

Risky Business

Finding insurance can be tough for shelters and rescue groups, but here's how to convince companies that you're a safe bet

BY JIM BAKER



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A dog you've adopted out bites a child a few weeks later.

A customer slips and falls on a wet floor in your building.

A volunteer transporting a pet to a nursing home to visit residents has a car accident, and the other driver is hurt.

Any of these situations, if it were to result in a lawsuit, could lead to the financial crippling of an animal shelter or rescue group—and the end of its mission.

That's where insurance comes in.

"Our job is to make sure when these things go wrong—because they will, no matter what—that the organization has proper insurance to protect itself, to make sure that it doesn't bankrupt itself by defending a case or paying a settlement out of pocket," says Craig Sherman, a partner at Prince Associates Inc., an

insurance brokerage in Hicksville, N.Y., that offers a program for insuring animal welfare organizations. (Prince Associates doesn't actually hold the policies, but helps shelters find coverage.) "The insurance pays for the settlements, for the claim payments, for the injuries or property damage to others, and the goal is for the organization to transfer that risk, that possible monetary loss, to the insurance policy."

But it's often hard for shelters and rescues to find the coverage they need at a price they can afford. The reason: Rightly or wrongly, many insurance companies view them as big claims waiting to happen.

Insurers see operations fraught with potential liability: staff performing physically demanding tasks and working closely with animals who have an unknown history and may behave unpredictably; facilities that are

open to the public; organizations that depend on volunteers who, despite training and orientation, might not follow rules.

On top of that, animal welfare organizations are an unknown quantity for lots of insurance companies that don't really understand the details of their facilities and operations. And what is unknown is seen as potentially risky. Have a restaurant or a retail store that needs insuring? No problem—these companies write that type of coverage every day. Need insurance for your shelter or rescue group? You've got some persuading to do.

The Knowledge Gap

Sheltering is "just an area that isn't very well understood. If you ask a hundred people in any town, "What do they do at your local shelter," they'd say, "Oh, I don't know—they

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take in strays, and they adopt them,' and that's really about all they know about it," says Steve Putnam, executive director of the National Federation of Humane Societies in Vienna, Va.

"So people don't have a real good grasp of what all kinds of work shelters do, and consequently, insurance companies haven't really wanted to take the time to assess the real risk in the business and write a policy."

Putnam's familiar with this issue from his former work with The Humane Society of the United States, where he served as vice president of business development and corporate relations. He helped create its Shelter Partners program, which provides participating shelters with discounts on products and services (including, now, preferred rates on insurance).

"The whole idea behind Shelter Partners ... is that it's designed to provide group buying for shelters, and insurance is one of the things that shelters told us they had a real issue with," he says.

Putnam tried to come up with a group health insurance policy that the program could get for shelter staff and volunteers, but he could never find an insurance company willing to underwrite it.

"We did get a company to write general liability for shelters through the Shelter Partners program. It was priced reasonably well, [but] it was never very successful, and the company dropped it, because they only had 25 or 30 shelters sign up for it," he says.

It's a still a challenging environment, but fortunately, there are brokers and insurance carriers out there that have decided to service the sheltering field or that specialize in insuring nonprofits, including animal welfare organizations.

Shelters and rescues can also take steps to make themselves more appealing as potential clients by demonstrating professionalism and transparency, having written policies and standard operating procedures designed to protect staff and the public from injury, and doing all they can to reduce potential liability in their operations.

"When you're talking to an insurance company, you're talking to a for-profit entity, and we're asking them often to put up a million, two million, five million dollars of their own capital at risk for really a pretty small payment, and they want to feel confi-

dent that their partner—the policy holder—is going to do a good job of minimizing claims," says Jeff Stone, vice president of John O. Bronson Co., an insurance brokerage in Sacramento, Calif.

Barking Up the Right Tree

Go local—that's the first step many animal welfare organizations take when they start their search for insurance, according to Sherman.

A shelter executive director may think of the local insurance agent she turned to for her own home and auto insurance. But while the agent's probably a nice guy, he typically specializes in personal lines of insurance, and that's not what a shelter requires.

What's needed is a commercial insurance broker, but not just anyone. Rather, you need to find a broker who has the expertise and knowledge to deal with a shelter or rescue group—which, if you'll forgive the pun—is an entirely different animal than, say, a delicatessen or retail store that needs insurance.

"This is the kind of thing that most agents don't see every day, so they don't know what the availability for markets [is], and they don't know how to write it, and usually they just give up," Sherman says. "So a lot of the phone calls we get from prospective organizations are, 'You know, we tried with a local broker, and he just couldn't do anything.'"

Of course, this isn't *always* the case, but it's a good general rule of thumb. If there's a commercial broker in your town or state who can do the job for you, great. But you may need to do some research, and cast your net a little wider—sometimes a lot wider—to find what you need.

Prince Associates has benefited from knowing the sheltering market. About 1,800 animal welfare organizations around the nation participate in the insurance program that the brokerage specifically designed for shelters, rescue groups, and spay/neuter clinics. Some of the industry-specific elements the company offers include professional liability that encompasses certain jobs or sideline operations shelters might be involved in, like veterinarians working in a spay/neuter clinic or animal trainers doing obedience training. Prince also offers "animal bailee" coverage, which is property coverage for animals who are in the organization's custody while they're being held.



