surprises at renewal. Additionally, we have benefited from expert advice from on-staff consultants who are available when we have questions related to risk."

—Suzanne Stone, *Above the Line*



Speech and Language Development Center
Los Altos, CA
Member since 1990

"As one of the pioneer members with NIAC, we are proud to see nonprofits are gaining strength in the marketplace. NIAC understands the nonprofit world and works in a proactive way with each insured to manage and minimize risk."

—Steve Fifield, *Speech and Language Development Center*



Ride Connection
Portland, OR
Member since 2004

"ANI understands our unique needs and we appreciate the ease of working with them, as well as the many free, useful resources provided to members. We are very pleased that we made the move to ANI for our insurance."

—Joan Heinemann, *Ride Connection*

Your Mission is Our Mission

We are proud to be associated with the organizations that make up this important sector and do our best to support their efforts by providing them with appropriate insurance coverages and risk management tools to protect their organizations, their clients and the general public.



Healthy Smiles for Kids of Orange County
Garden Grove, CA
Member since 2005

"We were surprised to learn about all the value-added benefits with NIAC. Having a consultant available to help us determine what services are best for our organization is very helpful."

—Monica Havert, *Healthy Smiles for Kids of Orange County*



Nevada Wilderness
Las Vegas, NV
Member since 2006

"Nonprofits are no longer at the mercy of traditional insurance carriers that don't understand the work nonprofits do. We know ANI's policies are priced fairly and that they will be there to protect us, if needed."

—Debra Bookout, *Nevada Wilderness*

Success...more than numbers

Some of the things we are most proud of are less easily quantified



Novato Youth Center
Novato, CA
Member since 1990

"Novato Youth Center has been insured by NIAC for 24 years. I have been proud to serve on NIAC's Board of Directors since 2010, helping to make governing decisions that benefit all of its members. Having an insurance company that is also a 501(c)3 nonprofit is truly a gift to all nonprofits in California."

—Cheryl Paddock, Novato Youth Center

Significant growth in premium amounts and number of members are easy to report. But is that the true measure of success over these 25 years?

The respect that nonprofits have gained in the insurance marketplace

In the mid-1980s, nonprofits as a class of business were red-lined by most insurance companies. Because of their deep interaction with community members in need, and particularly their work with children, the elderly, the disabled, and those with HIV, many nonprofits could get insurance only if they knew a broker with enough clout to get special consideration from an insurance company. And even then, the cost was high and the coverage offerings

were limited. Nonprofits that could not show proof of insurance could not receive any government funds. Now, many insurers compete for nonprofits.

The stress we take off the shoulders of hard working nonprofit executives

An insurance policy cannot cover every risk, but our philosophy is to interpret the language of our policies to *find* coverage, rather than to look for a way to decline coverage. We know that if our policy does not protect our members, they are going to need to use their precious resources to protect themselves. And, of the many free resources we provide members, we know firsthand the stress relief provided by our Labor and Employment Risk Managers.



Any nonprofit that carries D&O insurance with us is just a toll-free phone call away from getting free, unlimited assistance with difficult employment situations.

Impacting case law to help those who help others

Nonprofits are in the front lines of caring for many difficult and fragile clients. Sometimes, even when every best practice is followed and properly documented, accidents happen. We work to make sure that nonprofits are not held responsible for accidents over which they have no control. We are proud to have achieved five published appellate cases (four State Court and one US District Court) that have significantly narrowed plaintiffs' access to

liability verdicts against nonprofits. In each of these cases, plaintiffs sought to hold the nonprofit liable for the negligent actions or other misconduct of its vendor or independent contractor.

By providing a vigorous defense for our nonprofit insureds, even through the appellate process, we have been increasingly successful in educating the courts about the effective manner in which nonprofits serve their consumers. This saves precious time and resources better spent on services, rather than fighting plaintiffs who bring nonprofits into lawsuits in which they do not belong.



*Guide Dogs of the Desert
Palm Springs, CA
Member 1999-2006 and 2010-Present*

"We were a NIAC member for several years, then tried another carrier but ended up coming back to NIAC. We appreciate the combination of excellent coverage, prompt and courteous claims handling, and especially the fact that we are helping strengthen the nonprofit sector by purchasing our insurance from a cooperative."

—Sarah Clapp, Guide Dogs of the Desert





"NIAC understands our needs and offers super relevant trainings. We are very grateful for our partnership with NIAC. Not only does it mean our insurance is fairly priced, but because they are a non-profit too, it means our dollars stay in the nonprofit sector."

