

Island or Iceberg? Liability & Voluntary Organizations

A Research Report

**Prepared for Easter Seals Canada by:
Agnes Meinhard, Ph.D.
Director, Centre for Voluntary Sector Studies
Associate Professor of Organizational Behaviour
Faculty of Business, Ryerson University**

© 2006 Imagine Canada.

Copyright for Knowledge Development Centre material is waived for charitable and nonprofit organizations for non-commercial use. All charitable and nonprofit organizations are encouraged to copy any Knowledge Development Centre publications, with proper acknowledgement to the authors and Imagine Canada. Please contact Imagine Canada if you would like to put a link to our publications on your Web site.

For more information about the Knowledge Development Centre, visit www.kdc-cdc.ca.

Knowledge Development Centre
Imagine Canada
425 University Avenue, Suite 900
Toronto, Ontario
Canada M5G 1T6
Tel: 416.597.2293
Fax: 416.597.2294
e-mail: kdc@imaginecanada.ca

www.imaginecanada.ca | www.kdc-cdc.ca

ISBN# 1-55401-206-6

Imagine Canada's Knowledge Development Centre is funded through the Community Participation Directorate of the Department of Canadian Heritage as part of the Canada Volunteerism Initiative. The views expressed in this publication do not necessarily reflect those of the Department of Canadian Heritage.

Canada 

Table of Contents

Introduction \ **1**

Methodology \ **3**

Findings \ **5**

Discussion of Findings \ **17**

Conclusions \ **22**

References \ **22**

Appendix A: Survey Questionnaire \ **23**

Acknowledgements

Research Report prepared for

Easter Seals Canada by:

Agnes Meinhard, Ph.D.,
Director, Centre for Voluntary Sector Studies,
Associate Professor of Organizational Behaviour,
Faculty of Business, Ryerson University

Easter Seals Canada Research Team

Max Beck, Chief Executive Officer
Vanessa Pfaff, Director of Programs
Sue Van Riet Paap, Former Director of Operations
(retired)

Ryerson University - Centre for Voluntary Sector Studies Team

Pike Wright, Research Coordinator
Louise Moher, Research Coordinator

Knowledge Development Centre – Imagine Canada

Monique Newton, Manager
Reg Noble, Ph.D., Program Associate

CVSS Research Assistants

Hemant Karamchandani
Baaba Lewis
Arianne Robinson
Elichai Shaffir
Leon Tai

Island or Iceberg?

Liability & Voluntary Organizations

Introduction

Over the past three years, liability insurance has become a significant issue for charitable and nonprofit organizations in Canada. Considering the beneficial economic and social impact of this diverse sector, it is a matter of serious concern that its viability is being challenged by the rising cost of insurance premiums and the increasing difficulty in obtaining coverage. The ability of many organizations to effectively serve the community is also being constrained by an increasingly litigious society.

Anecdotal evidence suggests that insurance difficulties have caused some smaller organizations to cancel programs and services outright while others have occasionally decided to “take a chance” and operate without proper insurance. The full extent of the problem is not well documented, and few remedies or creative solutions have been put forward. The Voluntary Sector Forum (VSF), a leadership body for the Canadian voluntary sector, has identified insurance as a national issue. In 2003-2004, the VSF held regional sessions with approximately 120 sector representations and conducted an on-line survey to determine the impact of insurance concerns on voluntary sector organizations. In one short week, it received 330 responses to its on-line survey. The key VSF findings include the following (Voluntary Sector Forum, 2004):

- Insurance costs are skyrocketing.
- Voluntary sector programming is being driven by insurance restrictions.
- There is no relationship between claims and premiums.
- There is no relationship between risk management programs and insurance premiums.
- Most organizations do not have the capacity to develop risk management programs.
- There is a lack of good, impartial resource information about insurance.
- Only a small number of carriers will insure nonprofit organizations.
- It is becoming more difficult to recruit volunteers.
- The insurance industry does not understand the voluntary sector.
- Funders do not take increased insurance costs into consideration.

Organizations are desperately trying to develop their own risk management programs, but many are too small to do so without considerable outside advice. Insurance companies have increased premiums dramatically and have disqualified or refused coverage to a wide range of organizations and programs. Some people claim that voluntary sector liability premiums have now become higher than those charged to private sector businesses. As a consequence, many nonprofit organizations have

been forced to reconfigure or cancel programs and services that may be desperately needed but that pose too high an insurance risk. Some small organizations, unable to raise sufficient funds to cover insurance premiums, have folded completely. In some cases organizations have decided to operate high-risk programs without insurance.

In 1999, the Supreme Court of Canada made two rulings on vicarious liability with respect to charitable organizations that have had significant impact on voluntary organizations (Staples, MacDonald, & Stewart, 1999). 'Vicarious liability' occurs when a person or organization is held liable for the negligent actions of another even though it is not directly responsible for those actions. In the two Canadian cases, legal authorities imposed responsibility for vicarious liability directly on nonprofit organizations for the actions of their employees. These rulings had an immediate and significant impact on voluntary organizations, which were quick to realize that they could suffer catastrophic legal claims. Many general liability policies exempt vicarious liability, which means that organizations are not insured if this type of claim is made. So there is a need for organizations to get specialty insurance such *Directors and Officers Insurance* (D & O) that provides cover for nonprofit boards. However such specialty insurance has proved, in some cases, to be prohibitively costly for nonprofits. While some alternatives are currently being offered, such as group insurance plans, they have not proved sufficient to address other widespread reported problems, including inability to obtain coverage and inappropriate bundled coverage for the sector.

In February 2005, VSF submitted a brief to the Senate Standing Committee on Banking, Trade and Commerce on the impact of volatile insurance premiums on voluntary sector organizations (Voluntary Sector Forum, 2005). In this brief, it noted that the recent "hard market" in liability insurance has been especially difficult for the sector. The unique funding situation of the nonprofit and voluntary sector makes it difficult to respond to dramatic premium increases over a short period of time. Because funding priorities are often set months in advance, nonprofit organizations do not enjoy the flexibility that private businesses have to recover costs through such means as product pricing. Additionally, many voluntary organizations operate without a significant financial cushion, making them particularly susceptible to dramatic increases. Insurance is intended to protect organizations from catastrophic events, but rapidly rising and increasingly prohibitive cost of insurance has had the opposite effect; they have threatened organizational survival.

The purpose of our study was to identify and document the challenges that rising insurance costs have created for voluntary organizations and to identify the strategies and initiatives that voluntary organizations are using to cope with the situation. The results of this study will be used as a basis for the development of a tips and checklist resource that can help voluntary organizations minimize risk and manage their insurance costs.

Methodology

Survey Questionnaire

In order to survey organizations nationally, we distributed questionnaires in English and French over the Internet. We designed the questionnaire in consultation with insurance experts, financial officers from three nonprofit organizations, and academics knowledgeable about the nonprofit sector. Then, we pilot tested the questionnaire in a paper-and-pencil format with representatives from 10 nonprofit organizations. They provided comments on the length of the questionnaire, the clarity of the questions, and the thoroughness of the questionnaire (i.e., the extent to which it covered relevant topic areas). None of the 10 respondents complained about the length of the questionnaire, and all were able to complete it within 20 minutes. Several had comments about clarity and phrasing of individual questions. Some suggested additional questions. We incorporated these comments into a revised version of the questionnaire.

