RESPONSES TO QUESTIONS RECEIVED ON SOLICITATION #1508 - REQUESTS FOR PROPOSALS FOR CONSULTANT TO CONDUCT A FEASIBILITY STUDY AND PROPOSE A PLAN TO ADDRESS THE NONPROFIT LIABILITY INSURANCE AVAILABILITY CONCERNS IN CONNECTICUT

As of July 21, 2026

1. Data Collection & Availability

Q1a: Will the Connecticut Insurance Department provide any centralized data regarding:

- Nonprofit insurance premiums
- Claims/loss experience
- Exposure information
- Carrier participation
- Prior Working Group research

or is the selected consultant expected to independently collect and validate all required data?

Response: The Department will work with the selected service provider to request and collect available and needed carrier data needed for the study. The publicly available Working Group research and work product is attached to this document as Exhibits A through E.

Q1b: What information will be available on third-party litigation funding / other tort cost drivers?

Response: The Department will share third-party litigation funding information in its possession, and can include in the industry data calls requests for information pertaining to both third-party litigation funding and tort cost drivers.

Q1c: Has the Department identified a target population of nonprofits for the study?

If so:

- How many organizations?
- Which sectors are included?
- Are hospitals, colleges, foundations, religious organizations, and housing providers included?

Response: The study's focus is the Human Services sector (e.g., Foster Care, Child Care, Elder Care, other programs assisting vulnerable populations). Hospitals, colleges and religious organizations are not in scope.

The Department will work with the selected service provider to determine how best to ensure that the study includes an appropriate number and variety of nonprofit organizations.

Q1d: Does the State anticipate participation from all affected nonprofit organizations, or will a representative sample be acceptable?

Response: A valid sample size is acceptable.

Q1e: Will the Department facilitate introductions and outreach to nonprofit organization contacts to support data collection efforts?

Response: The Department will partner with the selected service provider to identify nonprofit organizations within the Human Services sector and collaborate with other state agencies to assist with introductions to such organizations.

Q1f: May proposers submit phased approaches or alternative methodologies that reduce data collection requirements while still satisfying study objectives? E.g. Use of Carrier Rate and Form filings for Nonprofits in the state.

Response: The Department acknowledges that the required work is extensive and as such careful planning will be required to stay within the established budget. Because of this, the Department will consider proposals by the selected service provider that include efficient and effective processes and methodologies.

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2. Scope of Insurance Coverages

Q2a: Which insurance coverages should be included in the feasibility analysis?

Should the study include:

- General Liability
- Professional Liability
- Abuse & Molestation
- D&O
- EPLI
- Auto Liability
- Umbrella/Excess Liability
- Property Coverage

or only certain lines?

Response: The following lines of business are in scope:

- General Liability
- Professional Liability
- Abuse & Molestation
- D&O
- Auto Liability
- Umbrella/Excess Liability

Q2b: Should the consultant evaluate liability coverages only, or both liability and property/casualty programs as contemplated by the prior Working Group?

Response: Liability coverages only.

Q2c: Does the scope include any broker or carrier integration?

Response: The plan / study should consider all potential options.

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3. Actuarial Requirements

Q3a: What level of actuarial analysis does the Department expect?

For example:

- High-level feasibility modeling
- Detailed rate indications
- Full premium development
- Capital adequacy modeling
- Reinsurance modeling

Response: The Department expects an actuarial analysis that includes all of the above.

Q3b: Does the Department expect the consultant to develop projected premium rates for a future captive, pool, or insurance entity?

Response: The selected service provider is expected to provide estimates of future premium costs for nonprofit entities participating in a captive, pool or program.

Q3c: What minimum credibility standards will be acceptable if historical claims data is limited or inconsistent?

Response: We expect that the selected service provider will use at least 1,084 claims in the data set to achieve full credibility and comply with ASOP 25 (Actuarial Standard of Practice) for credibility procedure..

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4. Captive / Pool / Program Questions

Q4a: Is the State seeking evaluation of:

- A captive insurer
- A self-insurance pool
- A risk retention group
- A reciprocal
- A hybrid structure

or should all alternatives be evaluated equally?

Response: The feasibility of all types of pool, program or captive arrangement must be evaluated. It is possible that the selected service provider could determine that a particular structure is not feasible with a limited analysis. In that case, the required report must include the basis for the conclusion that such structure is not feasible. The proposed required plan should address all feasible arrangements. Based on the available data, stakeholder discussions, industry practice, and the State's objectives, the selected service provider should identify the most viable structure(s) for detailed analysis.

Q4b: Does the State have a preferred organizational model that emerged from the Nonprofit Working Group discussions?

Response: No

Q4c: Should the consultant evaluate existing nonprofit pools and captives in other states as potential benchmarks?

Response: While not specifically required, evaluation of solutions implemented by other states may be valuable in assessing the feasibility in those solutions in Connecticut.

Q4d: Who would own the captive?

Response: If a captive is recommended as the solution, the study / plan should address options for the ownership of the captive.

Q4e: Should the analysis assume potential State-provided initial capitalization, or must the proposed plan identify member-funded or third-party capital sources only?

Response: The analysis must address all options for initial capitalization including state funding, member funding and third-party sources. Estimates and related assumptions must also be provided.

Q4f: If the program has a bad year early on, are supplemental funds or additional capital available?

Response: The study / plan should address all options for supplemental funds or additional capital, including state funding, member funding and third-party sources.

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5. Regulatory Expectations

Q5a: What level of analysis regarding Connecticut Title 38a is expected?

Should the consultant:

- Identify regulatory requirements,
- Estimate licensing and capital requirements, or
- Prepare detailed implementation plans for regulatory approval?

Response: While the plan requirements include development of a proposed plan for establishing each potential structure, including organizational structure, governance, licensing strategy, operational policies, compliance and financial requirements (see page 10 of the RFP), a detailed implementation plan

for regulatory approval is not required. However, the proposed plan should identify the requirements established by Connecticut Law and any potential difficulties satisfying the requirements.

Q5b: Does the Department expect the selected consultant to retain Connecticut regulatory counsel as part of the engagement?

Response: The selected service provider is not required to engage Connecticut regulatory counsel, but is required to consider the requirements of Connecticut Law as addressed in Question 5a.

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6. Stakeholder Engagement

Q6a: What stakeholder groups must be interviewed?

Examples:

- Nonprofits
- Insurance carriers
- Reinsurers
- Brokers
- Trade associations
- Legislators
- Regulators

Response: The Department anticipates that the data to be collected will inform the need for interviews. It is reasonable to expect that all or some of the stakeholders groups identified above may be in scope for interviews.

Q6b: Will the Department coordinate stakeholder meetings and interviews, or is the consultant expected to arrange all outreach independently?

Response: The Department will partner with the selected service provider to identify stakeholders in scope for interviews/meetings and help facilitate such interviews/meetings with stakeholders within or related to the insurance industry. The Department will also collaborate with other state agencies to help facilitate introductions to any nonprofit organizations and related trade associations that are in scope.

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7. Deliverables & Expectations

Q7a: Does the Department have a preferred format for the final report and recommendations to the General Assembly?

Response: The Department will work with the selected service provider to develop the format for the final report.

Q7b: Will presentations to:

- CID leadership
- Legislative committees
- The Working Group

be required in addition to the written report?

Response: The Department expects that the selected service provider will provide regular reporting to the Department staff throughout the engagement, and periodic reports to the Department leadership. The Department will also require a complete presentation to Department leadership before the required report is finalized.

Q7c: Are interim reports, progress updates, or draft deliverables expected during the project period?

Response: Yes. The following deliverables are specified in the RFP:

- Feasibility Study Report (draft and final)
- Proposed Plan (structure, data framework, actuarial analysis, plan design)
- Financial Analysis (initial capital, operating ratios, licensing, premium projections)
- Report with legislative recommendations and funding needed.

The Department will work with the selected service provider to develop a timeline for the various deliverables and related drafts. As noted in the response to Question 7b, the Department also expects regular reporting from the selected service provider.

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8. Commercial & Contracting Questions

Q8a: Is the $200,000 budget intended to be:

- A hard maximum, or
- An estimated budget?

Response: The $200,000 budget is the amount that was allocated through the legislative process for the required work. No additional funds are available.

Q8b: Is the allocated $200,000 for the feasibility study only, or for the entire implementation process if the program moves forward?

Response: The $200,000 is for the feasibility study and plan as described in the RFP. The RFP does not contemplate implementation of a solution.

EXHIBIT A

NONPROFIT WORKING GROUP – BROWN & BROWN PRESENTATION

Brown & Brown

Non-Profit Liability/Property Casualty Working Group

January 14, 2026

Presented By:

Matt Noeker

James Parmiter CIC

Presentation Agenda

- Introduction
- Regulatory
- Marketplace
- Underwriter/Carrier Outlook
- Underwriting Process

Annual Report Website

Overview

As an insurance intermediary, Brown & Brown specializes in domestic and international:

- Property & Casualty
- Risk Management Consulting
- Employee Benefits
- Personal Lines
- National Programs
- Wholesale Brokerage
- Services

1%

Top 1% of insurance brokerage firms in the U.S. as ranked by Business Insurance

5.3B

Revenues are greater than $5.3B and premiums placed exceed $30B

700+

Employs more than 23,000 teammates in 700+ locations

85+

Providing superior service to our customers for more than 80 years

Our Experience Spans All Industries and All Market Segment Solutions

Annual Report Website

Connecticut Office

80+

Connecticut office insures 80+ non-profits locally

20+

Access to 20+ carrier relationships in the non-profit space

175+

Employs more than 175 teammates in Rocky Hill and Niantic

2001

Providing superior service to our customers in Connecticut since 2001

Presenters:

Matt Noeker

- Property & Casualty Vice President
- Matt specializes in insurance for Non-Profits
- Active on various nonprofit boards
- Resides in Avon, CT

James Parmiter

- Property & Casualty Vice President
- James has over 18 years experience in commercial insurance and holds the CIC designations.
- Focuses in working with Nonprofit organizations
- Resides in Rocky Hill, CT

Heightened Risk as Markets Tighten:

- Navigating the insurance marketplace for Social and Human Services Agencies has become extremely challenging.
- Recent legal and regulatory developments have put pressure on several lines of coverage. These include General Liability, Professional Liability, and Sexual Abuse and Molestation Liability.
- As a result, many organizations are facing surging premiums, and in some instances non-renewal.

Regulatory:

- Catalyst events that prompted regulatory change
  - Catholic Church
  - Penn State University
  - Michigan State
  - “Me Too” Movement
- Recent Legislation changes fuel the rise in abuse and molestation allegations and claims
- Revisiting statue of limitation laws for both criminal and civil sexual abuse claims, either extending limitation periods or creating lookback windows for past civil claims
- The retroactive provision has prompted a notable uptick in revived claims. Many involve incidents that are over a decade old.
- Indemnity Provisions in Contracts

Marketplace:

- **Social Inflation:** Social inflation refers to the rising costs of insurance claims due to evolving societal attitudes, shifting legal landscapes, and increased litigation, impacting liability coverages
- **Unaffordable Premiums**: Premiums for General Liability, Abuse, Professional Liability, and Umbrellas are continuing to increase
- **Carrier Exits and Nonrenewal**: Carriers are exiting the Human Services market entirely or refusing to renew policies, increase the need to seek coverage through alternative markets. (Excess & Surplus, High-Deductible Programs, Captives)
- **Coverage Limitations**: Organizations are facing restrictions and limitations on coverages that can be obtained. (Professional Liability, Abuse, Umbrella)

Nuclear Verdicts:

Juries are awarding massive sums, making even false accusations costly for organizations.

