

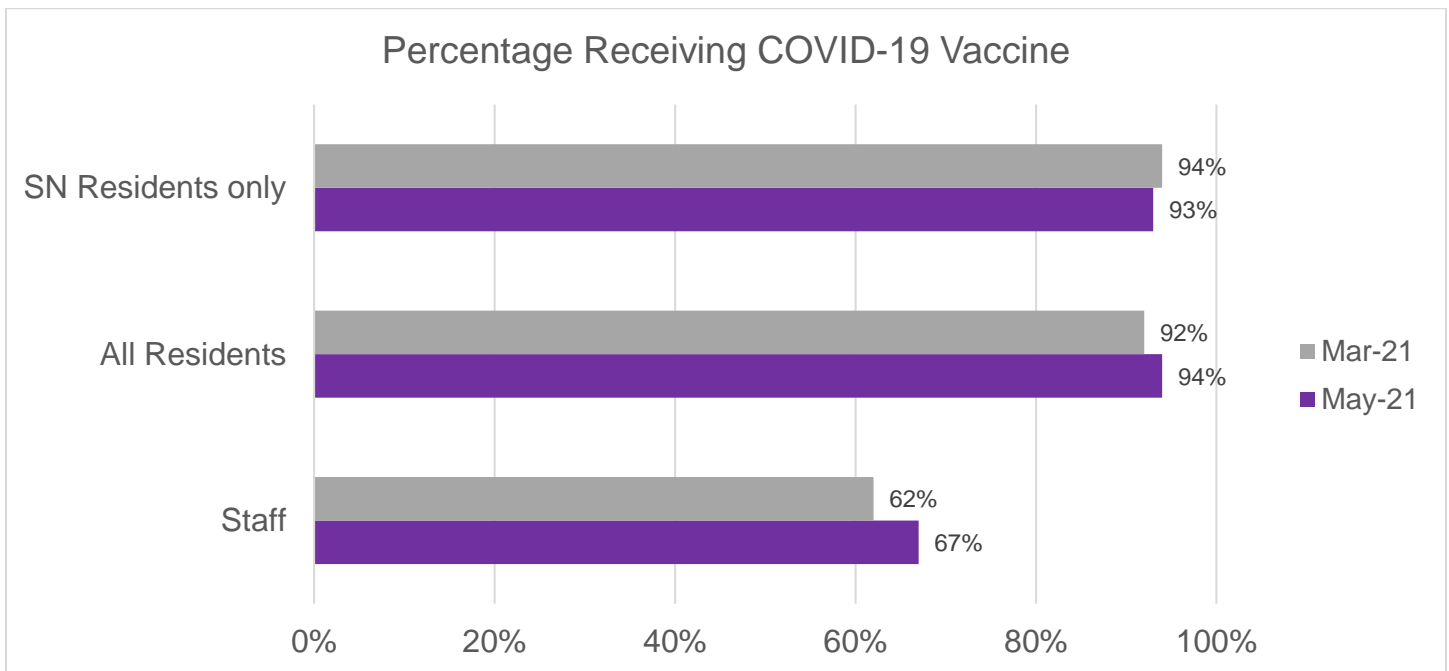
# COVID-19 AND INSURANCE

ZIEGLER CFO HOTLINE<sup>SM</sup>

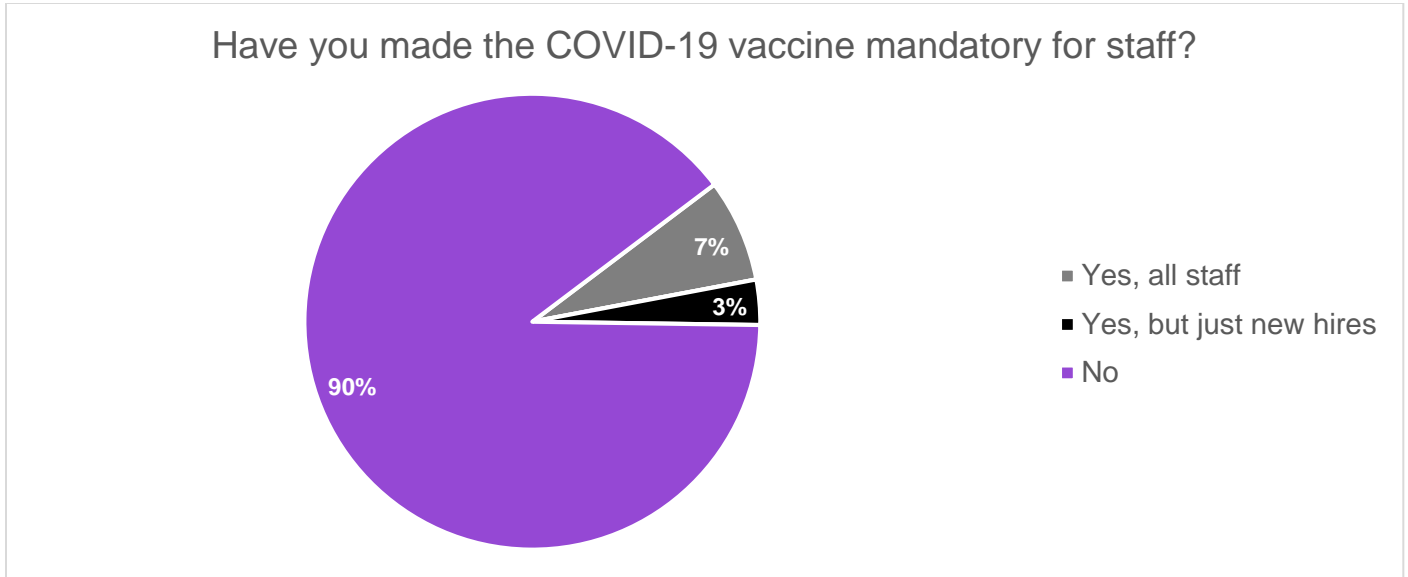
In May 2021, a *Ziegler CFO Hotline*<sup>SM</sup> survey gathered feedback related to COVID-19 vaccinations and the impact of the pandemic, among other pressures, on provider insurance policies. Several of the questions were also asked of providers this past March, the comparisons of which are detailed below. More than 220 organizations participated in the survey. Roughly 66% were single-site providers while the remaining 34% represented multi-site senior living providers. The respondent pool is heavily weighted towards Not-for-Profit Life Plan Community organizations.

