

I'm Too Busy to Review My Insurance!

Tips & Tricks to Help Protect Your Entity & Job!

Presented By Brown & Brown Public Entity Practice



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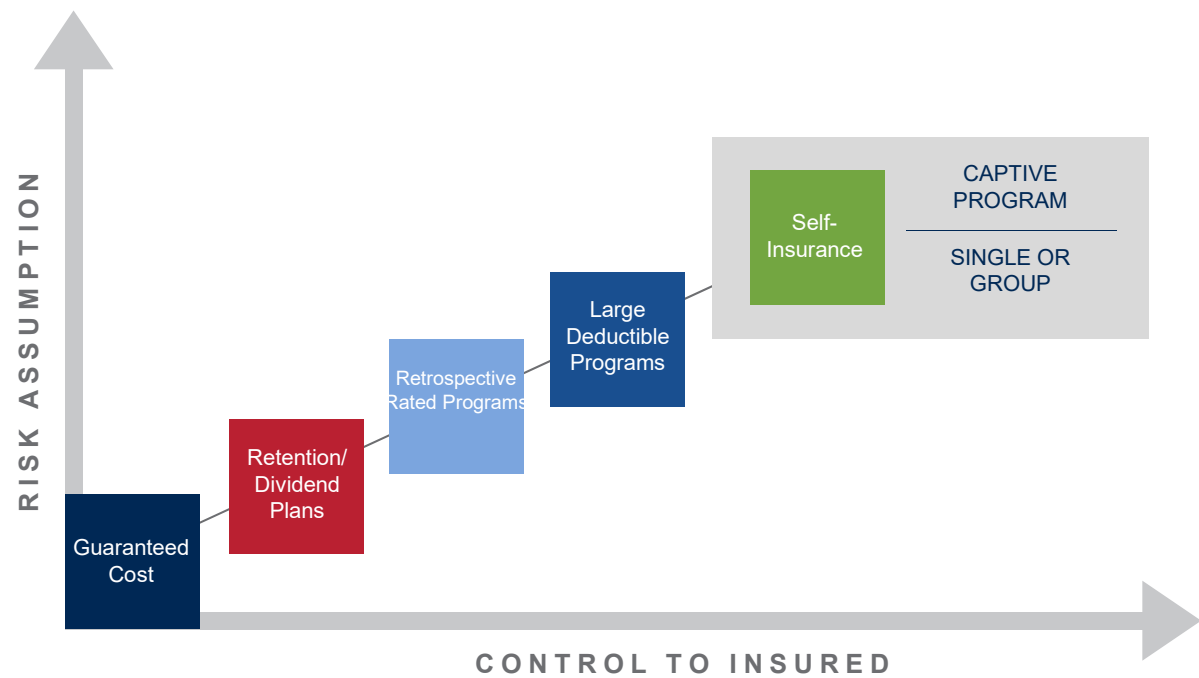
Where to begin?

Understanding your Risk and Insurance program

Review your current Risk Assumption/Transfer

- + Standard Program (guaranteed cost)
- + Self Insured Retentions
- + Retrospective Rated Programs
- + Large Deductible
- + Self-insurance
- + Excess Policy / Captive programs

-
- ✓ Check Limits and Deductibles
 - ✓ Administration of the Program



Annual Review

- Understand your losses and exposures
- Review a 5-year loss run for all lines at least annually
 - Trending Losses within the loss run
 - External Legal environment
 - Developing risks: Cyber, Property Loss Inflation, Runaway Verdicts, Law Enforcement Liability, WC and PTSD, Presumption Laws, Student Aggression, SAM, etc.
- Risk Tolerance: Can you budget handle the deductibles? More / Less?
 - Loss analysis tools are available
 - CIS Alternate Program Tool
 - SAIF – Rating Analysis
 - Actuarial Analysis (Bickmore or similar)
- What about handling claims below the deductible?
 - Staffing / Training

Don't gloss over this process.
Take the time to "get it right"
before a loss occurs.



General Liability Coverage

Bodily Injury or property damage

Professional liability excluded (or not, within the Pools)

Be careful with contracts / Vendors (more later)



Professional Liability Coverage

Protects professionals

Typically, licensed or certified, but not always

- Law Enforcement
- Medical Providers
- Accountants, etc.



Errors and Omissions Coverage

Essentially the same but different industries

- Real Estate
- Tech
- Insurance Professionals

Property Policies: Insuring to Value

GRV

Replacement Value:
Guaranteed without a co-insurance penalty*

RV
or
HRV

Replacement Value:
With a margin clause of 110%. Beware of the historical building values.

ACV

Actual Cash Value:
Current market value. CIS policy carries an 80% coinsurance clause.

FRV

Functional Replacement Cost:
Replace the property with something that may be of lesser quality but functional. 120% max.