Background: Abuse in the Foster System

The plaintiffs, identified as A.H. and D.C., were placed by the New Jersey Department of Children and Families into a foster home in Atlantic County in 1969. There, they endured repeated sexual abuse by their foster father, Joseph Salmon, over a span of three years. Now in their 60s, the siblings came forward to seek justice through the courts, represented by Matthew Bonanno of Rebenack, Aronow & Mascolo and Vincent Nappo of Pfau Cochran Vertetis Amala (PCVA).

Their case culminated in a $19.5 million settlement—$9.75 million for each survivor—reached through mediation with former Appellate Division Judge Harry G. Carroll on May 23, 2025.

A jury awarded a Niagara County woman $65 million this week in a verdict against a former YMCA staff member who sexually abused her when she was a child in the 1990s.

The 37-year-old woman, who filed a Child Victims Act lawsuit under the pseudonym LG 46, testified this week in State Supreme Court in Erie County that the former YMCA counselor, James B. Jackson, groomed and abused her over the course of seven years.

The woman said in an interview with The Buffalo News that she has struggled with alcohol abuse and trusting people in relationships. She said she sued Jackson in March 2020 to hold him accountable for his actions.

Marketplace:

Service Providers Most Impacted:

- Foster Care/Adoption
- Community Justice
- Youth Residential Programs
- Daycare/Headstart
- Behavioral Health/Substance Use Treatment
- Group Homes/Residential
- YMCA/Boys & Girls Club
- Shelters

Underwriter/Carrier Outlook:

Challenges to Obtain Coverage

- Carriers are closely scrutinizing insureds' risk management practices requiring detailed reviews of current policies and procedures.
  - Abuse Policies and Procedures-Mandated Reporting
    - Screening-Application, Interview, Background Check
    - Training-At time of hire and annually
    - Prevention-2 adult rule/open door policy
    - Restroom Guidelines
    - Reporting Procedures
    - Investigation
    - Victim Protection
    - Response
  - Commercial Auto Policies and Procedures
    - MVR at time of hire and annually
    - GPS/Telematics in vehicles
    - Fleet Safety Management Program
    - Distracted Driver Policies
    - Driver Orientation and Trainings

Underwriting Process:

- Walk through of all properties to identify risk factors
- Develop a marketing plan 120 days prior to renewal
- Review current policies and procedures and update if necessary
- Review loss runs, identifying any large claims/patterns and calculate loss ratio
- Make a submission to carriers 90 days prior to renewal
- Analyze results and negotiate with carriers for competitive offer
- Review results with management team

THANK YOU!

Brown & Brown

Any solicitation or invitation to discuss insurance sales or servicing is being provided at the request of Brown & Brown of CT, an owned subsidiary of Brown & Brown, Inc. Brown & Brown CT, only provides insurance related solicitations or services to insureds or insured risks in jurisdictions where it and its individual insurance professionals are properly licensed.

EXHIBIT B

ALERA – HUMAN SERVICE CHALLENGES

ALERAGROUP

Insurance Market Challenges for Human Service Organizations

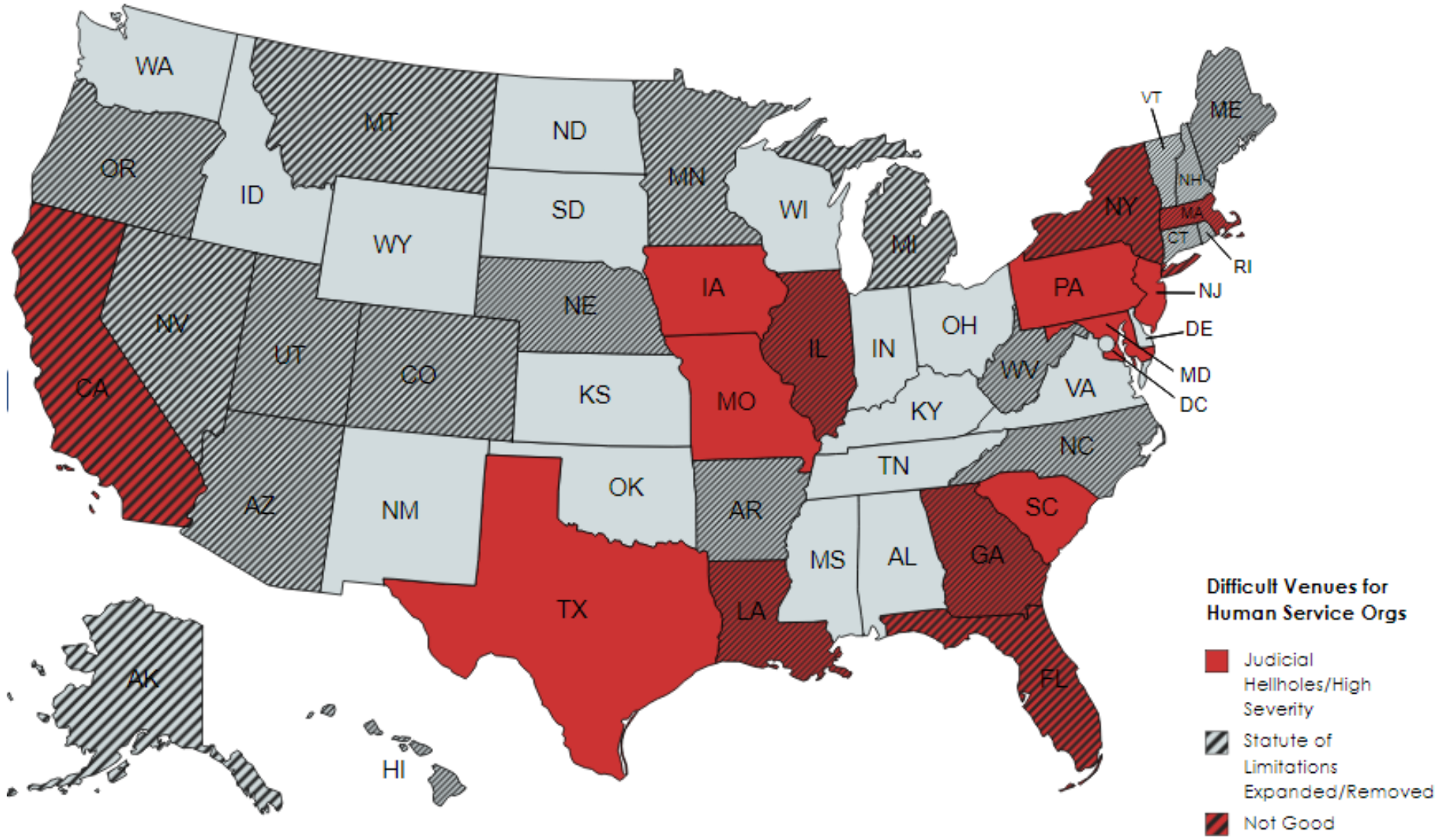
Alera Group Human Services Team

2025

Top Factors Impacting Human Service Insurance

- States expanding lookback/removing Statute of Limitations for Sexual Abuse
- Influx of legacy Sexual Abuse and Professional Liability Claims
- "Admitted" carriers restricting coverage or leaving the space
- Movement to Excess & Surplus Lines market
- Retro Dates being shortened or removed causing providers to self insure legacy risks
- Contractual challenges

Difficult Venues for Human Service Orgs – Abuse SOLs



Other Forces Impacting Human Service Insurance

- Massive nuclear verdicts
- Third Party Litigation Funding
- Changes to tort laws in several states are raising damage caps, driving up potential size of claims
- States forcing providers to assume liability/hold states harmless

Cook County jury orders Lutheran social services agency to pay $45M for toddler allegedly murdered by mom

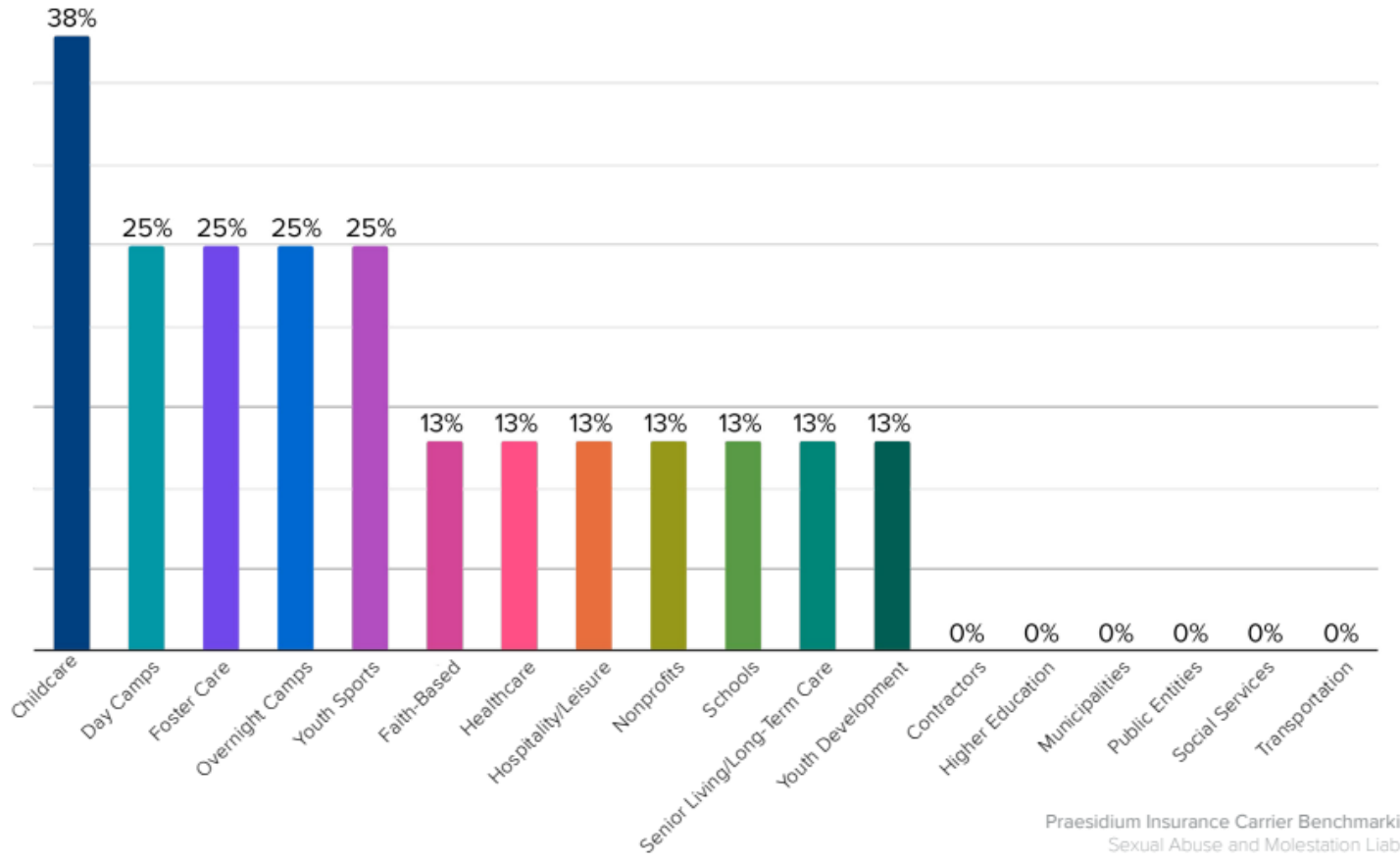
USA Gymnastics and USOPC reach $380m settlement with Nassar abuse survivors

2025 Praesidium SML Report – Carrier Perspective

SML TRENDS

INDUSTRY COVERAGE

We asked carriers whether they **expect their company to decline to write SML coverage, at any level**, for any of the following industries in the next three years. Only **38%** of respondents forecasted no change in industries they would write coverage for. According to the survey results, many industries face the risk of losing coverage options, and no consumer-serving sector is exempt from this trend.



