

NGO & International Aid Organizations

Risk & Insurance
Benchmarking Report

2018

AHT
INSURANCE



2018 NGO & International Aid Organizations Risk & Insurance Benchmarking Report

EXECUTIVE SUMMARY

AHT is pleased to present our third annual NGO and International Aid Organizations (IAO) Risk and Insurance Benchmarking Report – conducted and published by AHT’s NGO/IAO professionals. As advisors to the NGO and IAO community, AHT has found that meaningful peer data about risk management and insurance is not readily available. Other industry sectors, including more generally, not-for-profit and a variety of not-for-profit sub-categories, have valuable peer data available to assist management with decision making about the design, composition size and scale of an appropriate insurance program, limits and other relevant risk management components. The goal of this report is to provide senior leadership of NGOs and IAOs that same insight and better data upon which to base similar decisions.

There is no other resource of this kind, of which we are aware, with a dedicated focus on NGOs and IAOs. As anyone in the community can attest, their unique exposures and highly specialized needs create the demand for a more specific data set and developing trend information not previously available. The increasingly dynamic world in which NGOs and IAOs operate continues to become more complex and less predictable – creating an ever-growing need for meaningful and actionable risk information and sound advice based on experience and data.

For more than 20 years, AHT has served the risk assessment and insurance needs for NGOs and IAOs, and we recognized the time had arrived to provide some basic benchmarking guidance based on aggregated peer survey results. The advisory services and decision-making metrics that can be derived, in part, from this information have proven valuable to many NGOs and IAOs – information about risks, duty of care initiatives and risk transfer through the purchase and maintenance of insurance, including losses (claims) stemming from these and other insurable exposures.

Our reports have begun to develop measurable, comparative metrics, as well as provide some focused commentary about trending risk topics affecting the broader NGO and IAO community that will continue to evolve and change. We extend a special thank you to Humentum for their support and the organizations that participated in this year’s survey and look forward to the opportunity to expand the reach and depth of this vital risk management data set for the NGO and IAO community in the coming years.

David L. Schaefer, CPCU, RPLU
President, CEO and Chairman, AHT Insurance
NGO Practice Founder

SURVEY RESULTS & BENCHMARKING – UNDERSTANDING THE LANDSCAPE

AHT's NGO and International Aid Organizations (IAO) Risk and Insurance Benchmarking Report highlights unique exposures faced by this community and not readily available in most public databases.

Throughout this report, you'll see highlights of key findings, summaries of the potential impact on NGOs and IAOs and direct comparisons to the last year's results. A complete view of the 2018 survey results is presented in an infographic at the end of the report.

When reviewing the limits and insurance coverages purchased by your organization, it is important to consider:

- 1 Your organization's overall tolerance to risk
- 2 Any unique exposures faced by your organization (e.g. high-profile mission, high-profile board, increased security conditions of the countries in which you operate, etc.)
- 3 Any high-hazard services provided by your organization
- 4 Any contractual/funder requirements

Your organization's exposure to risk and your overall tolerance for that risk will invariably be the largest determining factors of the limits and insurance coverages purchased by your organization.

A SNAPSHOT OF YOUR PEERS IN THIS SURVEY

Annual Revenues:	Average \$50M – \$250M
Total Worldwide Employees:	51 – 250 persons
Total Number of Employees Based Overseas:	51% – 75%
Number of Countries in which they Operate:	Average of 1 – 10

KEY FINDINGS & NOTABLE COMPARISONS

DIRECTORS & OFFICERS LIABILITY

2017/2018 comparison: Purchased limit remains statistically unchanged.

Benchmarking details by annual revenue:

ORGANIZATION SIZE

Less than \$50M in annual revenue

\$50M – \$250M in annual revenue

More than \$250M in annual revenue

PURCHASED LIMIT

Remains at \$5M limit

Remains at \$10M limit

Remains at \$10M – \$15M limit

UMBRELLA/EXCESS LIABILITY

2017/2018 comparison: Purchased limit remains statistically unchanged.