—Kate Comfort, HIP Housing

HIP Housing
San Mateo, CA
Member since 1992

A big thank you to all our wonderful independent insurance agents and brokers—we could not do this without you!

The Nonprofits Insurance Alliance Group is proud to work in partnership with professional independent insurance agents and brokers. Their service and commitment to nonprofits in their communities helps ensure the best possible service for our valued members. We thank them for their continued support of us and of this important sector of our economy.

Friends we have met along the way

We are grateful for our many advocates who have championed our cause over the years.



North Bay Children's Center
Novato, CA
Member since 1995

"Most insurance companies only contact you when they want a payment. NIAC stays in touch all year long with communications relevant for nonprofits, frequently offering additional services and/or helpful information. How refreshing!"

—Mary Ann Hovis, North Bay Children's Center

"I am pleased to have been associated with NIAC as a broker for the past 25 years. When Pamela Davis introduced the concept for the company, I believed in NIAC's vision and now NIAC has become the premier insurer for nonprofit organizations. Today there are more options for nonprofits, but NIAC offers the most comprehensive coverage, claim service, and value-added services that are beneficial to clients. The staff look for solutions to meet the needs of our mutual clients. Pamela, your vision and your hard work have created the best insurance company for the nonprofit community. I am proud to know you and to be associated with NIAC. Happy 25th!"

—Richard Eynon
Comprehensive Insurance Services





Dynamic Dimensions
Burlington, CO
Member since 2001

"We welcomed the opportunity to host a free defensive driver training course at our location with ANI's professional driving instructor, and we have also taken advantage of the free online driver training. We appreciate the partner we have in ANI to avoid accidents before they happen."

— Cheryl Reese, Dynamic Dimensions

"As a 20-year NIAC member, we continue to appreciate the many benefits afforded our agency. In particular, the dividends we have received are like found money and have allowed us to help more pets and people in need. A real gift back that means so much!"

—Pamela Magette, PAWS/LA



PAWS/LA (Pets are Wonderful Support)
Los Angeles, CA
Member since 1994

"NIAC and its affiliates are to be commended for 25 years of exemplary service to the nonprofit community! I have watched with pleasure as you have grown from a few hundred members to more than 13,000, and I am pleased to have played a role in your successful efforts to be recognized as 501(c)(3) nonprofit organizations."

—Sam Farr, US Congressman
20th District, California

"What group has given out \$33 million in core support to California nonprofits without any crowing? The unexpected answer: the Nonprofits' Insurance Alliance of California (NIAC), celebrating its 25th anniversary of supporting California nonprofits. Every nonprofit in California owes a debt of gratitude to NIAC, its leaders, and its staff and volunteer board members. Happy Birthday, NIAC!"

—Jan Masaoka, CEO, CalNonprofits
Editor, Blue Avocado

Have you discovered the Blue Avocado?

If not, you are missing out on the informative and irreverent online magazine of American Nonprofits. With 65,000 readers, it is packed with fun, practical advice and thought provoking commentary. Check it out at www.americannonprofits.org

blue
avocado



A walk down memory lane

1989	7.1 Loma Prieta earthquake hits Santa Cruz, California on October 17th. NIAC writes first policy on November 1.
1991	Auto physical damage, directors and officers and umbrella coverages are introduced. Audio visual lending library is launched.
1993	First bill is introduced in Congress to enable tax exemption for charitable risk pools.
1994	Reinsurance arrangement with SwissRe is established. Companion property program is developed for members.
1996	Congress adds Section 501(n) to the tax code enabling NIAC to be a 501(c)(3). Free labor and employment consultation service is introduced. State of California adds Section 23701 z to the Tax Code, enabling state tax-exemption for NIAC.
1997	NIAC becomes federally tax-exempt under section 501(c)(3) in January of 1997. Free driver training is introduced.

	NIAC is featured in PBS series <i>Visionaries</i> , which airs on PBS stations nationwide.
1998	\$150,000 grant is received from Packard Foundation to develop business plan to expand the NIAC model outside California. Handling of claims is moved in-house—substantial savings!
1999	Nonprofits' OWN enhanced policy form is introduced. \$5 million grant is received from the Bill & Melinda Gates Foundation for capital for ANI.
2000	NIAC purchases and renovates a new headquarters building in downtown Santa Cruz. \$5 million grant is received from the David & Lucile Packard Foundation for capital for ANI. Pamela Davis, Founder, President and CEO, is named one of the 100 Leading Women in the Insurance Industry by Business Insurance.