Praesidium Insurance Carrier Benchmarking:
Sexual Abuse and Molestation Liability

2025 Praesidium SML Report – Carrier Perspective

SML TRENDS

MARKET

Looking ahead, we asked carriers what they expect in the market over the next three years in terms of the availability and in terms of SML coverage. Respondents could select more than one response or leave it blank. Here is what they shared.

59% expect the **market will continue to harden** in terms of price, limits, and availability, with an additional **6%** reporting they expect to see a hardening of overall insurance market conditions.

24% see **potential for the market to open** somewhat for SML coverage (compared to **0%** in 2022), with some providing commentary indicating increased activity and availability in some international markets.

6% expect **no change** to the current general market for SML coverage.

Limits

We asked carriers about limits specifically: *"In the next three years, where do you see the limits of liability for SML coverage?"*

- 65% Decreasing
- 18% Increasing
- 18% No Change

2025 Praesidium SML Report – Carrier Perspective

SML TRENDS

EXPECTATIONS

WHAT WILL THAT MEAN TO INSUREDS?

We asked the **71%** that expect the already high standards to increase what they anticipate that will look like in practice. Here is some of what they shared (taken directly from anonymous survey responses):

- **Lower limits & higher retentions**
- **Greater scrutiny on larger, more complex risks**
- **Higher standards, higher frequency of checks and training**
- **More robust understanding of controls**
- **We will likely begin attaching exclusions to healthcare accounts.**
- **Planning to require more proof of policies and procedures in advance of offering excess limits on some risks, and prior to offering any limits on higher hazard exposures.**

Praesidium Insurance Carrier Benchmarking:
Sexual Abuse and Molestation Liability

Insurance Marketplace Updates

Nonprofits

Insurance costs continue to climb, with an increasing number of nonprofits reporting problems finding and maintaining coverage.

The price and availability of insurance will continue to be challenging. Fewer standard insurers are willing to insure this segment. Of those carriers that remain, some are declining to write riskier sectors, while others are choosing not to write tougher lines of business, such as Commercial Auto and Umbrella/Excess Liability.

Liability losses continue to skyrocket. Nonprofits are especially vulnerable because the public holds them to a higher standard of care. Two factors fueling rising costs are the extended statute of limitations for reporting abuse and social inflation in liability lawsuits. Social inflation is the increased severity of insurance claims beyond what typical economic drivers can explain. Insurance companies that offer occurrence policies may have decades of potential liabilities they must fund. Occurrence policies provide lifetime coverage for incidents during a policy period, regardless of when the claim is reported.

Insurers will focus on property values and condition. Insurers are performing evaluations on new and renewal business. Mandatory increases in values are the norm. Expect insurers to decline locations over 30 years old and to require supplemental applications on building occupancy and condition.

Unbundling and bundling coverages can offer advantages. The best approach will depend on the carrier's appetite. In some instances, bundling several coverages together in a package may make the account more attractive. In other cases, the best option may be finding a separate market for a coverage the carrier may want to avoid.

Risk management will play a pivotal role. Nonprofits face many risks that affect their reputation, financial position and the safety and wellbeing of others. Organizations need strategies, techniques and a disciplined approach to recognizing and managing the threats they face as they fulfill their mission. Insurance companies will be highly selective about the accounts they write, paying particular attention to the organization's understanding of its risks and ability to manage those risks effectively.

Nonprofits are turning to insurance alternatives. In an effort to gain more control, some nonprofits are banding together to form and fund a shared risk pool. Through the pool, participants can often obtain coverage that otherwise would not be available, achieve savings, gain better pricing stability, tailor coverage to their needs and better manage claims.

Insurance Marketplace Updates

Nonprofit Trends

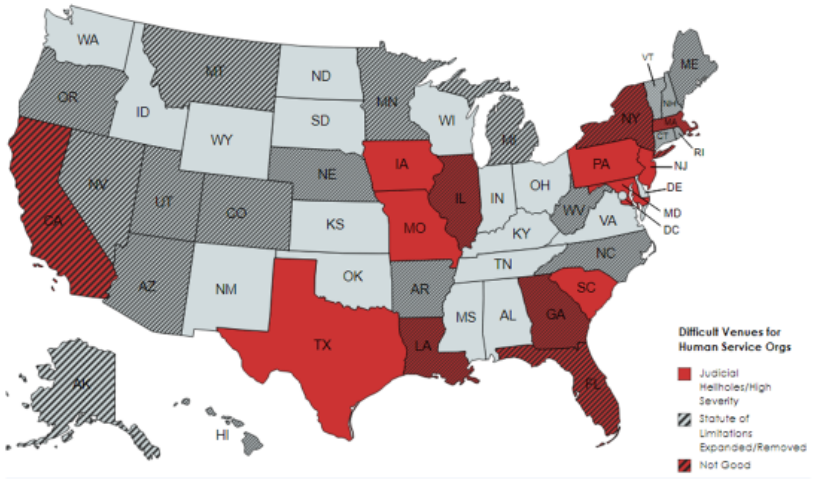
COVERAGE	RATES	AVAIL-ABILITY	CAPACITY	UNDER-WRITING SCRUTINY	COMMENTS
Commercial Auto					Auto rates continue to trend upward anywhere from 5%-25%. The percentage of increase will depend on the number of clients transported, loss history, driver quality, and the training and controls the organization has in place. Some insurers will require telematics in vehicles.
Cyber Liability					Cybercrime is growing, as is the sophistication of the crimes committed. Despite an increase in claims activity, the outlook for this line of business is stable. Rates are expected to be flat, with some minor reductions for organizations using best practices for cybersecurity controls.
Directors and Officers Liability (D&O)					Competition has returned to this market. Organizations with limited claim activity can expect flat rates or reductions at renewal. Insurers will be more willing to negotiate retentions to retain or win best-in-class accounts.
Employment Practices Liability (EPL)					Nonprofits continue to be vulnerable to lawsuits that arise from employing staff, including wrongful hiring or firing, discrimination, harassment, breach of contract, emotional distress, and wage and hour law violations. Frequent employee turnover, staff shortages and overwork heighten the risk. Look for similar market conditions to 2024.
General Liability					Rising defense costs and nuclear verdicts continue to drive costs for insurers and rates for policyholders. The percentage of increase will depend on the nonprofit's services. Organizations that work with youth and are engaged in housing will face more challenges.
Property					Property will continue to be a challenging line—especially for nonprofits that feature a housing component. Underwriters will focus on accurate property values and building condition. Anticipate higher deductibles and more supplemental applications.

Nonprofit Trends, continued

COVERAGE	RATES	AVAIL-ABILITY	CAPACITY	UNDER-WRITING SCRUTINY	COMMENTS
Sexual Abuse and Molestation					Rates, availability and tight underwriting requirements are being driven by the dramatic increase in suits based on states removing the statute of limitations for abuse reporting.
Umbrella/Excess Liability					The increase in litigation compounded by social inflation is making it difficult for insurers to predict future losses. Insurers will exercise caution by continuing to push for rate increases, limiting the capacity they'll allocate to a single risk (e.g., $5 million for a midsized account) and underwriting selectively. Expect sublimits for exposures like sexual abuse and molestation.
Workers' Compensation					Smaller, low-hazard nonprofits can anticipate flat to minor rate increases. Organizations with more complex risks can anticipate 10%+ increases. More complex risks include residential care facilities, shelters, in-home health services, rehabilitation facilities and public housing.
Medical Malpractice					The market is relatively stable. Pricing continues to increase in the 5%-10% range due to severity of losses. Insurers are seeing more nuclear jury verdicts in states where they were once uncommon, such as Utah and Georgia.

Top Factors Impacting Human Services Industry

Unlimited Lookbacks on Abuse Statute of Limitations



Nuclear Verdicts Over $10M

- 30% increase in Nuclear Verdicts over last decade
- Litigation Funding: Private Equity money investing in Plaintiff Bar and outcomes of abuse claims
- Plaintiffs chasing full policy limits

Cook County jury orders Lutheran social services agency to pay $45M for toddler allegedly murdered by mom

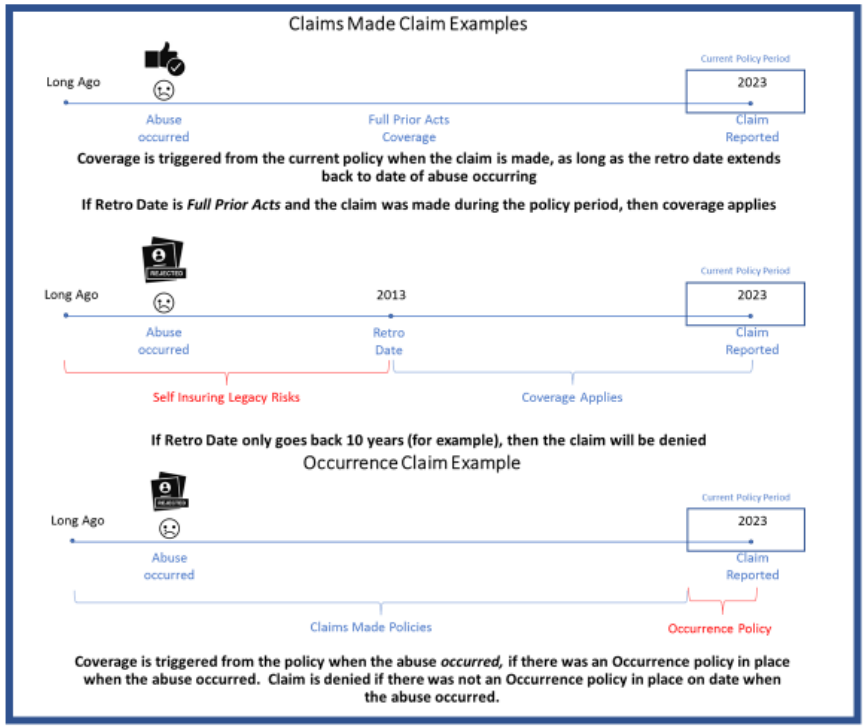
USA Gymnastics and USOPC reach $380m settlement with Nassar abuse survivors

Threats to Board Members

- Board members and key execs may have their personal assets at risk when abuse lawsuits claim the Ds & Os did not provide proper oversight. Most forms have Sexual Abuse exclusions.
- Some forms have an exclusion for any claim based upon, arising out of or in consequence of any bodily injury, mental anguish, emotional distress, or death or damage to property.