PENALTY
= LOSS LIMIT
of 110%



MARGIN



PENALTY
= DID
SHOULD



Property Policies: Insuring to Value

MARGIN CLAUSE:

- Building is scheduled at \$10,000,000 and suffers a total loss
- The value of building is actually \$14,000,000:
$$\$10,000,000 * 1.10 = \$11,000,000 \text{ Recovery}$$

$$\$3,000,000 \text{ Loss}$$

COINSURANCE PENALTY:

- \$14,000,000 at 80% coinsurance requires \$11,200,000 of value to avoid the penalty.
- Scheduled at \$10,000,000: 89.3% of coinsurance satisfied
$$\$10,000,000 \text{ loss} * .893$$

$$=\$8,930,000$$

Minus deductible

GRV

Replacement Value:
Guaranteed without a co-insurance penalty*

RV
or
HRV

Replacement Value:
With a margin clause of 110%. Beware of the historical building values.

ACV

Actual Cash Value:
Current market value. CIS policy carries an 80% coinsurance clause.

FRV

Functional Replacement Cost:
Replace the property with something that may be of lesser quality but functional.

Don't Overpay – Clean Up Your Schedule!

- Autos and Equipment
 - Who is managing the scheduled autos - are you reviewing them?
 - If it's not on the schedule, it's not covered
 - Your Deductible vs. Property Value
- Deleting unnecessary property
 - Old or abandoned?
 - Your intent to insure?
 - Do we need to replace it if a loss occurs?



Know Your Sublimits

COMMON EXAMPLES

- Pollution Cleanup
- Ordinance or Law
- Course of Construction
- Defense Costs – Ethics
- Property at Unscheduled Locations
- Unscheduled Fine Art
- Social Engineering / Crime
- Hired/Rented or Borrowed Equipment



What are they,
and how do they apply?

Common Coverage Exclusions

- Aircraft / Drones
- Medical Practices
- Pollution Liability (some givebacks apply)
- Mold
- Asbestos/lead/silica
- Nuclear materials
- War
- Employees in other states (WC)

Are your business partnerships protected?

What happens if your policy doesn't match the Contract we've entered?

- ? Coverage denial
- ? Coverage disputes
- ? Loss of partnership
- ? Legal Fees



Contract Compliance

Policy Example – The Policy says:

“Additional member” (additional insured)

body, whichever shall occur first. Further, in no event shall coverage under this coverage agreement extend to such party for any **claim**, however or whenever asserted, arising out of such party's sole negligence. Except as specified in this paragraph, such party shall have no rights under the **Trust Agreement, Bylaws or Rules of the Trust**. The term "additional insured" if used on a certificate of

- Most contracts require the contracting party to carry specified insurance limits and list the customer as an Additional Insured.
- This policy excludes coverage if it's alleged a customer has “sole negligence” for a loss. This would be in breach of contract terms, leading to coverage disputes and potentially no coverage from either party.



Who gets the blame?

Contractors, Vendors and Third-Party Insurance

TORT CLAIM LIMITS AND INSURING THE EXPOSURE

Causes of action arising	Oregon Tort Claims Act limits on liability of the state for personal injury and death	Oregon Tort Claims Act limits on liability of local public bodies for personal injury and death	Oregon Tort Claims Act limits on liability of the state and local public bodies for property damage
on or after 07/01/2018 and before 07/01/2019	\$2,181,600 for single claimant \$4,363,100 for multiple claimants	\$727,200 for single claimant \$1,454,300 for multiple claimants	\$119,300 for single claimant \$596,400 for multiple claimants
on or after 07/01/2019 and before 07/01/2020	\$2,247,000 for single claimant \$4,494,000 for multiple claimants	\$749,000 for single claimant \$1,498,000 for multiple claimants	\$122,900 for single claimant \$614,300 for multiple claimants
on or after 07/01/2020 and before 07/01/2021	\$2,307,500 for single claimant \$4,615,000 for multiple claimants	\$769,200 for single claimant \$1,538,300 for multiple claimants	\$126,200 for single claimant \$630,800 for multiple claimants
on or after 07/01/2021 and before 07/01/2022	\$2,347,700 for single claimant \$4,695,300 for multiple claimants	\$782,600 for single claimant \$1,565,100 for multiple claimants	\$128,400 for single claimant \$641,800 for multiple claimants
on or after 07/01/2022 and before 07/01/2023	\$2,418,100 for single claimant \$4,836,200 for multiple claimants	\$806,100 for single claimant \$1,612,000 for multiple claimants	\$132,200 for single claimant \$661,000 for multiple claimants
on or after 07/01/2023 and before 07/01/2024	\$2,490,600 for single claimant \$4,981,300 for multiple claimants	\$830,300 for single claimant \$1,660,400 for multiple claimants	\$136,200 for single claimant \$680,900 for multiple claimants
on or after 07/01/2024 and before 07/01/2025	\$2,565,400 for single claimant \$5,130,700 for multiple claimants	\$855,200 for single claimant \$1,710,200 for multiple claimants	\$140,300 for single claimant \$701,300 for multiple claimants
etc.	TBD by SCA	TBD by SCA	TBD by SCA

*This is the effective date of the last time any of the limits in ORS 30.270 were amended before 2009 SB 311.