2001	The Nonprofits Insurance Alliance Group starts operation: Alliance Member Services (AMS), National Alliance of Nonprofits for Insurance (NANI), and Alliance of Nonprofits for Insurance, Risk Retention Group (ANI) join Nonprofits' Insurance Alliance of California (NIAC) to form the Group. All companies are 501(c)(3) nonprofits. ANI begins offering coverage in Colorado, Delaware, District of Columbia, Maryland, Nevada and Virginia. North American Elite (NAE) property program is introduced. A.M. Best Weighs in! NIAC receives A- (Excellent) A.M. Best rating, ANI and NANI receive B++ (Very Good) A.M. Best rating.
2002	NIAC Board approves \$1 million in returned premium to NIAC members. ANI expands into Connecticut, Michigan, North Carolina and Pennsylvania. Pamela Davis is listed in <i>Nonprofit Times</i> Power and Influence 50.



2003	ANI expands into Iowa, Kansas, Missouri, Nebraska, Oregon, Utah and Washington.
	NIA Group wins C/O 100 award from IDC's C/O magazine for positive business performance through resourceful IT management and practices.
2004	A.M. Best upgrades NIAC to A (Excellent).
	Pamela Davis wins first ever award for Policy Innovation from The Goldman School of Public Policy, UC Berkeley.
	ANI expands into Vermont.
	Secure website for both members and brokers is introduced.
2005	New Flat-Rate D&O coverage is introduced for nonprofits with zero employees.
	Prior Acts Coverage is now available.
	Pamela Davis is named one of the nation's 15 BEST BOSSES by Fortune Small Business and Winning Workplaces.
	BOARDnetWORK is introduced for members—a free, web-based board management tool.
	Discounted background check service is introduced.

2007	NIAC Board approves Dividend Plan and declares first dividend of \$3.7 million for members.
	ANI expands into Georgia, Hawaii, Idaho and Minnesota.
	A.M. Best upgrades ANI and NANI to A- (Excellent).
2008	NIAC Board declares dividend of \$4.2 million for members.
	ANI expands into Arizona, Illinois, Massachusetts, Nebraska and North Carolina.
	<i>Blue Avocado</i> , new online magazine is launched with the financial support of the Group.
2009	NIAC Board declares dividend of \$4.2 million for members.
2010	NIAC Board declares dividend of \$5.0 million for members.
	A.M. Best rates the NIA Group together for the first time, assigning a rating of A VIII (Excellent) to all companies in the NIA Group. Combined surplus exceeds \$100 million.
	ANI expands into Arkansas.

	First ever "sequel" of the documentary series <i>Visionaries</i> airs on PBS featuring the growth of the NIA Group.
2011	NIAC Board declares dividend of \$5.0 million for members.
	ANI expands into Florida.
2012	NIAC Board declares dividend of \$4.0 million for members.
	ANI expands to New Jersey, New York, North Dakota, South Dakota and Wisconsin.
	American Nonprofits is launched with assistance from the NIA Group.
	Electronic Data Interchange (EDI) web-based portal for brokers is launched.
2013	NIAC Board declares dividend of \$5.0 million for members.
	NIA Group wins insurance industry award for web-based portal for brokers.
	NIA Group is named one of the Bay Area News Group's Top Workplaces.
	Partnership begins with National Assembly Business Services to provide group purchasing discounts to members.



The Nonprofits Insurance Alliance Group is comprised of

4 distinct 501(c)(3) nonprofit organizations:

Nonprofits' Insurance Alliance of California (NIAC)

Provides liability insurance to 501(c)(3) nonprofits in California—Founded in 1988

Alliance of Nonprofits for Insurance, Risk Retention Group (ANI)

Provides liability insurance to nonprofits with locations outside California—Founded in 2000

National Alliance of Nonprofits for Insurance (NANI)