### ***Vaccination Rates***

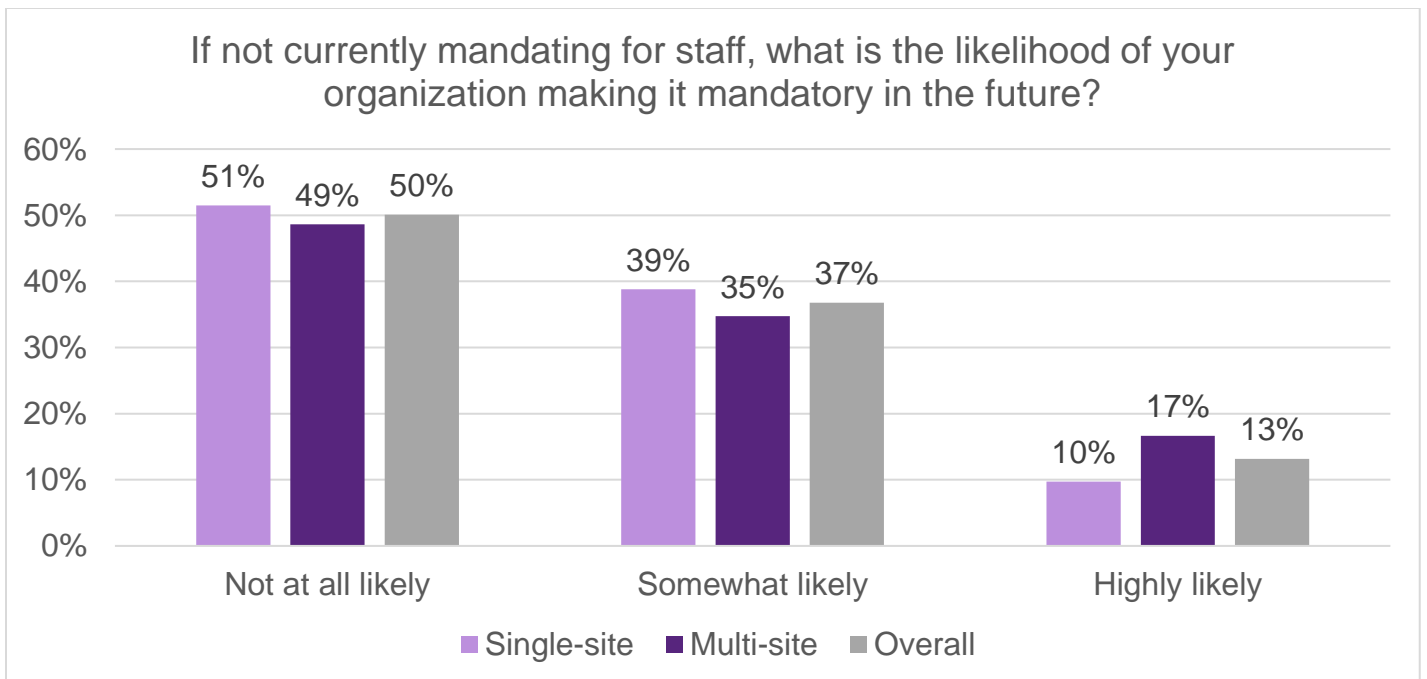
The first several questions asked about vaccination rates following the rollout of the COVID-19 vaccine. The table below details the percentage of residents and staff that received the vaccine in March of this year compared to the same percentages in May. These results are consistent with what is being tracked by other agencies, with the highest levels of vaccine receptivity among the resident population. As detailed below, the vaccination levels among staff increased between March and May. This is consistent with anecdotal reports from providers that staff participation has gradually increased as time has passed and ongoing education efforts continue.



Questions were also asked regarding mandates for the staff to receive the vaccine. As shown below, a small percentage of organizations have mandated the vaccine for staff.

