



Active Shooter/Workplace Violence Insurance and Risk Mitigation for Educational Institutions

Introduction: Costs of Active Shooter Incidents

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 \$48.2 million, with \$38.8 million born 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
TOTAL	\$48,233,643

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

These costs had all been incurred within five years of the shooting. Since then, other high-profile mass shootings have heaped heavy financial costs onto an already considerable toll in grief, trauma, and suffering.

Within the past few years, several insurance companies have started offering types of active shooter and workplace violence policies to help organizations recoup some of these costs and provide better support to victims and their families. The 2017 *URMIA* Journal report, "Preparing for the Worst: A Guide for Active Shooter Response Plans that Mitigate the Risk of Liability and Save Lives" by Ayer and Chandler, explored the potential legal liabilities colleges and universities face in the aftermath of a mass shooting and ways to mitigate the risks before and during an active shooter event. This article will delve into what happens after an incident and explore the many facets of active shooter/workplace violence insurance policies as a means of addressing organizational and victim expenses and the potential liability.

Unfortunately, active shooter incidents appear to have become a common feature of modern society in America. Several recent near misses at universities emphasize the reality that attacks such as what occurred at Virginia Tech can happen at any time, at any university, making the case for preparation to be taken seriously.

In only recent months since this publication was released:

- A former Cornell student was charged with four federal crimes when the FBI discovered an AR-15 semi-automatic rifle, homemade bomb, and other suspicious materials and weapons in the student's apartment.
- A student at Washington University was suspended and awaiting former adjudication after police discovered an AR-15 in his fraternity house and handgun in a nearby-parked car.
- In Long Island, a man who left several threatening voicemails towards an employee at the Summit School in Upper Nyack was charged with criminal weapon possession after police found an arsenal of weapons at his home. The man attended the school in 2002.

Though awareness campaigns, social media monitoring, and various training efforts can reduce some of these risks, the huge costs associated with these incidents argue for a risk-management strategy built around both prevention and risk transfer (insurance) for when that prevention fails or is insufficient.

A few select insurance providers now offer coverage to address the unique needs 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 provision for critical services required in the aftermath of an incident.



Threat Overview: Active Shooters on Campus

As any campus safety officer can attest, violence at colleges and universities can unfold in a variety of ways. The Virginia Tech tragedy, which left 32 students and faculty members dead, springs quickly to mind in a discussion of mass shootings. Less well-remembered is a 2010 incident at the University of Alabama, Huntsville, where an assistant professor opened fire in a faculty meeting, killing three and injuring three more.

Active Shooter Summary

The U.S. Department of Homeland Security defines an active shooter as: “an individual actively engaged in killing or attempting to kill people in a confined and populated area; in most cases, active shooters use firearms and there is no pattern or method to their selection of victims.”

Each incident unfolds in unique ways; motives often appear hazy. Stressors like financial, marital issues, and personal grievances play a significant role; most mass-attack perpetrators say or write things that provide key clues to their intentions.

Incidents erupt and end quickly: Half of the mass attacks the FBI analyzed in their 2017 report were over in less than five minutes. Many perpetrators had histories of domestic violence, mental health problems, drug use, and previous run-ins with law enforcement.

And the problem is not going away. Statistics from the Gun Violence Archive (GVA) show a persistent rise in mass shootings, which GVA defines as incidents where gunfire causes at least four injuries or deaths. GVA data shows mass shootings jumped 26.3% from 274 in 2014 to 346 in 2017.

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

Insurance coverage is an appropriate risk transfer response to exposures whose potential liabilities far exceed the cost of premiums. Unfortunately, the distinct risks of the lone wolf types of mass violence leave institutions vulnerable to “gray areas” or gaps in current coverage that often leave them questioning their current risk-management approaches.

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.

University risk managers considering acquiring this kind of coverage should start with an eye toward reducing the likelihood of active shooter incidents.



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Prevention: An Anchor of Risk Management

While it's impossible to prevent every outbreak of violence on campus, it is possible to reduce the likelihood of an attack and to formulate policies and programs that mitigate the damage if an attack occurs. This is where the prevention and post-event coverage are mutually dependent elements of a risk-management strategy. Beyond the obvious benefits of reducing harm, preventative measures could potentially reduce insurance premiums and litigation costs.

