

# ANSVAR'S APPROACH TO ABUSE COVER - THE SENSIBLE CHOICE

## Introduction:

Ansvar understands abuse is a risk exposure our clients are rightly concerned about. Ansvar's clients are organisations that provide many types of care services to vulnerable people. There will always be a real risk of abuse occurring by perpetrators who have been employed or engaged by any caring organisation. This risk can never be fully removed.

## Insurance Options:

The Market	Ansvar
Not all Insurers offer cover for all types of abuse.	Ansvar offers physical, mental and sexual abuse cover to clients with sound risk management practices. <b>Explanation:</b> Client protection policies/codes of practice, training, prior employment history checks.
When cover is available, many insurers offer it on a claims made basis, often under a PI policy.	Ansvar is in it for the long term, offering sexual abuse cover under a Public Liability policy on an occurrence basis.

## PI V General Public & Products Liability – points to consider

PI	General Public & Products Liability
Cover is for breach of professional duty of care <b>Example:</b> If the insured had the best risk management practices in place, yet still abuse occurred, Insurers may argue that it was beyond the Insured's reasonable control therefore not a breach of their duty. This may result in an uncompensated victim who has been injured in the care of the Insured. It may also cause reputational damage to the organisation not only for the abuse itself but for its failure to compensate.	Ansvar's policy is for personal injury that arises from a breach of a general duty of care. <b>Example:</b> Despite the fact that the insured may have had the best risk management available, if the abuse was unforeseen and happened during the period of insurance, the Ansvar policy will be triggered. Ansvar's approach is to establish indemnity, avoid unnecessary legal action and prevent further trauma. <b>Explanation:</b> For abuse the claimant needs to establish that they were injured whilst in the care of the insured. If that can be evidenced then Ansvar's policy is likely to respond.
Some policies exclude bodily injury	Bodily injury is covered – this includes mental anguish.
Policies are written on a claims made basis. <b>Explanation:</b> This means that the Insurer will not cover any incidents that have occurred prior to the agreed retroactive date. Every year, the Insured is obliged to declare all known incidents so the Insurer can make predictions on the possible cost of claims that may be made down the track. Typically if an Insured declares multiple incidents of similar type, Insurers look to either significantly increase pricing or come off cover altogether. This can make it difficult for the Insured to secure protection elsewhere. If a client cannot secure cover elsewhere, they will be uninsured for claims that may be reported in the future from unknown circumstances.	Ansvar's GPL policy is on an occurrence basis, including abuse exposure <b>Explanation:</b> This means Ansvar will be on cover for any incidents that occur during the period of insurance for the long term (forever), subject to terms, conditions and exclusions in the policy. Insurers are usually fairly comfortable with this as most injuries and instances of property damage are evident immediately after the event and are reported to Insurers soon afterwards. This means Insurers can be reasonably confident of what their losses are likely to be for a particular year and can gauge quite accurately what their pricing model needs to look like to ensure they are running profitably. Abuse is not always evident after the event and is typically not reported for many years. Despite this Ansvar still provides an occurrence based policy.  This can occasionally mean our pricing is higher than others in the market, however, the protection is to be seen as an asset rather than an expense. We always endeavour to remain competitive whilst providing broad protection.

*"We will help with transfer from claims made to occurrence cover. Occurrence cover means peace of mind."*

## WHY OCCURRENCE MAKES SENSE

### Example:

Greatcare Limited is an organisation that provides care to disabled persons. They have a professional indemnity policy with Midpoint Insurance which is extended to provide cover for sexual abuse/molestation.

Greatcare Limited knows that a condition of their policy is to report all known circumstances to Midpoint Insurance every year. As time goes on they are receiving more and more notifications of alleged abuse that goes back to a specific period when a particular person was employed 8 years ago. This person has since left their employment. At last years renewal, Greatcare Limited disclosed 3 known circumstances that may give rise to a claim involving this employee. Midpoint Insurance increased their premium by 15% as a consequence of these disclosures. This year Greatcare Limited disclosed another 5 circumstances.

