

**Insuring Sector Survival:
Insurance and the Voluntary,
Community-based Sector in
Newfoundland and Labrador**

**Community Services Council
Newfoundland and Labrador**

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Foreword

Increasingly, non-profit, voluntary organizations are concerned about legal liability and the cost of insuring against legal suits in which people in positions of responsibility may be held liable for actions associated with the organization. This has led to a growing demand by people serving on Boards of Directors that insurance coverage be in place to protect them in the event that the organization is sued. It used to be thought that individuals could not be held personally accountable for the actions of the organization. However, numerous court cases have ruled that Directors may hold vicarious responsibility.

Similarly, volunteers and staff are becoming more aware of the risks they assume while in pursuit of their duties, such as the use of private vehicles to drive to meetings or to bring program participants to an event. People have been told to carry business insurance on vehicles to cover such contingencies as fellow volunteers driving to a meeting, or driving another person to a medical appointment. Organizations and individuals are, understandably, becoming more skittish about performing day-to-day courtesies, and wondering whether their insurance is adequate. People are worried about claims being made on their personal insurance policies and volunteers are concerned about their protection in the event of injury.

The pressure on voluntary groups is enormous. For those who already carry insurance, there has, in many instances, been a sharp increase in costs of coverage, related we are told to the cycles in the insurance industry. For the many groups that do not carry insurance protection, there is a growing worry on the part of volunteers and sometimes a reluctance to become involved. Because of the nature of non-profit and voluntary organizations, particularly the financial circumstances of many groups, these are not easy matters to resolve. Most groups are reliant on various types of grants (usually short-term project funding) and contributions from the general public. Diverting limited resources to the purchase of insurance is producing a detrimental affect on activities and programs. In our more litigious society, as people become more aware of the potential risk of not being insured, the negative effects will potentially have an impact on the vitality of both individual organizations and the voluntary sector as a whole.

From earlier research conducted by the Community Services Council, we know that one of the possible reasons why people may not volunteer is their concern about legal liability. In fact, over 40% of respondents in one provincial survey cited this issue as a concern. The Community Services Council of Newfoundland and Labrador has therefore joined forces with thousands of groups across the country to address the issues of liability, risk and insurance coverage, now presenting major challenges for the voluntary sector and volunteers. Because of the vital contribution of the sector to the social, economic and cultural well-being of people and communities, these issues need to be better understood so that all parties – the sector, government and the insurance industry – can work together to find solutions to ensure the continuing vibrancy of the hundreds of thousands of non-profit groups that comprise the third pillar of Canadian society.

This report, *Insuring Sector Survival: Insurance and the Voluntary, Community-based Sector in Newfoundland and Labrador*, gives an overview of issues from a Newfoundland and Labrador perspective. The findings are quite shocking, as they make evident how few organizations carry a full range of insurance coverage. While in the ideal world people should be able to assist others and contribute to their communities without fear of legal liability, the current climate dictates otherwise. It is incumbent therefore on all parties to find reasonable and workable solutions.

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Darren Newton conducted the research on which this report is based with study design assistance from Penelope Rowe. Darren Newton, Darlene Scott, Fran Locke and Penelope Rowe prepared the report, with assistance from Darren Murphy, Kelly-Anne Meadus and Kim Power.

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1.0 INTRODUCTION

There are growing concerns about risk and liability in the voluntary, community-based sector. Recent media coverage and anecdotal information suggest that voluntary organizations have begun to feel the effects of rising insurance premiums. Community groups are expressing a desire to act collectively on matters of assessing risk, learning more about their exposures, and how to keep their budgets from eroding due to new and higher insurance costs.

The cost of appropriate insurance coverage is beyond the reach of some non-profit groups and it is clear from this research that comprehensive insurance coverage does not exist in the sector. Risk management planning requires greater attention and resources.

As a first step, to better understand the impact of rising insurance rates and other liability issues on the work of voluntary organizations in Newfoundland and Labrador, the Community Services Council of Newfoundland and Labrador (CSC) hosted a roundtable in conjunction with the Voluntary Sector Forum and formed an Ad Hoc Committee to explore these issues.

1.1 Roundtable Highlights: 16 January 2004

Representatives of 13 different voluntary, community-based organizations attended the January 16th roundtable meeting. The group identified six major areas that outline the issues of liability and insurance and require further action. These issues include, but are not limited to, general liability, travel and accident, directors and officers, and professional insurance, plus the full range of issues associated with defining and managing risk.

