

Policy Brief: Liability Insurance

Human services organizations are critical for supporting the health and well-being of children, families, and communities; however, they face unprecedented financial strain from rising liability insurance costs. Driven by climate risks, increasing demand for services, and workforce shortages, these costs threaten the stability of nonprofits at a time when their work is needed most. Without targeted policy interventions, many organizations may struggle to maintain essential protections and serve their communities effectively.

The Problem: Escalating Costs and Risks

Human service organizations operate in a uniquely challenging environment:

- **High-Risk Services:** Organizations working in foster care, mental health, and elder services often deal with vulnerable populations, leading to heightened liability claims. These claims, while necessary for justice, can financially devastate organizations.
- **Rising Demand:** The growing need for mental health services, social programs, and elder care is straining resources and increasing the risk of incidents that result in claims.
- **Economic Pressures:** Inflation and rising costs for medical care, legal fees, and other expenses is further driving up insurance premiums.
- **Staffing Shortages:** Workforce gaps stretch agencies thin, increasing the likelihood of errors or incidents that lead to liability exposure.

Policy Solutions: Advocacy Priorities for Change

To ensure liability insurance is accessible and affordable for human service organizations, Social Current is advancing critical advocacy solutions:

- **Public or Captive Liability Insurance Fund:** Participate in national efforts to explore the creation of a public or captive liability insurance fund specifically for child welfare organizations and other “high-risk” nonprofits. Such a fund would reduce insurance costs and mitigate risks, ensuring organizations can continue to provide vital services.
- **Federal Legislation for Affordable Coverage:** Advocate for federal laws requiring states to provide affordable liability insurance options for human services organizations working with high-risk populations, including foster care and mental health providers. This mandate would address these nonprofits' unique challenges, ensuring they have the coverage needed to operate safely.
- **Shared Liability Insurance Pools:** Encourage policies that facilitate shared insurance pools for nonprofits, enabling organizations to access group coverage at significantly reduced rates. These pools would foster collaboration and create economies of scale, making liability insurance more manageable for all participants.

Call to Action: Securing the Future of Human Services

The rising costs of liability insurance require bold and innovative solutions. Social Current calls on policymakers, nonprofit leaders, and insurers to collaborate on reforms that stabilize insurance markets and protect human service organizations from undue financial burden. By establishing public insurance funds, advancing federal protections, and supporting shared coverage models, we can empower nonprofits to continue serving their communities.