Provides property reinsurance—Founded in 2000

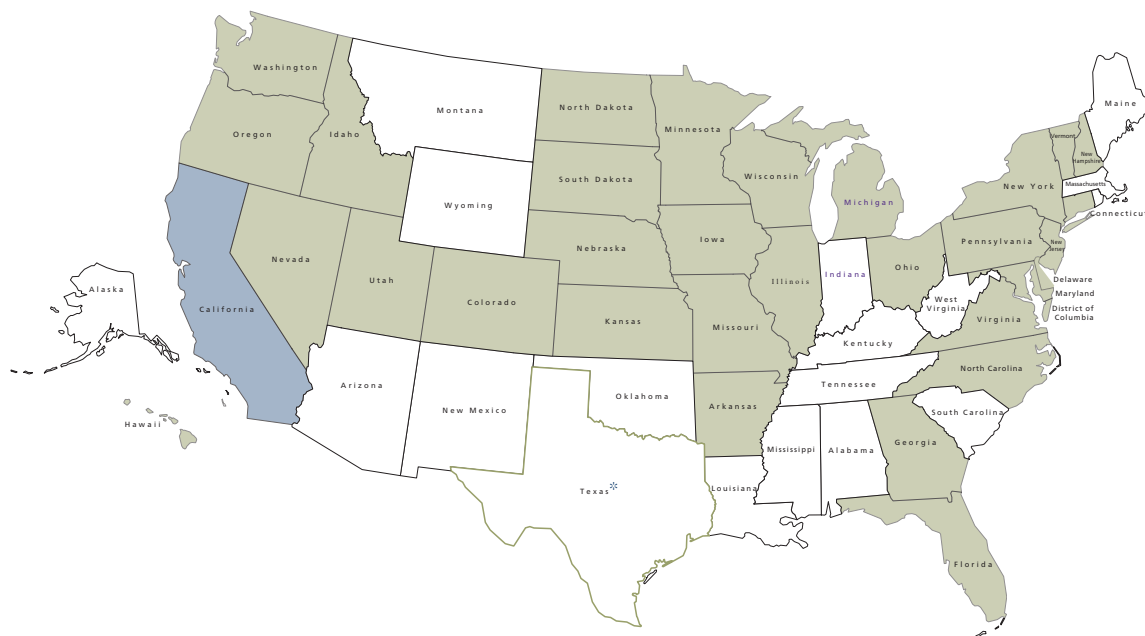
Alliance Member Services (AMS)

Provides staff, services and support to the other three companies—Founded in 2000

Nonprofits Insurance Alliance Group

More than 13,000 nonprofit organizations in 31 states and the District of Columbia rely on us for their liability insurance coverages. These include children's programs, group homes, senior organizations, art

programs, food banks, community groups, foster family agencies and many others. These organizations are essential to the health of the communities they serve.



** ANI will begin providing coverage in Texas in January 2015.*

Senior Leadership Team

We take seriously our responsibility to provide the best possible value to the nonprofits we insure. Our staff members often comment on how meaningful it is to do work that ultimately benefits so many nonprofit organizations.

We look for staff who understand the special role nonprofits play in our communities and provide incentives to encourage them to volunteer and experience the great work of nonprofits first hand.

Our pledge to our members is that we will continue to innovate and exercise good stewardship of the resources entrusted to us.



Clockwise from top, left: Michelle MacGaffey-Alvis, John F. Keane, Melissa Yarnell, Susan Bradshaw, Kimberly Aday, Pamela E. Davis and Betty Johnson.

Pamela E. Davis

Founder, President and CEO

Kimberly Aday

CFO and Treasurer

Michelle MacGaffey-Alvis

*Vice President of
Administration*

Susan Bradshaw

*Vice President of Marketing
and Member/Broker Services*

Betty Johnson

*Vice President of
Information Technology*

John F. Keane

*Vice President of
Insurance Operations*

Melissa Yarnell

Vice President of Risk

A growing family

Word is definitely out that ANI and NIAC are the source for insurance for nonprofits. In 2013, we received 20 percent more applications than we did in 2012.

If we stay on our current pace, growing by nearly five new members each business day, we will reach 14,000 members in the fourth quarter of 2014.

Oakland Youth Chorus
Oakland, CA
Member since 1995

"For a small organization like ours, it has been very valuable to have access to tools like the employee handbook builder that help us keep current with requirements. When nonprofits work together, we have so much more power!"