The identified areas were:

- Awareness and education on liability and risk management
- Adequacy of risk coverage in the sector
- Cost and denial of insurance
- Need for consultation with the insurance industry
- Potential for government intervention
- Sector survival risk due to budget implications and fear of liability among potential volunteers.

The group developed a list of potential strategies to address the issues, including increasing awareness in the sector, working with insurance companies, exploring new and different insurance options, garnering government support, addressing government regulations and policies, and striking a steering committee to gather more information and develop an action plan.

Participants asked the Community Services Council of Newfoundland and Labrador (CSC) to research the extent of the problems regarding liability, risk and insurance among voluntary, community-based organizations in the province.

1.2 Ad Hoc Committee

A small planning group was formed to explore the concerns further. The Ad Hoc Committee on Liability and Insurance consists of six participant organizations represented at the roundtable, and is coordinated by CSC. The group is committed to promoting sector involvement in resolving issues related to insurance and risk management.

In the winter of 2004, the CSC conducted an online survey.

1.3 On Line Survey - Summary Findings

Many organizations in Newfoundland and Labrador (36% of the survey respondents) operate without any insurance coverage whatsoever, and surprisingly few organizations have a full range of coverage.

Table I. Insured vs. Uninsured Status

	N	%
Organizations carrying one or more policies	68	64 %
Organizations carrying no insurance policies	38	36 %
Totals	(N= 106)	100 %

Small, unincorporated and rural organizations tend to have lower rates of insurance coverage, regardless of policy type. Because a large segment of respondents carried no insurance and few organizations reported carrying more than one or two types, overall coverage on risks facing the sector is clearly less than what the market might bear.

1.4 Concerns about Liability and Risk in the Sector

A lack of risk management procedures was reported. Although concerned about risks facing their operations, very few groups have formal risk management programs in place or the planning underway to result in formal risk management strategies.

Table II. Risk Management Planning in the Sector

	N	%
Organizations with comprehensive risk plan in place	12	14%
Organizations reporting no formal risk plan (although preparation for one may be underway)	74	86 %
Totals	(N= 86)	100 %

Some respondents reported that concerns with liability were already affecting their programs and recruitment of volunteers. Many organizations said they were having greater difficulty finding funds to pay for insurance and suffering a loss of volunteers because of fear of personal liability.

A summary of the main insurance and liability concerns of voluntary organizations in Newfoundland and Labrador, according to the survey, would be:

- High cost of insurance is a budgetary concern.
- Effects on programs are anticipated due to budget erosion.
- Negative impact on volunteer recruitment is felt, and feared for the future.
- Implementation of risk management procedures is low.
- Access to sources of independent information is less than adequate.

Secure budgets, engaged volunteers and consistent programming are all vital to insuring sector survival. The issues outlined in this report require further examination.

1.5 Why This Research is Important

What follows are more detailed research findings from the on-line survey conducted by CSC and recommendations arising from the three combined efforts. These findings satisfy the requirement of roundtable participants and Ad Hoc Committee members to 'define' the problems and issues in Newfoundland and Labrador.

The roundtable, the Ad Hoc Committee discussions, and the survey results all indicate a need to further address risk, legal liability, and insurance issues in the voluntary sector in Newfoundland and Labrador, at a number of levels.

2.0 METHODOLOGY

Existing information on risk management, the insurance industry, property and casualty insurance was reviewed, as well as current and proposed legislation to protect volunteers and voluntary, community-based organizations in other parts of Canada. An online survey was designed to assess the extent to which risk, liability, and insurance concerns are affecting voluntary organizations in Newfoundland and Labrador. The survey was pilot-tested by CSC staff and by several non-profit groups before being posted online at www.enVision.ca.

2.1 Sample

A survey sample was drawn from the Community Services Council provincial database of more than 4,300 voluntary organizations. Groups were randomly selected from a list stratified on the basis of region and organization type. Each was contacted by email and invited to participate in the survey. The survey questionnaire was posted at www.enVision.ca for one month. Fifty-eight respondents completed the survey from the selected sample. In addition, the Liability and Insurance Survey was open to any visitor to enVision.ca. An invitation to participate in the survey was posted on the front page of the website and 48 individuals responded, 43 from organizations operating within Newfoundland and Labrador and five from other parts of Canada, for a total of 106 respondents.