Carriers Forcing Nonprofits to Self Insure Legacy Abuse Risks

- Movement to Occurrence-based forms
- Claims Made retro dates restricted to 5-10 years
- Reluctance to write Abuse into Umbrella limits
- Fewer carriers willing to write Foster Care, Abuse and for-profit organizations



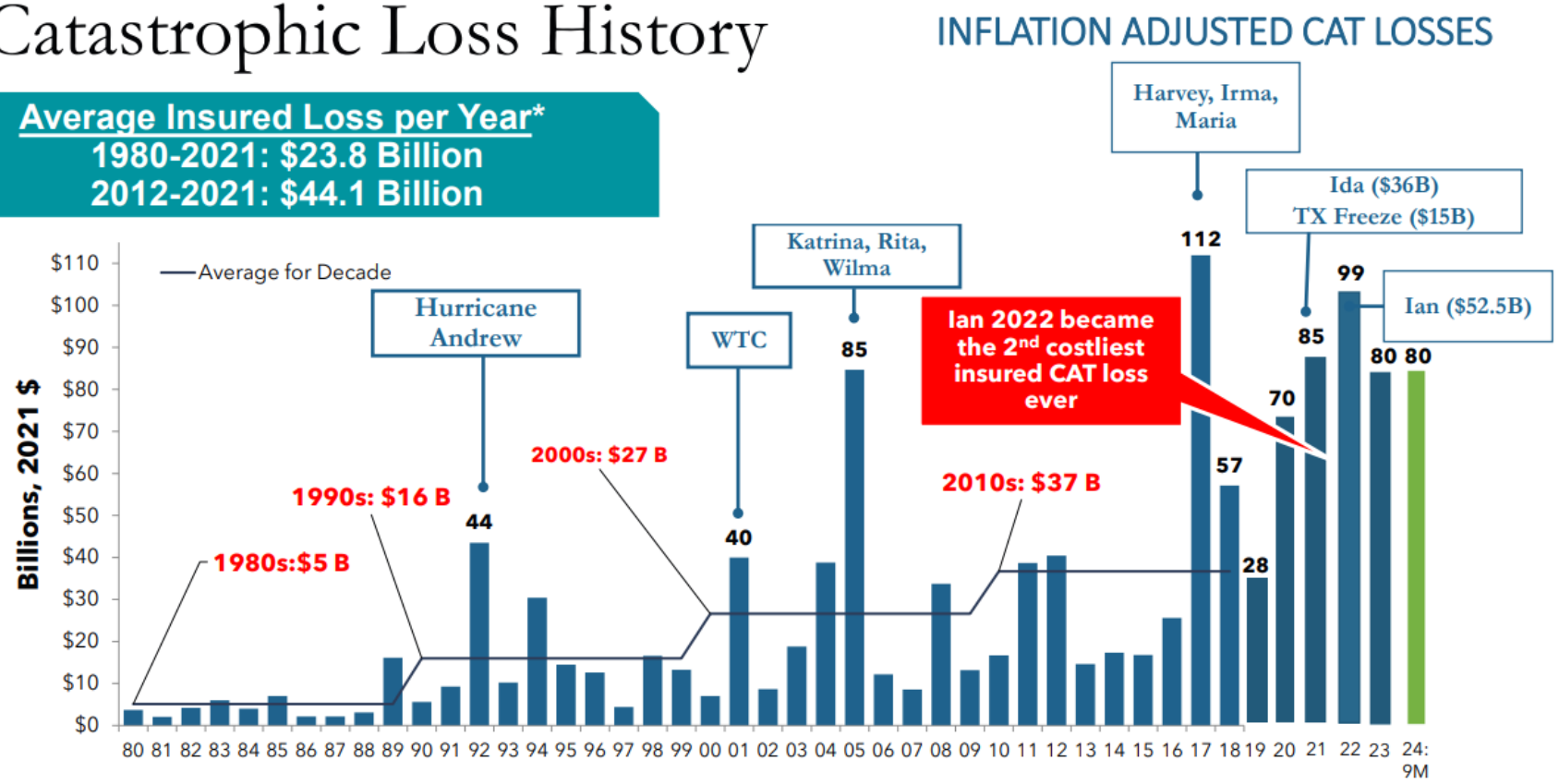
Emerging Risks

- The Migrant Crisis is no longer a border states issue
- Migrants are being sent to Human Service oraniziations around the US, and many are not prepared for number of people in need
- The Fentanyl Epidemic has changed the risk profiles and threats to manage
- Opioid deaths are too common and pose serious liability for those serving at-risk populations

Property Market Challenges

Catastrophic Loss History

Average Insured Loss per Year*
1980-2021: $23.8 Billion
2012-2021: $44.1 Billion

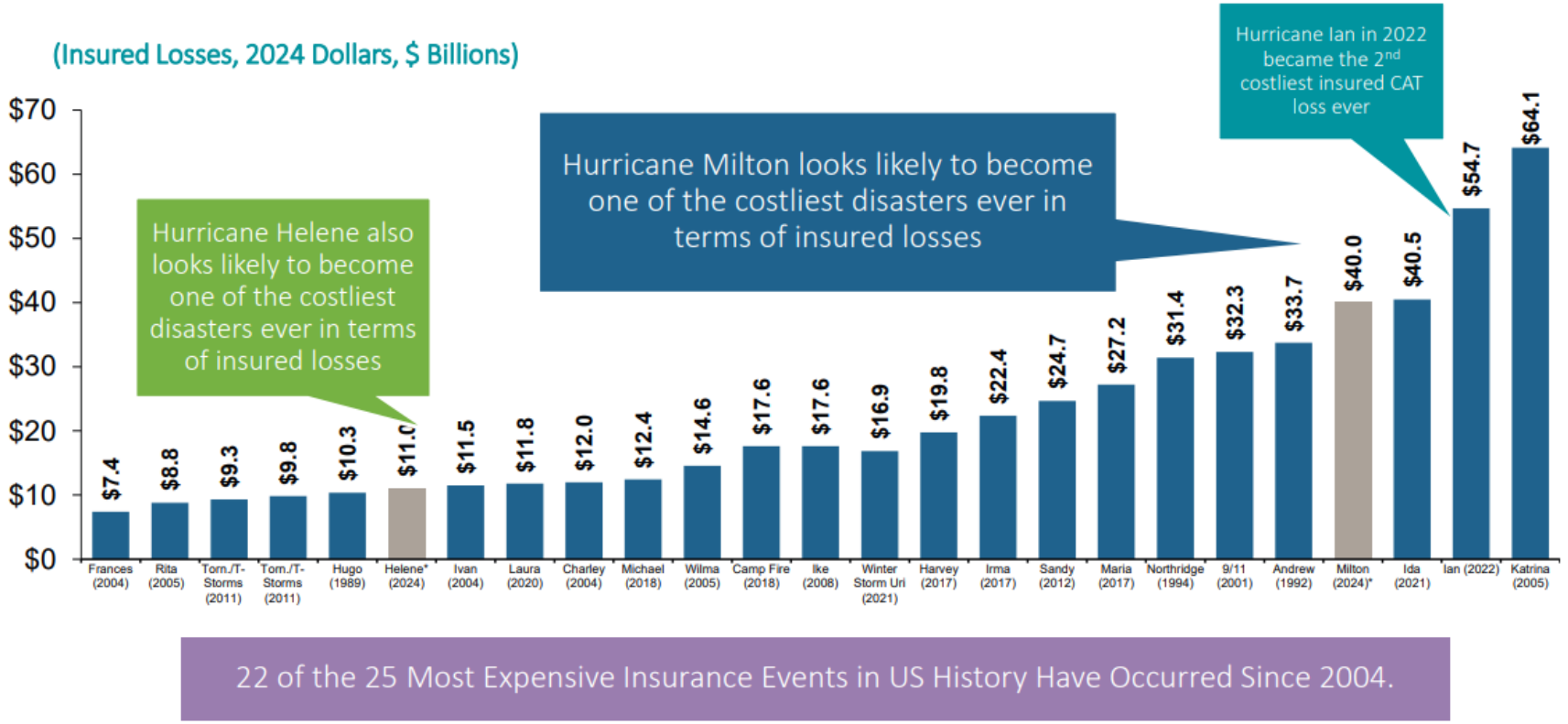


The 2020s are off to an ominous start with $83.5B in average annual insured losses (2020-23)

Property Market Challenges

Catastrophic Loss History

INFLATION ADJUSTED CAT LOSSES



22 of the 25 Most Expensive Insurance Events in US History Have Occurred Since 2004.

*2021 dollars; **2022 dollars (Aon insured loss estimate as of 1/25/23). Sources: PCS, RMS, Aon, Karen Clark & Co; USC Center for Risk and Uncertainty Management adjustments to 2020 dollars using the CPI.

EXHIBIT C

LIABILITY INSURANCE PRESENTATION

CONNECTICUT DEPARTMENT OF CHILDREN AND FAMILIES

CONNECTICUT
Children & Families

DCF Provider Liability Insurance

Vincent Russo
Chief of Gov't Relations & Policy

December 5, 2025

Background

In the spring of 2025, providers began reporting that they were being dropped by their liability insurance companies or the companies were quoting excessive premium increases with less coverage.

This is a nation-wide issue due to huge civil awards by courts.

Foster care providers were especially affected.

It was difficult for providers to find other liability insurance carriers.

Collaboration

As DCF heard more about these issues, we partnered with the provider trade associations to grow awareness about the issue.

We also teamed with the Governor's Office and the Insurance Department to better understand the driving factors behind the situation and see if there was something that could be done.

Unfortunately, there are no short-term solutions.

Provider Survey

After the legislative session ended, DCF continued conversations with providers.

The Non-Profit Alliance developed a survey to provide a landscape of the insurance market in CT.

The survey went to all Alliance members, but this presentation will focus on the 16 DCF contracted providers that responded.

Many providers contract with multiple state agencies.

Preliminary Survey Responses

- (7) reported that their coverage decreased due to the services they provide, especially foster care
- (4) experienced a drop in coverage for one or more of their programs

Preliminary Survey Responses

"Foster care is the coverage always in question. We had wanted to switch carriers but could not because Philadelphia declined to quote."

"Our carrier has said that foster care is the issue they care about most. We are told that is a sector wide, nationwide issue, but that explanation does not make sense. Over the last five years we have had three different carriers and costs have come up almost fivefold."

"The carriers seemed mostly adverse to Foster Care operations specifically, so we have been evaluating whether or not we can continue to carry that program."

"We used to do Foster care but stopped when coverage was dropped. 2 years ago we had to change carriers due to cost/coverage issues."

"Foster-care is excluded from our umbrella policy. It has been difficult and expensive to get umbrella coverage for sex abuse. The premium was so high, it was more cost effective to simply save the premium."

Preliminary Survey Responses

- (8) reported significant increases in their rates
- (4) have experienced increases of 25% or more
- (7) have said it was a struggle to find insurance

Preliminary Survey Responses

"Only two carriers take on this level of risk. Costs have gone up but now costs are escalating higher while coverage decreases. Without significant coverage we will have to drop programs. This is especially true with our residential programs, special ed school, and all programs that provide transportation."

"We have found that the market is very tight and pricey due to an increase in the number of claims and settlements in recent years"

"Umbrella liability insurance reduced from 25M to 15M with a tripling of cost. We now self-insure with a backstop."

QUESTIONS?

