



Our Organizations:

Alliance of Nonprofits for Insurance, RRG (ANI)
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Alliance Member Services (AMS)

ISC Done Right is Important to Overall Nonprofit Risk Management



By Brian Johnson and Ren Agarwal

It is a painful topic, one that has permanently scarred victims and damaged relationships defined by trust. In what seems like a never-ending stream of revelations, we are witnessing a sustained period of toxicity in our communities and local organizations created by improper sexual conduct and physical abuse, accumulated over many years.

Organizations, specifically small to mid-sized nonprofits we insure, find themselves [needing to address this topic from many vantage points](#), including as service providers and employers. Nonprofits offering counseling, shelter, and other forms of victim assistance are on the frontlines of this issue, caring for the most vulnerable and affected in our communities. Yet they are not immune from the pernicious actions of perpetrators of improper sexual conduct (ISC).

As employers, nonprofits may have to defend themselves in cases involving staff and volunteers. Community-based nonprofits must ethically manage their response to crises while continuing their mission to serve their communities, often with limited resources. As anyone who has been a party to a legal action due to improper employee behavior knows, one bad actor can harm several victims, drain resources, destroy good faith, and create a serious obstacle for a nonprofit to carry out critical services for its community. Nonprofits, as any organization, must protect themselves through multi-layered approach involving pre-employment screening, on-the-job training, and appropriate coverage in the event of a claim.

Independent insurance brokers we work with know how important it is for nonprofits to have the right coverage and the right limits. Without the right insurance, nonprofits already managing tight budgets are vulnerable to financial losses from which they may not recover. The same fate awaits nonprofits that have the wrong limits.

A broker will help the nonprofit determine how much insurance limit they need, given their exposure to certain risks, to adequately protect their assets and manage expense constraints. Having the maximum amount of insurance available doesn't necessarily afford a nonprofit "better" protection. Higher limits could make nonprofits a target to plaintiff attorneys who care less about the nonprofit's negligence and liability and more about obtaining the biggest settlement/jury award possible from

whomever has the most insurance available. We see this especially in cases where nonprofits are delivering services in lieu of a local government agency. In many cases, nonprofits are not only expected to provide services more efficiently, they are also expected to inappropriately pick up much of the government agency's liability via draconian indemnification clauses in the contracts they are asked to sign.

In conjunction with independent brokers who chose to work with us, we have been helping nonprofits properly protect themselves through ISC insurance. In fact, as other carriers ignored the risks or left the marketplace altogether, we have continued our unwavering commitment to stably priced insurance for the sector.

Our experience from three decades of insuring 501(c)(3)s has convinced us that while availability of ISC coverage continues to be vital to the health of the nonprofits sector, inappropriate limits could do more harm than good. That's why we are reiterating our commitment to offering this coverage for nonprofits at limits that are sustainable over the long term and appropriate to the size of the organization. In addition, we are continuing to help nonprofits vet local government contracts for onerous obligations that unfairly burden nonprofits.

We invite independent insurance brokers to [contact us](#) about ISC coverage for their nonprofit clients. And nonprofits who are interested in being contacted about NIA insurance and risk management service for members can send a request online: insurancefornonprofits.org/getstarted.

Brian Johnson is the Chief Underwriting Officer and **A. Ren Agarwal** is the Chief Marketing Officer at Nonprofits Insurance Alliance.

If your nonprofit is a member of the Nonprofits Insurance Alliance, you have access to free, unlimited consultations with our loss control manager. We also have sample property inspection checklists on our secure website. For more information, contact Loss Control at losscontrol@insurancefornonprofits.org or call: 831-621-6076

If your nonprofit is not a member of the Nonprofits Insurance Alliance and you'd like to learn more about joining our community, please check out our [list of coverages](#), as well as the [benefits of membership!](#)