

# 5 MISTAKES

## You Can Avoid That Can Increase Your Social Services Insurance Costs

*There is more to keeping down insurance costs than negotiating the best rates. In this interview, Regional VP Roger Fuydal of the Social Services division of Capacity Coverage discusses how you can reduce insurance costs.*

### **What are the main coverages that non-profits need?**

Most of our clients are community mental health agencies whose funding comes from the local, county, or state government. Non-profits like these need property insurance including coverage for computer equipment, office machines, and client records. Most need General Liability coverage with legal liability coverage and medical payments. They also need Crime Coverage, which insures employee dishonesty, forgery, theft, and destruction. If your organization owns vehicles, you need liability for that vehicle and any cars driven for your services. Plus, the Board of Directors needs Directors & Officers Liability, which covers prior acts, wrongful termination, sexual harassment, and liability for services provided.

### **Why is Directors and Officers (D&O) insurance important?**

Most non-profits have a volunteer Board of Directors as well as key management executives of the agency that sit on the Board. Board volunteers are actually putting their personal assets on the line if the agency is ever sued. D&O insurance protects them because they can be sued even if they are lay people who are not social services professionals.



### **What other types of lawsuits can occur in Social Services?**

One of the largest areas for insurance claims in this field is wrongful termination. An employee of the non-profit who has been terminated may sue because they feel age, race, or sex discrimination led to the termination. These lawsuits can occur even when the agency has the basis for the termination well documented. Lawsuits can also result from allegations of sexual abuse or sexual misconduct pertaining to clients.

There are few insurers that provide the full limits for this exposure because it's potentially so great. The cost of defending these claims is high even when the employer or employee is not at fault. To try to avoid these situations, some agencies have put measures into place such as not being alone with clients, or gaining consent to record their interactions within the agency. In addition, conducting background checks on potential new hires can help avoid problems.

*As the 61<sup>st</sup> largest broker in the US and an industry specialist, Capacity has the clout in the market to help you get the best coverage with the best pricing.*

### **Is Umbrella Insurance important for a non-profit?**

Since 9/11, umbrella liability costs have greatly increased, but they are starting to get more affordable. Some agencies have not been carrying Umbrella Insurance due to the expense, but it should be revisited on an annual basis at renewal time.

### **How else can Capacity help reduce our insurance costs?**

Besides advising our clients and seeking the best rates, we have a new free service called MyWave. MyWave is an online service that has time saving tools to help manage insurance tasks. For example, creating employee newsletters, safety programs, in-house forms, and insurance reports can be time-consuming and expensive. MyWave lets you download easy-to-customize materials. If you have an insurance question, you can search a library of thousands of articles. Or, you can post your question to an online forum tapping the resources of your industry peers. You can also access a complete OSHA Log reporting and analysis system. All of these services save time and money - and they are free.

### **Why is it important to work with an insurance specialist?**

The number of companies that provide insurance for this market is somewhat limited because the main coverages for non-profits are professional liability or medical malpractice. This is a complex area to insure with unique issues, so it requires experience and specialized expertise to handle it properly and to identify the appropriate carriers for each

agency. Even this interview is just for general advice. Every business is different and requires its own analysis from your broker.

When you work with a broker that specializes in non-profits as we do, the broker can identify potential situations that can cause an insurance exposure based on their experience with similar clients. Not every insurance broker understands what

non-profits and particularly mental health agencies need. As specialists, we represent most of the major carriers that write insurance for your business, which general brokers do not.

*We understand you may have used your current broker for years. We simply suggest that you make a comparison. Then you can decide what is best for your agency.*

*Go to the link below, fill out the form, and let us review your insurance needs.*

**<http://www.capcoverage.com/socialservices.html>**

- **Use a broker who knows your industry**
- **Identify insurance implications of operating decisions**
- **Insure your Board volunteers**
- **Protect your agency against lawsuits**
- **Review your options annually including umbrella coverage**