EXHIBIT D

PRESENTATION ON

ENSURING CARE: HOW LIABILITY INSURANCE ACCESS

THREATENS COMMUNITY SERVICES FOR CHILDREN

2025 NATIONAL SURVEY REPORT

NACBH EMERGING BEST PRACTICES CONFERENCE DECEMBER 3, 2025

acrc
HOME OF THE BUILDING BRIDGES INITIATIVE

NOSAC
The National Organization of State Associations for Children

INSURING CARE: HOW LIABILITY INSURANCE ACCESS THREATENS COMMUNITY SERVICES FOR CHILDREN

2025 NATIONAL SURVEY REPORT

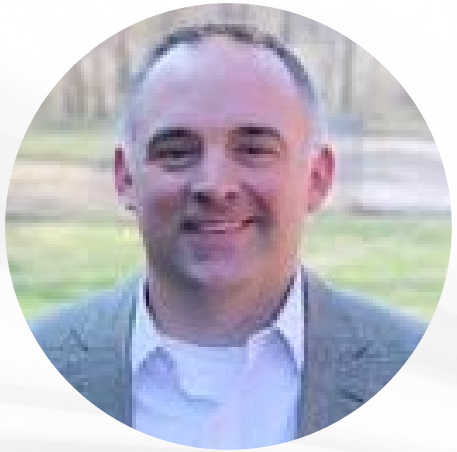
NACBH Emerging Best Practices Conference
December 3, 2025

Agenda

- Background
  - Supporting child & family well-being
  - How does liability insurance fit in?
- Insights from a National Survey
  - Survey design & demographics
  - Liability insurance trends
- Implications of the Liability Insurance Crisis
  - Potential access cliff
  - What do public partners say?
- Call to Action – Potential Solutions
  - State
  - Federal
- Next Steps
  - Insuring Care Landing Page
  - Resources

Child & Family Services Liability Insurance Working Group Co-Chairs

Lisette Burton
Chief Policy & Practice Advisor,
ACRC



Eric Giovanni
Managing Director,
FFTA

Andrea D rbin
CEO, Illinois Collaboration on Youth
Vice President, NOSAC

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FFTA

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Federal Working Group

- Shared data and national impact
- Consensus federal solutions
- Coordinated messaging
- Collective advocacy efforts

National Child & Family Services Liability Insurance Working Group

Insuring Care: How Liability Insurance Access Threatens Community Services for Children

2025 National Survey Report

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Background

Child & Family Wellbeing is a Partnership

- Both county and state-based child welfare systems rely on a public-private partnership to deliver services that children and families need
- Community-based organizations play a critical role in delivering services
  - Prevention and early intervention wraparound
  - Recruitment, licensing, and case management support for kin, foster, and adoptive parents,
  - Support for families during and after reunification, and
  - Therapeutic care

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Good Business Practices are Essential for Mission-Driven Organizations

- Mission sustainability requires prudent use of both public and privately-raised funds
- Carrying appropriate levels of liability insurance ensures that people have access to restitution when mistakes occur and protects the organization
- Proof of liability insurance is a standard condition of licensure and/or state and local contracts
  - Minimum levels of insurance are often prerequisites for contract eligibility

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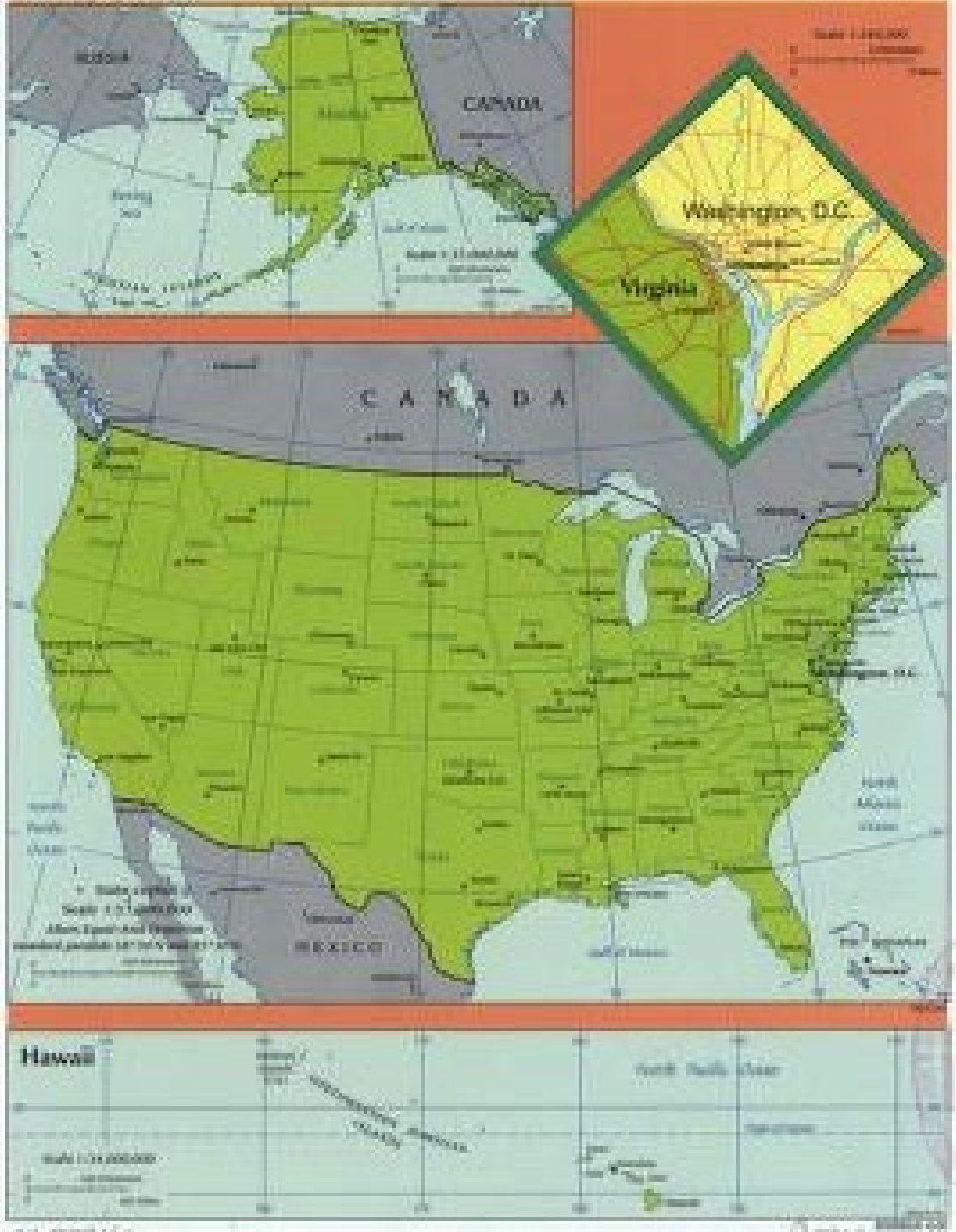

Liability Insurance Concerns are Widespread

- Trends from states as diverse as California, Florida, Illinois, Missouri, Pennsylvania, and Texas show a shrinking list of insurance carriers willing to cover foster care and adoption
- Not exclusively a red state or a blue state problem
- Needed to understand the scope of the challenge

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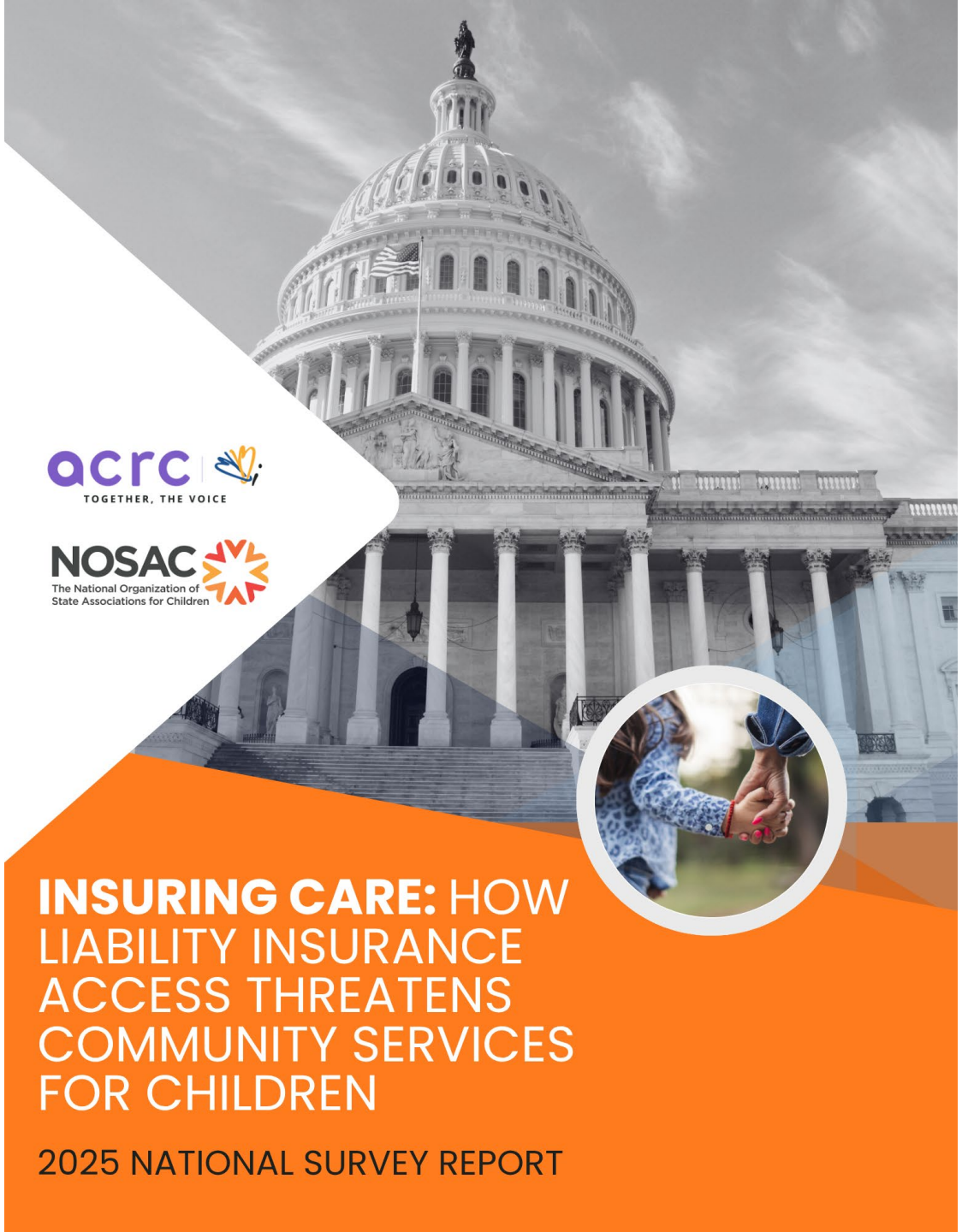
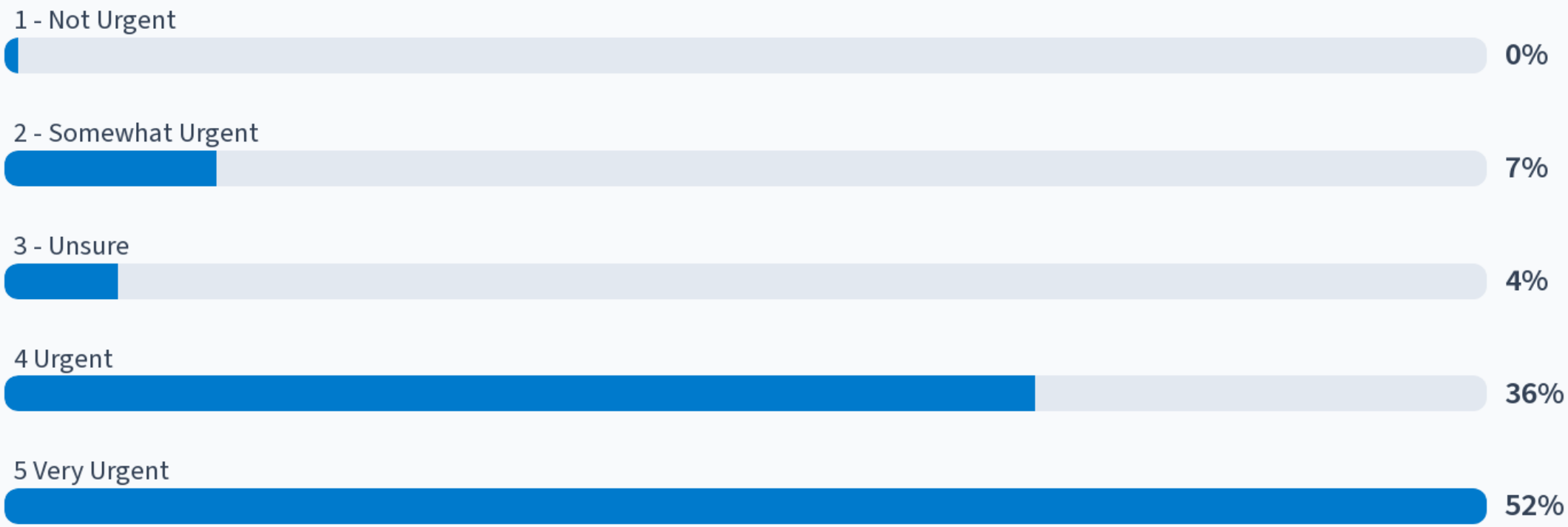
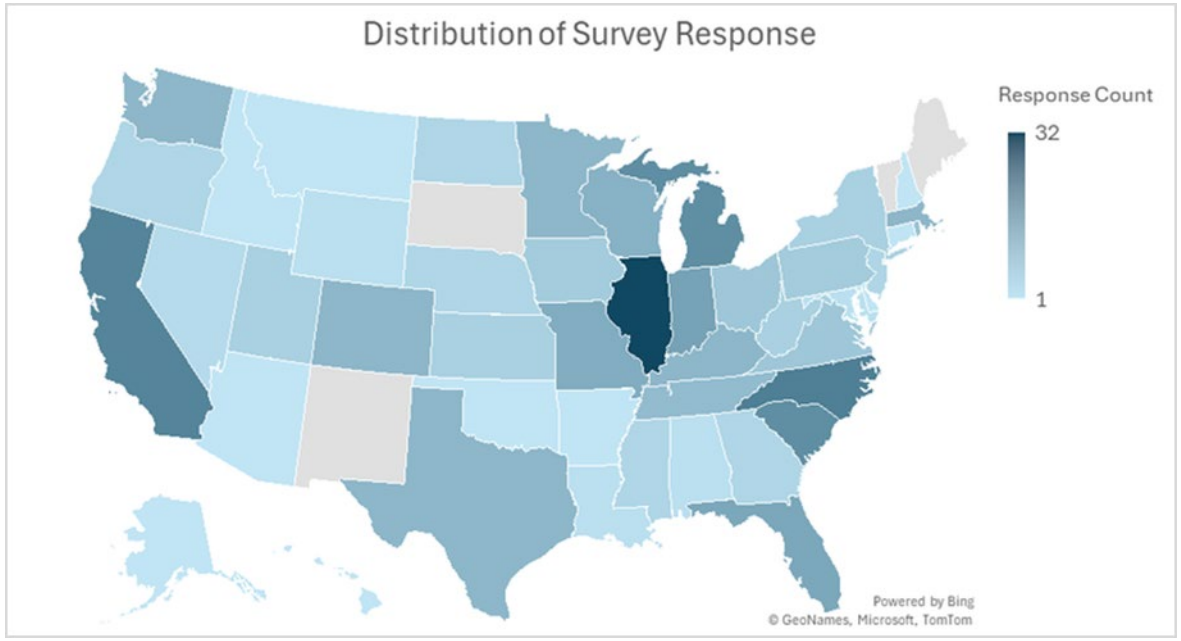
Insights from a National Survey

