

WHITEPAPER

# Prevent & Protect

What Your Organization Needs to Know  
to Avoid Abuse & Molestation Claims



Organizations working with vulnerable populations, including children, seniors or individuals with special needs, have an obligation to provide protection and safety. However, incidents and allegations of sexual abuse, molestation and exploitation are an unfortunate reality for organizations serving these populations, especially in the nonprofit, education, youth sports and healthcare sectors.

Sexual misconduct liability insurance can be a valuable tool to finance defense costs and payouts, which can be crippling for even the most well-heeled organizations. Even if the allegations are unsubstantiated, the subsequent reputational and financial harm can destroy an organization.

## A Prevalent Problem

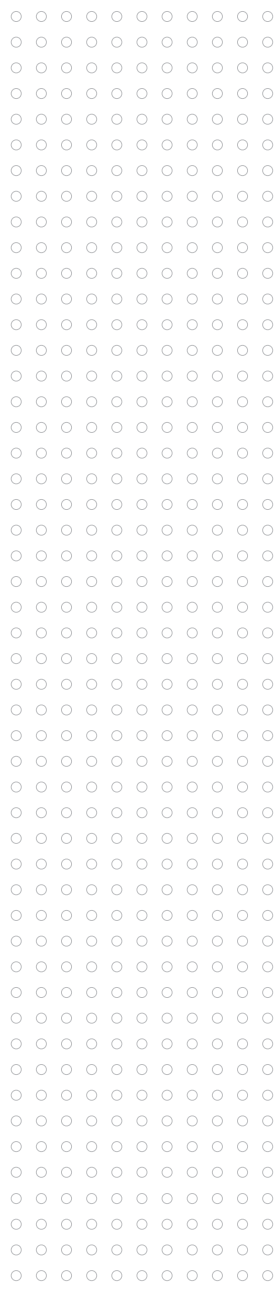
The prevalence of abusive incidents is difficult to track; they are often underreported. But the Centers for Disease Control and Prevention estimates that roughly one in four girls and one in 20 boys have experienced sexual abuse in the U.S., with 91% of these incidents perpetrated by an adult whom the child trusts. The economic impact of this abuse is estimated to be at least \$9.3 billion.<sup>1</sup> Abuse is devastating for victims and current research on the impacts of childhood trauma stemming from abuse is alarming. The emergence of legacy and current claims of abuse is also difficult for institutions facing serious reputational and financial risks, as well as high stakes public relations and legal minefields.

Making matters worse, acceptable specialty insurance is increasingly hard to place. The insurance market has experienced an onslaught of new claims as dozens of states have set aside their traditional statutes of limitations and provided victims windows of time within which to bring their claims, regardless of when the abuse was perpetrated.

At least 30 states<sup>2</sup> and territories had revived previously expired child sexual abuse claims as of November 1, 2023. The proliferation of these laws has opened the floodgates to claims, while a plaintiff's bar emboldened by third-party litigation financing has aggressively pursued payouts averaging in the millions.

As a result, insurers are sharply reducing policy limits and raising their premiums, leaving organizations under-protected against catastrophic exposures.

Now forced to absorb greater financial risk themselves, organizations must focus on incident prevention and crisis management while securing whatever commercial risk transfer is available.



### Learn More



Watch our on-demand webinar, **Safeguarding the Vulnerable: Create a Culture of Safety in Your Organization**, to hear from a panel of experts on assessing, reducing and insuring sexual misconduct liability risk.

<sup>1</sup> Centers for Disease Control, "Fast Facts: Preventing Child Sexual Abuse," Last Reviewed February 14, 2024.

<sup>2</sup> ChildUSA.org, [Revival Laws for Child Sex Abuse](#) November 1, 2023.

