NCOIL

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NONPROFITS® INSURANCE ALLIANCE
A head for insurance. A heart for nonprofits.

Nonprofits Insurance Alliance® is the tradename for a group of insurers — NIAC, ANI, and NANI — all of whom are public-benefit 501(c)(3) nonprofits and rated A- (Excellent) by AM Best. All NIA organizations are administered by Alliance Member Services® (AMS), also a 501(c)(3) nonprofit.

NIA Member:
Project NICU
Broadview Heights, OH



Introduction

There are clear ways to address the availability and insurability. The majority of the solutions are not going to come out of changes to state insurance laws.

- **Nonprofits Insurance Alliance's Position**
- **Current Litigation Environment is a Structural Problem**
- **Solutions**



NIA Member:
Compassion Without Borders
Santa Rosa, CA

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NIA's Position and Priority

Preserve, Protect, and Ensure!

- **Preserve** the system that serves children and other vulnerable populations.
- **Protect** the rights of victims: NIA supports injured parties getting a recovery from those who caused the harm.
- **Ensure** the accountability of those who cause harm:
  - A system that distinguishes between organizations that are well-run and follow the rules — and those that are not.
    - Stronger defensibility, leading to stabilization of market availability and rates.



NIA Member:
Mongolian School of Colorado
Centennial, CO

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Current Litigation Environment is a Structural Problem

Changes to insurance law alone cannot solve the problem.



NIA Member:
Parks California
Sacramento, CA

- No insurance company can insure something that it cannot underwrite.
  - Defensibility is key.
- Organizations serving vulnerable populations are being held vicariously liable for things they cannot control — and no insurer can underwrite an unknown third party.
- Plaintiffs' attorneys have created a playbook to get huge verdicts by stretching vicarious liability to anyone involved.
  - Even if that party has clean hands or hardly contributed to the cause of the harm.
- Nonprofits that meet state-established levels of care are being scapegoated by plaintiffs' attorneys who blame nonprofits for "not doing enough to protect the child."
- Changes made ONLY to insurance laws and regulations cannot address the primary source of this problem.

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What Can Be Done?

Restoration of Vicarious Liability

- Not tort reform.
- Each party liable according to their contribution to the harm.
- Texas enacted such a law in 2025, and it is working.

Transfer of Liability

- Don’t allow a party who is a cause of harm to shift liability to another party via contract.
- We have been successful in certain states (PA and CA), with numerous other states considering such bills now.

Policy Limit Demands

- Don’t allow gamesmanship with policy limit demands to eliminate the chance for a cause to be heard on its merits.
- Federal rules of civil procedure already have such protections.

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Additional Solutions

Cap Damages, State-Run Victims' Fund

Some states already have state-run victims' funds and/or caps for certain types of liability:

- Caps are really hard to pass in the present environment.
- They are generally only used to protect the state, and not the nonprofits actually providing state-mandated services.

Expansion of the Liability Risk Retention Act (LRRA)

If the LRRA was expanded to allow these groups to insure property, with reasonable limits on TIV, etc.

Allows for diversification of their risks to contribute in small, meaningful ways to solve the liability problem.

Safe Harbor

Texas Compliance Law

Brightline Law

Lower State & County Limit Requirements

Municipalities require certain limits of insurance in order to deploy services.

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