The final questionnaire consisted of four parts.¹

1. Questions about the insurance participation of nonprofit organizations:
 - whether they had insurance;
 - what kinds of insurance they carried, the price, and the length of time they had been insured;
 - whether the cost of their insurance had increased in the past three years and, if so, the percentage by which it had increased;
 - whether any insurance companies were unwilling to insure them;
 - whether any actions by the organization had caused the rate increases;

- how organizations had dealt with the rate increases; and
 - how insurance costs affected their organization.
2. Questions for organizations that were not insured:
 - why they were not insured;
 - what concerns, if any, they had about not being insured; and
 - what strategies they used to deal with being uninsured.
 3. Questions soliciting opinions about insurance policies in Canada today.
 4. Questions about the organizations that participated in the survey:
 - the primary service provided by the organization;
 - other services provided by the organization;
 - the reach of the organization (i.e., national, regional, or local);
 - the province in which the organization operates;
 - the size of community in which the organization operates;
 - number of years the organization has been in existence;
 - the number of paid staff members;
 - the number of volunteers; and
 - the annual budget.

The Survey Sample

Random sampling of Canadian nonprofit organizations is one way to understand their insurance practices.² Unfortunately, this was not an option for our study, primarily because there is no

² Random sampling refers to a rigorous selection procedure in which each member of a population has an equal probability (chance) of being included in the sample. This method prevents selection bias and ensures that the sample represents the whole population and not just specific parts of it.

¹ See Appendix A.

complete listing available of all the nonprofit organizations in Canada. As well, time and budgetary constraints prevented us from creating comprehensive lists from which to randomly choose organizations to survey.

Instead, we opted for convenience sampling, i.e., asking respondents, by means of an e-mail solicitation, to fill out an on-line questionnaire. In our e-mail message, we explained the purpose and importance of the study. We contacted 3,000 organizations through email. We identified this sample of organizations from various on-line directories providing lists of nonprofit and voluntary organizations.³ We were careful in making our selections to ensure that all provinces were sufficiently represented. In addition, we asked several large umbrella organizations to forward our request for participation to organizations on their own mailing lists. We estimate that we reached approximately 6,000-10,000 organizations through these organizational networks.

Our final sample of nonprofit organizations was not random. It represented only those organizations that responded to the e-mail solicitation and completed the questionnaire. Although on-line distribution of a survey limits the sample to organizations with an email contact address and access to the Internet, it also increases a survey's reach more time-efficiently and cost-effectively than distribution through the mail (Sheehan & McMillan, 1999; Flaherty, Honeycutt, Jr., & Powers, 1998; Watt, 1999).

Data Collection and Analysis

The survey questionnaire was available on-line at the Survey Monkey Web site from July 2004 to

February 1, 2005.⁴ We chose this site because of its reputation as an excellent data collection tool. We directed the survey to people with the most knowledge of an organization's insurance policies and history; this included chief executive officers, chief financial officers, executive directors, and accountants. Because responses were sparse in the beginning, we kept the survey open longer than we had initially intended.

At the completion of the survey, we downloaded the data and transferred it to statistical files for analysis using the Statistical Package for the Social Sciences (SPSS). We ran frequency distributions, cross-tabulations, and correlations to describe the findings and discover relationships among variables. Both the quantitative and qualitative data were analysed by the research team at the Centre for Voluntary Sector Studies, Ryerson University.

Responses

The final sample consisted of 1,135 organizations that responded in English and 28 that responded in French, for a total of 1,163 respondents. Because we were unable to ascertain the exact number of solicitation letters that were forwarded by the various umbrella groups, we are unable to estimate the response rate.

Although we had close to a 100% response rate on some questions, just under half of the respondents (566 or 49%) actually completed the questionnaire. These respondents were meticulous in their answers and provided rich open-ended comments as well. We can only speculate about why the other 51% of respondents did not answer all of the questions. We suspect that the key reason may have been

³ Sample on-line directories include <http://www.imaginecanada.ca/memberlist.asp>, <http://findwhistler.com/page.cfm/2901> and <http://www.211toronto.ca/index.jsp>.

⁴ The Survey Monkey Web site can be accessed at www.surveymonkey.com.

the on-line nature of the questionnaire. Some of the questions may have been too detailed for the person filling in the questionnaire or may have required the person to look up some information. Respondents may have been unaware that it was possible to log out of the survey, locate the information they needed, and then log on again and return directly to the place where they had stopped. As a result, they may simply have abandoned the survey. Because the pilot-testing of the questionnaire was done in paper-and-pencil format, this complication was not anticipated.

Nevertheless, a completion rate of 49% for the questionnaire is not uncommon in survey research. Schillewaert, Langerak, and Duhamel (1998), in a comparative study of survey response rates, found completion rates in all types of surveys range between 1% and 78%, with telephone surveys achieving the highest completion rates. The rates for Internet surveys ranged between 25% and 30%, well below the completion rate of our survey.

Findings

In this report, we present findings based on the number of valid responses for each question. This means that the total number of respondents will differ from question to question. Calculations of cross-tabulations and correlations were done only on cases with valid answers on all variables.

The first question on the survey asked respondents if their organizations were insured. The overwhelming majority of respondents out of the sample of 1163 (1,086 or 93%) said that their organizations had at least one kind of insurance coverage. Only 77 (7%) reported that their organizations had no insurance at all.

This section of the report details the demographic characteristics of respondent organizations and outlines the differences between those with insurance and those without insurance. Please note that findings are based only on those who actually answered the demographic questions.

Table 1. Percentage of organizations that completed all questions in the survey

Province	Total Sample (%)	Without Insurance (%)
Ontario	46.8	43.2
British Columbia	20.0	11.4
Alberta	11.0	11.4
Nova Scotia	4.9	9.1
Saskatchewan	4.1	4.5
Quebec	3.7	4.5
Manitoba	3.4	11.4
New Brunswick	1.6	0
Newfoundland and Labrador	1.4	2.3
Yukon	1.1	2.3
Prince Edward Island	0.9	0
Nunavut	0.7	0
Northwest Territories	0.5	0
TOTAL	100 Respondents = 522	100 Respondents = 44

Note: Percentages in each row represent the proportion of the total number at the bottom of the column, e.g., 43.2% of the 44 uninsured nonprofit organizations in the sample were from Ontario. Due to rounding errors percentage in columns do not add up exactly to 100%.

Demographic characteristics of respondent organizations

Location

A concerted attempt was made to get sufficient representation from every province and territory in Canada. Table 1 presents the province in which respondent organizations were located. Although not all respondents answered this question, we are fairly confident that this distribution reflects that of the entire sample. In general, there appears to be no significant differences in the location of insured and uninsured organizations.

Organization mandate

We asked respondents about the mandates of their organizations (i.e., the types of activities their

organizations were involved in). There does not appear to be any correlation between an organization's mandate and the likelihood that it will be either insured or uninsured (see Table 2).

