

# NGO/International Aid & Development Organizations

Risk & Insurance  
Benchmarking Report

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2019

**AHT**  
INSURANCE



# 2019 NGO/International Aid & Development Organizations Risk & Insurance Benchmarking Report

## REPORT SUMMARY

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Risk is dynamic. As such, the methods of treating and mitigating risk are also dynamic – driving the purpose behind the publication of our annual NGO and International Aid and Development Organizations Risk and Insurance Benchmarking Report. In its fourth year now, we are pleased to continue providing this community with peer group information about insurance buying patterns, as well as information and approaches to current exposures and risks that are impacting the community. There is no other resource of this kind available to NGOs and International Aid and Development Organizations.

In years past, we have reviewed the community's response to the emergence of #MeToo and approaches to addressing the coverage and risk needs of non-staff travelers. This year, we focus on the community's handling and approach to the psychosocial health needs of all travelers, as well as approaches to procuring local health insurance for local national staff throughout the world. In this report, we highlight our findings, provide valuable corresponding statistics and show core limit and insurance coverage benchmarking data.

For the past 20 years, AHT Insurance has been dedicated to the support of this community and is proud to employ a team of professionals who specialize in their bespoke risk and insurance needs. Through our first-hand experiences and the development of our annual report, we continue to provide NGO and International Aid and Development Organizations valid, empirical data that can be used to help senior leadership make informed decisions about risks they face.

We extend a special thank you to Humentum for their support and the organizations that participated in this year's survey. We look forward to the opportunity to expand the reach and depth of this vital risk management tool for the community in the years to come.

**Caren Huminski, CPCU RPLU**

Sr. Account Executive & Practice Leader, International Aid and Development Organizations  
AHT Insurance

# SURVEY RESULTS & BENCHMARKING – UNDERSTANDING THE LANDSCAPE

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

Throughout this report, you'll see highlights of key findings, summaries of the potential impact on NGOs and IADOs and direct comparisons to last year's results. A complete view of the 2019 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:	25% – 75%
Number of Countries in which they Operate:	Average of 1 – 10

## KEY FINDINGS & NOTABLE COMPARISONS

### DIRECTORS & OFFICERS LIABILITY

Directors & Officers limit purchased remains statistically unchanged from the 2018 survey to the 2019 survey.

#### 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

Umbrella/Excess Liability limit purchased remains statistically unchanged from the 2018 survey to the 2019 survey.

#### 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

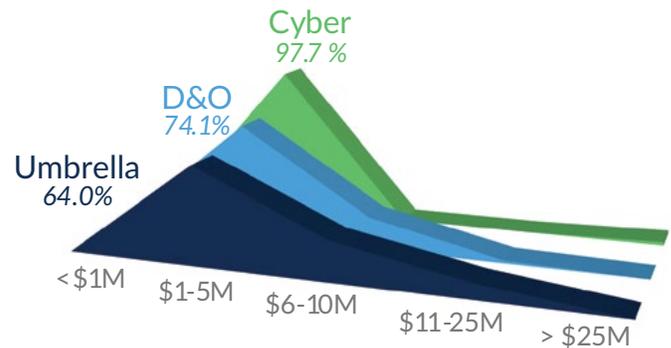
## CYBER/PRIVACY LIABILITY

Cyber Liability limit purchased remains statistically unchanged from the 2018 survey to the 2019 survey.

**97%** of Respondents are purchasing between \$1M and \$5M in limit.

### Noteworthy

There was an increase among organizations with revenues under \$10M.



## ERRORS & OMISSIONS/PROFESSIONAL LIABILITY

The purchase of Errors & Omissions/Professional Liability insurance has notably increased since the 2018 survey.

2018

**37%**  
Purchased

2019

**47%**  
Purchased

### Noteworthy

While a little more than half of the community continues to self-insure the exposure to negligence around its professional/programmatic services, the 10% increase shows that many are no longer perceiving the risk as one capable of being self-insured.