Resources

If you're interested in learning more about insurance issues affecting animal welfare organizations, or want to start looking for a commercial broker or insurance carrier, here are some good places to go:

- **Nonprofit Risk Management Center** (*nonprofitrisk.org*) offers a wealth of information, including advice, online tools, and a library of relevant articles.
- **Nonprofits Insurance Alliance Group** (*insurancefor nonprofits.org*) will guide you to two sister organizations: Alliance of Nonprofits for Insurance and Risk Management Group, operating in 25 states; and Nonprofits' Insurance Alliance of California, operating only in that state. Both of these are insurance carriers (and nonprofits themselves) that exclusively serve 501(c)(3) organizations, including hundreds of shelters and rescues.
- **Prince Associates Inc. Insurance Managers** (*www.animalshelterinsurance.com*) is an insurance agency that offers a program specifically designed for animal welfare organizations. Prince Associates is also an associate in the Shelter Partners program of The Humane Society of the United States. Shelters that become members of the program are eligible to receive preferred rates, among other benefits.
- **Philadelphia Insurance Cos.** (*phly.com*) offers a Nonprofit Package Insurance Program designed to provide a wide range of special insurance needs for 501(c)(3) organizations, including animal shelters.
- **Insurance Group USA** (*insurancegroupusa.com*) has a program designed for animal rescue organizations and shelters.
- **Great American Insurance Group** (*greatamericaninsurance.com*) has a specialty human services division that offers products and services to animal-related organizations, including animal protection and welfare groups, shelters, aquariums, humane societies, sanctuaries, and zoos.
- **John O. Bronson Co.** (*johnobronson.com*) is an independent insurance agency in Sacramento, Calif., with experience in insuring animal welfare organizations.

But the executive director of a small shelter in, say, rural Oklahoma isn't going to find the company in the Yellow Pages of the local phone book, nor is the name of that brokerage likely to be on the lips of a hometown insurance agent.

That's why it's smart to reach out to colleagues in the animal welfare field, such as executive directors of other shelters, for referrals to insurance experts who could help—whether they're located in the nearest big city, another state, or even halfway across the country.

The next step is taking your search online, where you can find the websites of insurance brokerages and underwriters that have programs for nonprofits and, in some cases, shelters and rescues in particular.

In other words, don't be afraid to think national.

Make the Rules— and Follow Them

An insurance broker who has experience working with shelters and rescues can advise you on steps you can take to make yourself more attractive to insurance companies.

It starts with the way your organization presents itself to the broker, and through him or her, to the insurance companies who will review your application for coverage. That application, and often a site visit by the broker, will give the companies a window into your operations, and what they see should instill confidence that you will make a trustworthy partner.

(Note to the insurance-lingo challenged: A broker's job is to find, compare, and present competitive quotations from insurance carriers, regarding price and coverage, for a client's consideration. The broker typically gets a service fee or commission, based on a percentage of the premium, from the insurance company for making a sale.)

And a site visit to your facility (if you have one) is standard. Your broker, and often a local or regional representative of the insurance company, will tour your property and do a safety inspection.

"In some ways, it's no different than when you talk to donors—it's just a different kind of 'sell,' if I can use that word," says John Nagy, vice president for finance and administration at the Dumb Friends League in Denver.



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Be prepared to address any issues that the broker identifies as potential barriers to coverage. "You want to promote [yourself] to the insurance industry: 'We're a very good business, we're doing something very valuable for the community, and we need your help to cover the risks that we have. We *want* your recommendations. We want you to give us ideas on how to *improve* our operations,'" Nagy says.

Insurers look for evidence that an organization has clear, written policies and procedures in place that outline how your shelter or rescue should function, especially in regard to any task or activity that has the potential to injure a staff member or visitor.

Having those policies is one thing; ensuring they're followed is equally important. Employees and volunteers must be trained in those procedures "and know that it's absolutely important—essential—that they follow them," says Pamela Davis, president and CEO of the Nonprofits' Insurance Alliance of California, a liability insurance pool that exclusively serves 501(c)(3) organizations in that state.

“That’s just number one, because if you have policies and procedures in place that are excellent, but your people aren’t following them, that makes it even worse for you in a lawsuit, because your employees ignored what you said they should be doing.”

The Sacramento (Calif.) SPCA, for example, has an Injury/Illness Prevention Program that guides the shelter as it tries to reduce risk. The program’s policy manual outlines the shelter’s policies, provides instructions on how to perform various tasks, explains the procedures for reporting injuries, offers directions on how to respond to emergencies, and details the responsibilities of different levels of management.

Every month, there’s a training session for each department of the shelter, touching on different aspects of safety in the workplace. A committee is tasked with going through the facility routinely, making observations, and recommending how to make things safer.

Staff members take the time to educate volunteers about the proper ways to interact with animals, in order to reduce the risk of injury. “We have a really comprehensive volunteer training program,” says Mike Oei, the shelter’s finance director/controller. “It’s four, separate weekend days that you have to come before you can even walk a dog.”

The best way to persuade insurance companies that you’re a professional and responsible organization, of course, is to show them that you have a good track record.

“We have a very large humane society that we’ve insured since 1993, and you look at their claims history, and they’ve had a hundred claims over that time, but they’re a very good insurance risk,” Davis says.

“When they have *do* have claims, it’s clear that even though there may be a lawsuit, that they have followed their practices. There may be something that happens, but it doesn’t become a huge difficulty to defend, because they are a responsible organization, and accidents happen—that’s why you have insurance.” **AS**



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