

Insurance is a key part of any council's risk management plan. It can also be a major expense. All efforts should be made to avoid and reduce risks and to retain those risks that are reasonable and affordable. Remaining risks are then transferred through insurance. Such insurance should be more accessible and less expensive because of your other efforts to manage risks.

Not every council director needs to be an insurance expert. But every director needs to know enough to ask the right questions and make wise decisions when presented with a recommendation from the finance committee, insurance task force or other expert group.

This fact sheet describes the various coverages that should be included in your council's comprehensive insurance plan. At the minimum, the plan should include the following:

- Comprehensive general liability, including coverage for products, personal injury, contracts and malpractice.
- Directors and Officers Liability.
- Umbrella liability in addition to the basic comprehensive policy.
- Fire, burglary, theft and extended coverage for all buildings and contents for which the council is responsible, including office and camps.
- Automobile liability insurance on vehicles owned, leased or used by volunteers and employees, including at camp.
- Accident medical reimbursement insurance for all program participants and guests.
- Fidelity bonding for all employees and officers.
- Worker's Compensation and disability benefit insurance.

COMPREHENSIVE GENERAL LIABILITY

A comprehensive general liability policy should be purchased, with limits over \$500,000. The policy should include, at the very minimum, coverage for products liability and personal injury and should include all employees, officers and volunteers as additional insureds. Other coverages may be needed, depending on the operations of your council.

It is important to have product liability insurance to cover council wide product sales, bake sales and other sales or use of foods and goods. The council should require the manufacturer of such products to add Camp Fire as an additional insured so their products liability insurance would interpose in your behalf in case of a claim.

When the council contracts for other services, such as bus transportation or horseback riding, the council should see that it is an additional insured on the contractor's liability policy, as well as having its own coverage.

DIRECTORS AND OFFICERS LIABILITY

To protect board members and officers from suits for their actions as directors, the council must purchase Directors and Officers Liability insurance (D&O insurance). Camp Fire National Headquarters has arranged with a carrier for councils to purchase this insurance.

It is important to understand the difference between general comprehensive liability and directors and officers liability. Consider this example: The council has an office that is maintained in a safe

and reasonable manner according to the policies of the board. Somebody comes to the building, trips on a tear in the carpet and is injured. The council's general liability policy would be involved if the person sued for bodily injury.

But what if the torn carpet has been brought to the attention of the board and you had decided not to repair it for whatever reason? Individual board members or the board as a body could be sued for failing to make a prudent decision. The council should have D&O insurance for this kind of suit.

UMBRELLA LIABILITY

It is important to think of risks and perils in terms of whether or not they are catastrophic in nature. Since the death or injury of one or more people in an accident may turn out to be an economic catastrophe, the council should consider carrying umbrella liability for at least \$1 million. This is in addition to the basic limits of the council's comprehensive general liability and automobile liability coverage.

PROPERTY

At a minimum, insurance for fire, extended coverage, vandalism and malicious mischief should be carried on buildings and contents owned by the council and, ideally, for those for which the council is responsible. This includes the office and its contents. "All Risk" coverage, including burglary and theft, should be seriously considered, as well as flood and earthquake if those exposures are present.

Values should represent replacement cost of the property or the actual cash value (replacement cost less depreciation), not book value.

AUTOMOTIVE

Automobiles, vans, trucks, and buses owned, leased or used by the council or its agents should be covered by automobile liability insurance with substantial limits. A minimum of \$500,000 combined single limit is the minimum recommended; \$1 million or more is better.

The agents of the council include staff, volunteer leaders, day camp staff, child care workers and opening and closing camp personnel.

Age and value of vehicles should be considered when purchasing collision insurance. A larger deductible for collision insurance will decrease premiums.

ACCIDENT AND ILLNESS

All participants and guests in all programs should be covered by accident medical reimbursement insurance. A national Camp Fire accident program has been developed. The policy has no deductible.