### Benchmarking Details

Most common coverages purchased (>50%):

- Business Travel Accident (BTA)
- Kidnap, Ransom & Extortion
- General Liability
- Directors & Officers Liability
- International Auto Liability & Physical Damage
- Employee Practices Liability
- Foreign Voluntary Workers Compensation (FVWC)
- Property
- Workers Compensation
- US Auto Liability & Physical Damage
- Fiduciary Liability
- Umbrella/Excess Liability
- Crime
- Cyber/Privacy Liability

Least common coverages purchased:

- Errors & Omissions/Professional Liability
- Defense Based Act (DBA)
- Travel/Out-of-Country Medical
- Abuse & Molestation Liability

# PSYCHOSOCIAL HEALTH – ADDRESSING & RESPONDING TO THE CHALLENGES

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Stress and pressure are inevitable challenges for those working in the international aid and development community. Operating in challenging environments, traveling to remote locations and assisting those facing humanitarian hardship all impact the psychosocial health of aid and development workers. In recent years, awareness of the psychosocial health issues facing those working on projects globally has increased. Organizations have developed plans and engaged resources to build more resilient organizations and help meet duty of care obligations.

## Factors contributing to stress include:

- Working in conflict or disaster environments or in locations where instability, crime and other factors limit the ability to travel or operate freely
- Fast-paced work and travel, often to remote locations that lack basic, common amenities – safe food and water, reliable power, etc.
- Limited access to medical care – for physical and mental health
- Providing assistance to vulnerable populations, often in dire humanitarian conditions

Not only does the work come with a myriad of potential stress factors, in many environments people's ability to relax and relieve stress is limited by lack of resources or the inability to move freely. Getting out of a compound can be a challenge in some locations much less getting outdoors or otherwise escaping the day-to-day stresses.

Helping support psychosocial health of personnel spans the work and travel lifecycle from hiring, orientation and preparation before assignment to ongoing support during work and post assignment assistance. This year's survey, conducted by AHT, found that the community is using a number of both reactive, as well as proactive, practices to support psychosocial health:

**1** Almost two thirds (63%) of respondents reported having psychosocial health resources available for personnel, with a similar number (66%) using Employee Assistance Programs (EAPs) as a support resource. Organizations that provide specific services related to psychological care are used by 30% of respondents – many with programs tailored to the international humanitarian aid and development community, such as the Konterra Group and the Headington Institute.

**63%**  
reported having  
psychosocial health  
resources available

**2** Pre-trip/pre-deployment assessments to determine baseline resiliency in staff are rare in the community. These assessments can help raise awareness of stress and other psychosocial health issues and reinforce the importance of personal and organizational resiliency. With only 3% of survey respondents using some form of pre-trip/pre-deployment assessment, this proactive measure isn't being used as widely as it could (or should) be.

only **3%**  
reported using pre-  
trip/deployment  
assessments

**3** Reactive trauma care and support is one of the better-known elements of psychosocial health and staff care. Survey respondents were evenly split between those that include supporting the psychosocial needs of impacted personnel in critical incident or crisis management plans and those that don't – 50% each. Given the importance of meeting those needs for a variety of stakeholders during and after a critical incident, such as those impacted directly, their family members and staff supporting the response, this is an area that should improve to better support personnel.

**50%**  
include reactive  
trauma care and  
support in critical  
incident plans

## BIGGEST SURPRISE

### **Only 22% of respondents provide culturally specific psychosocial support.**

For a community where local national personnel make up the bulk of on-the-ground staffing, this is an area in need of attention. While the vast majority of respondents rely on EAPs for their staff care support, these resources are often domestically focused and appropriate only for US national or international staff. Given the diverse ways in which psychological health is approached globally, resources that can provide culturally appropriate support in the local language are important to meet the needs of the international aid and development community.

Psychosocial support is an emerging discipline in the duty of care toolkit. This year's survey results suggest that while there is awareness of the issue and its key components, operationalizing this support is a work in progress within the community. Like many best practices, it will be important for international aid and development organizations to continue their efforts in developing these essential programs.

# LOCAL NATIONAL INSURANCE BUYING PATTERNS

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They are the backbone of most NGOs – local national employees who perform everything from vital program activities to essential administrative and financial operations, as well as logistical, transportation, security and other activities that keep offices running and projects delivering. Increasingly, local national employees are being incorporated into broader risk management systems, including safety and security planning to help meet duty of care obligations.