Contractors, Vendors & Third-Party Insurance Requirements

Basic Industry Standards for regular business or projects:

- GL/PL ~ \$2 million / \$3 million
- Auto Liability ~ \$2 million CSL
- WC - ORS 656.017

- Additional Insured Requirement
- Primary / Non-contributory
- Waiver of Subrogation

**** Many additional conditions may apply, and example matrixes are available.**

Contractors, Vendors & Third-Party Insurance Requirements

CHALLENGES

- Contracts already signed before Risk gets involved
- Last minute events
- Local small businesses | Mom and Pop shops
- Volunteer organizations
- Reliable internal contacts and communication
- Non-uniform enforcement (staying in line with our peers)

Certificates of Insurance

- Who is collecting them
- System to assist? RMIS?
- Are they trained to know the requirements?
- Tracking Expirations

ACORD		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY)			
				1/26/2023			
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.							
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).							
PRODUCER			CONTACT NAME				
Citadel Insurance Services, LC			PHONE:				
2600 W Executive Pkwy, Ste 500			FAX:				
Lehi, UT 84043			EMAIL ADDR:				
			INSURER(S) AFFORDING COVERAGE		NAIC		
INSURED			INSURER A: (Name of Carrier)				
Hector Inspector			INSURER B:				
1234 Inspection Lane			INSURER C:				
Inspectionville, Alabama			INSURER D:				
			INSURER E:				
			INSURER F:				
COVERAGES		CERTIFICATE NUMBER:		REVISION NUMBER:			
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
INSTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY			(Policy Number)	2/13/2023	2/13/2024	EACH OCCURRENCE \$1,000,000
	☒ CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$100,000
							MED EXPANRY ONE PERSON) \$5,000
							PERSONAL & ADV INJURY \$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$2,000,000
	☒ POLICY ☐ PROJECT ☐ LOC						PRODUCTS-COMP/OP AGG \$2,000,000
	OTHER						
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)
	ANY AUTO						BODILY INJURY (Per Person)
	ALL OWNED AUTOS	☐ SCHEDULED AUTOS					BODILY INJURY (Per accident)
	HIRED AUTOS	☐ NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB	☐ OCCUR					EACH OCCURRENCE
	EXCESS LIAB	☐ CLAIMS-MADE					AGGREGATE
	DED	☐ RETENTION \$					PER STATUTE
	WORKERS COMPENSATION AND EMPLOYER'S LIABILITY						OTHER
	ANY PROPRIETOR/OWNER/EXECUTIVE OFFICER/EMPLOYEE EXCLUDED?	YN					E.L. EACH ACCIDENT
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE
	(If yes, describe under DESCRIPTION OF OPERATIONS below)						E.L. DISEASE - POLICY LIMIT
A	PROFESSIONAL (E&O) - CLAIMS MADE			(Policy Number)	2/13/2023	2/13/2024	PER CLAIM LIMIT \$1,000,000
							AGGREGATE \$2,000,000
DESCRIPTION OF OPERATION / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)							
CERTIFICATE HOLDER				CANCELLATION			
Proof of Insurance				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.			
				AUTHORIZED REPRESENTATIVE			

Conditions Section:

CIS: “Notice of claim or suit shall be provided to **Trust** as soon as practicable... The member shall do nothing to prejudice the rights of **Trust**...

Excess Insurers: Generally, require notice of any death or dismemberment, certain types of bodily injury, or if claims are reasonably expected to exceed 50% of the Self-insured Retention.

- Failure to provide notice can prejudice the insurer and be grounds for denial of the claim.
- Contact your insurer or broker. Notice only will generally not affect your premium adversely and will protect your rights.

Safety Committees



01.

You can tell a lot about an organization based on their commitment or lack thereof.

02.

Risk Management involvement – make it a point to attend and review.

03.

Accident investigation training is a must. Root cause analysis and follow up recommendations. Make the process useful.

04.

All departments must have equal commitment to the program: Police, Fire, Public Works.



QUESTIONS?

M a r c u s P i t t s | 5 0 3 . 6 1 6 . 8 7 8 5

G e o f f S i n c l a i r | 5 0 3 . 3 2 9 . 2 3 9 1



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