Organization size

We asked respondents for information about three linked characteristics that can be measured to assess the size of a nonprofit organization: annual budget, number of paid staff members, and number of volunteers. As one would expect, the number of paid staff members is strongly related to an organization's annual budget. The number of volunteers is also significantly related to annual budget, although not quite as strongly as the number of paid staff.

Table 2. Mandate of respondent organizations

Organization mandate	Insured (%)	Uninsured (%)
Community improvement, capacity building, support	14	17
Arts, culture, humanities	10	11
Health: mental and physical disabilities	9	6
Youth development	7	6
Education/instruction and related activities	7	15
Health: general and rehabilitation	6	13
Social action, advocacy	5	13
Recreation, leisure, sports, athletics	5	2
Health: mental health, crisis intervention	5	2
Housing, shelter	5	0
Child and family support	4	0
International, foreign, immigration, settlement	3	0
Multi-service/range of social services	3	0
Environmental quality, protection and beautification	3	2
Employment, jobs	2	2
Occupational or professional group	2	2
Crime and delinquency protection, rehabilitation	2	2
Food, nutrition, agriculture	2	0
Seniors	1	2
Funding and fundraising	1	2
Animal related	1	2
Public safety, emergency preparedness and relief	1	0
Research	1	0
Consumer protection, legal aid	1	1
TOTAL	100 Number = 579	100 Number = 47

Size of budget: The likelihood of a nonprofit organization being insured appears to depend on its size. Organizations that were uninsured were more likely to be small (i.e., to have small annual budgets). Organizations with annual budgets of less than \$50,000 accounted for 74% of respondents who said that their organization had no insurance (see Table 3, p.8). By contrast, organizations with annual budgets of \$500,000 or more accounted for only 3% of uninsured respondents.

Most of the uninsured organizations (91%) operate with a paid staff contingent of fewer than five. Thirty-nine percent have no paid staff members at all. In contrast, 50% of the insured organizations have six or more staff members, and only 8% operate without paid staff.

Uninsured organizations tend to have fewer volunteers as well. Thirty nine percent have fewer than 10 volunteers and only 14% have more than 50

Table 3. Respondent organizations by size of budget

Budget size	Insured (%)	Uninsured (%)	Total (%)
< \$50,000	11	74	16
\$50,000 - \$100,000	12	12	12
\$100,001 - \$500,000	29	11	27
\$500,001 - \$1,000,000	18	3	17
> \$1,000,000	30	0	28
TOTAL	100 Number = 522	100 Number = 44	100 Number = 566

Table 4. Organizations by number of years in existence

Number of years	Insured (%)	Uninsured (%)	Total (%)
1-5 years	7	24	8
6-10 years	9	29	11
11-20 years	23	21	23
21-50 years	44	23	43
> 50 years	17	3	15
TOTAL	100 Number = 522	100 Number = 44	100 Number = 566

volunteers. In comparison, 42% of insured organizations have more than 50 volunteers, and another 30% have more than 100 volunteers.

Number of years respondent organizations had been in existence

The longer an organization had been in existence, the less likely it was to be uninsured. Organizations that had been in existence for 10 years or less accounted for 53% of all uninsured respondents (see Table 4). By contrast, organizations that had been in existence for more than 20 years accounted for only 27% of uninsured respondents.

Size of community in which the organization is located

The question of whether the size of the community in which a nonprofit organization is located would have an impact on increases in insurance rates, and/or the number of uninsured organizations in the community was investigated. Community size was defined as: fewer than 100,000 people, 100,001 to 250,000, 250,001 to 750,000 and more than 750,000 people. No significant differences were found with respect to community size.

Table 5. Reasons for not being insured

Reason	Yes (%)*
We are a small, strictly volunteer operation with very low risk.	46
Our risk is low and we can't afford insurance.	41
We are planning to get insured when funds are sufficient.	24
Our risk is moderate, but we can't afford insurance.	22
We have other budget priorities.	17
We were unaware of the need for insurance.	13
We used to have insurance but had to cancel because of insufficient funds.	9

* Percentages do not add up to 100% because respondents could indicate more than one reason.

Summary

The key factors that appear to be associated with the likelihood of an organization to have insurance are size and number of years in existence. Insured organizations tend to have larger annual budgets, more paid staff members and more volunteers, and to have been in existence longer than uninsured organizations.

Portrait of uninsured organizations

Almost one third (32%) of the uninsured organizations that participated in our survey had been operating without insurance for more than 10 years. Another 20% had been operating without insurance for more than five years. However, only 23% of these uninsured organizations indicated that they were very concerned about their lack of insurance, while 41% reported little or no concern (23% reported that they were *not very* concerned and 18% reported that they were *not at all* concerned).

We presented respondents with a list of possible reasons for not having insurance and asked them to select as many as applied to them (see Table 5). The

most common reasons for not having insurance were that the organization was strictly a small volunteer operation with very low risk (46%) and that the organization's risk was low and it could not afford insurance (41%).

In our survey, we asked, "What impact would a serious claim have on your organization?" Only 30 of the 44 uninsured organizations that participated in the survey answered this question. Of these, 22 reported that their organization would not survive a serious claim and 8 reported that there would be potential risk to the personal wealth of their board members because the organizations did not carry directors and officer's liability insurance. Despite these concerns, all 30 organizations continue to operate because the risk seems low. However, two respondents reported that board members had resigned and potential members had declined to serve because of the lack of insurance, indicating serious concern over personal liability on the part of the broad members.

We presented a series of strategies that organizations could use to reduce risk and liability and asked respondents whether their organization had taken any

Table 6. Strategies used to reduce risk and liability

Strategies undertaken to reduce risk	Organizations who answered Yes, or Planning To (%)
Have you sought partners to co-share in programs?	45
Have you reduced activities or cancelled high-risk programs?	34
Have you implemented new risk management policies?	45
Have you endeavoured to reduce or contain liability insurance costs?	32
Have you explored pooling insurance costs with other organizations?	32
Have you sought government intervention?	13

** Percentages in the Yes or planning to column are ranked in descending order.*

of these. The majority of uninsured organizations had used none of these strategies (see Table 6). Only 45% has sought partners to co-share programs or had reduced activities or cancelled high-risk programs (34%). Very few were planning to pursue any of these strategies in the future.

In summary, just over half (53%) of the uninsured organizations that responded to our survey had been operating without insurance for more than five years. Even though many uninsured respondents reported that their organization would probably not survive a serious claim or that they would be personally affected by it, a large proportion (41%) reported that they were not very concerned about the risks they may face. The most frequently cited reason for not being insured was the belief that they faced low risk and that they could not afford insurance. This perhaps explains why so few have taken steps (e.g., seeking partners and cancelling high-risk programs) to reduce risk and liability.

Portrait of insured organizations

The overwhelming majority (93%) of organizations that participated in our survey carried some form of insurance.

The majority of these insured organizations (almost 60%) paid annual insurance premiums of less than \$10,000. Not surprisingly, the size of premiums is directly and significantly related to an organization's size in terms of annual budget and numbers of staff and volunteers.⁵

We asked respondents to estimate their total current annual insurance premiums. As Table 7 shows, premiums varied by province, with organizations in the Northwest Territories paying an average of \$17,000 per year and those in the Yukon paying an average of only \$1,500 per year.

