

Insurance Costs Are Increasing for YMCAs as We Approach the New Year – Why?

Sex abuse & molestation coverage is becoming increasingly more difficult to secure,

and whatever coverage you can obtain is more expensive. The largest Y insurer in the nation is typically limiting excess sex abuse coverage to just \$5 million – at the same time the need for higher limits to protect your organization has never been greater.

Church sex abuse claims, USAA Gymnastics and Larry Nasser, the Boys Scouts Bankruptcy, The #MeToo Movement, recent laws in some states that greatly extend the time limit to sue for abuse (Reviver Statutes), and a dramatic increase of sex abuse awards exceeding \$10 million have all compounded this problem.

And the outlook for property insurance is not that much better.

The reinsurance industry, which provides a backstop for all insurers, has lost money for the last six consecutive years prior to Hurricane Ian, which will cost between \$50 and \$100 billion in damages. Most reinsurance policies renew January 1st, and their renewals are expected to increase substantially. Climate change has caused more frequent and more severe hurricanes, floods, & wildfires and with construction inflation and supply chain issues over the past 3 years, the cost to rebuild today is significantly higher than it was in 2019. That means most insurers will look to their insureds to increase property limits to keep pace with construction inflation and will be looking for property rate increases to pay for much higher reinsurance costs in an attempt to return to profitability.

Further, some insurers that have been insuring Ys for years have ‘legacy’ issues - meaning **they are paying claims from years ago in today’s much higher court awards.** As a result, they are raising rates on top of the issues cited above.

What can you do to help insulate your YMCA from these issues? Fortunately, there are alternatives with other insurers that do not carry this baggage and are eager to quote good YMCAs very competitively.

Talk to us. We can help. All inquiries are without cost or obligation.

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