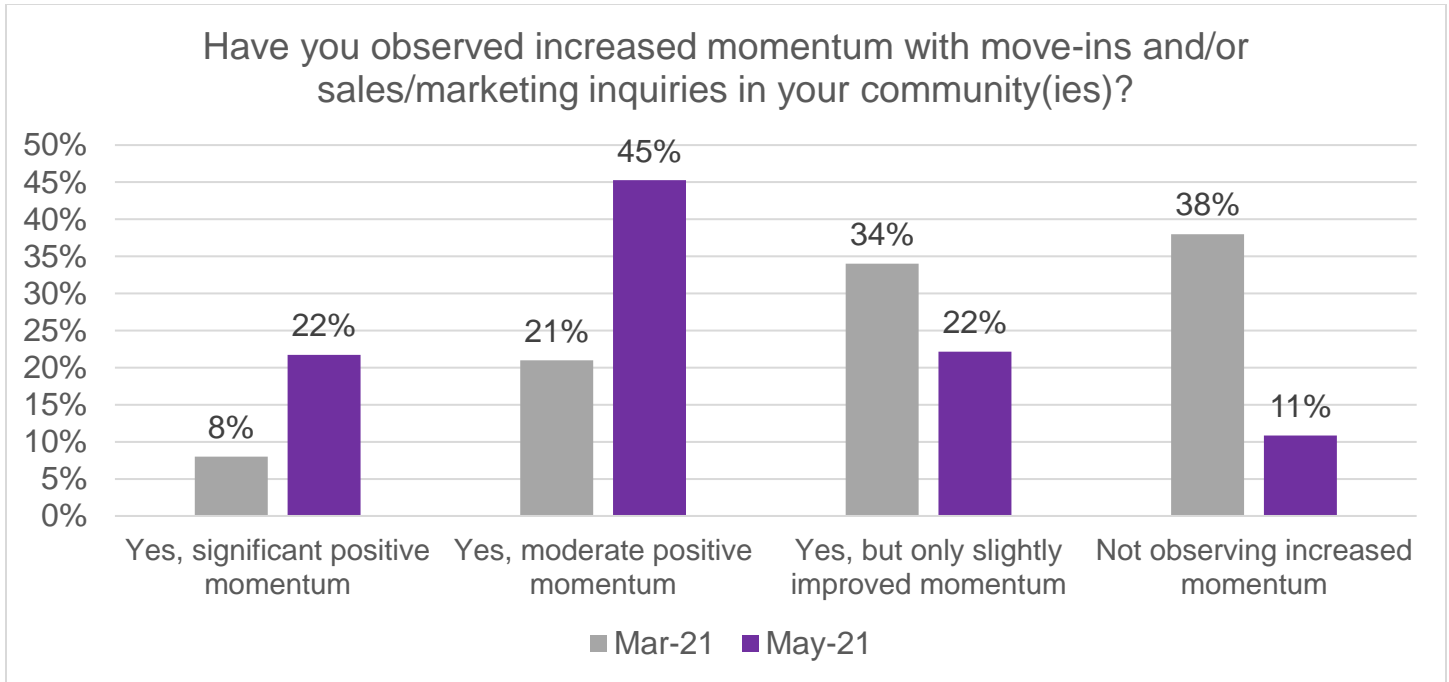


While half of the organizations not currently mandating vaccines for staff do not plan on doing so in the future, the other half claimed they were somewhat or highly likely to make the COVID-19 vaccination mandatory in the future.