2.2 Data Sets and Reporting

Software functions permitted the researcher to know whether responses were from the targeted sample or open survey and a comparison of the responses found no significant differences. Therefore the data were combined into one dataset for final analysis. The responses were, however, separated into two reporting subsets based on whether or not the organization carried insurance. This allowed for profiles to be constructed of organizations with at least one insurance policy in place at the time they responded to the survey (n =68, or 64%) and those that did not have any policies in place (n =38, or 36%).

The majority of results reported in this paper make a distinction between the two groups.

3.0 RESEARCH FINDINGS

Just under two thirds (64%, n=68) of respondents in the province-wide sample reported carrying any form of insurance.

3.1 Extent of Insurance Coverage

Of the 64% that indicated they had some form of insurance, most had from one to three types of coverage in effect on an annual basis. Only 20% of respondents carried more than four types of coverage from the list below. Incredibly, only one organization indicated coverage for everything in the list.

Table III. shows the percentage of all survey respondents carrying each type of coverage at the time the research was conducted in mid-2004.

Table III: Frequency of Coverage by Policy Type Within Full Sample

Type of Insurance Carried (N=106)	N	%
Directors and Officers Liability Insurance	44	42%
Office Contents Coverage	35	33%
Premises Liability Insurance	34	32%
Commercial General Liability	34	32%
Professional Liability Coverage	19	18%
Tenants Legal Liability	17	16%
Errors and Omissions	17	16%
Travel Accident Policy	13	12%
Fidelity Bonding	10	9%
Other	18	17%

This shows a real gap in coverage because only 20% of our sample indicated they did not need insurance (see page 9), mainly because of lack of service delivery.

This research covers a diverse population of groups, from large organizations with reasonably stable budgets to extremely small groups with local goals and objectives. The smaller groups might have no premises or contents to insure, or not be involved in activities such as direct delivery of services or third party contracts that would require a wide array of insurance coverage. A further breakdown of the data still shows, however, that overall insurance coverage is low.

Table IV shows that Directors and Officers Liability Insurance is the most prevalent form of coverage carried in the sector, but is still only carried by 65% of groups who are actually purchasing insurance policies.

Table IV: Frequency of Coverage by Policy Type Within Insured Population (organizations reporting at least one policy in place).

Type of Insurance (N = 68)	N	Carried by % of "Insured" Groups
Directors and Officers Liability Insurance	44	65%
Office Contents Coverage	35	51%
Premises Liability Insurance	34	50%
Commercial General Liability	34	50%
Professional Liability Coverage	19	28%
Tenants Legal Liability	17	25%
Errors and Omissions	17	25%
Travel Accident Policy	13	19%
Fidelity Bonding	10	15%
Other	18	26%

Carrying insurance is positively correlated with being incorporated. Table V shows that 94% of insured bodies were incorporated whereas fewer than sixty percent (59%) of uninsured groups reported incorporation.

Table V. Relationship Between Incorporation Status and Insurance Coverage

Status	Insured	%	Uninsured	%
Incorporated	33	94%	20	59%
Unincorporated	2	6%	14	41%
Totals	35	100%	34	100%

3.2 Profiles of Insured and Uninsured Organizations

The 68 organizations with at least one form of insurance coverage were predominantly larger, incorporated groups and mainly categorized as faith-based or sporting / recreational with head offices located in the Northeast Avalon.

Figure 1. Insured Organizations
<ol style="list-style-type: none"> 1. Mostly incorporated 2. Mostly religious and sporting groups 3. Many with Head Office on the NE Avalon 4. Larger volunteer base 5. Larger Boards of Directors 6. Some paid staff 7. Half have annual revenues greater than \$100,000

Figure 2. Uninsured Organizations
1. Mostly social, community, economic development
2. Most with Head Office elsewhere than the Avalon
3. Smaller volunteer base
4. Smaller Boards of Directors
5. Most have no paid staff
6. Half have annual revenues less than \$30,000

The 38 uninsured organizations were smaller. Nearly one quarter were categorized as social, community, or economic development groups. The remainder included environment-focused, justice / crime prevention / human rights, services for seniors, and women's organizations. In contrast to the insured groups, nearly two thirds of the uninsured respondents reported that their head offices were located elsewhere than the Avalon Peninsula, which is the province's most densely populated region.

