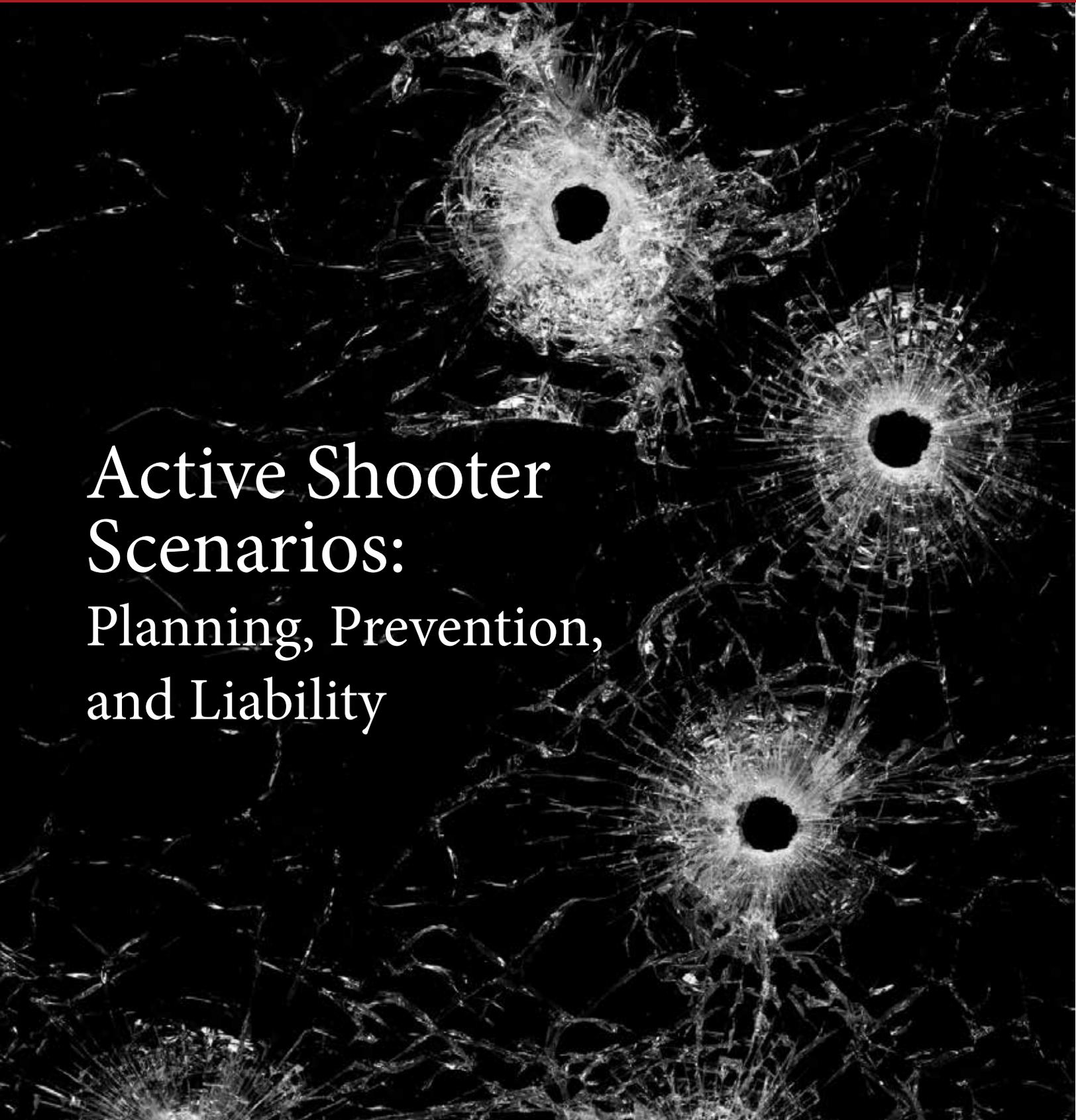




McGOWAN PROGRAM ADMINISTRATORS



Active Shooter Scenarios: Planning, Prevention, and Liability

Active-shooter scenarios seem to hit the headlines every day. Troubled people unleash extreme violence which dominates our collective attention span, leaving us wondering what we could've done better and how to react if, heaven forbid, it happens to us.