## But, what about insurance?

As the community moves to a program implementation model that is focused more and more on local national employee service delivery, the need for competitive and compliant local national benefits takes on increased scrutiny and management-level strategy. Among our own clients, AHT has observed an increased focus on which benefits are provided to local national employees, the legal compliance of the provision of those benefits and how those benefits look in comparison to different programmatic countries, as well we US and third-country national benefit programs. As with all insurance benefit placements, there is not a one-size-fits-all solution. Accordingly, we sought to understand what the core decision metrics around the procurement of local national benefits are and the core coverages being purchased for local nationals.

### KEY FINDING Legal requirements drive decision making and which specific benefits to provide to local national employees.

- With 88% of survey respondents confirming - the overwhelming determining factors of the specific benefits and the level of benefit provided are the country's local standard, practice and legal requirements. Conversely, 12% of respondents noted their local national employee benefit programs are designed to maintain harmonization with the global benefits strategy and harmonization of benefits of all employees – US nationals, third country nationals and local nationals.
- Interestingly, the types of benefits being procured would not suggest that many organizations are note solely leading with legal, local compulsory requirements. The majority of all respondents are providing Business Travel Accident (85%) and Kidnap, Ransom & Extortion (98%) coverage for their local national staff. This is likely due to the organizations' global and US duty of care legal requirements that have been discussed within the community and documented within AHT's prior insurance and risk surveys. Not surprisingly, the US/global legal and funder requirements around duty of care are playing heavily into the specific benefits provided to local national employees.

## KEY FINDING



It is less common for NGOs and International Aid and Development Organizations to purchase local national employee benefits above local requirements.

- The provision of life insurance and medical insurance above local requirements is less common to local national employees, which does support the fact that 88% of respondents are purchasing with legal compliance in mind. Of the respondents, 27% are purchasing life insurance above local minimums and 35% are purchasing medical insurance above local minimums.

As the delivery of programmatic work and services continues to be focused on a local national employee delivery model, the best means of providing benefit programs to local national employees will continue to evolve. Will it be best to configure benefit structures for certain key local national employees in harmonization with their US expat and third-country counterparts to attract and retain the best talent locally? Should all local national employees, regardless of prominence to the organization, be provided with harmonized benefits to their US and third-country position counterparts? As these discussions continue within the community, we know, as of 2019, that legal requirements continue to be the determining factor to deciding which benefits are provided to local nationals.

## INSURANCE DATA OVERVIEW 2019

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As we detail the changes in buying patterns of key insurance policies and limits, we would be remiss not to address the macro level changes in rate and underwriting that have occurred over the past 12 months. The US and global insurance markets are in the initial stages of rate change across all classes of business, including NGOs and International Aid and Development Organizations (IADOs). As of the time this article was written, overall US rates have increased by 3% over the same period as last year, according to *Market Scout*, with global markets taking similar action.\* Whether this is the start of a “hard market” or simply a correction of the low rates and “soft market” that has predominated for the past 14 years remains to be seen.

The increases are not without reason and **following are key factors that are causing underwriters to increase their rates specific to NGOs and IADOs.**

\*Source: Market Scout Market Barometer 2019 Second Quarter

## 1 CLIMATE CHANGE

The effects of an ever-changing climate have led to unprecedented and catastrophic weather events over the past 12 months, and there is increasing concern around how organizations could be liable for such global climate changes. Given the events of the 12 months and the unknown potential for liability, underwriters and actuaries have started to include additional rate across all of their insureds.

## 2 INCREASED MANAGEMENT LIABILITY EXPOSURES

Many underwriters note that they are seeing an increased frequency in regulatory investigations including anti-trust and qui tam and employment related litigation. While the latter is led by increased sexual harassment suits from #MeToo, the former does not have a linear explanation, apart from a belief that there is greater knowledge of such actions and an organization's responsibility to address associated exposures. All of these factors are leading to increased rates on Directors & Officers and Employment Practices Liability policies.

## 3 INCREASE IN FREQUENCY OF INTERNATIONAL MONEY THEFT AND COLLUSION

Not surprisingly, international theft of money continues to be a significant exposure for the community with claims in this arena showing similar to slightly elevated frequency and severity as the year before. Recognizing that such losses continue in terms of both frequency and severity, underwriters are seeking higher international crime deductibles and increased rates.