Benchmarking details by annual revenue and number of countries in which they operate:

ORGANIZATION SIZE

Less than \$50M in annual revenue
operating in fewer than 10 countries

\$50M – \$250M in annual revenue
operating in 1 – 30 countries

More than \$250M in annual revenue
operating in more than 10 – 30 countries

PURCHASED LIMIT

Remains at \$5M limit

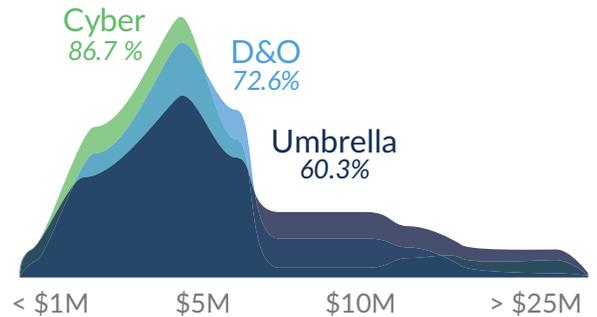
Remains between \$6M – \$10M limit

Remains at \$10M limit

CYBER/PRIVACY LIABILITY

2017/2018 comparison: Purchased limit increased from an average of \$1 – 3M to \$1 – 5M.

Noteworthy: The total annual revenue of an organization did not dictate the limit purchased. Instead, a majority of the survey respondents with revenues under \$10M to greater than \$250M are purchasing a limit between \$1M and \$5M.



Benchmarking details by annual revenue:

The most common coverages purchased (more than 50%) remains unchanged:

- Business Travel Accident
- Kidnap, Ransom & Extortion (Special Coverage)
- Directors & Officers Liability
- Employment Practices Liability
- Fiduciary Liability
- Cyber/Privacy Liability
- U.S. & International Auto Liability & Property Damage
- Umbrella/Excess Liability
- Crime
- Property (U.S. & International)
- General Liability (U.S. & International)
- Workers Compensation (U.S. & Foreign Voluntary Workers Compensation)

The least common coverages purchased (less than 50%) remains unchanged:

- Errors & Omissions/Professional Liability
- Travel/Out of Country Medical
(increased from 15% purchasing in 2017 to 23% purchasing in 2018)
- Abuse & Molestation Liability

WORKPLACE & SEXUAL MISCONDUCT – RESPONDING TO THE CONVERSATION

In light of #MeToo and the Oxfam workplace misconduct scandal, it is not unexpected that many NGOs and international aid organizations (IAOs) are paying close attention to these cases to understand what impact they might have on the larger community as well as their specific organizations.

Coupled with these public news stories, globally, employment practices litigation is increasing, and some academic institutions are beginning to study the prevalence of sexual misconduct/workplace misconduct within NGOs' and IAOs' workforce.

Given the extraordinary exposure of these public scandals and litigation trends, we asked the community how these news stories and studies are impacting the actions they are taking at an executive level and in any associated communications with staff. Of the respondents, 54% noted they have taken some form of concrete action – whether visible to staff or more administrative in nature. Most of these actions were public facing for staff, including providing specific training about workplace sexual harassment/reporting and dissemination of an all staff message from senior leadership confirming its commitment to a safe working environment for all employees. However, the survey results note there were organizations that did not put forth a “public message” but did take an internal administrative review of their background checking procedures and/or current policies and procedures. The results demonstrated that NGOs and IAOs of all sizes are taking the implications very seriously and are re-evaluating their current practices. Below, we detail the specific findings.

1 Larger organizations, with higher annual budgets and total worldwide employees, are more apt to take concrete measures to provide additional training and messaging from senior leadership.

On average, organizations with annual budgets of more than \$11M and worldwide employee counts of more than 50 persons have provided a recent, specific training about sexual harassment/misconduct in the workplace.

31%
of Respondents

Additionally, these organizations have been more likely to disseminate an all staff message regarding their organization's commitment to a safe work environment for all employees.

25%
of Respondents

Noteworthy: While organizations with larger budgets and employee counts were statistically more likely to engage in these measures, the survey did articulate that smaller organizations have taken similar steps but not at the same frequency as their larger counterparts.