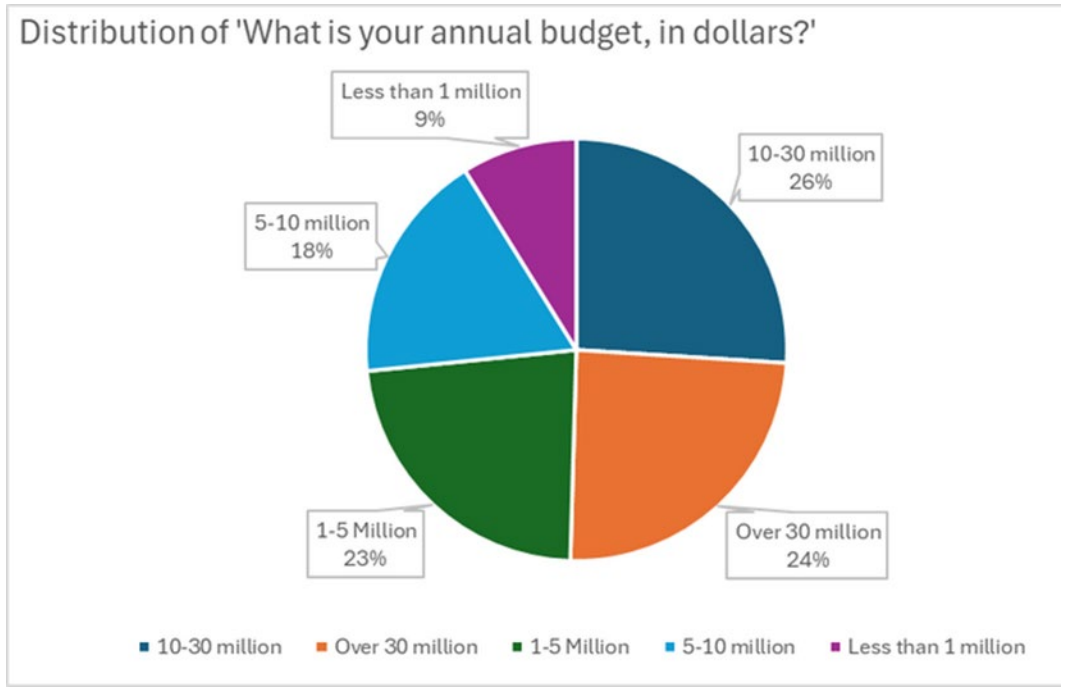


On a scale of 1-5, from your perspective, how urgent is the liability insurance issue?



Survey design & demographics





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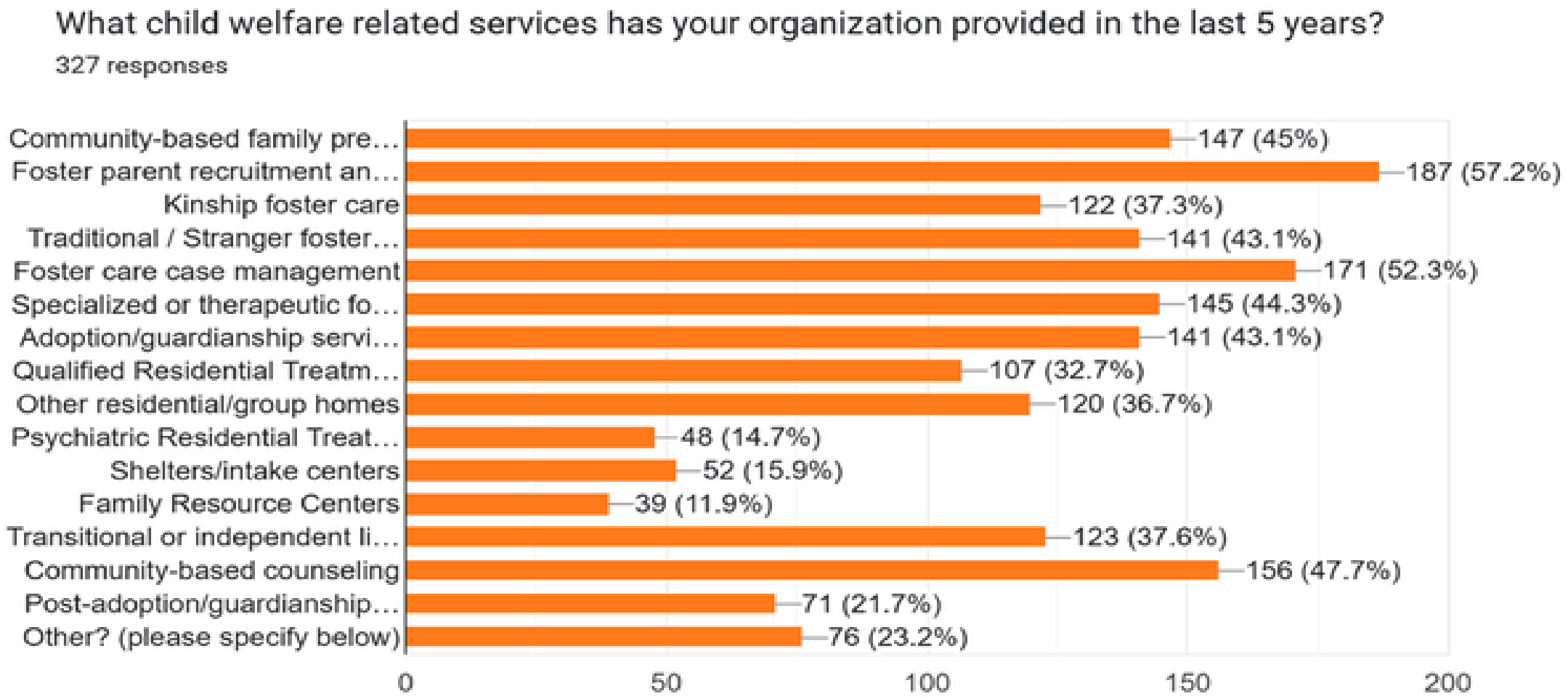
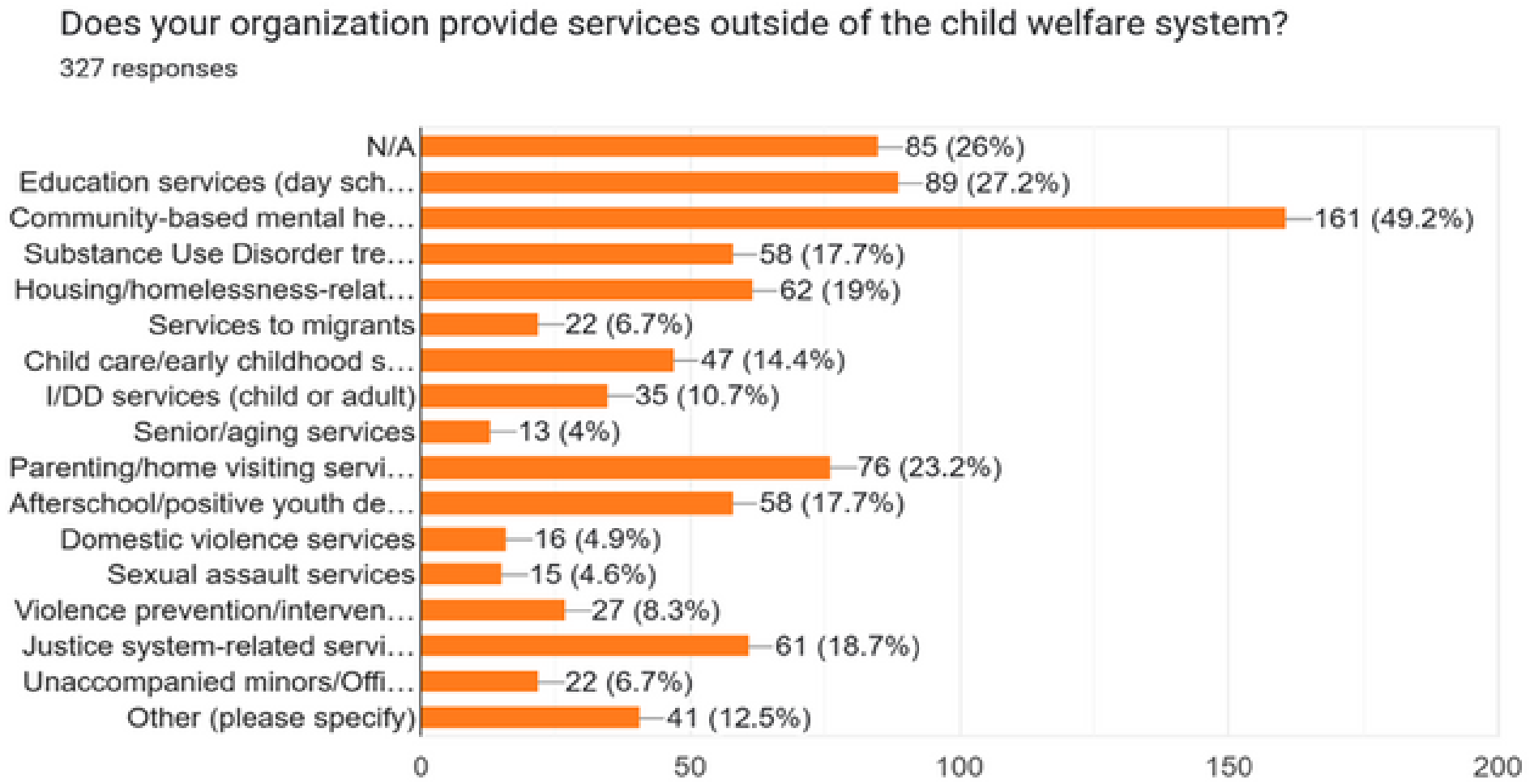