## Prevention is the Best Protection

Organizations must be proactive in developing and enforcing enterprise-wide systems that eliminate and reduce sexual misconduct risk. Effective internal programs include:

- **Risk assessment.** The organization's programmatic offerings must be assessed for potential risk, including overnight stays, offsite field trips or camps, interactions with unfamiliar individuals or group organizations, as well as unsupervised transportation or other situations where vulnerable populations may not be adequately monitored.
- **Background and reference checks.** All employees, volunteers and contractors who have direct interaction with vulnerable populations should be thoroughly screened during onboarding. Targeted background checks should be conducted on full-time employees at least every three years to identify potential issues before they impact the organization.
- **Staff and volunteer training.** Personnel, including volunteers, should be trained to avoid or manage high-risk activities, such as one-on-one encounters. Staff and volunteers must also be trained to identify potential signs of abuse or victim "grooming."
- **Proper supervision.** Supervisors or organizational leaders must properly monitor staff and volunteers for any suspicious behaviors or situations that could lead to issues or allegations of misconduct.
- **Open communication.** Organizations must ensure their employees and constituents are comfortable reporting inappropriate behavior or suspected misconduct, without fear of retribution. A confidential hotline can be a valuable tool. Everyone should understand and feel safe following the motto, "If you see something, say something."
- **Facilities vulnerability testing.** The physical spaces occupied by organizations should be viewed through the lens of abuse prevention.
- **Visitor management systems and surveillance cameras.** Restricting access to facilities and monitoring of appropriate areas is essential to prevent incidents of abuse.



## Respond and Repair

Organizations that respond quickly to incidents or allegations will be better equipped to defend themselves. A robust response plan includes:

- A known chain of command for personnel to follow when reporting inappropriate incidents or concerns.
- Pre-determined members of the organization delegated to respond immediately to incident reports or allegations of abuse, which should include notifying parents/guardians and the authorities.
- Clear, replicable investigation procedures with preset, open-ended questions for alleged victims, alleged perpetrators and witnesses.
- Access to an external crisis response firm to help with incident response, including mobilizing public relations resources to reduce the risk of reputational harm.
- Support resources, such as counseling services for employees and victims.



## Coverage Considerations

The market for sexual misconduct liability insurance has contracted sharply in recent years amid an explosion in new claims and multi-million-dollar payouts. Buyers that partner with a specialty insurance intermediary will maximize their protection — and the value it represents — in a challenging marketplace.

Organizations should consider the following to mitigate their exposure:

- **Do you need claims-made or occurrence coverage?** An occurrence-based policy responds to events that happened during the policy period, providing evergreen protection even for claims presented years later. Claims-made coverage, by contrast, responds only to claims first made during the policy term; a claims-made policy may also contain a retroactive date barring coverage for events that predate it. Once an organization buys claims-made insurance, it must be continuously maintained or, if cancelled, the policyholder should consider “tail” coverage for latent claim reporting.
- **How are the policy limits structured?** It’s important to know whether policy limits apply per-victim or per-abusive-act. Most policies treat claims arising from the same perpetrator as a serial act subject to a single per-claim limit. But if policy limits apply on a per-victim basis, a series of offenses attributable to the same perpetrator could quickly exhaust coverage that may be needed for other claims.
- **What is the coverage territory?** Organizations operating outside of the U.S., including transient travel exposures, should insist on worldwide coverage. By contrast, domestic insurance typically applies only to claims brought in the U.S., its territories and possessions, Puerto Rico and Canada.
- **Is there adequate defense coverage for alleged perpetrators?** Defending against allegations of sexual misconduct is devastatingly expensive, not only for the organization, but also for the individuals accused. An insurance policy should cover costs to defend alleged perpetrators until their admission or non-appealable judicial determination of culpability.
- **What’s the right coverage for your exposure?** No two sexual misconduct liability policies are alike. A specialty risk advisor can help you determine what coverage and limits your organization needs, depending on its size and exposure. Such protection can include an umbrella or excess liability policy providing additional capacity mirroring the terms, conditions and exclusions of the policy it sits above.

To learn more about building a sexual misconduct risk and insurance strategy for your organization, contact [HUB International's risk and insurance specialists](#).

# Strategic support that puts you in control.

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. With HUB, you have peace of mind that what matters most to you will be protected — through unrelenting advocacy and tailored solutions that put you in control.

For more information on how to manage your insurance costs and reduce your risk, contact a HUB insurance specialist.

[hubinternational.com](https://hubinternational.com)

---

## Ready for tomorrow.

Risk & Insurance | Employee Benefits | Retirement & Private Wealth



*This information is provided for general information purposes only. HUB International makes no warranties, express, implied, or statutory, as to the adequacy, timeliness, completeness, or accuracy of information in this document. This document does not constitute advice and does not create a broker-client relationship. Please consult a HUB International advisor about your specific needs before taking any action. Statements concerning legal matters should be understood to be general observations and should not be relied upon as legal advice, which we are not authorized to provide.*