3.3 Increasing Insurance Premiums

Nearly 25% of all respondents anticipated that changes in the cost of insurance would affect the ability of their organizations to purchase insurance in the future. Almost half (44%) of the respondents from the insured group reported that their organization had been told to anticipate increased premiums. These anticipated increases ranged from a low of 15% to a high of 600%. As other organizations seek to renew policies, it is likely that more groups will report increases in insurance rates.

"The cost of paying for insurance coverage is not affordable for small organizations with limited funding."

Survey respondents suggested that further increases in the cost of insurance could put appropriate coverage beyond the means of many groups, particularly smaller organizations. Should this occur, some organizations may be faced with the dilemma of deciding whether to operate without insurance, or to cease operating altogether.

Nearly 33% of all survey respondents said that future changes in the cost of insurance would affect programs in some way. A higher percentage (40%) of the insured groups felt this would be the case. Increases in insurance costs will siphon funds from programming budgets and many groups said they would have to raise more money through fundraising campaigns or increases in their program, registration, or membership fees.

A number of organizations suggested that the need to obtain insurance, coupled with rising insurance costs, could actually shut their organizations down.

"Our insurance has doubled in cost this year and we can see the time is fast approaching when we will not be able to afford to keep the [organization] going."

3.4 Claims History Among Organizations with Insurance

Purchasers of insurance may believe the cost of premiums is directly related to prior claims by their organizations or the sector as a whole. Our survey results imply that this is not the case.

Only eight (12%) of the 68 groups with some form of insurance reported that they had made an insurance claim within the last 24 months (two years):

- Two groups made claims on Premises Liability Coverage.
- Two made claims on their Travel Accident policy.
- One group each made claims on Commercial General Liability, Tenant's Legal Liability, Office Contents, or some other form of insurance coverage.

Eleven organizations (16%) had made an insurance claim within the past two to seven years:

- Two of these groups made claims on their Travel Accident policies.
- Two groups made claims on their Commercial General Liability policy.
- One group made a claim on their Premises Liability Coverage.
- One group made a claim on their Tenant's Legal Liability coverage.
- Five groups made claims on some other type of insurance coverage.

Ten organizations (15% of those carrying insurance) reported they had made a claim that was denied. Even though claims have been low in number, the sector appears to experience a high proportion of denial of benefits.

The claim rate in organizations does not explain the high and rising costs of insurance coverage faced by the voluntary community based sector.

Further investigation is needed into the relationships among claims, insurance industry cycles (especially hard markets) and rising costs experienced in the sector. Knowledge of how these factors interconnect is missing but needed by sector representatives who juggle budgets, program commitments and the expectations of volunteers.

3.5 Policy Renewal and Coverage

Locating appropriate insurance is not limited to first time seekers of coverage. It applies as well to organizations who are existing customers of insurance companies.

3.5.1 Renewal

Of the 68 organizations with insurance, seven (10%) reported that they had experienced difficulty renewing their insurance policies. Of these:

- Three reported they were unable to find an insurance provider with rates that were not "exorbitant".
- Two reported they had been informed that "carriers [were] no longer willing to insure Newfoundland and Labrador companies".
- The remaining two were informed that the work they performed resulted in being categorized as "high risk".

3.5.2 Denial and Exclusions

Five (7%) of the 68 groups with insurance reported that they had been denied a specific form of insurance coverage, and nine (13%) reported their current insurance policies contained clauses that excluded items for which they wanted coverage. When questioned about specifics, two groups responded; one indicated that coverage for damages arising from abuse was excluded, while the other group reported they were denied muskeg coverage for equipment loss due to sinking into a muskeg or bog.

3.6 Reasons for Not Having Insurance Coverage

Cost is a major consideration for any form of insurance purchase in the sector. Whether insured or not, organizations report cost to be the factor that most often determines whether an insurance coverage is purchased. The main reasons reported for not purchasing insurance were:

- Too costly (40%)
- Do not know what coverage to look for (20%)
- Do not need insurance coverage (20%)
- Cannot find a broker with appropriate coverage (6%)

One group said that, while their local organization did not carry any insurance, their national body covered their operations.

More than half the organizations in the uninsured group said they had made an overt decision to operate without any coverage. However, an equal number of these uninsured groups indicated they were worried about not having coverage. Operating without insurance, they feel, exposes their board members, staff, and volunteers to liability.

Given this concern, it is understandable that half the uninsured groups reported they are considering obtaining some form of insurance in future. Interestingly, a small number of groups who provided data indicated that, as a result of their participation in this survey, they would investigate risks and explore the need for insurance for their organization. This indicates that improved awareness may prompt either larger numbers of risk management plans or increased sales of insurance in the sector.