Survey design & demographics



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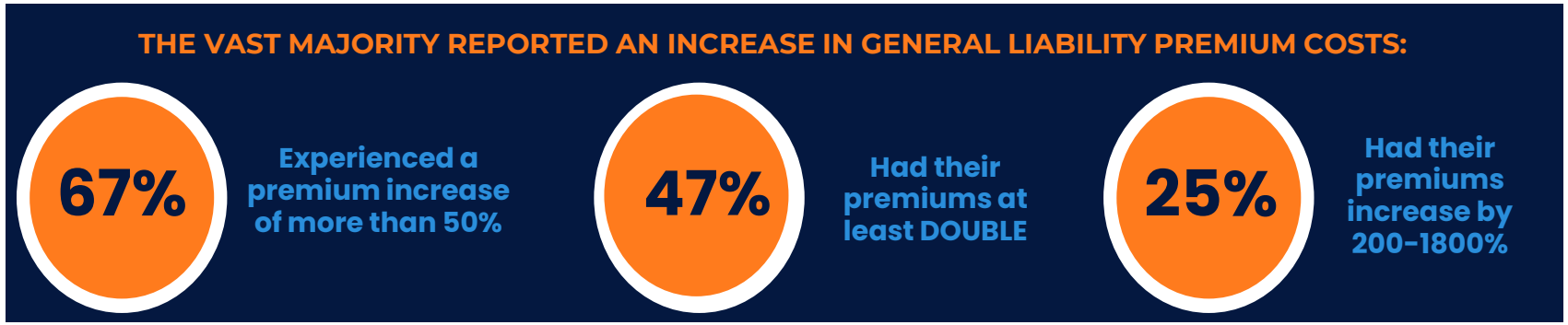
An array services and the public-private partnership are at risk.

Liability insurance trends



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Liability insurance trends

Provider Voices:

"Insurance is our 3rd highest expense behind payroll and rent."

"Our long-standing carrier will no longer cover any services [in our state] pertaining to services for foster youth (including wrap-around services), so we need to find a new carrier as of July. Based on preliminary estimates from our broker, our cost will more than double, and perhaps triple."

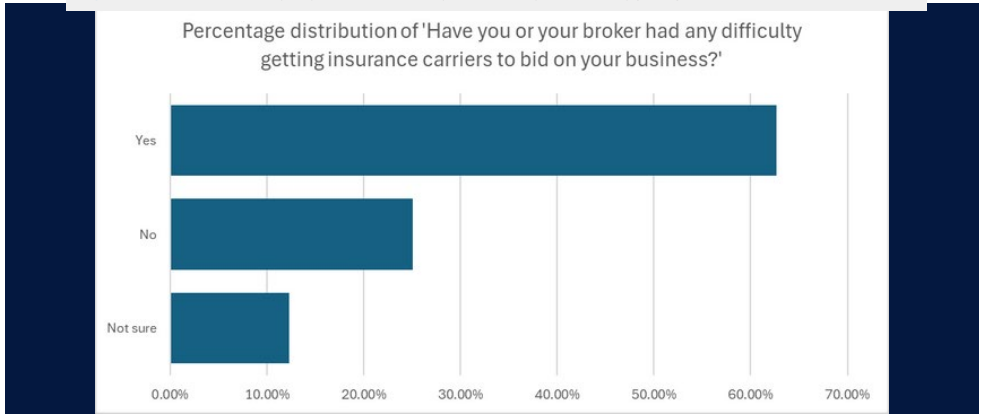
"The increases don't just apply to liability coverage, we are seeing increases across the board. In fact, we are currently being nonrenewed on our property and auto policy next period as the carrier is leaving the property market in our area altogether due to catastrophic wind and hail risk exposure leading to a loss ratio greater than 100%."

"Our premiums have more than doubled over the past few years. We have never had any claims[.]"

"Our broker reports that other carriers will not even LOOK at providing coverage to our agency due to adoption services, INCLUDING post adoption work."

The final section of the survey was available to all 327 respondents and asked general questions about insurance market experiences. Nearly two-thirds (63%) of survey respondents (n= 205) reported that they (or their insurance broker) had trouble getting insurance companies to even provide quotes for coverage.

Figure 6. Distribution of survey respondents (n=327) by whether they had difficulty getting insurance bids.



Interestingly, the challenge of getting insurers to provide bids is not equally distributed across the respondents. Only 29% of providers with annual budgets less than $1 million report difficulty getting bids compared to 63% across all budget levels. In contrast, 78% of providers with budgets greater than $30 million report difficulty obtaining bids for coverage. Both results represent a statistically significant difference from the average. While there are no similar patterns in premium increases, for now, small providers with less complex operations and serving fewer individuals seem to have more success finding an insurance carrier to meet their needs, although they may be less well-positioned to absorb looming market changes.

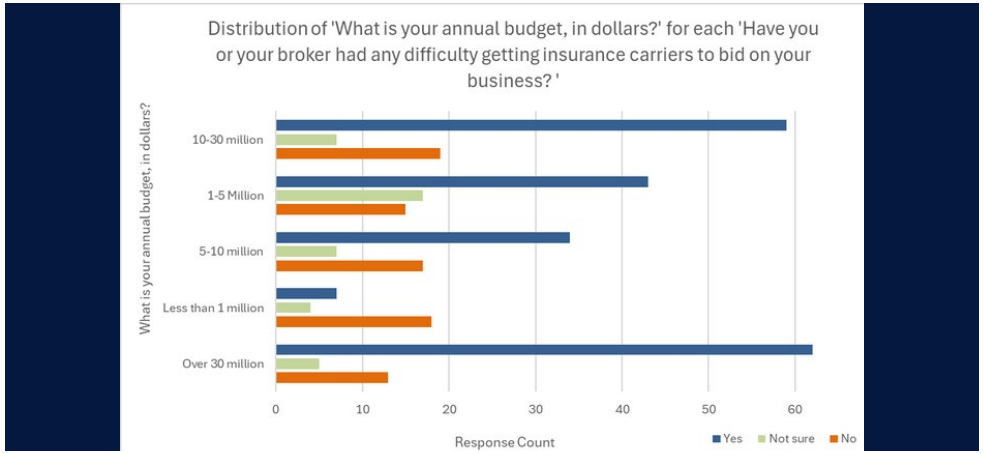


Figure 7. Survey response count (n=327) visualizing the difference in respondent difficulty obtaining insurance coverage bids by organization budget range.

NATIONAL SURVEY RESULTS ALIGN WITH STATE-BASED TRENDS

This survey included responses from almost every state, and its findings are consistent with previous research, surveys, and news reports from across the country.

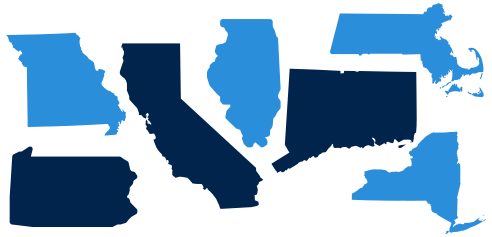
For example, the **Texas Alliance of Child and Family Services** surveyed their members, and more than half had experienced a premium increase of 50% or more in the past five years; nearly three-quarters had changed coverage in the past decade because of market constraints.[x] The organization also warned that "providers are unable to expand services or take on higher-needs children due to prohibitive insurance costs and outright refusal of carriers to provide coverage," and that thousands of children could lose their placements because of this issue. They also noted that their providers could not identify a consistent cause of the insurance premium increases (i.e., they were not tied to services provided or claims histories).

In Georgia, based on a survey of community providers, Together Georgia concluded that "[w]ithout immediate action, up to 5,000 foster children could lose their placements within the next 12 to 24 months."[xi]

Other findings from the Georgia survey were consistent with this national survey, with providers sharing that they faced high costs, limited availability for liability insurance, and significant challenges with other insurance types as well. **More than 90% of providers in Georgia reported "significant" increases in insurance premiums, and "52% of providers had only one insurance carrier willing to provide DHS-required coverage."**

> ***"Most news reports have focused on the impact of the liability insurance crisis on foster care. Through this survey, we hoped to add to the discussion and shine a light on how this issue is also impacting prevention, family support and preservation, and a host of other services that support children and families."***
>
> **-Lisette Burton, *Chief Policy & Practice Advisor,* ACRC**

In Michigan, where approximately half of children in foster care are served by community providers, a provider report explained that thousands of children could return to the custody of public agencies, warning "public child welfare systems are neither adequately staffed nor funded to absorb such a dramatic influx. This could exacerbate existing placement shortages and place further strain on a workforce already struggling with hundreds of unfilled positions."[xii]



News reports and child welfare provider groups in **California, Connecticut, Illinois, Massachusetts, Missouri, New York, and Pennsylvania**[xiii] have also called attention to the insurance crises in their states and the risks they pose to services for youth and families. In this current climate, providers cannot simply demonstrate risk management policies and strategies to obtain affordable, accessible liability insurance coverage. Organization leaders and boards of directors are making tough calls right now about how to fulfill their missions and sustain their work.

> ***"Insurance constraints are also chilling foster parent recruitment and threatening retention. Agencies are being told by their insurance companies not to grow or even start new programs, and soaring premiums are forcing cuts to critical supports like training, respite, and 24/7 crisis response. Without these, foster families burn out— and children lose stable placements."*** **–Kevin Roach, *CEO,* MCHS Family of Services**

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Implications of the Liability Insurance Crisis

Looming Access Cliff Ahead

- Absent a comprehensive and coordinated solution, providers and their Boards will be left to make their own decisions about whether to continue delivering services to children
- More than 2/3 of survey respondents are contemplating or willing to consider changes to their service offerings due to liability insurance concerns
- As providers leave the system, pressure – and costs – increase on those that remain
- Impact on access to services and supports for children, youth, and families

For public partners, what are you most concerned about regarding this issue?

Loss of providers (x10)

Lack of placement options for children and youth; increasing risk to children
Decrease in service type options
Increased workload
Loss of services and supports for children and families (x5)
Sustainability of program
Our agency's inability to keep up with rising costs/lack of access in our rate regulation process
Losing coverage leading to closing our programs
Insurance consuming cost and impacting staffing and salaries
Uncertainty in future - difficult to plan
Critical level of foster care service reduction
Limited service for children with significant challenges
Affordable cost
Getting funding to support these increases for providers
Potential erosion and/or collapse of Community Based Care models
Potentially child welfare services reverting back to government care.
Will we have a chance to convene again to hear how these potential follow ups are progressing?