There's some small comfort in knowing mass shootings are extremely rare from a statistical standpoint. Still, they happen frequently enough that the public and workplace safety regulators are starting to hold employers liable for failing to prepare for active shooter -workplace violence. And, hefty damage settlements are being imposed on those who didn't account for these kinds of risks.

It's becoming mandatory for companies to develop a holistic, proactive strategy for preventing these incidents or minimizing the damage if prevention fails. Thoughtful preparation and proper insurance coverage can go a long way toward addressing these challenges.



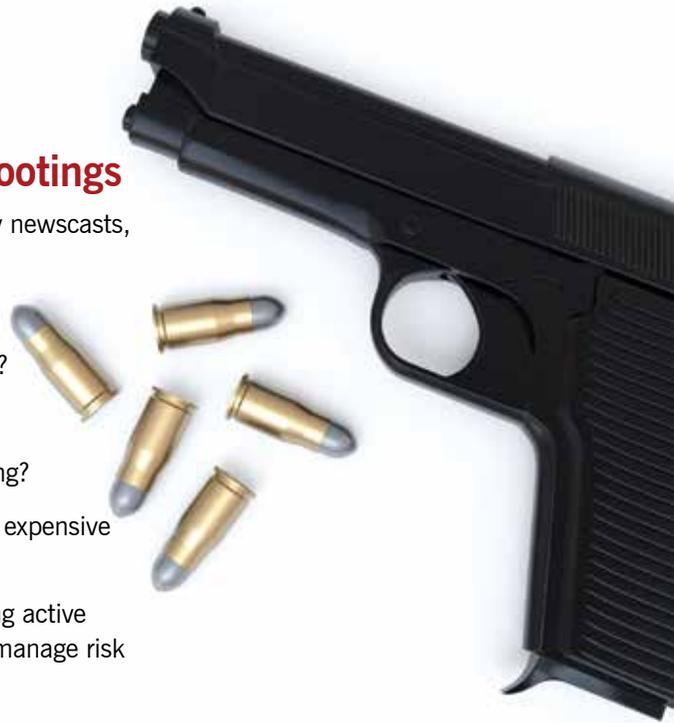
Questions Rise from the Carnage of Mass Shootings

When the drama and heartbreak of a mass shooting fade from the nightly newscasts, questions pile up for organizations everywhere:

- What can we learn from high-profile active-shooter incidents?
- How do we prepare for these travesties or, better yet, prevent them?
- What should we do if a shooter shows up at our workplace?
- How do we help our people heal in the aftermath of a mass shooting?
- How can we manage the financial risk of business interruption and expensive liability judgments?

All these questions form the backdrop for a new kind of insurance covering active shooter and deadly-weapon scenarios. These policies help organizations manage risk and think about preparing for the unthinkable.

This ebook will help answer these questions.



Lessons Learned from Notorious Tragedies

Many of the most high-profile incidents of the past couple years left indelible lessons for leaders of organizations hoping to prevent a shooting at their own workplaces. These are some of the key takeaways:

Mental health is a central concern. News reports said the man who killed five police officers in Dallas and shot nine others in July 2016 had experienced a dramatic personality change after coming home from active duty in Afghanistan. This kind of transformation is often a clue that a person is becoming dangerous.

Workplaces are among the most common sites. Though international terrorism was blamed for the San Bernardino shooting spree in California that killed 14 and injured 22 in December 2015, the man who led the attack reportedly had an extensive history of conflicts with co-workers. These kinds of conflicts also can be precursors to workplace violence. Survivors of the victims filed lawsuits against the county seeking damages totaling \$204 million.

Liability issues are unpredictable. Lawsuits over the massacre at an Aurora, Colorado movie theater were dismissed because courts found that the shooter's elaborate planning caused the victims' deaths, not the Cinemark theater chain's security procedures.