While it may be assumed that most people participating in a Camp Fire program have medical insurance, a council is wise to purchase additional coverage. In case of an accident, the policy would be used first. This would help those people with a deductible on their own insurance and would show Camp Fire's concern for the well-being of all persons.

Insurance to cover both accidents and illnesses should be purchased for resident camp and other extended-living programs.

BONDING

A fidelity bond (often called a crime policy) should be purchased for all employees and officers of the council. During candy sales or other activities involving substantial sums of money, the fidelity coverage should be extended to cover volunteers who may collect money. It need not cover individual youth.

EMPLOYEE BENEFITS

Worker's compensation, whether compulsory or not, is strongly urged because of the increasing tendency of courts to make large compensation awards. Litigation, whether a claim is compensable or not, often extends for a protracted period of time and proves very expensive. This coverage may be obtained from an insurance company if it is not available from the state in which the council is incorporated.

Long-term disability coverage may or may not be compulsory in your state. It provides for non-occupational disability benefits. This coverage may be obtained from an insurance company. Your local insurance broker will be able to furnish details and advise you.

At a minimum, employees and their families should be offered medical and life insurance coverage. Other benefits, such as dental insurance, should be considered.

SPECIAL BENEFITS

When the council sponsors special events or projects for its program participants, the community or other councils, there are special insurance needs to consider. Such events often are not covered in your basic policies. For this type of insurance, it is important to begin early to shop for coverage. The availability and extra expenses of insurance must be considered when planning these events.

ANNUAL INSURANCE REVIEW

All insurance coverage of the council should be reviewed on a regular basis. Every year basic coverage needs to be analyzed; every two or three years the review should be more intensive. A special task force of the board may be appointed for this purpose, or a third-party insurance expert may be asked. It should not be done totally by the executive director/CEO or the council's current insurance agent(s).

The annual review should include an analysis of the coverage and limits of each policy, including what is *not* covered, and an assessment of changes in the value of buildings and other property being insured. Insurance coverage may need to be adjusted due to a change in program, council management, purchase or disposal of facilities or equipment, new construction or new regulations. A review of claims during the previous year should also be included. Claims records may indicate where new safety policies or practices should be instituted to reduce risks.

It cannot be emphasized too strongly that a thorough inventory of buildings, furniture, equipment, etc., owned by the council should be made annually. Inventory values should be checked against the sums insured to make certain that adequate coverage is actually in effect.

A more in-depth review should include reappraisals of property and equipment, a competitive analysis of premiums being paid and an evaluation of record-keeping procedures.

Each insurance review must be reported to the board. The minutes of that meeting should show that coverage was reviewed and risks considered.

INSURANCE TIPS

Here are some additional tips to help you monitor your council's insurance coverage and ensure protection of assets.

- Know what the council is not insured for. Ask what is excluded from coverage. Often this question reveals more than a statement of what is covered. If something is excluded, consider what needs to be done to reduce or avoid risks in this area.
- Have in one place a complete list of insurance policies, their limits and expiration dates, the policy numbers, the name and address of the company and the agent's address and phone number
- Have a record-keeping system that triggers attention to the expiration date of policies several months in advance. This will allow time for analyzing needs and shopping for the best coverage.
- Obtain competitive quotes from different insurers to find the best insurance at the best price. You should carefully consider the conflict of interest issues raised if you buy from an agent who happens to be a board member.
- Make your insurance agents your allies. Keep them informed of efforts to reduce or avoid risks. Be sure they understand the operations and programs of the council.
- Purchase only coverage that is needed, and avoid duplicate coverage on the same person or property.
- Know how to contact your state insurance commissioner. Build a positive relationship so you have an ally if problems arise. Know what protection the commission can offer against sudden cancellations or exorbitant rate increases.
- Maintain careful records of insurance policies, costs and claims. Annually review claims to identify areas of risk that need greater management attention.