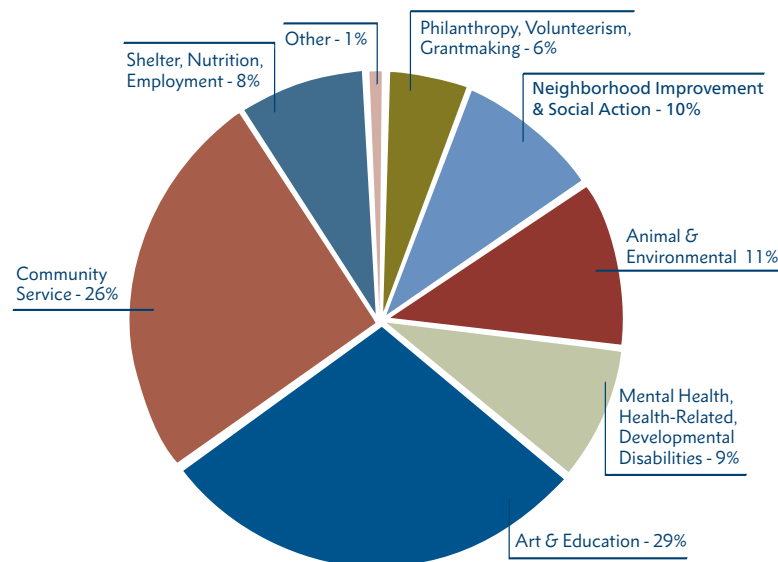
—Keri Butkevich, Oakland Youth Chorus



Group Results 2013

In 2013, the Group welcomed 1,933 new members, renewed 94 percent of its existing members, and ended the year with 13,067 nonprofit members. Gross written premium for the Group totaled \$89.6 million. At year's end, the Group's balance sheet showed total equity of \$161.6 million, total assets of \$354.9 million and \$9.1 million in net income before dividends of \$4.8 million.

2013 Member Composition

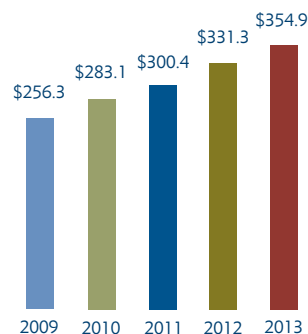


Group 2013 Financial Highlights

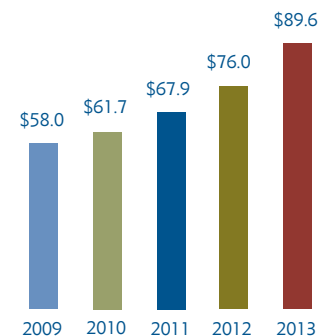
	2013	2012	2011
<i>(in millions of dollars)</i>			
Gross written premium	\$89.6	\$76.0	\$67.9
Dividends to policyholders	\$4.8	\$ 3.8	\$4.8
Net income after dividends	\$4.3	\$9.7	\$6.9
Total assets	\$354.9	\$331.3	\$300.4
Cash and invested assets	\$256.3	\$241.8	\$221.3
Loss reserves (including loss adjusting expenses)	\$137.4	\$119.4	\$105.3
Total equity	\$161.6	\$163.1	\$150.0
Policies in force	45,251	41,445	38,356
Reported claims			
General liability	1,053	1,017	842
Auto liability	1,587	1,467	1,582
Other*	2,100	1,944	1,742

A copy of the Group's complete audited financials can be found at www.insurancefornonprofits.org

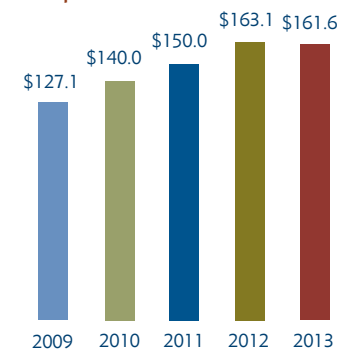
Assets (in Millions)



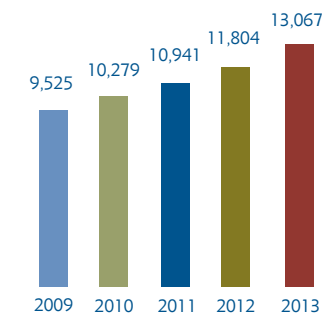
Premiums (in Millions)



Surplus (in Millions)



Members



NIAC 2013 Financial Highlights

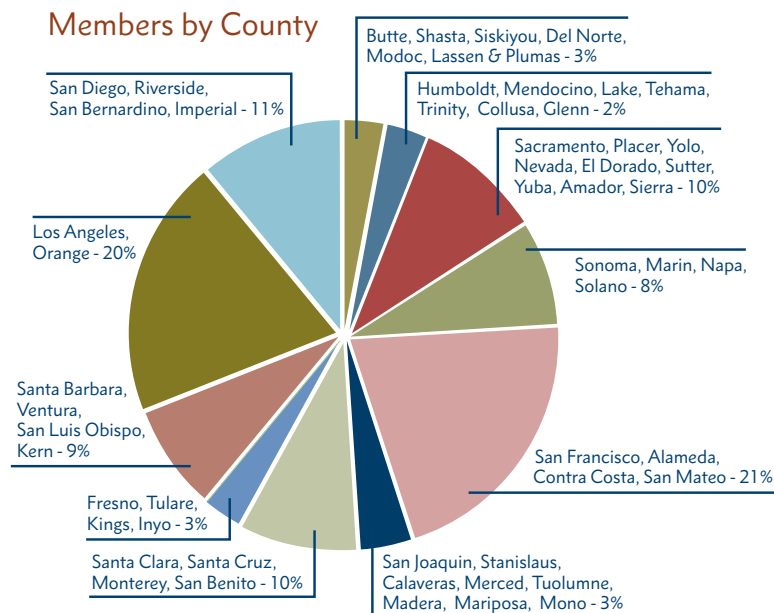
(in millions of dollars)