We asked about the types of insurance organizations carried. Respondents most often reported that they carried general liability insurance (47% reported this type of coverage) and/or directors and officers (D&O) liability insurance (42%; see Table 8).

We also asked if there had been an increase in the insurance rates charged to organizations in the past

⁵ When tested statistically, the relationship between size of insurance premium and size of organization measured by either annual budget or number of staff and volunteers was significant to less than 1%. This means these relationships hold for 99% to 100% of all cases one would sample.

⁶ These averages include both annual rates of "General Liability" and "Directors and Officers Liability" insurances.

Table 7. Average annual Insurance premiums paid by survey respondents in 2003-2004, by province.⁶

Province	Average insurance premiums
Northwest Territories	\$17,000
Nunavut	\$15,000
Manitoba	\$13,000
Alberta	\$10,000
Ontario	\$8,000
British Columbia	\$5,000
Nova Scotia	\$5,000
Saskatchewan	\$4,000
Newfoundland and Labrador	\$3,000
New Brunswick	\$2,000
Quebec	\$2,000
Prince Edward Island	\$1,500
Yukon	\$1,200

Table 8. Percentage increase in insurance premiums from 2001 to 2004

Type of Insurance	Organizations with this insurance (%) [*]	Average increase in premium in past 3 years (%)	Median increase in premium in past 3 years (%)	Most frequently reported increase in premium in past 3 years (%)
General Liability	47	41	25	15
Directors & Officers Liability (D & O)	42	36	25	5, 15 [*]
Program Liability	18	38	25	15
Professional Errors and Omissions	17	34	25	5
Third Party	16	34	25	5
Special Events	15	36	25	5
**Other: Property/ Building	5	38	25	5
**Other: Vehicle	4	38 ^t	25	5

Percentages do not add up to 100% because respondents were instructed to select all that applied.

^{*} Most organizations reported that costs for D & O had either risen by 5% or 15%.

^{**}Other: 34 different types of other insurance were noted in the survey. Here we note the two most frequently cited.

Table 9. Number of insurance policies, by size of organization

Organization size as measured by total annual budget	No. of organizations	Average number of insurance policies
Small (less than \$100,000)	92	2
Medium (\$100,001 - \$1,000,000)	210	3
Large (more than \$1,000,000)	131	4

Table 10. Types of insurance held, by organization size*

Organization size as measured by total annual budget	Holding General Liability (%) No. = 403	Holding Directors & Officers Liability (%) No. = 365	Holding Program Liability (%) No. = 152	Holding professional Errors & Omissions (%) No. = 149	Holding Third Party (%) No. = 130	Holding Special Events (%) No. = 120	Holding Other (%) No. = 127
Under \$50,000/yr	42	31	12	12	12	13	12
\$50,000 - \$100,000	75	66	19	17	12	12	17
\$100,001 - \$500,000	90	82	35	26	25	26	31
\$500,001 - \$1,000,000	95	86	36	40	36	30	34
Over \$1,000,000	96	91	41	47	38	32	37

* Percentages do not add up to 100% because respondents were instructed to select all that applied.

three years and, if so, by what percentage rates had they increased. Respondents reported premium increases for virtually all types of insurance coverage, including the two most commonly held types. The average increase in premiums for general liability insurance was 41%; the median was 25% (see Table 8, p.11). However, the most commonly reported increase in premiums (also referred to as the mode) was only 15%.⁷ The average increase in premiums for D&O liability insurance was 36%; the median was

⁷ The average can be distorted by extreme high or low values and so as a check we also estimated the median and mode. A median value of 25% indicates that half of the organizations had premium increases of less than 25% and half had increases of more than 25%. Mode refers to the most frequently reported value; in this case, the most frequently reported premium increase reported by respondents was 15%.

25%. However, most organizations experienced either a 5% increase or a 15% increase (bi-modal increase) in D&O insurance.⁸

The likelihood that an organization will carry insurance is very closely related to its size. As shown in Table 9, larger organizations were significantly more likely to have more insurance policies. (e.g., general liability, D&O, program liability, etc.)

In all cases, the larger the organization, the more likely it was to have any specific type of insurance

⁸ This means that there are two modes, one at 5% and one at 15%. In other words, many organizations that experienced a 5% increase in premiums and many experienced a 15% increase.

Table 11. Types of insurance held, by province and territory*

Province/ Territory	Holding General Liability (%)	Holding Directors & Officers Liability (%)	Holding Program Liability (%)	Holding Professional Errors & Omissions (%)	Holding Third Party (%)	Holding Special Events (%)	Holding Other (%)
Ontario	86	78	33	34	29	26	30
British Columbia	87	78	31	24	28	16	29
Alberta	87	73	33	33	30	27	37
Nova Scotia	65	69	27	35	19	35	19
Saskatchewan	75	70	35	15	15	25	20
Quebec	67	42	8	25	8	25	17
Manitoba	65	71	35	24	29	29	12
New Brunswick	86	57	14	14	14	14	14
Newfoundland and Labrador	57	71	14	29	0	14	43
Yukon	50	50	0	0	0	0	0
Prince Edward Island	100	60	0	40	20	0	20
Nunavut	100	100	67	67	67	67	67
Northwest Territories	100	67	67	67	33	100	33

* Percentages do not add up to 100% because respondents were instructed to select all that applied.

policy. For example, whereas only 42% of organizations with total annual budgets of less than \$50,000 a year had general liability insurance, this increased to 75% for organizations with total annual budgets of between \$50,000 and \$100,000, and to 96% for organizations with total annual budgets greater than \$1 million (see Table 10).

Perhaps not surprisingly, the same pattern emerged in relation to number of paid staff and the number of years an organization had been in existence. The more paid staff an organization had and the longer it had been in existence, the more likely it was to hold

any specific type of insurance. However, we found no relationship between the size of community in which an organization was located or its home province or territory (see Table 11 for types of insurance held, by province and territory).

In total, 92% of respondents reported that they had had increases in their insurance premiums. We asked respondents what steps they had taken to deal with rate increases. The most frequent response, reported by 42% of respondents, was that they simply paid the increased premium (see Table 12, p.14). The next most frequently reported response, reported by 18% of

Table 12. Steps taken by organizations to deal with insurance premium increases

Step	Organizations taking this step (%)
We paid the increased premium.	42
We obtained quotes from another agent, but stayed with our agent.	18
We reduced other expenses.	12
We switched to another insurance company.	11
We increased our deductible in order to reduce the premium.	9
We reduced our coverage.	7
We used other strategies not described here.	4
We did fundraising specifically to cover our insurance increases.	3
We cancelled our insurance.	1
We are operating without insurance.	0.4

respondents, was that they had obtained quotes from another agent, but had stayed with their current agent.

Organizations with larger annual budgets (greater than \$100,000) were significantly more likely to report that they had:

- paid the increased premium;
- increased their deductible;
- obtained competitive quotes; and
- reduced other expenses.

