

A Special Reprint from

The Risk Retention Reporter

ANI Takes Lead in Providing Communicable Disease Coverage

As individuals and businesses grapple with the long-term liabilities surrounding the COVID-19 pandemic, risk retention groups are taking steps to help protect their members with risk management advice and in some cases, insurance coverage.

Nonprofits Insurance Alliance Group, (NIA) the parent company of **Nonprofits Insurance Alliance of California** (NIAC), **Alliance of Nonprofits for Insurance, RRG** (ANI), and **National Alliance of Nonprofits for Insurance** (NANI) is one of the few risk retention groups meeting this challenge head on with a new insurance policy called NONPROFITS OWN Communicable Disease Liability Insurance. The members of Santa Cruz, California-based NIA are all nonprofit organizations.

Brian E. Johnson, chief underwriting officer of NIA, says he believes this policy, which has a \$250,000 loss and ALAE limit, is one of the first of its kind offered by a risk retention group.

Prior to the COVID pandemic, Johnson said, NIA offered communicable disease coverage for third party claims to many of its members as part of its general liability coverage, as do some other RRGs currently. However, thanks to the reluctance of reinsurers to cover this liability, the RRG saw a need to create the new coverage. This new insurance is now available, for an additional cost to all members, including those with higher risk such as homeless shelters that were not able to previously get coverage.

“It’s not a guaranteed offer of coverage—there’s some underwriting,” he said, but none of their members are excluded purely because of the primary function of their organization.

“[Most nonprofits] are very, very good about doing the right thing to protect their volunteers and their clients. The vast majority of them are very well-run organizations that understand their mission,” said Johnson.

And he pointed out that in addition to their day-to-day activities many nonprofits have also been asked to step up to help with COVID testing and vaccine sites, supplying volunteers and opening up facilities, which can increase concerns about liability.

Communicable disease claims, including those arising from COVID-19, are difficult for third parties to prove, Johnson acknowledges, because the claimant needs to demonstrate that there was no way they got the disease anywhere other than at the location being sued and also that there was negligence about following Center for Disease Control guidelines on the part of the insured.

“The main thing we wanted was to give our members resources to defend themselves,” he said. Even a suit that won’t ultimately succeed can be extremely expensive, especially for small nonprofits.

Johnson said they’ve already written at least three dozen policies and are seeing strong interest in the coverage, with brokers calling to ask about it soon after the new policy was announced.

“I think the thing that makes me the proudest of it is being the first out of the gate,” he said.

*Re printed from the April 2021 Risk Retention Reporter —
Volume 35, Number 4*