	2013	2012	2011
Gross written premium	\$56.2	\$50.1	\$46.2
Dividends to policyholders	\$4.8	\$3.8	\$4.8
Net income after dividends	\$1.9	\$7.0	\$4.8
Total assets	\$245.3	\$234.8	\$216.3
Cash and invested assets	\$185.0	\$178.3	\$164.7
Loss reserves (including loss adjusting expenses)	\$90.3	\$80.7	\$73.1
Total equity	\$123.1	\$125.3	\$115.3
Policies in force	25,189	23,371	22,039
Reported claims			
General liability	509	501	454
Auto liability	837	832	893
Other	645	583	438

A copy of NIAC's complete audited financials can be found at www.niac.org

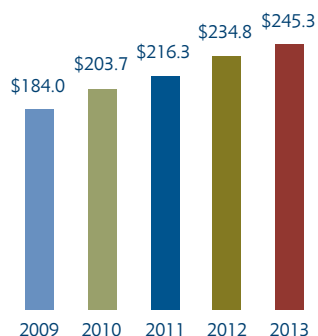
NIAC Results 2013

Members by County

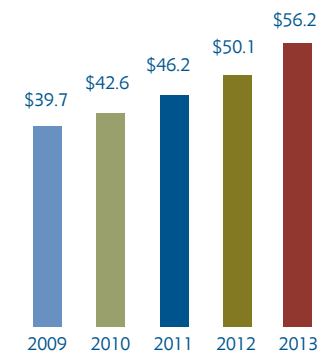


In 2013, NIAC welcomed 908 new members, renewed 95 percent of its existing members, and ended the year with 8,313 nonprofit members. Gross written premium for NIAC totaled \$56.2 million. At year's end, the NIAC balance sheet showed total equity of \$123.1 million, total assets of \$245.3 million, and \$1.9 million in net income after dividends of \$4.8 million.

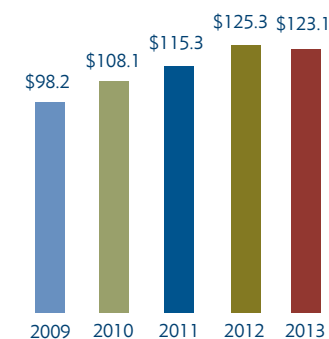
Assets (in Millions)



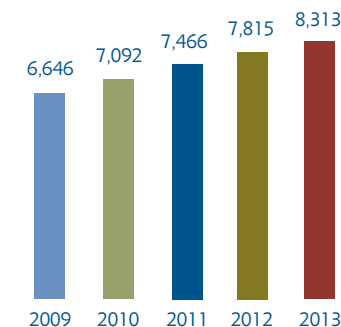
Premiums (in Millions)



Surplus (in Millions)



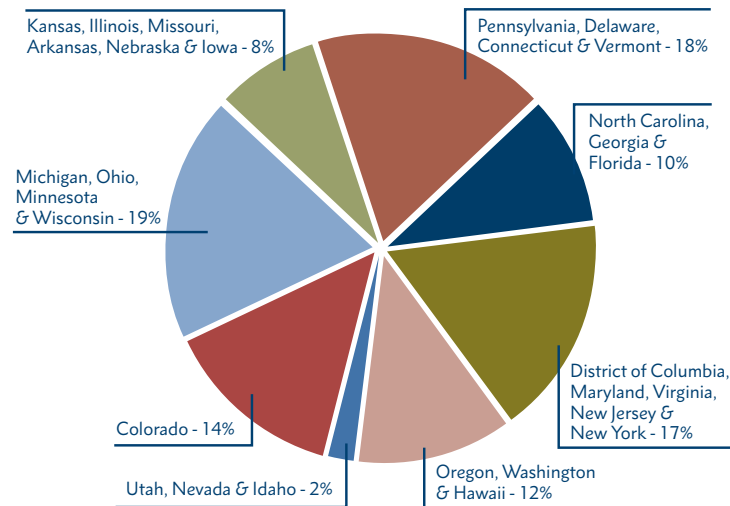
Members



ANI Results 2013

In 2013, ANI welcomed 1,025 new members, renewed 93 percent of its existing members, and ended the year with 4,754 nonprofit members. Gross written premium for ANI totaled \$29.7 million. At year's end, ANI's balance sheet showed total equity of \$27.1 million, total assets of \$86.4 million and \$0.8 million in net income.