The challenge for colleges and universities is that education communities are built on a foundation of openness, trust, and inclusion. With thousands of students and staff constantly coming and going throughout multiple buildings on numerous college campus locations, standard security measures like police patrols, metal detectors, and surveillance cameras can go only so far.

The U.S. Department of Homeland Security recommends developing a formal program designed specifically to address the risks of active shooters. The program has six steps:

- Forming a planning team.** Stakeholders should come from across campus including security, IT, human resources, first responders, legal advisors, and facility managers.
- Developing a prevention plan and assessing risks.** An active shooter prevention plan has three fundamentals: understanding the steps people take on their pathway to violence, developing a system to report risky behavior (while maintaining privacy compliance), and assessing your campus vulnerabilities.
- Establishing goals and objectives.** Your prevention program could falter if you lack well-defined benchmarks and deadlines for completion. Objectives could include factors like access control, event notification, evacuation routes and rally points, first-responder coordination, communication management, and short- and long-term programs to deal with the aftermath of an incident.
- Assessing courses of action.** As a natural follow up to goals and objectives, schools need to outline precisely what needs to be done, who needs to do it, and when it should be completed in regards to these incidents.

Drafting a plan and securing approval. The active shooter response plan must outline actions that leaders will need to take in a clear, concise manner that spells out specific actions, assigns duties to the correct people, provides for accountability, and conveys the importance of each task.

Conducting training and exercises. Training and drills give people a framework to handle the extreme fright, panic, and confusion of an active shooter scenario. (See the 2017 *URMIA Journal* article on active shooter risks for more on training to address potential outbreaks of violence.)

Preparation can include tabletop exercises that stop short of a campus-wide drill. A tabletop exercise convenes top campus leadership with police and other first responders to walk through everything they would do if a shooting erupted, including notification systems and reporting on the aftermath of the incident.

The campus human resources department also can play a key role in the prevention of campus shootings and other violence. Tactics to consider include:

Watching for warning signs. Employee/student background checks can identify violence or aggression in a prospective individual. HR departments can create policies that allow workers to report if they have a restraining order against a spouse or former companion.

Identifying risky behavior. People prone to violence often issue threats before they act. HR and campus safety policies can encourage employees and students to anonymously report these kinds of action without fear of retribution.

Listening and demonstrating empathy. Often, people inclined to violence will back down if somebody listens to their complaint and demonstrates an understanding of what they are going through. Nevertheless, the person needs to be told in no uncertain terms that threats or violence are unacceptable and have serious consequences.

Working with law enforcement. Workers and students alike should not feel reluctant to involve campus police or outside authorities if needed. There should also be clear guidelines for when outside authorities should be contacted directly versus going through campus security teams.

Data collected from 2017 mass shootings noted that more than half of the attackers had a history of violence and nearly two-thirds had had serious mental-health symptoms like paranoia and suicidal thoughts. Employee/student assistance programs designed to address these issues also need to be attuned to the threats they represent.

It's critical to bear in mind that a large body of advice addresses the risks of active shooters and workplace violence on campus. Whatever action you take must be customized to the needs of your specific institution.

Work done in advance to reduce the risk of mass shootings and workplace violence becomes pivotal when securing appropriate insurance coverage. The multiple variables in current coverages and in new active shooter policies require careful attention to detail.



Important Details in Active Shooter Coverage

Colleges and universities confront a host of legal, regulatory, and tort-liability obligations. For instance: 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. Institutions 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 institutions and insurers response to new threats.

General insurance policies often contain multiple exclusions and limitations that expose colleges and universities to the costs typical 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 cause by these lone wolf type 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 off campus or study abroad. Some insurers may require risk assessments and active shooter action plan seminars, while others offer discount incentives on premiums for organizations that participate in these additional trainings.

These 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 program needs to be able to answer that question by paying for immediate victim expenses including, counseling, medical, rehabilitation, lost wages for all affected including expenses for funeral/burial, and in some cases death benefits.

To prepare for lawsuits following a violent event, your program needs to have third-party liability as primary coverage including legal defense and settlements otherwise known as indemnity. Some policies are excess and only cover a 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 program to help the organization emerge from this crisis event and do its best to resume normal operations and services as quickly as possible.

Post-event services. The time an institution 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, increased security, and help coordinate services with survivors and families of those affected.

