

ACTIVE SHOOTER/ WORKPLACE VIOLENCE COVER

Paul Marshall, of McGowan Programs, examines the insurance forms available in the case of mass shootings and other forms of workplace violence

The costs of mass shootings start piling up from the minute the first 911 call goes out, and they endure for weeks, months, and years after the attack, long after media coverage subsides. A study of the 2007 Virginia Tech University shooting, for instance, estimated the event cost the public \$48.2m, with \$38.8m borne by the university and the taxpayers who support it.

ESTIMATED COSTS FOR VIRGINIA TECH AFTER 2007 SHOOTING

Safety and Security	\$11,401,794
Campus health and wellness	\$7,426,361
Facilities and equipment	\$6,391,451
Legal and data retention	\$4,791,702
Family Services	\$2,747,138
Communications	\$2,519,264
Archiving	\$324,258
Other operational impacts	\$3,172,402
Other - state costs	\$9,459,273
TOTAL	\$48,233,643

Table adapted from data from Anthony Green and Donna Cooper, Centre for American Progress, 2012, Auditing the Cost of the Virginia Tech Massacre. How Much We Pay When Killers Kill.

Unfortunately, active shooter incidents appear to have become a common feature of modern society in America. Several recent events emphasise the reality that attacks such as what occurred at Virginia Tech can happen at any time, at any organisation, making the case for organisations to take preparation seriously.

A few select insurance providers now offer coverage to address the unique needs

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arising from these types of lone wolf mass shootings and other workplace violence incidents. These policies can have various names, such as active shooter, deadly weapon, and workplace violence coverage, and will be referred to herein as "active shooter policies". Most policies are not limited to attacks with firearms and cover a wide range of attacks with various weapons, including knives, explosives, vehicles, and even flying drones.

These new policies can plug gaps in existing coverages and provide for critical services required in the aftermath of an incident.

For all the data, studies and effort devoted to understanding mass shootings and workplace violence, it is extremely difficult to predict – and thus prevent – these incidents. At the same time, organisations in which these tragedies occur must address unexpected costs in victim medical/funeral expenses, trauma counselling, crisis management, litigation, property renovations, business income loss and extra expenses.

As a general principle, acquiring coverage for specific kinds of incidents – so-called "named perils" – is an appropriate response to these kinds of uncertainties. The insurance industry now addresses these uncertainties via named-peril policies that not only help defray the costs arising from active shooter incidents, but also allow the institution to readily and without hesitation provide support – financial and otherwise – to those who are affected.

Important details in active shooter coverage

Organisations confront a host of legal, regulatory and tort liability obligations. For instance: the Occupational Safety and Health Administration (OSHA), the federal agency regulating workplace safety, requires all employers to provide a safe workplace and to account for common risks, including shootings and workplace violence. Organisations also need coverage against claims of negligence, including negligent infliction of emotional distress and negligent hiring and supervision.

Insurance has long played a role in confronting all types of risks. The latest generation of active shooter/workplace violence policies reflect the evolution of organisations and insurers response to new threats.

General insurance policies often contain limitations that expose organisations to the costs of an active shooter incident. For instance, a general liability policy typically does not respond to potential threats or with post-event, immediate "day one" coverages for crisis management, public relations, and critical victim benefits. In addition, standard policies may decline to cover business income loss or property damage,

renovations, or removal and rebuilds due to emotional duress caused by these types of attacks.

Active shooter policies, by contrast, have recently evolved to cover a terror attack with almost any type of weapon, include coverage of incidents of threats, and provide coverage while individuals travel or study abroad. Some insurers may require risk assessments and active shooter action plan seminars, while others offer discount incentives on premiums for organisations that participate in these additional trainings.

There are several issues to look for in an active shooter insurance policy. One of the first questions asked after these tragic events is, “Who will take care of the victims?”. Your insurance programme needs to be able to answer that question by paying for immediate victim expenses, including counselling, medical, rehabilitation, lost wages, funeral/burial and death benefits.