Members by State

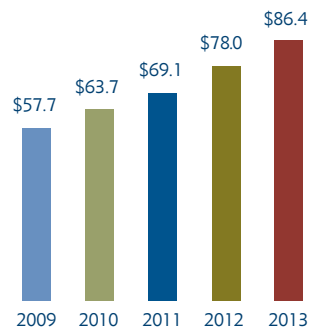


ANI 2013 Financial Highlights

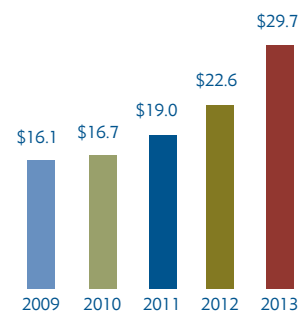
	2013	2012	2011
<i>(in millions of dollars)</i>			
Gross written premium	\$29.7	\$22.6	\$19.0
Net income	\$0.8	\$1.4	\$1.5
Total assets	\$86.4	\$78.0	\$69.1
Cash and invested assets	\$51.3	\$46.6	\$42.7
Loss reserves (including loss adjusting expenses)	\$44.1	\$38.0	\$32.9
Total equity	\$27.1	\$27.9	\$26.0
Policies in force	13,297	11,124	9,666
Reported claims			
General liability	544	516	388
Auto liability	750	635	689
Other	160	138	118

A copy of ANI's complete audited financials can be found at www.ani-rrg.org

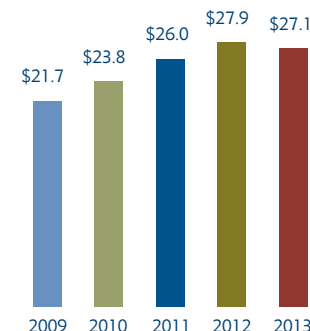
Assets (in Millions)



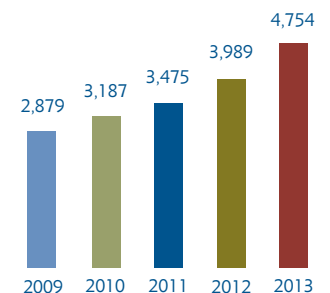
Premiums (in Millions)



Surplus (in Millions)



Members





Portland Children's Museum
Portland, OR
Member since 2007

"As a nonprofit we are always looking for ways to control costs. Who better understands that than another nonprofit? Our relationship with the whole ANI team has proven to be beneficial because they get it."

—Brenda Smith,
Portland Children's
Museum

\$1.9 million

in FREE and highly discounted services provided to members during 2013

Nonprofits get more than just an insurance policy from us; they also get valuable training and services to help them accomplish their missions. Providing members with specialty expertise in advance of problems both reduces stress on our members and enables them to focus on their mission. We offer practical, easy to use tools and training to help our nonprofits run safe, efficient and effective organizations. A sampling of these resources is listed here, or you can visit our website for a comprehensive list at www.insurancefornonprofits.org.

Benefits of Membership

FREE Services for Member-Insureds:

MEMBER-ONLY Secure Website – Risk management tools, sample forms, reference documents and more

Employment Issues Assistance – Members that purchase D&O insurance receive unlimited labor and employment consultations with our Labor and Employment Risk Managers.