Midpoint Insurance accept that they have been notified of the known circumstances and are on cover for any claim that may be received relating to these notifications, however, they are concerned about more notifications coming in down the track. They decide not to offer renewal of the policy as they do not want to be on cover for more than they already know about. Greatcare Limited's insurance broker searches the market for an alternative insurer. Unfortunately no insurer is prepared to offer cover to Greatcare Limited for the period of time the employee was engaged by the Insured.

Greatcare Limited is left uninsured for any further unknown circumstances relating to this period of time. They are extremely concerned that they will have no insurance protection for this unknown risk exposure. Their concerns are heightened because they know that time does not work in their favour when it comes to abuse allegations. In fact, they know that it can take many, many years before survivors of abuse will come forward, so the idea that the risk may reduce as time goes on doesn't quite fit.

Had Greatcare Limited been insured with Ansvar on our GPL policy, they would have had occurrence based cover . This would mean (subject to terms, conditions, and exclusions of the policy) that Ansvar would be on cover always for any incidents known or unknown – even if Greatcare Limited has transferred cover to another insurer when the claim is received.

### Risk acceptance and policy exclusions:

As with all insurance policies, the cover provided by Ansvar for abuse is subject to terms, conditions and exclusions. Some of those conditions and exclusions include:

We will only accept risks where:

- The insured has in place adequate client protection policies and procedures to reduce the likelihood of abuse occurring.
- Those protection policies must include commitment to training of all staff, reference checks, reporting process and escalation procedures.
- Ansvar can assist with the development of adequate procedures if required.

We will not pay compensation where:

1. Sexual abuse is committed with the Insured's consent or knowledge;
2. Where sexual abuse is committed by a person who has previously committed sexual abuse whether convicted or not, or been the subject to a prior complaint which hasn't been dealt with appropriately (in accordance with your client protection policies/procedures);
3. Where the appointment of the perpetrator as an employee, volunteer or contractor was done without making the investigations required under any legislation.

### About Ansvar's approach to abuse cover.

Ansvar knows that offering sexual abuse cover under its Public Liability policy on an occurrence basis means it is open to receiving claims many years down the track. This means Ansvar cannot completely close off its books every year. Some insurers are uncomfortable not being able to confidently report their losses year to year. However, most insurers are profit making entities with shareholder demands to meet. They need to report their profits/losses and close off their books every year so they can establish if the year was profitable enough to provide dividends to shareholders.

Ansvar does not have shareholder pressures to meet. Ansvar is owned by a charity - Allchurches Trust Ltd. This means with the support of our parent company Ecclesiastical Insurance, Ansvar can feel comfortable keeping capital in its reserves for many years. Whilst this may reduce the amount Ansvar provides back to the community in one way, it allows Ansvar to provide a long term insurance solution to a long term risk exposure. This in itself is an important contribution to the longevity and sustainability of care and community organisations.

Ansvar is proud of this and believe it is the right form of cover to offer its clients. Ansvar also firmly believes it is the moral approach which helps survivors access a form of compensation for their personal injury incurred whilst under our Insured's care.

In summary:

- Ansvar believes in providing the most secure protection for our clients.
- Ansvar is here for the long term...despite the abuse possibly not being known for many years after the event, Ansvar's policy will always respond, even if the Insured has transferred their policies elsewhere at the time of the claim.
- Ansvar holds a strong moral belief in assisting survivors of abuse.
- Ansvar's approach will provide sensitive and pro-active claims management to the survivor by responding quickly and effectively in a non-adversarial way.

On a final note, to avoid any gap in cover when transferring previous claims made policies to Ansvar's occurrence policy, a retroactive endorsement may be applied. Speak to one of our experts today...

\* All policies are subject to standard underwriting criteria.

1300 650 540 [www.ansvar.com.au](http://www.ansvar.com.au)