2 Organizations are reviewing and updating sexual harassment policies and procedures.

20%
of Respondents noted they have initiated a review of their current sexual harassment and workplace misconduct policies. However, where to begin and what to look for can be daunting. Many organizations are turning to free resources made available to them via the purchase of their Employment Practices Liability (EPL) policy. They leveraged the experience of their EPL insurance carrier to provide additional assistance to strengthen these policies where necessary.

3 Enhanced reporting requirements are being implemented.

13%
of Respondents noted they have taken measures to increase their reporting requirements for managers and senior staff and reinforced reporting channels for all staff. An emphasis is also being placed on ensuring management-level staff understand their responsibility to report misconduct when witnessed and to report it when conveyed directly to them.

4 Organizations are taking different approaches.

Interestingly, those organizations that took a public facing approach with staff, such as providing training or delivering a message from senior leadership, did not also conduct reviews of internal policies and procedures, reporting requirements and/or the background checking process. And, vice versa, those organizations that did take an internal review of policies and procedures, reporting requirements and/or the background checking process did not also conduct training or deliver a message from senior management. These results reasonably suggest that organizations are reacting to #MeToo and Oxfam in manners that are commensurate with their organization's culture and needs.

5 Review and enhancement of background checking measures are occurring but not being widely adopted.

6%
of Respondents noted they are taking specific actions, where necessary, to review and improve their current background checking measures, both within the U.S. and internationally as able.

TREATMENT OF NON-STAFF TRAVELERS – FULFILLING YOUR COMMITMENT

MANAGING RISK

From volunteers and consultants to election observers and pro-bono trainers, non-staff travelers are essential to the success of many NGOs and international aid organizations (IAO) as they bring subject matter expertise and an unwavering passion to projects around the world.

In today's complex, global risk environment, these non-staff travelers are exposed to many of the same risks employees face, such as road traffic accidents, endemic illness, crime and political instability. Therefore, incorporating non-staff travelers into risk management systems and resources is becoming a common practice among NGOs and IAOs to help manage and respond to the inevitable emergencies that will arise.

INSURANCE CONSIDERATIONS

It is important to note that NGOs and IAOs with individuals traveling on their behalf, regardless of employment, have a legal duty of care obligation to them.

Considering the significant value non-staff travelers bring to an organization, as well as the organization's duty of care obligations, many NGOs and IAOs put forth every effort to ensure they are protected and empowered to do their best work. Insurance plays a key role in an organization meeting this initiative and its duty of care to all travelers, including non-staff travelers.

There are many different insurance policies that could respond to an incident based on who is traveling, what they are doing for the organization and the nature of the incident. These policy types include Business Travel Accident, Out of Country/Travel Medical, Special Risks, Defense Base Act (DBA) and Foreign Voluntary Workers Compensation, to name a few.

However, before decisions can be made about what insurance coverages are appropriate for the organization and its travelers, it is essential for NGOs and IAOs to understand which non-staff travelers they want to cover and what coverages they want to extend. Having the appropriate insurance coverage in place will not only offer peace of mind to the traveler and their families, but can also prove valuable from an attraction and retention perspective for the organization when it comes to volunteers, consultants and board members.

According to our survey respondents, approximately

74%

are purchasing some combination of coverages for non-staff travelers.



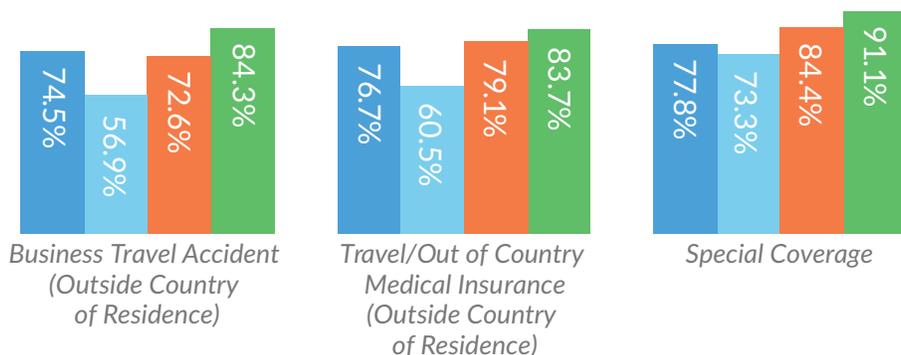
While an incident occurring overseas may seem unlikely to some, the reality is, they are common, and organizations will likely have to respond on numerous occasions over the course of their work.

