

## ***Insurance Times***: Schools, child care rates up in wake of clergy sex abuse

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BOSTON (AP) — Insurance companies, already facing record losses, are raising premiums and decreasing coverage for schools, summer camps and child care centers because of the clergy sexual abuse scandal.

The attention given to abusive priests inside the Roman Catholic Church has raised companies' awareness of risks they take on by providing sex abuse coverage, much as the events of Sept. 11 heightened insurers' understanding of liability for terrorist attacks.

Insurance broker and consultant Ed Schirick, who specializes in buying insurance for summer camps and child care centers, said he's seen premiums increase 30 to 125 percent over last year — for less coverage.

He said the only liability policy available to one of his clients doubled premiums from the previous year, and also boosted the deductible from \$1,000 to \$25,000.

Some insurance companies, Schirick said, are refusing to renew organizations that oversee children. American International Group, the world's biggest insurance company, pulled its Morefar Marketing Inc. subsidiary out of the business of insuring child-care centers and summer camps this year.

"When underwriters read reports of child maltreatment or abuse, immediately the hair goes up on the back of their necks," Schirick told the Boston Sunday Globe. "It's a problem we've had historically, but it's just never been as visible as it is now. For some underwriters and some companies, the perception becomes the reality."

Robert Hartwig, chief economist at the industry's Insurance Information Institute, said the church abuse scandal will likely lead to lawsuits against organizations that care for children.

The insurance hikes are the result of that potential future liability, as well as a realization that companies have kept premiums artificially low for a decade, he said.

"There are patterns of litigiousness in society, and it would be reasonable to expect that most institutions entrusted with the care of minors are likely to undergo closer scrutiny in the wake of the scandal in the church," said Hartwig, of the Insurance Information Institute. "It's very likely we'll see lawsuits ripple well beyond the Catholic Church, to other denominations and to schools and other types of organizations."

That reality is also true for independent schools. Samuel Daume, a senior vice president at Brewer & Lord, an insurance broker that works with dozens of schools in New England, said most are paying 30 to 40 percent more in premiums this year and being forced to accept higher deductibles and lower liability caps.

Insurers are also being much more discriminating about what types of risks they will and will not accept, he said.

"Sex abuse used to be a nonissue, and now underwriters are charging more for it or not providing it at all," Daume said. "But they're also restricting coverage for other activities seen as high risk, such as clubs that take outings or do hazardous activities."

Posie Taylor, executive director of a foundation that runs youth camps in Fairlee, Vt., said premiums for her group's liability coverage increased by 50 percent when it came time to renew the policy in April. Despite the added costs, the maximum amount the so-called umbrella policy will pay dropped from \$100 million to \$20 million.

The group had completed its budget, filled its summer camps, and hired its employees long before the increased insurance costs became clear. Taylor said she had to cut back on scholarships for low-income children and "cut other places wherever we can" to make up for the expense.

Still, Taylor said she knows other organizations have had even more trouble renewing policies. She said directors of camps much smaller than the ones run by her foundation have told her about more dramatic premium increases, and in some cases have had an extremely hard time finding sexual abuse coverage at all.

“We have a really good [insurance] agent, who we've been working with for 20 years, and we have an excellent track record over a very long time," said Taylor, of the Aloha Foundation. “But it feels like none of it matters to the insurance industry. They're just lumping everybody together, and everybody's getting hit hard.”