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Exclusions to Pay Attention To

Many policies contain exclusions that could prove costly in the aftermath of an active shooter incident. These are some of the most common exclusions to look for:

Terrorism. Some policies may provide coverage only if the incident is labeled as an Act of Terrorism. This requires a certification from the U.S. Treasury Department, among other requirements. The last certified Act of Terrorism in the United States 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 insured and only include guests or visitors. Due to the nature of these events, insured persons should include employees, volunteers, students, guests, patrons, etc.

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.

Vehicles. This type of attack is becoming more popular. 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 only to firearms or bladed weapons, but might not cover improvised explosives or ordinary items used for violent purposes, which, as the Boston Marathon bombing showed, can be just as harmful.

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



If Active Shootings Are Rare, is Coverage Really Necessary?

Skeptics might ask if these risks are common enough to warrant insurance coverage. For instance, an FBI study of mass shootings between 2000 and 2013 noted that while nearly one-quarter of attacks targeted schools, only 7.5% happened at colleges and universities. But OSHA paints a different picture in its accounting of the kinds of environments that expose people to the greatest risk of violence:

- Exchanging money with the public
- Working with volatile or unstable people
- Working alone or in isolated areas
- Providing services and care to the public
- Working where alcohol is served
- Working late at night or in areas with high crime rates
- Working in large gatherings of general public

The work of people on college and university campuses falls under many, and perhaps all, of these criteria. Thus, higher education institutions would be well advised to explore insurance coverage that addresses active shooter risks and workplace violence.

While an active shooting incident taking place at any specific campus location may be unlikely, the growing prevalence of these events nationwide is also changing how the legal system responds. The expectation of safety, as perceived by jurors working on these cases, puts a higher level of responsibility on universities in recent years and tends to hold them accountable for post-event coverage, whereas in the past they may have been given more leniencies in the limelight where these events were not such normal occurrences. If previous cases against organizations and universities were tried again today, it would be surprising to see how the shifted societal mindset and expectation of safety would affect these legal proceedings/ outcomes.

What about the premiums? Cost can be a significant variable in active shooter coverage. With increased competition and popularity of these programs, premiums are becoming affordable, typically within three to seven percent of organizations' current insurance budgets. A mass-shooting incident could have an overall expense exposure in the tens of millions of dollars. Universities can purchase coverage limits of \$1 million up to \$100 million in policy limits, depending on their risk profile and coverage needs.

Depending on the specific insurer, premiums typically reflect the limits of coverage, size of the campus, and underwriters' assessments of the insurer's total risk exposure. All these details must be worked out with the institution's risk management team in consultation with insurance providers. As mentioned earlier, some insurers also offer incentive discounts for additional training and risk management protocols implemented at an institution.



Aftermath: Crisis Management and Post-Event Coverage to Pay Attention To

Active shooter and workplace violence insurance coverages help institutions 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, institutions typically hire more security personnel and pay to harden locks, control access, and set up surveillance systems. For example, after the Virginia Tech shooting, the university hired 11 additional full-time police officers. The total of university safety and security costs exceeded \$11 million.
- Funerals costs.** Paying for these costs earns a measure of goodwill with traumatized survivors and family members, not to mention the general public. Securing this coverage could be seen as acting 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 university or institution to lessen the already heavy burden on those affected.
- Death and injury benefits.** Active shooter policies usually offer benefits for deaths, dismemberments, partial/total disability, and other injuries.
- Counseling sessions.** Bringing in trauma-counseling 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 university 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 and leave institution 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 institution.



Conclusion: A Risk-Management Tool Warranting Consideration

Active shooter/workplace violence coverage helps campus risk managers rationalize their risks and develop strategies to address them. Once institutions acquire these coverages, they also gain an incentive to reduce risks and hold premium costs down.

Ultimately, the best policy is be a combination of insurance coverage and robust emergency-action planning that enables close scrutiny of risks on campus and gives safety officials, staff, and students an opportunity to head off threats before they turn tragic.

Active shooter insurance can be thought of in similar ways to other disaster preparedness: Organization leaders may conduct regular tests and drills to examine their fire alarms, for instance, but that in no way alleviates them from the responsibility or need of securing fire insurance coverage. In the same way, active shooter training and prevention can be invaluable in terms of reducing harm afflicted in these incidents, but since there is no way to predict and intervene with 100% success, active shooter coverage ensures that should a tragedy occur, institution leaders can start healing the community day one after an active shooter incident.



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