The community must be mindful that increased rates will invariably bring increased focus by underwriters on higher hazard exposures – a consequence of the increased market rates at large. For the community in the past 12 months, that focus has been particularly keen on abuse and molestation liability and international financial management controls and processes. Underwriters are asking more questions and reviewing specific policies and procedures prior to offering coverage.

For clients with exposures to minors and vulnerable populations, it is becoming increasingly important to have safeguarding policies in place, coupled with robust hiring and reference checking processes, both domestically and internationally, to determine an individual's potential for or history of illegal activity. In terms of financial management, underwriters are seeking to understand how its insureds audit and oversee field offices, so instances of fraud are caught quickly.

## KEY TAKEAWAY

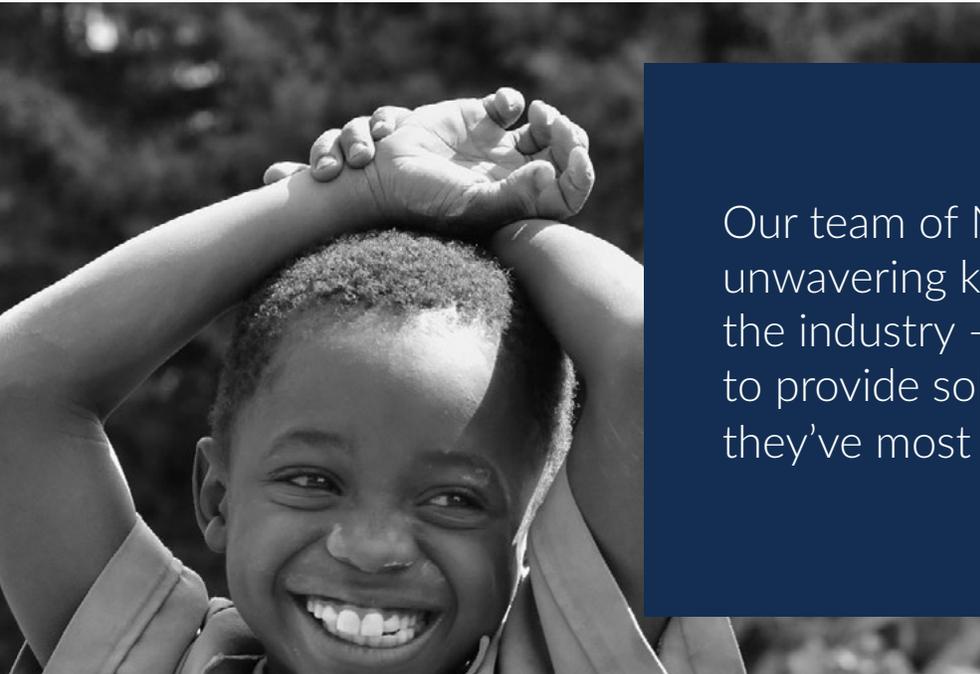
AHT works closely with our underwriter and carrier partners to understand these changes and educate carriers about the community's approach to such risks in an effort to help mitigate significant rate and underwriting changes where possible. However, despite diligent broker negotiation with carriers on increased rates, the community must be prepared for increased rates and underwriting scrutiny for the next 12 months.

# IN CONCLUSION – EXPECTING THE UNEXPECTED

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As the world in which NGOs and IADOs 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/IADO 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/IADO experts provides unwavering 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 SCHAEFER, CPCU, RPLU**  
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**JOE GLEASON**  
Director of Risk Management

# 2019 RISK & INSURANCE BENCHMARKING

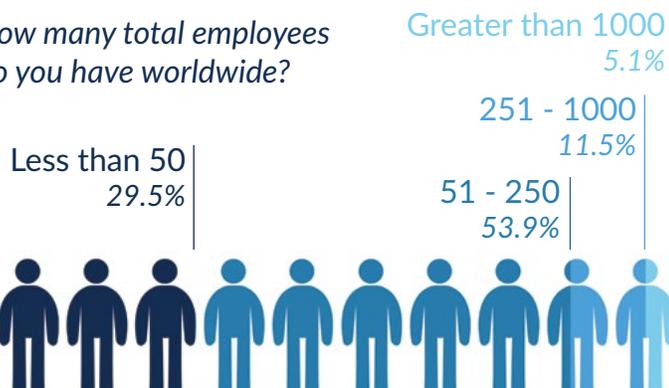
## TELL US A LITTLE MORE ABOUT YOUR ORGANIZATION

### What is your annual budget?

Greater than \$1B (1.3%)  
 \$251M - \$1B (0%)  
 \$101M - \$250M - (12.8%)  
 \$51M - \$100M - (11.5%)  
 \$11M - \$50M - (47.5%)  
 Less than \$10M - (26.9%)