The most prevalent incident is routine illness - with gastrointestinal issues ranking number one in terms of medical case management services for assistance providers. While this type of incident is not likely to bankrupt the organization, it will have a direct impact on the work non-staff travelers are providing. In contrast, a medical evacuation, extended hospital stay due to sickness or a kidnap-for-ransom tend to have the highest associated cost and risk severity to the organization. Part of this severity includes post-event care, which is often not considered by an organization. The post-event care frequently has significant financial implications, as the length of time required to recover by the non-staff traveler can not only have direct costs to them but also to the organization, as it loses a valuable member of the team in the field. These incidents (both incident care and post-event care), if uninsured, will have significant financial impacts to an organization and, if handled improperly, are the most common to lead to litigation alleging a failure to meet duty of care.

Another critical component of insurance policies is the assistance providers included, which can differ across policies – particularly those offered by different insurance carriers. When responding to an incident, the focus of headquarters and field staff should be on getting immediate assistance, not on who they are supposed contact for that assistance. If an organization purchases a third-party assistance contract, it's important to ensure that the insurers, specifically travel accident and special risks, agree to work with your third-party assistance provider, not the embedded provider, and agree to pay costs of an associated case. Addressing these important factors up front helps eliminate any confusion around assistance, which can lead to poor care, increased costs and potential litigation against the organization.

What coverages are you currently extending to:

consultants | *volunteers* | *board members* | *local nationals*





OPERATIONAL RISK MANAGEMENT

The key tenants of NGO and International Aid Organization travel risk management best practices are applicable to staff and non-staff alike.

In some cases, details may be scaled differently for non-staff travelers, especially where they are part of a group or under more direct supervision and guidance of a staff member. Some basic measures include:

PRE-DEPARTURE DESTINATION RISK INFORMATION (COUNTRY REPORTS, ETC.)

Providing information about the safety, security, health and other risks travelers may face in a location is an essential element of travel risk management and meeting duty of care obligations. There are many ways destination risk information may be conveyed, such as through online, or “pushed”, country reports provided by assistance providers (International SOS, United Healthcare Global, AIG Travel Guard, etc.), organizationally developed travel memos or even the recently revamped U.S. State Department travel advisories. Also, increasingly available are assistance company web applications – providing travelers with risk information that is easily accessible and frequently updated.

No matter the source used, risk information needs to be shared before someone steps on a plane. This simple measure helps to avoid situations in which a traveler simply didn't know something was an issue there or where they learn the hard way that going to the ATM at 2:00am isn't a good idea (which is true almost anywhere).

PRE-DEPARTURE ORIENTATION, TRAINING OR BRIEFING (LIVE OR IN PERSON)

Communicating best practices about mitigating risks and responding to incidents provides travelers with practical guidance for managing the many challenges of global travel. General, global, travel risk training is provided through a range of online resources and can be appropriate for travel to low/moderate risk environments.

Those traveling to higher risk environments should receive more focused training that's often only available through instructor-led courses. Wherever possible, destination-specific guidance about risk mitigation and incidents should be communicated prior to travel or, at the very least, upon arrival.



SECURITY AND INCIDENT RESPONSE GUIDELINES OR PROCEDURES

Summarizing procedures for mitigating risk and responding to incidents through guidelines, a travel memo or other source provides a reference resource for travelers. Wherever possible, these guidelines should include country-specific details and should build upon the pre-departure information. For short-term travelers, non-staff and staff, a fully developed country security plan is probably too much information, and likely wouldn't be easily digested, so a summary can be more effective.