In another case, however, a court upheld a \$38.5 million punitive damages judgment against Kraft-Nabisco in an incident at a cookie plant where security guards fled the scene when an angry worker showed up with a gun and ended up killing two co-workers and wounding a third.

Survivors endure lasting trauma. Months after a man killed 49 and wounded 53 more in an Orlando, Florida, nightclub in June 2016, post-traumatic-stress symptoms were reported among survivors, police officers, and emergency first responders who were on the scene of the tragedy. Any preparations for dealing with mass shootings need to account for these kinds of aftermath issues.

Shooters leave clues to their intentions. Sophisticated preparation was a common thread in all the above attacks and many similar incidents. Furthermore, many attackers left hints in social media posts and conversations with friends, families and co-workers. Staying attuned to these clues can be a powerful prevention tool.

It's not always a shooting. A man in Nice, France, drove a panel truck into a crowd in July 2016, killing 86 and injuring 434. It's important to remember that thinking primarily in terms of firearms can limit one's risk perspective.

Preparation, Prevention and Crisis Management

There's something to be said for preparing for the worst.

"No one wants to have to pick up the phone and call someone and explain that their loved one is not coming home today," says Jim Satterfield, president and COO of Firestorm Solutions, a crisis management consulting firm based in Roswell, Georgia. Satterfield and his executive team [convened a webinar in August 2016](#) summarizing the key issues for organization leaders looking for a blueprint to deal with this emerging threat.

The webinar covered an increasingly worrisome trend illustrated by the FBI's "Study of Active Shooter Incidents in the United States Between 2000 and 2013," which noted that nearly three-quarters of these incidents happened in either a business or school. In a 2016 update, the FBI noted that 2014 and 2015 each had an almost six-fold jump of number of mass shootings from 2000 and 2001, the first two years of the FBI study.

While the FBI's methodology tracks incidents that dominate the news headlines, another data source reveals more commonplace threats that companies, schools, and government agencies are more likely to face. The [Gun Violence Archive](#), is an online archive of gun violence incidents collected from more than 2,000 media, law enforcement, government and commercial sources, on a daily basis, in an effort to provide near real-time data about the results of gun violence. Their web address is: www.gunviolencearchive.org.

The numbers, as of November 28, 2016, are a bit staggering with record-high mass shootings reaching 355 so far this year, surpassing the total mass shootings in 2015, and representing a 56% increase over the 227 recorded events in 2014. The details are just as concerning when you consider total gun-related incidents of 52,050, an average of over 4,700 events per month. This includes 13,456 deaths and 27,756 injuries.

These risks have become so commonplace that OSHA and other regulators are starting to hold companies responsible for failing to implement active shooter workplace-violence programs, Firestorm CEO Harry Rhulen said in the August webinar. "This now is a known exposure," Rhulen said. "There's an expectation that you are going to have done something about it."

Coping with this risk has three key components: preparation, prevention, and crisis management. Let's look at each in a bit more detail.

Preparation

Forget about the statistical rarity of such an incident happening on your watch. Instead, think of the consequences of being caught unprepared. Everything will be worse, from physical harm and psychological trauma, to lost business and legal liability.

It's crucial to start with a written plan that spells out how your company will respond to an active-shooter event and holds people accountable for training their subordinates to cope with such an incident. HR policies should be set up to flag behavior of workers who may be posing a threat.

The U.S. Department of Homeland Security has a [series of reports on how to cope with an active shooter](#). Some companies have conducted active-shooter training sessions, but be advised: companies have been sued by workers who were traumatized because they thought a drill was a real attack.

When you call up your insurance agent in the middle of a crisis, "the last thing you ever want to hear is 'oh, that's excluded' or 'that's not covered.'"

Prevention

Active-shooter scenarios often seem random and unpreventable. After all, who can predict the exact time and place when somebody opens fire on a group of people? But many people developing violent tendencies offer clues that can be flagged in time to prevent a catastrophe.



Firestorm recommends that managers and company leaders draw up a list of “behaviors of concern” and train their people to watch for these behaviors. It could be posts on social media, violent outbursts, threatening language or a stark personality change.

