



Navigating the liability capacity crunch for social service providers

Across the U.S., social service providers are the quiet infrastructure holding together some of the most vulnerable communities.

From youth residential and rehabilitation facilities to services for the intellectually/developmentally disabled, these organizations deliver life-changing services to people who need them. However, the very nature of this work puts social service providers in a uniquely challenging position when it comes to liability insurance.

The combination of at-risk populations, staffing shortages, and complex service offerings is creating a hard-to-navigate liability coverage environment for social services.

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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Evolving exposures and increasing claim severity

The social service sector's risk profile has always been challenging. However, recent developments have intensified the pressure. And as societal needs grow, these organizations face more risks than ever.

Social service organizations are almost always mission-driven, working with vulnerable populations that require a high level of care and often operating with limited funding and significant staffing shortages. This can create a perfect storm of exposures.

While core risks, such as sexual and physical abuse allegations, have been present for decades, the scope of services and the volume of people in need have expanded. An aging disabled population, income disparity and rising childcare costs have all contributed to more children entering foster care systems.

Meanwhile, the U.S. continues to have the highest percentage of incarcerated individuals globally, driving demand for correctional healthcare and related social services.

Human Services risks shift to the E&S market

While the exposures themselves haven't changed drastically, the scale has. Services are being delivered to more people, and the insurance market is taking notice. The result? An increase in both the frequency and severity of claims.

For years, the admitted package marketplace has underpriced these risks, offering broad coverage and high limits of up to \$20M or more for abuse or general liability. Plaintiff attorneys have noticed and targeted these organizations; demands now match policy limits.

Tort reform and changes to statutes of limitations, particularly around child sexual abuse, are also playing a key role in the rise of claims in the social services sector. Some states have extended or even abolished the statute of limitations, allowing cases from decades ago to be brought forward under "reviver statutes." These older claims, tied to occurrence-based policies, have hit carriers with large payouts many years later.

When you combine high limits, low premiums, long-tail claims and sympathetic juries, especially in certain jurisdictions, it becomes clearer why carriers have reduced capacity or exited the market en masse.



Tips for retail agents

Rising claims costs from disproportionate jury awards have forced some carriers to withdraw entirely, leaving the excess and surplus (E&S) market as the primary option for many social service providers.

Among those admitted carriers still writing social services liability, underwriters are scrutinizing submissions more closely. Staffing ratios are a key point of focus, even for outpatient services. Adequate supervision, hiring protocols and thorough vetting, particularly of volunteers, are also increasingly seen as baseline requirements.

Carriers want to see organizations conducting criminal background checks and checking sexual abuse registries to vet their employees, contractors and volunteers. If your clients aren't doing that, many carriers will exclude abuse coverage for those individuals.

Other positive signals for underwriters include documented risk management programs, incident reporting protocols and evidence of partnership with specialist organizations that help improve safety and oversight. How an organization responds to incidents matters. If the instinct is to cover something up rather than address it immediately, that's a red flag.

Even providers with significant claims histories can still secure coverage, but creativity is often required. That might mean recreating policy wording, restructuring the program, or accepting higher retentions.

Finding the necessary coverage is not impossible. It may mean evaluating what limits are truly necessary and determining where to prioritize capacity. For example, higher limits for abuse coverage may be maintained while at the same time scaling back elsewhere to keep the program affordable.

Finally, it's important to conduct regular market reviews. Reevaluate options annually, as new carriers and products are entering the space.

How Amwins adds value

With evolving exposures, higher verdicts and shrinking capacity, the liability landscape for social service providers is more complex than ever.

For those who know how to navigate it, however, there is still a path to strong coverage. Wholesalers like Amwins play a critical role, especially in setting expectations early with retailers and insureds.

Relationships with specialized carriers are another key differentiator for Amwins, as our deep ties to underwriters often secure quotes that others cannot, especially for distressed accounts.

Market selection is equally important. Chasing the cheapest option can be devastating for a social services insured if it comes with crippling exclusions, such as no coverage for elopement, low sub-limits for abuse or exclusions for self-inflicted injury. Often, these organizations don't know what they're buying, which is why it's so important to present quality insurance programs, not just the cheapest policy.

Finally, Amwins invests heavily in the information-gathering process. Detailed, accurate submissions help present accounts in the best possible light to underwriters.

Specialization matters. We know this space; partner with us to get better results and access to markets others may not reach.

Insight provided by:

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