Loss Control Assistance – Unlimited loss control consulting

Driver Training – Driver training (online, in person and self-study) for members who purchase owned auto policies

Vehicle Monitoring Program – 800 line "How Am I Driving?" tool to assist members managing fleets of vehicles

Educational Booklets – Risk management educational booklets on various topics important to nonprofits which can be downloaded from the web or ordered in hard copy

Audiovisual Lending Library – Unlimited use of dozens of titles for staff meetings and training sessions

Sexual Harassment Training for Supervisors

Online resource to meet state requirements (For CA and CT members to comply with California's AB1825 and Connecticut Section 46A requirements)

Webinar Series – 60-90 minute risk management presentations on relevant and timely topics of particular interest to nonprofits

BOARDnetWORK – A customized, web-based tool to streamline governance activities and help boards of directors stay informed and organized

My Risk Management Plan – A web-based, interactive program to develop a customized risk management plan that reflects each organization's needs, priorities and culture

Significant Discounts On:

- Background Checks
- Drug Testing
- Disaster Recovery and Planning
- Employee Handbook Builder - for members who purchase D&O insurance
- Motor Vehicle Record Check
- Group Purchasing Portal through National Assembly Business Services

Coverages

Our specialized coverage forms were written exclusively for nonprofits. Over the years we have expanded our coverage to better meet the needs of the nonprofits we insure.

Our Coverages:

- *General Liability*
- *Business Auto Liability*
- *Non-owned Hired Auto*
- *Social Service Professional*
- *Improper Sexual Conduct*
- *Directors and Officers*
- *Umbrella Liability*
- *Liquor Liability*
- *Employee Benefits Liability*

Available through companion programs:

- *Auto Physical Damage*
- *Fidelity*
- *Foster Parent Liability*
- *Participant/Volunteer Accident*
- *Property*
- *Workers' Compensation*

Pricing and Claims Philosophy

It's really very simple; we charge a fair and sustainable price for the coverages nonprofits need. Our members know that they need not worry about wild price fluctuations from year to year with us. We don't play those games. That's one of the reasons why we have a renewal rate of 94 percent!

And if liability is clear when a claim is presented, we pay it without needless wrangling. On the other hand, when false accusations are made against our members' good names, we fight to defend them. We are partners with our members, and we take seriously the trust they place in us to protect them.

Nonprofits OWN

...is a special coverage form designed BY and FOR nonprofit organizations.

"We know after 20 years with NIAC that the nonprofit insurance cooperative concept really works. The quality of care and personalized service we've received over the years has been extraordinary. We've also been pleasantly surprised with dividends several times!"

*—Debra Marsteller,
Project Independence*



**Project Independence
Costa Mesa, CA
Member since 1994**

A Note About Dividends

We are required to maintain financial resources at levels that meet the obligations we have made in our insurance contracts with our members. But we have the privilege of sharing better than expected financial outcomes with our members!

Over the past eight years, NIAC has declared \$33.1 million in dividends for its nonprofit members in California. ANI is not yet of a sufficient size to begin paying dividends, but ANI members are already earning loyalty credits toward potential future dividends.

While it is not likely that every year will warrant a dividend, it is our pleasure to announce them when results are better than anticipated.

What's next?

Despite the accomplishments over the past 25 years, these advances only serve to show us how much is possible when nonprofits work together to take control of important financial services. We continue to look for opportunities to make additional resources available to our valued members, and we welcome suggestions. Our growing clout enables us to negotiate better values for the training and services our members need to run safe, effective organizations.

American Nonprofits

In this spirit, we helped to organize American Nonprofits in 2012; it serves as a platform to address issues of finance, credit, strategy, and accountability for nonprofits in the US. Discussions are underway to initiate solutions, and collectively improve nonprofit finance, including investigating the feasibility of creating American Nonprofits Federal Credit Union. Preliminary approval of a field of membership to include 501(c)(3) nonprofits, their employees, volunteers and stakeholders has been granted by the National Credit Union Administration to American Nonprofits. Find out more at www.americannonprofits.org.

Coming Soon...

Later this year, the Nonprofits Insurance Alliance Group will introduce a new visual identity to carry us into the future with a more streamlined, cohesive look for our Group.

Our first responsibility will always be to provide the very best insurance value for our nonprofit members. Our guiding principle remains, "Inspired service and sensible products at the right prices, effectively and dependably delivered." How and where we do that will change over time, but what will never change is our commitment to the community-based nonprofits we serve and for which we were formed. It is our privilege, and our pleasure, to serve you.



Friends of Mt. Tam
Corte Madera, CA
Member since 1991

"We are pleased to be part of the wind of change that is happening in the nonprofit sector. Thank you, NIAC, for offering nonprofits excellent coverage at fair prices, and then going the extra mile by offering so much more. We look forward to seeing what the next 25 years bring!"

— Arlin Weinberger, Friends of Mt. Tam

For a list of all the nonprofit member-insureds pictured in this report, visit www.insurancefornonprofits.org.

Nonprofits Insurance Alliance Group • www.insurancefornonprofits.org • P.O. Box 8507 • Santa Cruz, California 95061