



Case Study:

Pioneer Human Services – Insuring an organization that employs and serves people on the margins of society

Pioneer Human Services, a Seattle-based nonprofit organization, employs and serves people on the margins of society. It is an extremely difficult company to insure. Its employees, who work in seven different businesses, include individuals recovering from alcoholism and other chemical dependencies, ex-offenders, the homeless and others on the margins.

Pioneer's annual budget is \$55 million, of which almost \$1 million is spent on insurance. Pioneer, which serves more than 6,500 people annually, earns 99 percent of its income by selling products and services. In addition to running various businesses, Pioneer owns more than 550 housing units, five work release programs, youth and family counseling services and two involuntary residential treatment centers. It has a dual mission - to serve its employees and clients and at the same time, to produce a surplus on its bottom line. Any money not spent on expenses, such as insurance, can be used by Pioneer to serve more clients.

In February 2001, the Nisqually earthquake that struck the Puget Sound region damaged 10 of Pioneer's 35 buildings. At that time, Pioneer had an insurance broker in St. Louis. After 30 months of negotiations and arbitration to settle insurance claims, it was evident that Pioneer needed to find a local insurance broker.

Mike Burns, chief executive officer of Pioneer Human Services, turned to Baldwin Resource Group (BRG). BRG, its president and founder Bill Baldwin and vice president Dennis Roarke are experienced insurance brokers, with an emphasis in risk management and overall business consulting. By turning to BRG, Burns not only found a company that could help Pioneer assess its insurance needs and find a new insurance carrier – but a company he could turn to for other business needs.

BRG first assessed Pioneer's insurance program. Roarke conducted an inventory of insurance Pioneer already had, reviewed its contracts for proper indemnification and advised Pioneer on any changes it should make to its policies or coverages.

Roarke then helped Pioneer select a new insurance broker. Roarke worked with Pioneer's Chief Financial Officer Tracey Groscost to develop a bid package and a format to review brokers, their capabilities, and to score the applicants. BRG led the process. Pioneer's senior managers learned from it.

BRG, Burns says, “did a great job for us. We’re a very difficult company to insure in that we’re very diverse and we work in several areas where it’s difficult to find insurers that would want to cover all the areas.

“We had several areas of concern – aerospace parts, work release clients, low-cost and drug/alcohol-free housing, and a construction company. Each one would be difficult to insure,” Burns says.

The result of BRG’s assistance? “We’ve been able to reduce our insurance premiums and we’ve actually increased our earthquake coverage and our business interruption/loss-of-rents insurance,” Burns says. “We have a double bottom line. Our goal is to produce a surplus of revenue so that we can expand our services and meet the needs of more people.

Since succeeding in securing a new insurance broker, Pioneer has turned to BRG for additional help. BRG recently worked with Pioneer Construction Services to enhance its marketing efforts.

Pioneer Construction Services also turned to BRG to learn how to better manage projects and run a leaner operation. BRG examined how Pioneer estimated and managed construction jobs and developed a new system to help Pioneer employees improve their processes so they could win more jobs and keep customers satisfied as the jobs progressed.

In the future, there could be more assignments as the two companies work together to help among the most vulnerable members of this community to succeed.