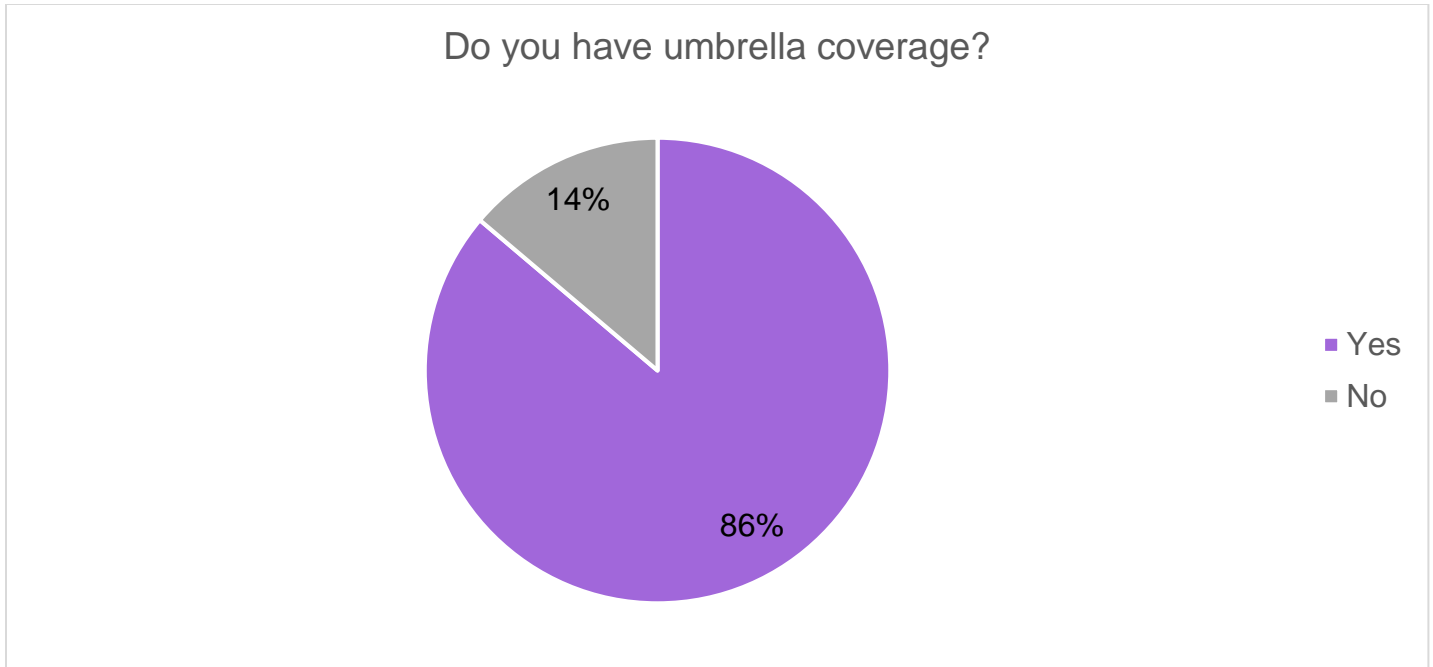
### Marketing and Sales

One question was asked about momentum of move-ins and sales/marketing inquiries over the past month (April 2021). Most organizations noted momentum had increased, with only 11% of organizations reporting no increased momentum, as compared to 38% when the same question was asked the previous month regarding the time period since the vaccine rollout. Detailed below is the breakdown of the degrees of momentum increase, from slight to significant.



### **Insurance Costs**

Even prior to the onset of the pandemic, senior living providers were seeing increased insurance rates. The COVID-19 pandemic has accelerated these increases for many provider organizations. The next several survey questions focused on those changes. First, respondents were asked whether their organization had umbrella coverage. The majority (86%) stated they had.



When asked how they determined the level for umbrella coverage (if applicable), by far the most common approach was to seek the advice of a broker or agent. Many organizations also sought guidance from consultants and boards. Others determined their levels based on industry standards, history, risk assessment, or affordability.

<b>Method</b>	<b>Number of Mentions</b>
<b>Advised by Broker/Agent</b>	55
<b>Based on Industry Standards</b>	12
<b>Advised by Consultant</b>	11
<b>Based on History</b>	11
<b>Based on Risk Assessment</b>	11
<b>Advised by Board</b>	8
<b>Based on Affordability</b>	6

Twenty percent of the survey respondents noted their organization was a member of Caring Communities, a member-owned liability insurance company that exclusively serves not-for-profit senior living & care organizations.

For the vast majority of respondents, their most recent policy renewals brought increased rates. Detailed below are those rates broken down by type of insurance. It should be noted that there were some respondents that were reporting more than 100% increases in costs. Several also reported decreased policy costs year-over-year. As noted in a number of the comments, the terms of many of the policies changed, generally becoming more restrictive.

	Property Insurance	Liability Insurance	Umbrella Insurance
Average Increase	19%	22%	22%
Median Increase	11%	15%	11%

