

Availability of BOP filings allowing for the provision of property only for 501(c)(3) nonprofits

Guy Carpenter (GC), a Marsh & McLennan Company, is a global leader in providing risk and reinsurance intermediary services. GC provides clients with specialized reinsurance broking expertise, strategic advisory services, and industry-leading analytics. Founded in 1922, GC employs more than 2,300 professionals in 50 offices worldwide, providing support to more than 1,250 Clients and placing over \$21 billion in reinsurance premium annually.

During the months of May, June and July of 2017, Guy Carpenter undertook a series of steps to determine the existence of insurance company filings for standalone auto physical damage or standalone property on a Businessowners Policy (BOP) for 501(c)(3) nonprofits. In particular, the research was conducted to determine the availability of a BOP property form that would allow an admitted insurance carrier to provide property coverage only to 501(c)(3) nonprofits, without requiring liability coverage to be purchased simultaneously. Guy Carpenter performed some of this research internally and also engaged the services of Perr & Knight, a leading provider of insurance support services, including actuarial consulting, competitive intelligence, data services, regulatory compliance and insurance technology. This research included three parts:

- 1) Inquiry regarding insurance coverage forms available from American Association of Insurance Services (AAIS)
- 2) Inquiry regarding insurance coverage forms available from Insurance Services Office (ISO)
- 3) Extensive research of the filings made by insurers admitted in the states of NY and FL

Search of American Association of Insurance Services (AAIS) Database

In May of 2017, Guy Carpenter contacted the American Association of Insurance Services (AAIS) and inquired whether they had produced for use by its more than 700 insurance company members, a standalone BOP property form or standalone auto physical damage form of the type used by small and mid-sized 501(c)(3) nonprofits.

AAIS confirmed a search of their database revealed they had not produced such a form for either property or auto physical damage. They further advised they were not aware of any independent filings of this nature made by an admitted insurance carrier.

Search of Insurance Services Office (ISO) Database

In May of 2017, Guy Carpenter contacted the Insurance Services Office (ISO) to inquire whether they had produced a standalone property form or standalone auto physical damage form for use by commercial insurance companies of the type needed by small and mid-sized 501(c)(3) nonprofits.

ISO confirmed a search of their database revealed they do not presently have such a form for either property or auto physical damage. They advised they had such a property form prior to 2002; however, it was still mandatory the insurance carrier offered the property policy AND the liability policy together. They concluded it was more efficient to offer the property and liability on one policy and discontinued offering the standalone property form. They have never had a standalone auto physical damage offering.

Targeted Research of State Filings

During the months of June and July of 2017, Perr & Knight performed targeted research in the states of Florida and New York looking for admitted insurance companies having filed BOP programs for 501(c)(3) nonprofits offering standalone property coverage. These states were chosen on the basis that a company making a national filing would be highly likely to appear in one of these states. Perr & Knight also observed content rich filings are more readily available in these two states.

Attached is a Summary Exhibit, along with the filings found by Perr & Knight which are relevant or somewhat related, as indicated below, to identifying admitted insurance companies having filed BOP programs for 501(c)(3) organizations.*

The attachment labeled North American (Swiss Re) NY BOP* was the filing Swiss Re made on behalf of the Nonprofits Insurance Alliance Group (also known as Alliance Member Services) in 2012. You will note it meets the requirement of offering standalone property insurance. Also attached is the similar filing that was made by Swiss Re on behalf of Nonprofits Insurance Alliance Group in Florida.*

A number of BOP filings were found for nonprofit organizations, but none of these filings allowed the insurance carrier to offer property coverage on a standalone basis. As an example, we have attached a New York filing made by Mount Vernon Fire Insurance Company (Berkshire Hathaway).* This filing requires the carrier to offer property and liability coverage as a package.

As a point of interest, we have included a Florida filing made by Tower Hill Prime Insurance Company (Tower Hill Group).* You will note this filing references Tower Hill writing a property only BOP for Residential and Commercial Non-Residential businesses. The filing indicated coverage would be offered for Non-Residential Office & Retail facilities, Hotels & Motels, Self-Storage Facilities and Mercantile Business classes. There is no mention of providing coverage to 501(c)(3) organizations.

Conclusion

Despite extensive research over several months, other than those filings made by Swiss Re on behalf of the Alliance Member Services Program, we were not successful locating standalone auto physical damage or standalone property coverage filings that could be used to provide appropriate monoline coverage for 501(c)(3) nonprofits wishing to purchase a property or auto physical damage policy without simultaneously purchasing liability coverage. The few filings applicable to small and mid-sized nonprofit organizations, required the simultaneous purchase of property and liability insurance.

*Attachments of nearly 750 pages have been provided to the Sponsors.