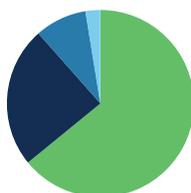


### How many total employees do you have worldwide?

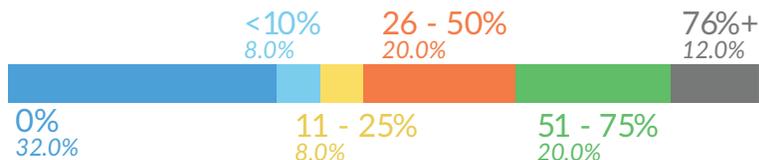


### In how many countries does your organization operate?

1 - 10 64.1%  
 11 - 30 24.4%  
 31 - 60 9.0%  
 61+ 2.5%

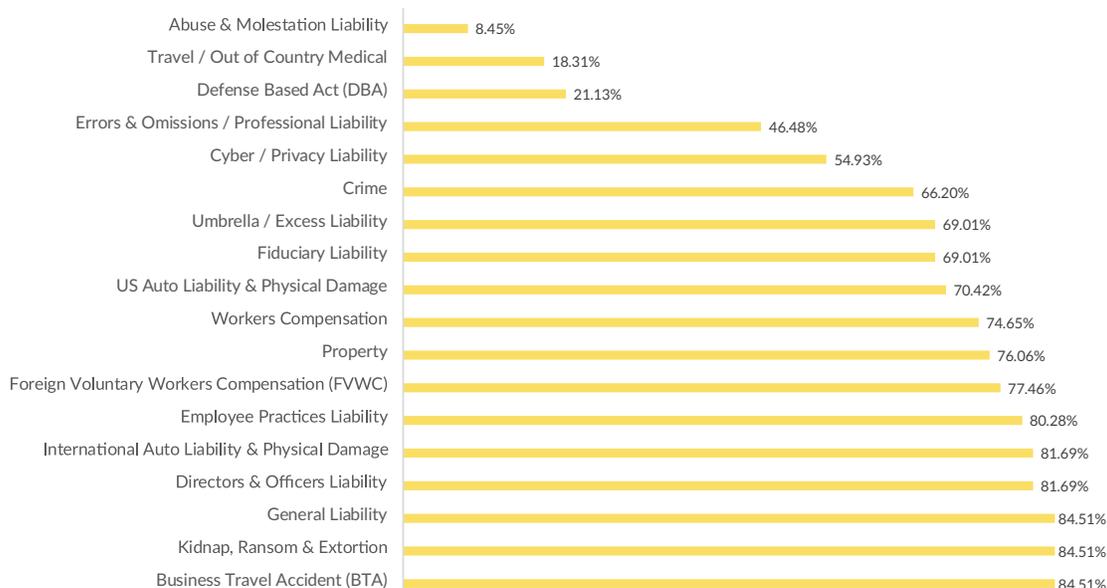


### What percentage of your staff is based overseas?

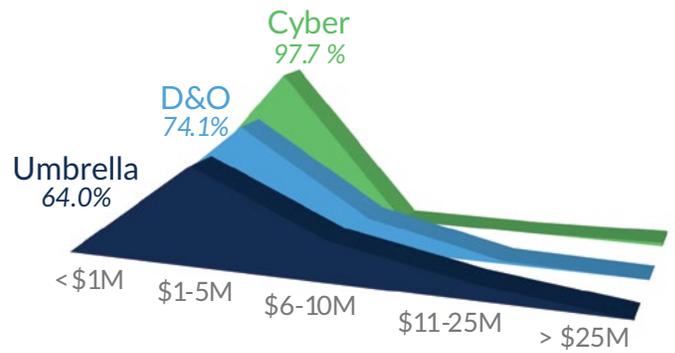


## HOW DOES YOUR ORGANIZATION PROTECT ITSELF?

### 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?



What is your organization's current Crime limit?

