



Social Services Look to E&S Amidst Change in Admitted Marketplace

Social services are services offered for the benefit of the community. Often provided by non-profit organizations, they cover a diverse population and offer a wide range of services, including:

- Non-medical home health care companies
- Federally qualified health centers and clinics
- Adoption and foster care agencies
- Group homes, youth residential facilities and adult day care centers
- Drug/alcohol treatment facilities
- Homeless shelters, shelters for abused women/children

Coverage for these entities has traditionally been written directly by admitted, retail-direct carriers many times on occurrence-based forms. However, in the past 18-24 months, growing claims and the rise of social inflation have resulted in exponential premium increases, and carriers moving coverage to claims-made forms... if renewal is offered at all. Some carriers have even exited the market altogether.

At the same time, the number of scheduled non-renewals for insurance carriers writing social service entities is dramatically increasing and remaining accounts are frequently offered significantly less coverage at a much lower limit - particularly on Sexual Abuse coverage and coverages on Umbrella/Excess layers.

Faced with these challenges, social service organizations have had to look for replacement coverage in the specialty marketplace more often than ever before.

CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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E&S solutions close the gap

Admitted coverage for social services typically includes property, auto, general liability, professional liability, abuse and umbrella coverages. For many, finding replacement coverage in the E&S marketplace at the same price is simply not an option – especially if an entity has had any type of loss.

In the E&S space, insureds are finding they can either replace full limits at a much higher cost OR reduce their overall limit offering to soften the blow on their price increases. This, combined with the huge deltas in cost between the admitted and E&S marketplaces and the intricacies of the social services class of business, has resulted in retailers looking to wholesale specialty brokers like Amwins to help fill the gap. Replacement coverage should be crafted by specialists in the space to help give insureds the best chance at comprehensive results.

In the event of non-renewal situations, existing coverages may need to be replaced on separate policies for each line of coverage. This means one program for property, another for auto, and then a combined GL/PL/Abuse + Umbrella program. As a result, it requires more information gathering and expertise, which is why it is so crucial to have wholesale brokers involved early in the process.



Carving out coverage

In some cases, carving out the coverage on a specialty policy can be more beneficial to the insured. For example, abuse and molestation coverage has become difficult and much more expensive to obtain within the PL/GL marketplace. Working with a wholesale broker who can evaluate and potentially carve out sexual misconduct coverage on a monoline basis can benefit the insured by providing complete coverage while maintaining a cost-effective premium overall.



What retailers need to know

It's important to note that wholesale specialty brokers aren't looking to compete with the more traditional carrier products. They are simply presenting insureds with an alternative when admitted coverage is no longer an option.

It's easy to predict that renewals are going to be tough this year – especially for insureds with any kind of loss. So it will be important to start the process early and set expectations with clients that pricing will be going up – no matter what the situation – and that the information gathering process will be more intense than in years past. If possible, allow at least 60 days in advance of the renewal to gather information. This will help ensure that process goes smoothly, and all the pertinent information is gathered.

Let clients know that if they're looking at specialty coverage, applications for both general and professional liability will be needed, as will a separate sexual abuse application and a hired non-owned auto (HNOA) application. This will make the renewal process more efficient and help get potential questions answered up front.

Discuss any potential sublimits – especially those for elopement (when a patient or resident of a facility leaves the immediate area), bodily injury and physical abuse. Brokers should highlight potential exclusions or limitations like we often see on communicable disease, opioids and sexual abuse. Also, be prepared to move coverage forms from occurrence-based forms to a claims-made form to be able to provide more options. Focusing on these differences in coverage ahead of time can help avoid surprises when the renewal is offered.

Finally, be sure to set the expectation that coverage in the E&S marketplace is expected to be more expensive, and the program will very likely have to be split into separate policies. This can be a tough message to deliver, but it's important to set accurate expectations as much as possible.

A black and white photograph of two women walking outdoors, smiling and laughing. The woman on the left has short, light-colored hair and is wearing glasses and a dark polka-dot shirt. The woman on the right has long, dark, curly hair and is wearing a light-colored button-down shirt. They are walking on a paved surface, possibly a sidewalk, with a blurred background of trees and buildings.

Takeaway

At Amwins, we understand the challenges social service entities face and the complex nature of their accounts. We know the critical role social services play in our communities and have the knowledge and skill to design a program that meets the distinct needs of the entities providing these services.

Our team of social service industry specialists works with you to create custom solutions for each client – determining specific coverages, carving out any monoline coverages as needed. And, with our deep market relationships, we can anticipate what questions carriers may have throughout the underwriting process.

Your challenges are our privilege. Contact your Amwins broker for more information on how we can support you and your social services clients.

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