DETAILS OF EMERGENCY MEDICAL ASSISTANCE PROVIDER AND EVACUATION INSURANCE COVERAGE

As we've mentioned, knowing when and how to engage medical assistance providers, for emergencies as well as more routine support, is crucial to ensure this critical resource is effectively used by travelers. And, it's important to have these details before an incident occurs. Ensure travelers have the membership card from the relevant assistance provider with member/account information, as well as phone number, and include those details in any procedures and guidelines. Some organizations use a wallet-sized, quick reference card that summarizes incident response procedures and includes emergency contact details (in country, global, assistance company, etc.).

Slightly more than **50%** of our survey respondents included non-staff travelers in these operational/travel risk management measures, while closer to 75% of the respondents included some or most non-staff travelers in key insurances.

So, while essential risk financing is in place through insurance, non-staff travelers aren't always wrapped into an organization's operational systems. Closing this gap is important for organizations to meet their duty of care obligations to this highly valued group of travelers. In some cases, the building blocks are already in place. Where Business Travel Accident, or other insurance is provided, non-staff travelers should have access to destination risk information portals as well as information about emergency medical assistance.

IN CONCLUSION – EXPECTING THE UNEXPECTED

As the world in which NGOs and IAOs operate continues to rapidly evolve, the complexity of the space becomes higher and predictability decreases. The goal of this report, and AHT's highly specialized NGO/IAO team, is to inform, educate and help others plan for the expected... and the unexpected.

AHT works diligently to simplify the insurance procurement process by benchmarking risk to similar organizations and providing guidance about new, emerging exposures and evolving legal precedents which may impact organizations. This report should serve as a valuable resource to senior leadership teams – offering information and peer data to help guide those decisions about the design and administration of their insurance and risk management programs.



Our team of NGO/IAO experts provides unmatched knowledge and experience in the industry – affording them the ability to provide solutions for any situation, as they've most likely encountered it before.

AHT'S NGO AND INTERNATIONAL AID ORGANIZATIONS TEAM



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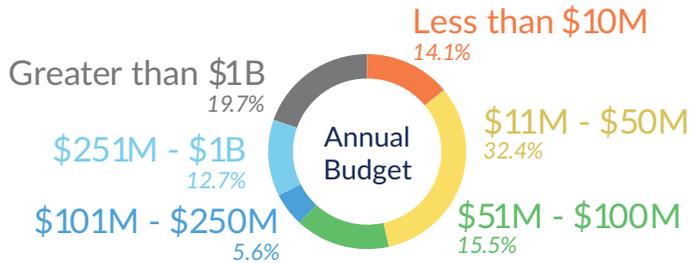
DAVID TURKALESKI
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2018 NGO & INTERNATIONAL AID ORGANIZATIONS

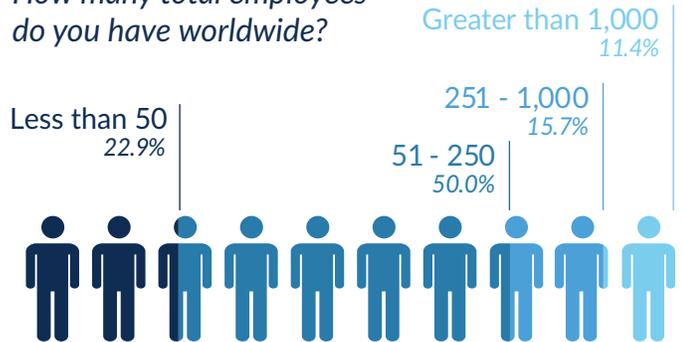
RISK & INSURANCE BENCHMARKING

TELL US A LITTLE MORE ABOUT YOUR ORGANIZATION

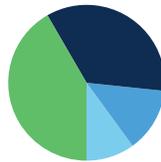
What is your annual budget?



How many total employees do you have worldwide?



In how many countries does your organization operate?



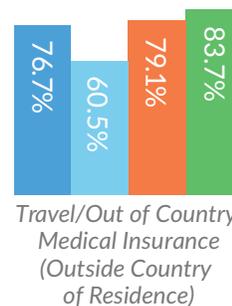
What percentage of your staff is based overseas?