We asked respondents how the cost of insurance had affected their organizations. More than half reported that they had tried or were planning to try to reduce or contain liability insurance costs (66%), that they had re-evaluated or were planning to re-evaluate their budgets (63%), and that they had implemented or were planning to implement new risk-management policies (57%; see Table 13). A significant percentage reported that they had increased or were planning to increase their fundraising efforts to offset insurance costs (46%) and that they had explored or were

planning to explore pooling insurance costs with other organizations (35%).

Smaller organizations were significantly more likely to report that they had already or were planning to use strategies such as pooling insurance costs, partnering with other organizations, cancelling risky programs, and operating with inadequate coverage. These were not the preferred options for larger organizations, however. Larger organizations were more likely to report that they had already or were planning to implement risk-management strategies within their organizations rather than partnering with others.

Finally, we asked respondents to indicate their level of agreement with various statements about the insurance sector (see Table 14, p.16). Scoring for each statement is from 5 (fully agree) to 1 (fully disagree). The higher the mean score for the rankings, the greater the agreement. There was highest agreement with the sentiment that the insurance industry should be involved in solving current insurance issues and problems and that there

Table 13. Organizational responses to increased insurance costs

Measures	Organizations who answered Yes, or Planning To (%)
We have endeavoured to reduce or contain liability insurance costs.	66
We are reevaluating our budget.	63
We have implemented new risk management policies.	57
We have increased our fundraising efforts to offset insurance costs.	46
We have explored pooling insurance costs with other organizations.	35
We have sought partners to co-share in programs.	25
We have sought government intervention.	24
The quality of our service has been affected.	20
We are operating without adequate insurance coverage.	17
We have cancelled high risk programs.	17
We have reduced service.	17
We are sharing office space to offset insurance costs.	17
We have reduced staff.	13
We have cancelled some regular programs.	9
We are considering merging with another organization.	7
We are considering dissolution of our organizations.	4
Other effects not listed here.	18

be insurance coverage specifically for the voluntary sector. There is also high agreement that there is an insurance crisis in the sector and that an advocate for the voluntary sector could help in the crisis.

Respondents don't think that there had been a stabilizing trend or that volunteer recruitment and retention had been affected by the increase in insurance costs.

Table 14. Attitudes and perceptions about insurance issues

Attitudes	Fully agree (5%)	Somewhat agree (4%)	Neutral (3%)	Somewhat disagree (2%)	Fully disagree (1%)	Average of the summed ranking values
I believe that the insurance industry should be involved in solving current insurance issues and problems.	67	24	6	1	1	4.6
I would be interested in insurance coverage specifically for the voluntary sector.	68	20	10	1	1	4.5
The insurance issue has reached a serious crisis in the voluntary sector.	59	29	10	2	0	4.5
In resolving insurance issues, an advocate for the voluntary sector could assist in the crisis.	58	31	10	1	1	4.5
Governments (federal and provincial) must deal with this issue.	55	30	11	3	1	4.4
Volunteer recruitment for our organization has been affected by the increase in insurance costs.	9	14	35	16	26	2.7
Volunteer retention in our organization has been affected by the increase in insurance costs.	7	14	33	17	29	2.6
I have seen a stabilizing trend.	3	12	38	24	22	2.5
Total Respondents = 551						

Note: The average of summed ranking values for a question is obtained by multiplying each ranking value by the number of people who chose that value. Those totals for each ranking value are then summed and divided by the total number of people answering the question. For the first question on attitudes the total value of all the rankings going across the table are 452. If that value is divided by the 99 respondents who ranked that question the average is 4.6

Discussion of Findings

The numbers tell only part of the story. More than 400 respondents took the time to answer some of the survey's open-ended questions in detail and wrote about some or all of the following: the effects of the premium increases on their organizations, the strategies they are using to cope with premium increases, and their attitudes toward the current situation with insurance. In the discussion that follows, we will incorporate these comments.

As the quantitative data indicate, almost all of the organizations that participated in our survey had experienced an increase in insurance costs, and very few respondents believed that the situation had stabilized. However, there were significant differences in respondents' perceptions of the depth and effect of those rising costs. Some organizations attributed large changes in programming, decision-making and funding allocation to rising insurance rates; others noted that despite a large percentage increase in premiums, the amount this represented in their total budget was minimal. Some respondents pointed out rising insurance rates led to changes in their organization's programming, decision-making and funding allocation to rising insurance rates; others noted that even though premiums had risen, they still only represented a small percentage of their total budget. Smaller organizations were more likely to feel the impact of the rising insurance rates, even though their rates and increases were lower. In written comments, an appreciable number of organizations noted that increased premiums had not yet affected them, but that they anticipated that they would in the future.

The qualitative survey responses (i.e., answers to open-ended questions) reveal seven themes that provide greater depth to the quantitative data analyzed

above. These seven themes are discussed below.

1. Voluntary organizations are working together to deal with the increased cost of insurance premiums.

Many respondents elaborated on the partnership, merger, and pooling options that were presented in the questionnaire. These were strategies that were particularly attractive to smaller organizations. One quarter of respondents (25%) were seeking partners for programs and just over one quarter (27%) were pooling risk by purchasing group or co-insurance. Smaller organizations were also meeting to discuss self-insurance, for example, the creation of a reserve budget pool between organizations for small claims while they purchase insurance with a large deductible for larger claims.

Joining national umbrella groups has allowed some organizations to access lower premiums; for example, organizations that are members of Volunteer Canada can purchase directors and officers (D&O) liability insurance at a lower cost than they could individually. Others have amalgamated or are considering amalgamation with like-minded organizations. Many share building and office space to reduce premiums. Many organizations are working together to strategize both short-term, sector-specific solutions and longer-term, government lobbying plans.

2. Voluntary organizations are responding to increased premiums by reducing their liability.

Many organizations described the changes they had implemented in order to reduce liability. As the quantitative data show, 57% of organizations reported that they were using risk-management policies. The qualitative data provide many examples of this, such as:

- improving building security, e.g., installing surveillance cameras;

- implementing tighter governance policies to protect boards of directors;
- having clients sign risk waivers;
- assigning designated security officer for special events;
- hiring an occupational health and safety staff person;
- revising abuse-prevention policies;
- canceling high-risk events and programs;
- revising agency vehicle policies;
- screening high-risk volunteers more thoroughly;
- providing driver safety education;
- screening drivers' accident histories; and
- reducing public visits to the organization's office and/or site.

As the quantitative data indicate, many organizations have cut high-risk programs. But there is a high social cost to these decisions. For example, organizations that provide outdoor and recreational activity for children and young adults have had to cut so many programs that they feel completely ineffective. They remark that “fun” activities that attract young people are no longer insurable at a reasonable cost.

Community programs that provide transportation to community members or that require delivery services to clients have also suffered as a result of high vehicle insurance.