To prepare for lawsuits following a violent event, your programme needs to have third-party liability as primary coverage, including legal defence and settlements otherwise known as indemnity. Some policies are excess and only cover limited extra expenses with no indemnity. Ensure that your policies provide as much protection as possible.

As discussed earlier, these events can cause business income interruption and extra expenses, including property renovations. These should be included as a part of your insurance programme to help the organisation emerge from this crisis event and do its best to resume normal operations and services as quickly as possible.

The time an organisation needs the most assistance and support from their insurance company is after an incident occurs. Ensure that your active shooter coverage provides access to a crisis management team who can manage the news media, public relations efforts, and increased security and help coordinate services with survivors and families of those affected.

Policy form review/exclusions to examine

A review of current active shooter/workplace violence policy forms show some items that could prove costly in the aftermath of an incident:

- **Terrorism:** Some policies may provide coverage only if the incident is labelled as an “act of terrorism”. This requires

a certification from the US Treasury Department, among other requirements. The last certified act of terrorism in the US was the 9/11 attacks. For these reasons, ensure that you are not misled into thinking terrorism coverage would be helpful in an active shooter scenario.

- **Employees:** Coverage may not include employees of the insured and only include guests or visitors. Due to the nature of these events, insured persons should include employees, volunteers, students, guests, patrons and so on.
- **Casualty thresholds:** Some policies have a body deductible and coverages apply only after a certain number of people (usually three or four) have been injured or killed. Most active shooter/workplace violence events involve less than three individuals; ensure that your policy would cover these incidents.

“Active shooter and workplace violence insurance coverages help organisations defray a broad spectrum of costs that happen after an incident”

- **Vehicles:** This type of attack is becoming more common. Certain policies might rule out damage caused by a vehicle, such as an incident involving a vehicle ramming into a crowd of people.
- **Weapons:** Coverage could be confined to firearms or bladed weapons and might not cover improvised explosives or ordinary items used for violent purposes, which, as the Boston Marathon bombing showed, can be just as harmful.

With the evolution of these coverage forms they need to be reviewed very carefully. There are more robust policies on the market that cover all these risk scenarios and provide the peace of mind and security that proper insurance protection is in place.

Aftermath: crisis management and post-event coverage

Active shooter and workplace violence

insurance coverages help organisations defray a broad spectrum of costs that happen after an incident. These expenses typically include:

- **Crisis communications:** Policies may help the insured work with a crisis communication consultant to help with issuing statements to the public, arranging interviews with local media, connecting with family members of the victims, and setting up memorial funds.
- **Extra staffing and security:** After an active shooter incident, organisations typically hire more security personnel and pay to harden locks, control access, and set up surveillance systems.
- **Funeral costs:** Paying for these costs earns a measure of goodwill with traumatised survivors and family members, not to mention the general public. This coverage can act like a built-in fund so that surviving families do not need to set up personal crowd-funding accounts to secure financial resources for funerals, hence allowing the organisations or institution to lessen the already heavy burden on those affected.
- **Death and injury benefits:** Active shooter policies usually offer benefits for death, dismemberment, partial/total disability, and other injuries.
- **Counselling sessions:** Bringing in trauma counselling experts for all affected individuals, including families, helps the campus get back on the road to recovery.
- **Litigation:** In such high stress and trauma situations, many survivors and family members will seek compensation for damages. Even if the entity is not negligent and enacted various prevention and training policies before the incident, it must pay the cost of defending itself for potential negligence in court cases that can drag on for years.

Many of these costs represent critical responses to a violent incident. Active shooter/workplace violence policies acknowledge this reality and provide a measure of coverage. General liability policies, by contrast, often do not respond immediately following these events, waiting on formal legal claims to be processed. This leaves organisation leaders in a tough ethical, financial and reputational situation if they are not prepared to cover the costs associated with a tragedy occurring at their organisations. 