3.7 Concerns about Risk and Liability

The respondents were asked about the most significant risks being assumed by their volunteers and staff.

3.7.1 Perceived Risks

A majority of respondents felt the possibility of a lawsuit is the greatest risk, and almost half indicated bodily injury to be a major risk faced by the board, staff and volunteers working with their organization. These two fears, in fact, appear to drive the purchase of insurance, as they are reported in much higher numbers by organizations that actually carry policies.

Table VI. Greatest Risks Faced by Organizations

Greatest risk reported by:	Insured	%	Uninsured	%
	N = 67		N = 28	
Fear of Lawsuit	49	73%	13	46%
Fear of Bodily Injury Claim	29	43%	9	32%
Theft & Damage	17	25%	4	14%
Other	13	19%	5	18%

There appears to be confusion in the sector about what risks are real and what coverages should apply. While more than half of the insured groups had Directors and Officers Liability insurance in place, only a quarter of the insured groups reported they had Errors and Omissions coverage, which would cover financial losses arising out of the carrier's negligence, mistakes, or failure to take appropriate action in the performance of their defined "professional" duties, and which may not be included in some Directors and Officers policies.

As well, while two thirds of the insured groups had Premises Liability coverage, Commercial General Liability coverage, and / or Office Contents policies, only 20% of respondents felt theft and / or damage were actual risks for their organizations.

It is interesting to note that in the last two years, the local media has reported at least three different situations where a staff member or volunteer of a non-profit organization in the province has been charged with theft of organization funds. While coverages exist that would protect an organization from financial losses resulting from dishonest acts by an employee or volunteer, such as crime insurance and fidelity bonds, fewer than 15% of the insured groups reported they carried this form of coverage. Crime coverage and fidelity bond costs, of course, have escalated dramatically in recent years and this could explain low take-up.

There is a lack of knowledge about insurance options, true risks, and appropriate coverage for most voluntary, community-based organizations.

3.7.2 Effects on Programming

Concerns are creeping into the sector about impacts on programming. About 21% of organizations said that liability concerns were having an effect on their programs, and insured groups were more likely to report these impacts.

"We have cancelled general liability coverage and ceased renting our hall to other groups."

In particular, groups said their boards, staff, and volunteers are more cautious when planning and executing public events. Two groups commented that inability to obtain insurance to protect them from liability, due to cost or otherwise, would effectively end programs.

Table VII. Liability Concerns Have an Impact on Programming

Affects Programming	Insured		Uninsured	
	N	%	N	%
Yes	15	24%	3	12%
No	47	76%	22	88%

3.7.3 Effects on Volunteer Recruitment

Some survey respondents report that risk and liability issues are having a real impact on their ability to recruit volunteers. These groups said people were not as eager to be involved because “volunteers are becoming more wary of putting themselves in potentially risky situations”. One organization said, “...many potential board members want to be assured that liability insurance is in place before committing to join the board.”

Already, one in five organizations (20%) report that liability concerns are having a negative effect on the ability to recruit and retain volunteers, including a Board of Directors.

One group reported that some volunteers are incurring increases in premiums for their personal automobile insurance policies because they are using their own cars during volunteer activities. These auto insurance rate increases have become, for some people, a deterrent to volunteering.

Some groups reported that, as the insurance issue becomes more prominent, the absence of Directors and Officers Liability insurance would become a factor. “Some people will not volunteer due to recent events where members of Boards are held responsible for the actions of past Boards.” Some suggested that many volunteers might not want to hold key positions within their organizations.

“Adult volunteers are becoming more wary of putting themselves in potentially risky situations. Some are resistant to current screening practices required of volunteers and thus don't apply to volunteer. As more written policies are required, Directors are wondering where it all will lead.”

There is evidence in the survey that increases in insurance premiums are creating stress among current volunteers struggling to raise the additional funds to cover rising costs. For example, one group said that some individuals, especially in rural Newfoundland where unemployment is high, might be unwilling to volunteer because they dislike having to ask for additional donations simply to cover the cost of insurance.

Table VIII: Liability Concerns Have an Impact on Recruitment of Volunteers

	Insured		Uninsured	
	N	%	N	%
Affects Recruitment				
Yes	21	34%	1	4%
No	41	66%	24	96%

This concern is disproportionately evident among insured organizations, perhaps reflecting heightened awareness overall about risks.