Some organizations that have implemented both mandated and voluntary risk management plans feel that some insurance carriers are not responding to their risk reduction. While some noted positive benefits of risk management plans, others viewed them as an additional burden on administrative staff with few benefits:

“Government is requiring us to develop a risk management plan as a condition of operational funding. This is required to be reported on and updated annually so there is considerably more work as part of the general rise of managerialism and accountability requirements, that ultimately squeeze the capacity for actual delivery of the mission or charter we were formed to serve. It would be helpful if insurance companies reduced premiums if we produced effective risk management improvements, but they didn't seem interested in reducing risk, just in collecting premiums.”⁹

3. Voluntary organizations note a distinct lack of insurance options that meet their needs.

As the quantitative data indicate, when faced with increased premiums or discontinued service, many organizations “shopped around” for other agents, companies, and coverage; however, in the end, the vast majority reported staying with their old insurer. In the written comments, many respondents complained that few alternatives exist because very few companies will cover them. Some were unable to obtain coverage at all – most notably for sexual and physical abuse liability and vehicle liability. Many respondents did not understand how their premiums could rise so significantly when they had not made any claims. Some complained about the bundled liability packages offered by the insurance industry that covered contingencies that were inappropriate for the voluntary sector and for their organizations:

“All we do in our office is have meetings and do paper work, but because we are a

⁹ Respondent #6, organization primarily involved in arts, culture, and the humanities.

theatre company, we are charged rates as though we were performing a high-risk show in our office. We cannot get two policies, one for our office and one for our shows, which happen once a year, if any. This policy [the policy that the organization has] makes the insurance company money and does nothing for us.”¹⁰

Voluntary organizations noted that D&O liability insurance is vital to their work but that it is prohibitively expensive. As a result, a number of respondents expressed doubt that they had sufficient coverage as they were forced to continually cut liability to make the premium affordable. When organizations pay lower premiums, their liability cover is limited and they may be more vulnerable to liability claims. Although only 5% of the sample found that insurers were unwilling to cover them for D&O liability, it clearly weighed heavily on them.

When faced with a distinct lack of options, some organizations sought out coverage by “riding” on the policies of their parent organizations and, in some cases, of their funders, including municipalities and health authorities.

There is an overall sense that the insurance industry doesn’t understand the voluntary sector:

“We have convened a meeting with government and the insurance industry to look for areas where the not-for-profit sector may be assisted by these two bodies. This is in the context of trying to get coverage that really applies to our sector and that

potential risks to the carrier are evaluated in an effective and efficient manner. We are not sure that the insurance industry really understands the diversity within our community and that diversity leads to different potential risk levels.”¹¹

As a result of a perceived lack of understanding by the insurance industry, many reported an interest in lobbying government for change and intervention. One organization reported that it had contacted provincial members of parliament to advocate for legislation that would limit liability or that would place a limit on court awards. Another noted that its provincial government (Nova Scotia) had already intervened to keep premiums low for insurance covering nonprofit and voluntary organizations.

4. There is significant concern about the affordability of directors and officers (D&O) liability insurance.

Voluntary organizations were more likely to cancel their D&O liability insurance because of its prohibitive cost than they were to cancel any other type of insurance. Some insurance companies simply would not renew clients’ D&O policies. Although many organizations were operating without this type of insurance, they noted that this restricted their ability to build and maintain an effective board. A few organizations noted that directors had left the organization because of the lack of insurance. Volunteer Canada offers a D&O liability option specifically for the voluntary sector. Some organizations had purchased this coverage; others found it inappropriate.

¹⁰ Respondent #108, organization primarily involved in arts, culture, and the humanities.humanities.

¹¹ Respondent #12, organization primarily involved in environmental quality, protection and beautification

5. Voluntary organizations have shifted funding from programs and staff in order to pay for increased insurance premiums.

Shifting funding from programs and staff in order to pay insurance premiums is perhaps the most significant effect of increased premiums. The quantitative data indicate that a majority of organizations were re-evaluating their budgets and that many had already reduced staff and programs. This is the hardest “hit” because it interferes with the successful pursuit of the organization’s mission. While some organizations reported that they had simply absorbed the extra cost, a significant number described juggling already lean budgets to accommodate increased premiums. This budget crunch is significant to organizations within a context of reduced funding to administrative costs:

“With the Liberal government’s mandate to pay only for program funding, we have been pressed to support any administrative costs. We lost our full-time administrator last December, due to burnout. But also, we would not have had the funds to pay her this year. This loss puts extreme strain on the management team and we have had to apply for numerous temporary intern and student positions (subsidized by government) in order to have extra staff. The implications of increased insurance and auditing costs in combination with this policy of eliminating grants, which support core costs are that our membership pays for services that they would otherwise have received for free. The organization is compromised by being forced to cover insurance costs at the expense of staff time.”¹²

¹² Respondent #71, organization primarily involved in environmental quality, protection, and beautification.

Some organizations noted that increased premiums had contributed to, but were not the sole cause of, the shutdown of programming. In this context, they described the elimination of planned improvements in service to client charities, drastic cuts to service hours and staff, and even turning off the air-conditioning to conserve funds. Many organizations noted that it is very difficult to cover increased insurance costs through fundraising because of the administrative/program ratio that has to be followed. In addition, many government funders require certain types of insurance and regular audits (which carry a high administrative cost), but they don’t provide for these costs in their funding.

Finally, increased insurance costs leave voluntary organizations questioning their ability to adequately provide service to their communities:

“We pride ourselves on having provided support for community group endeavours in the past. We are now faced the dilemma of not being able to provide space to community groups for their meetings due to insurance restrictions.”¹³

6. The voluntary sector appears to have been unprepared for increased premiums.

When asked what financial processes they had put in place to generate adequate allowances for insurance premium increases, a significant number of organizations (about 70 in the qualitative section) answered, “none”. Although a small number of those organizations also noted that they had not yet been affected by significant premium increases, this nevertheless seems to be a cause for concern. When asked what effect a serious claim would have on their

¹³ Respondent #135, organization primarily involved in family support services.

organization, most respondents replied that it would most definitely lead to the organization folding, with potential risk to the personal wealth of board members in those organizations that did not have D&O liability insurance. Throughout the survey, organizations spoke of their predicament – limited options for affordable coverage – with frustration and hopelessness. Those that did not have proper coverage hoped that others’ policies would cover any claim they might encounter. A handful of respondents noted that they were not at all concerned with premium increases, as they had been advised by their insurance agents that premiums would stabilize in the next few years.

7. Fundraising is one way, but not the most common way, to fund increased insurance premiums.

In table 13, fundraising was only the fourth most frequently mentioned (46% of respondents) way to compensate for higher insurance premiums. The qualitative data provide insight into the kind of fundraising taking place. Approaches include:

- approaching core funders with cost details;
- hiring consultants and fundraising staff;
- including increased insurance costs in annual funding proposals;
- raising membership, service, and rental fees;
- reallocating volunteers from service provision to fundraising;
- seeking out corporate partners; and

However, this solution is not without its problems. Ironically, some organizations have noted that the lack of affordable event insurance has limited their ability to host specialty fundraisers.

Although anecdotal evidence abounds, we found in our survey of the literature only one other systematic study of the impact of rising insurance rates on nonprofit and voluntary organizations in Canada: the recent survey conducted by the Voluntary Sector Forum. The scope of the present survey is broader, both in its reach and in the more detailed information garnered. Our findings reinforce those of the VSF, lending greater weight to the urgency of dealing with insurance issues in order to ensure the continuation of a vibrant voluntary sector.