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Call to Action – Potential Solutions

State Level Responses

- Limiting Public Agency Indemnification
  - Pennsylvania (2022)
  - Missouri (2025)
  - Florida (2025)
- Stop-Gap Funding to Help Cover Insurance Premiums
  - California (2025)
- Agency Liability Tied to Accountability and Due Diligence
  - Texas (2025) – led by TACFS
- Statutorily Mandated Survey to Understand the Scope of the Problem
  - Illinois (2025 pending Governor's signature)

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A National Problem Needs a Federal Response

- Insurance – and re-insurance – are national and even global markets
- No state has found a definitive solution to this problem
  - States are limited in their ability to regulate and direct the actions of companies not domiciled in their borders

Call to Action

1. **Partners must work together** to look at the data and address the underlying challenges.
2. **Congress has provided federal solutions in other sectors impacting the public good and should step in here**, because both the federal and state governments have a special, shared responsibility to support children and families involved, or at risk of involvement, in the child welfare system and the services they need.
3. **Solving this challenge will likely require a suite of policy solutions, not a one-size-fits-all approach.** Several recommendations that have been suggested by stakeholders are included in the report.

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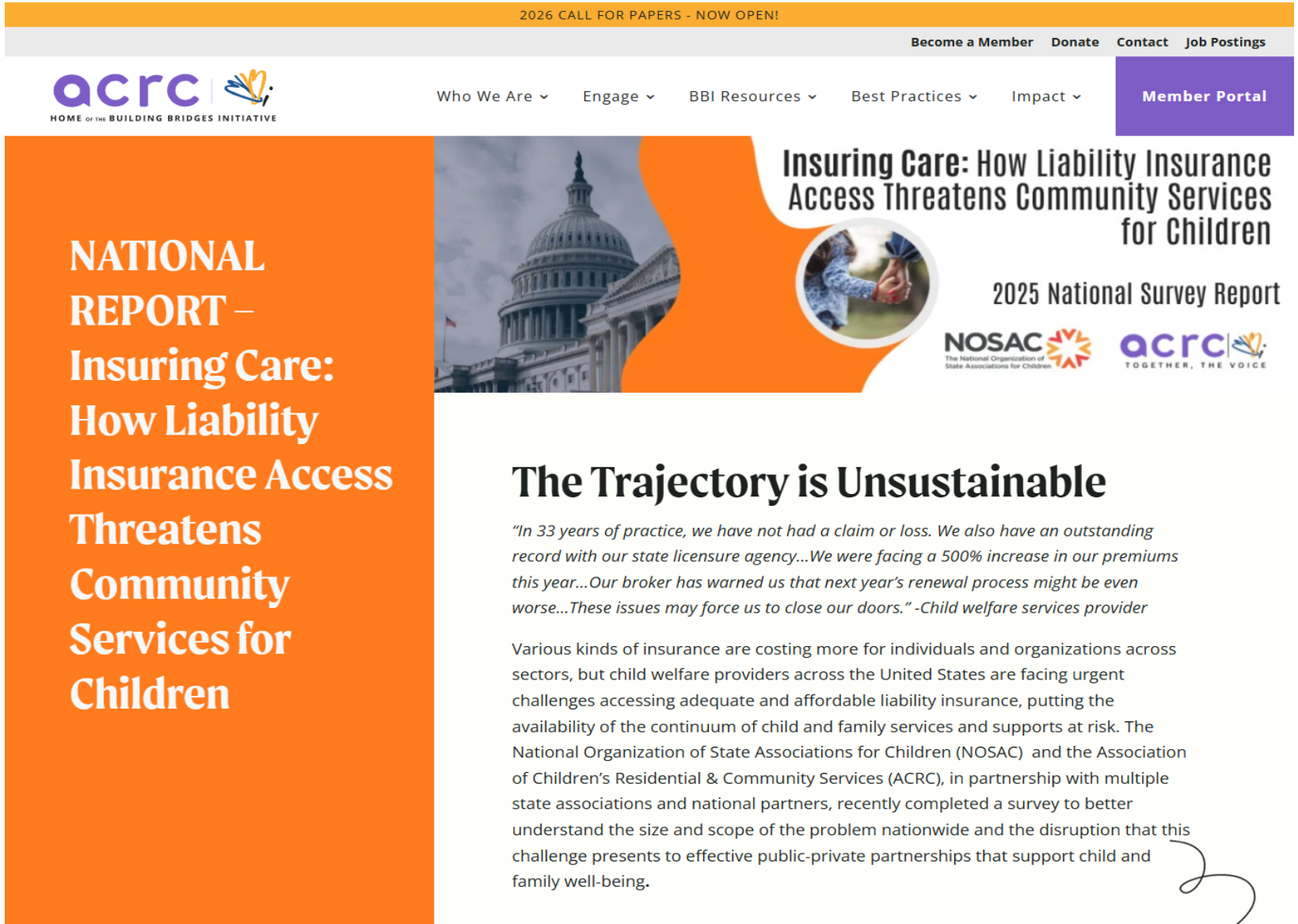
Next Steps

Insuring Care Landing Page



Insuring Care Landing Page

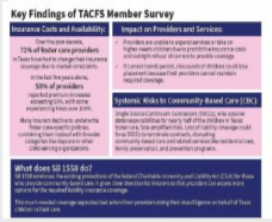
Other Resources and Reports

National – An Uninsurable and Unavailable Foster Care System

California – Thousands of Foster Youth on the Brink

Pennsylvania – Liability Insurance for Children's Services Providers

Texas – Support for Appropriate Liability Coverage for Foster Care Providers



Have a question or want more information? Contact Us →

Next Steps & Future Inquiries

- Better understand the state-by-state statutory and/or contracting requirements with regards to liability insurance
- Deeper dive into the impact of child victims legislation and changes in statutes of limitations across the country
- Share landscape of insurance carriers revealed through survey responses
- Outreach to key partners and subject matter experts
- Build champions for federal solutions in Congress and the Administration

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What's one hope or strategy to move forward that you would like to see?

Contact Us

Lisette Burton,
Lburton@togetherthevoice.org

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EXHIBIT E

CONNECTICUT NONPROFIT LIABILITY, PROPERTY & CASUALTY INSURANCE

WORKING GROUP REPORT – FEBRUARY 2026

Connecticut Nonprofit Liability, Property & Casualty Insurance Working Group Report

Recommendations for the 2026 Legislative Session

Prepared by the Non-Profit Liability Working Group
February 2026

Background and Purpose

The Insurance and Real Estate Committee of the Connecticut General Assembly established the Nonprofit Liability, Property & Casualty Insurance Working Group in response to rising insurance premiums, reduced market availability, and coverage challenges affecting nonprofit human services providers. The Committee convened the Working Group to gather testimony from brokers, insurers, regulators, and nonprofit leaders and to develop policy options that could improve stability, affordability, and access to coverage across the sector.

Executive Summary

Connecticut's nonprofit human services sector is experiencing rising costs and reduced availability of liability and property and casualty insurance coverage. Organizations serving higher-risk populations—particularly social services, behavioral health, foster care, residential programs, and justice-involved populations—face increasing difficulty obtaining affordable and adequate coverage.

Testimony presented to the Working Group indicated that the challenge is driven by rising claim severity, reduced insurer capacity, growth of excess and surplus markets, reinsurance pressures, third-party litigation funding, and long-tail liability exposure. Several providers described emergency placement into secondary markets or significant premium spikes following a single large claim.

The Working Group finds that while improved risk practices are helpful, the issue is largely structural within the broader insurance marketplace. A balanced approach is needed that supports practical risk mitigation while also exploring structural solutions to stabilize coverage availability and affordability.

Committee Members

George Bradner – Director, Property and Casualty Division, Connecticut Insurance Department

Terry Caldarone – Attorney, Connecticut Insurance Department
Paul Slager, Trial Attorney
Gian Carl Casa – Executive Director, Non-Profit Alliance
Jim Carson – Legislative Liaison Connecticut Insurance Department
Matthew Dayton – Office of Policy and Management
Lisa DeMatteis-Lepore – CEO, The Connection, Inc.
Kristen Dudanowicz – Office of Early Childhood,
Brooke Foley – Insurance Association of Connecticut
Eric George – President, Insurance Association of Connecticut
Liz Gemski - Senior Vice President of Government Relation, Kozak & Salina
Anne Kleza – Office of the Governor
Michael Maglaras – Principal, Maglaras and Company
Brian O'Connor – Connecticut Conference of Municipalities
Ben Shaiken – Director of Policy and Advocacy, Non-Profit Alliance
Katie Stargardter – Office of Policy and Management
State Representative Kerry Wood
State Representative Jill Barry
State Representative Cara Pavalock D'Amato
State Representative Stephen Meskers
State Representative Tammy Nuccio
State Representative Kate Farrar
State Senator Jorge Cabrera
State Senator Cathy Osten
State Senator Tony Hwang
Courtney Cullinan – Chief of Staff SDO
Franklin Perry – Chief of Staff HDO
Michael Downes - Chief of Staff SRO
Jen Skehan - Chief of Staff HRO

Key Findings

1. Coverage availability and affordability risks are increasing.
2. Claim severity—especially abuse and professional liability exposures—is the primary cost driver.
3. Most nonprofits lack capital reserves necessary for meaningful self-insurance.
4. Risk mitigation improvements alone are unlikely to fully counter broader market forces.
5. Structural participation mechanisms may be necessary to stabilize the sector long-term.

RECOMMENDATION 1

Support Risk Mitigation and Improved Outcomes

The Working Group recommends an exploratory, supportive approach that helps nonprofits strengthen risk management practices without imposing prescriptive mandates.

Underwriting outcomes often improve when organizations can clearly document safeguards and operational controls.

Potential enabling steps include optional templates and guidance, technical assistance, streamlined background screening processes, clearer contracting language, and voluntary peer learning opportunities for higher-risk service segments. These actions are intended to reduce administrative burden and help nonprofits demonstrate effective risk practices.

RECOMMENDATION 2

Explore a Connecticut Domiciled Captive or Pooling Mechanism

Evaluate enabling legislation and a feasibility study to create a state-supported captive insurer or pooled risk program that participates alongside the commercial market to stabilize coverage availability and cost.

RECOMMENDATION 3

Nonprofit Undersecretary and Advisory Cabinet at OPM

Strengthen executive branch coordination through a designated liaison or advisory cabinet to monitor market conditions and advance solutions collaboratively with the nonprofit sector.

RECOMMENDATION 4

Evaluate Limited Motor Vehicle Self-Insurance Flexibility

Explore whether certain well-capitalized nonprofits could have self-insurance options for motor vehicle risks while maintaining adequate protections.

RECOMMENDATION 5

Study Third-Party Litigation Funding and Tort Drivers

Further analysis is recommended to better understand how third-party litigation financing, settlement dynamics, and broader tort cost drivers may influence claim severity and insurance pricing. Because these issues intersect with civil procedure, liability standards, and court policy, any potential legislative or regulatory changes should be developed in coordination with other committees of cognizance of the Connecticut General Assembly, including working in concert with the Judiciary Committee and other relevant committees.

Conclusion

By establishing this Working Group, the Insurance and Real Estate Committee of the Connecticut General Assembly initiated a collaborative process to protect essential nonprofit services and ensure a stable insurance marketplace. A balanced strategy—supporting risk mitigation while pursuing structural market solutions—offers the most promising path forward.