



**NAIC – ARIA Insurance Regulation Research Partnership Research Report 10-04-31**

## NAIC – ARIA Research Partnership Request for Research – Property Coverage for Non-Profits

### 1. What is the issue or problem of concern? Please be as specific as possible.

The Department has been told that stand-alone property physical damage coverage and stand-alone auto physical damage coverage for non-profits is virtually unavailable, especially for non-profits working with children. A Risk-Retention Group (RRG) that is a major insurer in this space works with a licensed insurer to write the property and auto coverage for these risks, but the licensed insurer they use is withdrawing from the market in certain states. The Department's concern is that these non-profits may not have coverage options for their property and auto insurance needs, although the insurance trade organizations insist there is a viable market in our state and that there are residual property and auto insurance markets. Given the conflicting messages, the Department is unsure of the true nature of the situation.

**Research Questions:** Are non-profit entities, particularly those which work with children, able to secure physical damage property and auto coverage in our state? If not, what is the extent of the problem (e.g., what share is without coverage or unable to retain coverage)? Is this problem exclusive to our state or wider in scope? What factors are keeping more insurers from issuing policies to non-profit entities? Are there any actions non-profit entities can take to become more insurable?

### 2. What are the implications of the problem for regulators, insurers, intermediaries, and/or consumers?

The Department is undecided whether it and other state insurance regulators should support or oppose the Non-Profit Property Protection Act ("NPPA"), a bill that would provide certain RRGs the ability to write property and auto physical damage for certain non-profits. The Department

**3. What information do you have regarding the problem? For example: existing research, internal documentation, data.**

The Department has information from the RRG, the insurance trade organizations, and responses to surveys issued to foster care agencies on this concern. Information is also available from the C Committee meeting held at the NAIC's Spring National Meeting, during which this issue was discussed. Other states may have information about this concern as well.

**4. Will this information be available to the researcher(s) for analysis? If you are unable to provide some of the information, please specify the information that will not be available.**

Yes, the Department will make available all the relevant information it has regarding this issue.