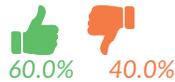
NON-STAFF/LOCAL NATIONAL TRAVELERS

What coverages are you currently extending to:

consultants | volunteers
board members | local nationals



Pre-Departure Destination Risk Information/Country Reports



Pre-Departure Orientation, Briefing or Training (Live or Online)



Security & Incident Response Guidelines or Procedures



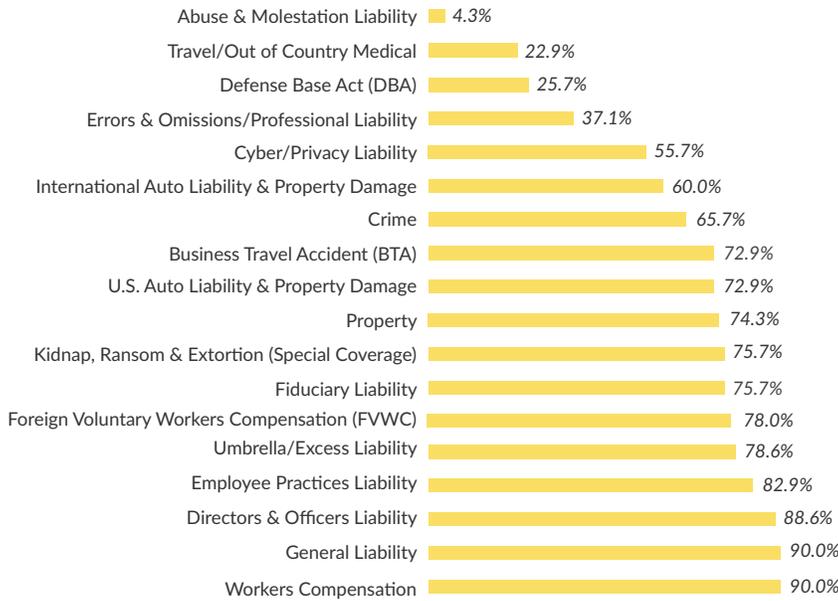
Details of Emergency Medical Assistance Provider & Evacuation Insurance Coverage



Is the following information provided to non-staff travelers (consultants, volunteers, board members, etc.) about risk, security and incident management?

HOW DOES YOUR ORGANIZATION PROTECT ITSELF?

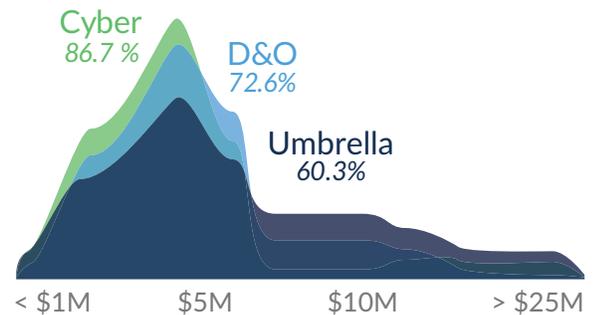
What types of insurance does your organization currently purchase?



What is your organization's total current Umbrella/Excess Liability limit?

What is your organization's current Directors & Officers Liability limit?

What is your organization's current Cyber/Privacy Liability limit?



DISCRIMINATION, SEXUAL HARASSMENT, SEXUAL ABUSE & MOLESTATION

In light of recent events (#MeToo, Oxfam Scandal, etc.), have you conducted any of the following:

YES **6.4%**
Enhanced background checking measures

YES **20.0%**
Updated policies and procedures specific to these topics

YES **30.1%**
Training about sexual harassment and misconduct prevention

YES **13.1%**
Enhanced reporting requirements of staff who observe and/or are notified of such allegations

YES **25.0%**
Disseminated an all staff message from senior leadership about the organization's commitment to a safe working environment with encouragements for all staff to report any behavior contrary to such an environment/corporate policies

Protecting What Matters Most
Providing Unmatched Value, Integrity and Excellence
from down the street to around the globe