Lastly, the survey allowed for open-ended comments on COVID-19 and insurance coverage costs. Below is a sampling of those comments:

- *We have noticed a significant uptick in admissions mainly due to families pleased with our communities' number of vaccinated staff*
- *Significantly disruptive and negatively impactful. Additionally, wage pressure due to state and federal behaviors is exceptionally disruptive*
- *Currently in the process of renewing. Some of our current carriers are exiting the business line.*
- *We have had zero resident cases in the past few months, a testament to the success of the vaccine. We are having difficulty with staff members contracting COVID (who refused vaccination). We are concerned about further hardening of the insurance market for Aging services space.*
- *The non-SN service areas of our campus have maintained a relatively stable census throughout the COVID pandemic, however, although there have been improvements in SN census since January, we still struggle to get back to pre-COVID levels.*
- *Excess umbrella market is brutal right now. We were fortunate to get coverage, and had to layer multiple carriers to do it through our insurance group.*
- *Most of our increases relate to insurance market volatility with umbrella & auto coverages, and increased pressure on stick building construction.*
- *Admissions are still below expectations. Insurance costs still very high*
- *Overall it has been a very difficult year. Revenue went from 94% to 79% during 2020. Seeing it increase since Jan and now at 85% but have a long way to go. Government relief has been helpful but has not covered all of our losses. We think many of the additional costs are here to stay.*
- *I fully expect insurance costs to come down in the near future. The significant rise in premiums were a knee jerk reaction by the insurance companies to the unknown impact of potential future claims associated with COVID-19.*
- *Assisted living occupancy continues to be a challenge. Insurance increases noted are based on what we are hearing from our broker and could be significantly higher. We are waiting for final numbers as our current coverage period ends at the end of May.*
- *You did not ask about Fiduciary coverage including D&O and cyber. Those experienced increases as well.*

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