4.0 ADDRESSING RISK, LIABILITY, AND INSURANCE

As concerns with risk, liability, and rising insurance rates increase, it is reasonable to expect that, in addition to obtaining insurance, voluntary, community-based organizations will develop practices and policies to mitigate risk and reduce liability.

4.1 Implementing Risk Management

To determine the prevalence of risk management programs, respondents were asked to indicate the degree to which their organizations had developed plans, policies, or programs to reduce the risk exposure of their staff, volunteers, and Board members. Only 14% of respondents indicated their organization had a comprehensive risk management program. Forty one percent (41%) of all respondents indicated their organization had no plan, policies, or program to reduce risk.

Table IX. Prevalence of Risk Management Plans (Overall)

Risk Management Plan In Place?	N = 86	% of Total
Comprehensive Risk Management Plan	12	14%
Some Policies, but no Program	27	31%
Some Plan, but no Policies or Program	12	14%
No Plan, Policies, or Program	35	41%
Totals	86	100%

Organizations with insurance were more likely to have a comprehensive risk management program or some organizational policies designed to reduce risk. Perhaps this is because they are larger and better able to dedicate the necessary human and financial resources to develop a comprehensive risk management program.

Table X. Prevalence of Risk Management Plans (Insured Groups)

Risk Management Plan In Place? (Insured Groups)	N = 64	% of Insured
Comprehensive Risk Management Plan	12	19%
Some Policies, but no Plan	24	38%
Some Plan, but no Policies or Program	8	13%
No Plan, Policies, or Program	20	31%
Totals	64	100%

Still, fewer than one in five insured groups reported having a comprehensive risk management plan in place. The least able to report either comprehensive risk management planning or safety-related programming are the smaller, unincorporated and underinsured members of the sector.

Table XI. Prevalence of Risk Management Plans (Uninsured Groups)

Risk Planning or Policies in Place? (Uninsured Groups)	N = 22	% of Uninsured
Comprehensive Risk Management Program	0	0%
Some Policies, but no Program	3	14%
Some Plan, but no Policies or Program	4	18%
No Plan, Policies, or Program	15	68%
Totals	22	100%

As for the apparent benefit of having a risk management program, fewer than 6% of organizations said they believed having a risk management program in place affected their insurance coverage. In fact, a few groups reported they were unsure of the exact effect the risk management program had on insurance policies or premiums. Only one organization reported the need to develop a risk management program in order to maintain insurance coverage.

The majority of voluntary, community-based organizations in Newfoundland and Labrador, particularly smaller groups, require greater attention to planning for risk reduction and developing risk management policies.

4.2 Learning about Insurance

A concern raised during the January 2004 roundtable session was that few voluntary, community-based organizations have adequate knowledge of the industry to make informed decisions about their insurance needs. Insurance brokers and companies appear to many groups to be the only source of information. Unfortunately, insurance industry representatives may have a limited understanding of the risk and liability incurred by the voluntary, community-based sector. This information gap could result in non-profit groups obtaining unnecessary policies, accepting exclusion clauses for important coverage, or omitting coverage for real risks.

This gap is illustrated by the survey results in which a number of the uninsured groups reported that they did not know enough about insurance to understand what types of policies to obtain, or where to obtain them.

Sample commentaries included:

“...perhaps we need comprehensive coverage. We would really like to know whom we should contact for a reasonably priced policy.”

“...language in insurance agreements complicates understanding of exactly what is covered.”

“...since we don't have direct contact with carriers, they can pick up on one particular word or phrase ...without us being able to explain exactly what it means.”

When asked where they would seek more information about liability, risk management and insurance, nearly half of all respondents indicated they would go to an insurance broker or insurance company. Twenty percent reported they would seek information from their governing body, while 15% suggested they would check with the Community Services

Figure 3. Where Organizations Would Go To Learn More	
1. Insurance company / agent / broker	(48%)
2. Organization's governing body	(20%)
3. CSC/ enVision.ca	(15%)
4. Online resources	(7%)
5. Other resources	(10%)

Council (or online at enVision.ca). Only 7% of the organizations said they would check an (unspecified) online resource. The remaining 10% suggested that they would use some other resource to obtain this information.

These results support the concerns raised by the roundtable participants. There is a gap in knowledge about risk, liability, and insurance, and a majority of voluntary, community-based organizations lack resources, other than an insurance representative, from which to acquire this important information.