Conclusions

The voluntary sector is clearly reeling from the increased cost of insurance premiums. Smaller organizations are particularly affected. And since organizations with budgets of less than \$100,000 a year make up 63% of the voluntary sector (as opposed to only 28% of our sample), the problem is probably more severe than this survey indicates. The organizations that responded to our survey reported that they were using several strategies to mitigate the costs of the insurance, including fundraising, governance education, partnerships, and co-sharing. Some organizations are responding to rising premiums by using strategies that increase organizational and personal liability risks, such as decreasing their insurance coverage or dropping coverage altogether. The organizations that participated in our survey that did not have any insurance coverage reported that this was a cause for concern and that it led to difficulty in recruiting board members.

Although our survey sample was not a representative sample, we found the results informative and have used them to produce a resource to help organizations manage and reduce their insurance costs.

References

- Flaherty, T. B., Honeycutt, E. D., Jr., & Powers, D. (1998). Exploring text-based electronic mail surveys as means of primary data collection. *The 1998 Academy of Marketing Science National Conference Proceedings*, 260-64.
- Sheehan, K. B., & McMillan, S. J. (1999). Response variation in e-mail surveys: An exploration. *Journal of Advertising Research*, 39 (4), 45-54.
- Schillewaert, N., Langerak, F., & Duhamel, T. (1998). Non probability sampling for WWW surveys: A comparison of methods. *Journal of the Market Research Society*, 40, (4) 307-322.
- Staples, MacDonald, Stewart, (Barristers). (1999). *Vicarious liability in cases of sexual abuse*. Retrieved January 13, 2006, from: <http://www.sms.bc.ca/labour/pdfs/LBJun1999.pdf>
- Voluntary Sector Forum. (2004). *Liability insurance and the voluntary sector – framing the issues*. Retrieved January 13, 2006, from: http://www.voluntary-sector.ca/eng/liability/framing_issues/framing_issues.pdf.
- Voluntary Sector Forum. (2005). *Submission to the Senate Standing Committee on Banking, Trade and Commerce*, February 14th 2005. Retrieved January 13, 2006, from: http://www.voluntary-sector.ca/eng/liability/reports_resources/sensubmission-0205.cfm
- Watt, J. H. (1999). Internet systems for evaluation research. In G. Gay & T. Bennington (Eds.), *Information technologies in evaluation: social, moral, epistemological and practical implications* (pp. 23-44). San Francisco: Josey-Bass, No. 84.
-

Appendix A: Survey Questionnaire

Note: this survey was made available only on the website www.surveymonkey.com and was therefore not available as a complete document. The on-line format allowed survey respondents to view one question at a time.

ISLAND OR ICEBERG? – LIABILITY AND VOLUNTARY ORGANIZATIONS

Thank you for showing interest in this important project.

Anecdotal evidence abounds describing the difficulties that charities and nonprofit organizations are experiencing as a result of the increases in insurance rates that have occurred over the past three years. However the breadth and depth of the problem remains unknown. By completing this survey, you will help us to provide a more accurate account of this problem and enable us to suggest some solutions.

Please take 10-20 minutes of your time to complete this survey. It is a first step in trying to find solutions to this problem. **The survey is entirely anonymous. You need not identify yourself or your organization.**

This project is undertaken by *Easter Seals/ March of Dimes National Council* and the *Centre for Voluntary Sector Studies* at Ryerson University. Funding for the project was provided by the Canadian Centre for Philanthropy.

Question 1. Does your organization carry any type of insurance?

- Yes
- No (if no, skip to Question 9)

Question 2.

a) Please provide an estimate of your total current annual insurance premiums in dollars (\$).

- Under \$2500
- \$2500 - \$5000
- \$5001 - \$10,000
- \$10,001 - \$20,000
- \$20,001 - \$30,000
- \$30,001 - \$40,000
- \$40,001 - \$50,000
- Over \$50, 000 (Please indicate how much) _____

b) In the table below, please indicate what type of insurance your organization carries, whether there have been increases in the rates, and whether or not insurance companies have been unwilling or unable to cover your needs.

Type of Insurance	Does your organization currently have this type of policy? Please choose the appropriate response.	If there has been an increase in rates in the past 3 years, please indicate the % increase.	How many years have you carried this type of insurance?		
General liability	Yes No	_____ %	Up to 3 yrs	3-10 yrs	10+ yrs
Program Liability	Yes No	_____ %	Up to 3 yrs	3-10 yrs	10+ yrs
Directors and Officers Liability	Yes No	_____ %	Up to 3 yrs	3-10 yrs	10+ yrs
Special Events	Yes No	_____ %	Up to 3 yrs	3-10 yrs	10+ yrs
Third party insurance	Yes No	_____ %	Up to 3 yrs	3-10 yrs	10+ yrs
Professional Errors and Omissions	Yes No	_____ %	Up to 3 yrs.	3 – 10 yrs.	10+ yrs.
Other _____	Yes No	_____ %	Up to 3 yrs	3-10 yrs	10+ yrs

Question 3. In the table below, please indicate if your insurance company has ever been unwilling or unable to insure you for any of the following, and if you were able to get coverage from another company.

Type of Insurance	Has your insurance company been unwilling or unable to cover you with one of these policies?	If you answered yes to the previous question, have you been able to get coverage from another company?
General liability	Yes No	Yes No
Program Liability	Yes No	Yes No
Directors and Officers Liability	Yes No	Yes No
Special Events	Yes No	Yes No
Third party insurance	Yes No	Yes No
Professional Errors and Omissions	Yes No	Yes No
Other _____	Yes No	Yes No

Question 4. Please indicate how the following statements pertain to your organization.

Have your insurance rates been affected by your organization's claims history?	Yes	No
Have your insurance rates been affected by your organization's special projects?	Yes	No

Question 5. Has your organization had a rate increase in any type of insurance policy? (Choose one)

Yes No

Question 6. What steps were taken by your organization to deal with the rate increase?

We paid the increased premium	Yes	No
We reduced coverage	Yes	No
We increased deductible in order to reduce premium	Yes	No
We obtained quotes from another insurance agent/broker	Yes	No
We switched to another insurance company	Yes	No
We cancelled insurance	Yes	No
We are operating with insurance	Yes	No
We did fundraising specifically to cover our insurance increases	Yes	No
We reduced other expenses	Yes	No
Other _____	Yes	No

Question 7. Please indicate how the cost of insurance has affected/is affecting your organization.

Indicate all that apply.