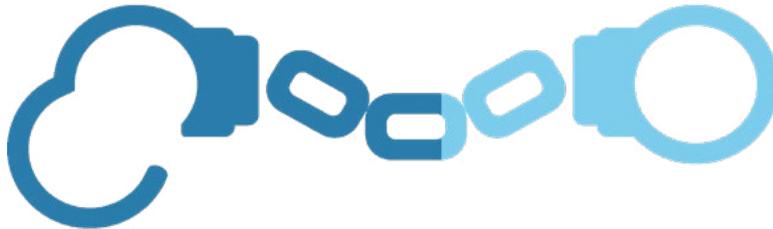
Less than \$1M - 58.7%

\$1M - \$3M - 41.3%

\$4M - \$5M - 0%

\$6M - \$10M - 0%

More than \$10M - 0%



## LOCAL NATIONAL TRAVELERS

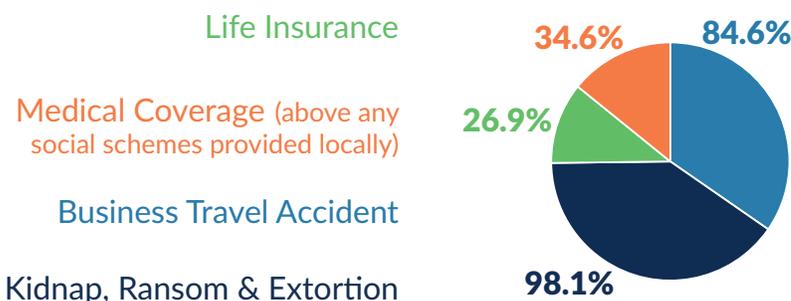
Are local nationals' needs considered within the organization's risk management/critical incident response plans and procedures?



The purchase of local national employee benefits insurance is designed to primarily meet which of the following?

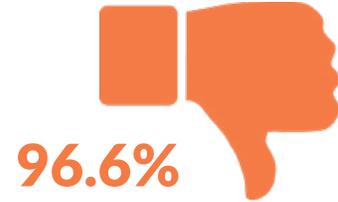


Is your organization covering local nationals on any of the following policies?

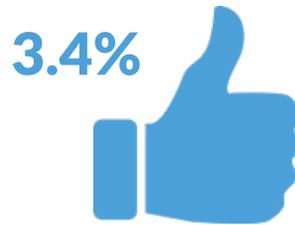


# PSYCHOSOCIAL SUPPORT

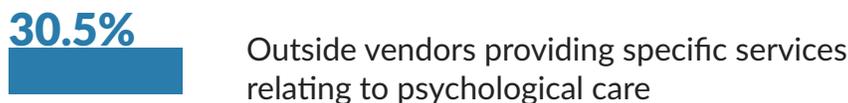
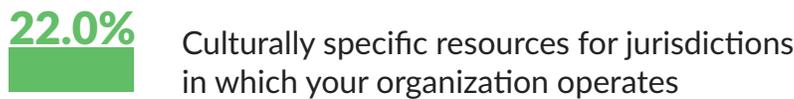
Do your organization's pre-trip travel briefings include a pre-trip resiliency test/assessment to confirm baseline for travelers?



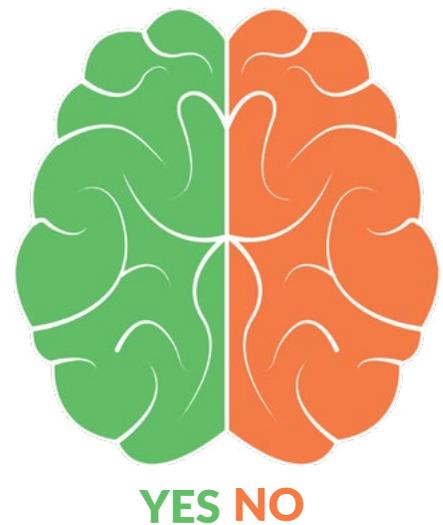
Are psycho/social support resources provided to staff while traveling/working on behalf of the organization?



What psycho/social support resources are provided to staff while traveling/working on behalf of the organization?



Does your organization's critical incident response policy/procedure include considerations for managing the psycho/social needs of impacted staff?



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