Once the behaviors of concern are documented, the next step is to create an “intelligence network” of people who are keeping an eye out for troubling behaviors (it’s helpful to allow anonymous reporting). And finally, there needs to be a repository of all this information that people can tap into to see if worrisome trends are developing.

“People don’t just snap,” Satterfield said. They often leave warning signs or raise red flags that go unreported because they don’t seem important in isolation. Though none of these behaviors can predict the time and place of an active-shooter incident, having a framework to document an accumulation of these clues could give you an opportunity to intervene and save lives.

Crisis Management

An active-shooter incident can be over almost as soon as it starts. The next profound challenge is coping with the aftermath.

It’s frightening to think about in advance: you may have to help plan the funerals of people who died on your property. These people may be close friends and trusted colleagues. Survivors will deal with profound trauma that may last the rest of their lives, and you might be among them.

News media inquiries will put your organization’s name in the headlines for months and even years to come, threatening relationships with clients and investors. Additionally, your company may experience massive turnover because people have too many negative associations with going to work.

Managing this kind of crisis requires bringing in specialized expertise on extremely short notice. Rhulen of Firestorm says companies need to think seriously about indemnifying themselves against the financial and emotional costs of such an incident.

When you call up your insurance agent in the middle of a crisis, Rhulen said, “the last thing you ever want to hear is ‘oh, that’s excluded’ or ‘that’s not covered.’”

Insurance for Active-Shooter Incidents

Confronting the realities of the active-shooter threat is fundamentally a risk-management issue. If you can't control a risk, you find a way to contractually shift it, said Paul Marshall, who runs the Active Shooter Division for McGowan Program Administrators, a top provider of business liability coverage.

Shifting that risk means getting an insurance policy that specifically covers certain liabilities — in this case active-shooter or deadly-weapon coverage, said Marshall, who noted that standard policies might have specific exclusions or coverage gaps for lone wolf type active shooter incidents .

“We're shifting to a monoline, named-peril policy that specifically names the risk such as active-shooter/deadly weapon protection, and then provides specific coverages and risk management services so you have those protections in place,” said Marshall, one of the experts who participated in the Firestorm webinar.

What to look for in a comprehensive active-shooter policy

A strong, effective active-shooter/deadly weapons policy should:

- Cover 3rd Party Liability, Property and Business Interruption expenses
- Pay for crisis response team, counseling and funeral expenses
- Include a risk vulnerability assessment with action plans
- Provide 24-hour crisis management, call center, crisis communications and implementing a recovery plan

Such a policy should not:

- Exclude acts of terrorism, burglary, or theft
- Require a certain number of casualties to trigger coverage
- Exclude Legal Costs – not covering claim expenses and damages, including: Judgments, Monetary Awards, and Settlements

In short, the policy should do a lot more than reimburse for any extra business expenses.

Facing up to the Risks of Active-Shooter Incidents

No matter how faint the likelihood of an active-shooter incident might seem in your organization, the reality is these things happen on a daily basis.

Developing plans to prevent, respond to and indemnify against potential costs of active shooters are not cure-alls. You can't anticipate everything. But you can craft a strategy to improve the odds of surviving a worst-case scenario.

As McGowan's Marshall often re-quotes ...

“There is much merit in this active shooter insurance effort. Clearly, someone has gone out of their way to provide something not offered in the standard GL/WC/BI policies. Take Orlando, there were immediate expenses for medical care, funerals and bodies that needed to be flown to other states, funeral arrangements delayed due to lack of resources, etc. This coverage sends a team to take care of those things for the effected families. (that is standard in airline accidents), a team is dispatched to care for victims and families, critical needs are provided. So if the standard policies spell out the action plan, dispatches the emergency response team to location, implements the plan, and begins to pay for all required to get things back to normal, then Active Shooter Insurance is redundant; however, that is not the case.”

...an Orlando insurance agent June 2016

For more information, contact:

Paul Marshall

McGowan Program Administrators

P: 937.949.5816 x5951 | C: 937.241.6423 | pmarshall@mcgowanprograms.com

www.mcgowanprograms.com