We have endeavoured to reduce or contain liability insurance costs	Yes	No	Planning to
We have reduced staff	Yes	No	Planning to
We have reduced services	Yes	No	Planning to
We have implemented new risk management policies	Yes	No	Planning to
We have cancelled high risk programs	Yes	No	Planning to
We have cancelled some regular programs	Yes	No	Planning to
We are operating without adequate insurance coverage	Yes	No	Planning to
We have increased our fundraising efforts to offset insurance costs	Yes	No	Planning to
We are sharing office space to offset insurance costs	Yes	No	Planning to
We are reevaluating our budget	Yes	No	Planning to
The quality of our service has been affected	Yes	No	Planning to
We are considering dissolution of our organization	Yes	No	Planning to
We are considering merging with another organization	Yes	No	Planning to
We have sought partners to co-share in programs	Yes	No	Planning to
We have explored pooling insurance costs with other organizations	Yes	No	Planning to
We have sought government intervention	Yes	No	Planning to
Other _____	Yes	No	Planning to

Please elaborate on one or two of the items to which you answered “Yes” or “Planning”.

We may wish to provide more depth to this survey by hearing more about your strategies. If you would be willing to share your experiences with us, please provide your e-mail address:

Any information you give us will be strictly confidential. There will be no direct attribution to you or your organization. All statements will be presented in aggregate form and kept anonymous.

Question 8. What financial processes have been put in place to generate adequate allowances for continuing premium increases?

Question 9. To be answered only by those organizations without insurance of any kind. Others please proceed to Question 13.

a) How long has your organization been operating without insurance?

- Less than 1 year
- 1 -2 years
- 2 -5 years
- 5-10 years
- More than 10 years

b) Please indicate the reasons for operating without insurance. Indicate all that apply.

We were unaware of need for insurance/degree of organizational risk	Yes	No
We are a small, strictly volunteer operation with very low risk	Yes	No
Our risk is low and can't afford insurance	Yes	No
Our risk is moderate, but we can't afford insurance	Yes	No
We used to have insurance but had to cancel because of insufficient funds	Yes	No
We have other budget priorities	Yes	No
We are planning to get insured when funds are sufficient	Yes	No
Other _____	Yes	No

Please elaborate on one or two of the items to which you answered "Yes".

Question 11

a) How concerned are you about not being insured?

- Extremely concerned
- Very concerned
- Concerned
- Not too concerned
- Not at all concerned

b) What impact would a serious claim would have on your organization?

Question 12. Please indicate whether your organization has undertaken or is planning to undertake any of the strategies listed below. Indicate all that apply.

Have you endeavoured to reduce or contain liability insurance costs?	Yes	No	Planning to
Have you implemented new risk management policies?	Yes	No	Planning to
Have you reduced services or cancelled high risk programs or activities?	Yes	No	Planning to
Have you sought partners to co-share in programs?	Yes	No	Planning to
Have you explored pooling insurance costs with other organizations?	Yes	No	Planning to
Have you sought government intervention?	Yes	No	Planning to
Other: _____	Yes	No	Planning to

We may wish to provide more depth to this survey by hearing more about your strategies. If you would be willing to share your experiences with us, please provide your e-mail address:

Any information you give us will be strictly confidential. There will be no direct attribution to you or your organization. All statements will be presented in aggregate form and kept anonymous.

Question 13. To be answered by all.

Please indicate the extent of your agreement with the following statements.

Statement	Totally Agree	Somewhat Agree	Neutral	Somewhat Disagree	Totally Disagree
The insurance issue has reached a serious crisis in the voluntary sector					
Governments (federal and provincial) must deal with this issue					
In resolving insurance issues, an advocate for the voluntary sector could assist in the crises					
I believe that the insurance industry should be involved in solving current insurance issues and problems.					
I would be interested in insurance coverage specifically for the voluntary sector.					
I have seen a stabilizing trend.					
Volunteer recruitment for our organization has been affected by the increase in insurance costs.					
Volunteer retention in our organization has been affected by the increase in insurance costs.					

Question 14. The following are some general questions about your organization.

In which type of activity or service is your organization primarily involved?

Activity or Service	(Choose one)
Arts, culture, humanities	
Education/instruction and related	
Environmental quality, protection and beautification	
Animal related	
Health: general and rehabilitation	
Health: mental health, crisis intervention	
Health: mental and physical disabilities	
Consumer protection, legal aid	
Crime and delinquency protection, rehabilitation	
Employment, jobs	
Food, nutrition, agriculture	
Housing, shelter	
Public safety, emergency preparedness and relief	
Recreation, leisure, sports, athletics	
Youth development	
Occupational or professional group	
International, foreign, immigration	
Social action, advocacy	
Community improvement, capacity building, support	
Other, (please specify)	

Question 15. What other type of activities, if any, is your organization involved in, but to a lesser extent. (Select no more than two activities.)

Activity or Service	(Choose no more than two)
Arts, culture, humanities	
Education/instruction and related	
Environmental quality, protection and beautification	
Animal related	
Health: general and rehabilitation	
Health: mental health, crisis intervention	
Health: mental and physical disabilities	
Consumer protection, legal aid	
Crime and delinquency protection, rehabilitation	
Employment, jobs	
Food, nutrition, agriculture	
Housing, shelter	
Public safety, emergency preparedness and relief	
Recreation, leisure, sports, athletics	
Youth development	
Occupational or professional group	
International, foreign, immigration	
Social action, advocacy	
Community improvement, capacity building, support	
Other, (please specify)	

Question 16.

a) Is your organization:

- National
- Regional
- Local

b) In what province or territory are you located?

c) What is the size of your community:

- Under 100,000
- 100,000 – 250,000
- 250,000 – 750,000
- Over 750,000

d) How long has your organization been in existence?

- 1 – 5 yrs.
- 6 – 10 yrs.
- 11 – 20 yrs.
- 20 – 50 yrs.
- 50+ yrs.

e) How many paid staff in total is currently employed by the organization?

- 1 - 5
- 6 - 10
- 11 - 20
- 20 - 50
- 50+

f) Number of volunteers (including Board members)

- 1 - 10
- 11 - 20
- 21 - 50
- 50 - 100
- 100+

g)What is the annual budget of your organization?

- Under \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$500,000
- \$500,001 - \$1,000,000
- Over \$1,000,000 - Please indicate how much _____

INFORMED CONSENT STATEMENT

Thank you for participating in this research study, entitled Island or Iceberg: Liability and Voluntary Organizations. The purpose of the study is to investigate the substantial insurance rate increases over the past few years, the impact of these increases on voluntary organizations and how they are responding to it. The data from the study will be used only for the purposes expressed above. The information you have given us is anonymous and confidential. Organizational data from this survey will be reported only in aggregate format. If you have provided us with your e-mail for further elaboration, no reference will be made in verbal or written form which could link your name or organization to the study. A final summary report based on the information provided in the survey will be distributed at the conclusion of the project. You can receive a report at the conclusion of the project directly, by providing us with your email address:

Or, if you prefer, you can access the Centre for Voluntary Studies (CVSS) webpage (www.ryerson.ca/cvss) to download the report.

If you have question at any time about the study you may contact Easter Seals Canada at 416 932 8382 or email us at info@easterseals.ca.

By pressing the submit button, you indicate that you have understood the purposes and conditions of this study, and are participating entirely voluntarily.

Notes

Notes

This and other Knowledge Development Centre publications are also available online at www.kdc-cdc.ca, or as a special collection of the Imagine Canada — John Hodgson Library at www.nonprofitscan.ca.



www.kdc-cdc.ca