There is clearly a need for accurate risk management, liability, and insurance education for the voluntary, community-based sector in Newfoundland and Labrador.

5.0 RECOMMENDATIONS

The problems the Community Services Council was asked to define are clearer as a result of this research. The research describes a sector with significant limits on protection against risk and a potential for negative impacts on recruiting and retaining volunteers and on program delivery.

This study demonstrates that voluntary, community-based organizations in Newfoundland and Labrador are concerned with liability issues and the resultant effects on their programs, recruitment of volunteers and budgets. Obtaining appropriate insurance coverage to protect volunteer board members, volunteer workers, and staff is not only desired by non-profit groups, but becoming essential to their survival.

While two thirds (64%) of organizations currently have some insurance coverage, few have comprehensive coverage and many are concerned about the impact that rising insurance rates will have on expenditures, diverting money from programs, and on their volunteer base.

Among those organizations without policies of any kind in place, there is a paucity of knowledge and inadequate human and financial resources to understand and acquire appropriate insurance coverage. Strategies to resolve these issues will have to be targeted to smaller organizations who tend to lack formal structure, such as legal incorporation, and whose budgets may be limited.

Without support from the non-profit sector as a whole, from government and from the insurance industry itself, community based groups may continue to operate without coverage and without adequate knowledge of, and protection against, risks being assumed by volunteers and staff.

Responding to the issues and concerns about insurance and liability raised during the roundtable and corroborated in the online survey of organizations, will require action at many levels within the sector, the industry, and the provincial government. Failure to address these issues could result in the closing of smaller groups altogether. Hence, survival of the sector, so vital to the health and well being of our citizens, is itself at risk.

Closing the Information Gap

- **A neutral source of risk, liability, and insurance information needs to be established and promoted among non-profit groups in this province.**

Non-profit organizations have less than adequate knowledge about risk, liability, and insurance. Even among larger groups there appears to be a misunderstanding about actual risks and appropriate insurance policies. Smaller rural-based organizations, which are less likely to have insurance, need to understand their risks and learn to assess their requirements.

These groups are also less likely to have the necessary human resources for acquiring and applying this knowledge and may need collective assistance.

Insuring the Uninsured

- **Group insurance plans, self-insurance, or indemnification should be explored as possible solutions to making appropriate insurance coverage more accessible to uninsured groups.**

Uninsured organizations are concerned about risk; they desire appropriate and affordable insurance coverage to protect their volunteers and staff. Insured groups are willing to explore improved coverages, despite denials and rising costs.

- **For unfunded groups which deliver important programs to meet community needs, alternative approaches to providing coverage should be pursued. Perhaps the insurance industry could attribute a percentage (say, 1%) of their profits to support the non-profit and charitable sector. Or government and the community might search for other solutions to ensure that the voluntary sector is not made vulnerable.**

Informing and Engaging the Industry

- **The voluntary, community-based sector can help the insurance industry better understand its work and the risk exposures of organizations.**

The assertion that insurance rates are increasing as a result of insurance claims does not appear to be supported. Insurance premiums should accurately reflect the real risk, as opposed to the perceived risk, of non-profit organizations. This could lead to stabilization and perhaps even a reduction of liability insurance rates for voluntary organizations.

Regulating Protection

- **Governments should explore measures that protect volunteers and voluntary, community-based organizations from greater than necessary insurance premium costs, and that limit the liability of volunteers acting in good faith.**

The work of the non-profit sector is vital to the well-being of our communities. The provincial government recognizes the strengths of the voluntary sector and has a crucial role to play in addressing liability and insurance issues.

The Volunteer Protection Act of Nova Scotia and similar legislation in other jurisdictions are valuable models to investigate on limiting liability, and numerous models of group or collective insurance coverages are worthy of exploration and regulation.

Implementing sound planning based on evidence.

- **The insurance industry should collect and make public, historical claims data to support premium rates charged.**
- **Consideration should be given to groups and categories with sound risk management practices and costs should be based on experience ratings.**

All of the recommendations made in this report require research and information sharing. Change will require minds that are open to innovative, collaborative solutions. A shared recognition of the value of the voluntary and non-profit sector to the well-being of our communities is the first step to finding solutions that will work. Limiting liability and providing affordable insurance coverage will help to preserve and enhance the sector's vital role in community, social, economic and cultural development.