

To Submit or Not To Submit

By: Alison Hanna, Claims Analyst

Did you ever wonder: “*Should I submit this claim, or should I wait? What happens if I submit the claim and it is under the deductible? Can filing a claim that in the end has no payout affect anything?*”

These are all good questions, so let’s address them beginning with *whether or not you should submit a claim.*

Sometimes we are faced with difficult situations, and we need to talk with someone, a person who knows our business and what the pros and cons may be of a situation. When it comes to insurance claims for your church, there is no better person to talk with than your agent. You should feel comfortable telling your agent what is happening within your church, and be able to turn to him/her when you are having doubts about submitting a claim.

All insurance agents are required to be licensed in their particular state, so they are a great resource for a general understanding of insurance, and the insurance claims process. All Insurance Board agents are uniquely qualified to handle church insurance questions, and address issues specific to your many ministries. They can explain to you the benefits of submitting a claim. For example, submitting a claim allows you to receive an official answer from the insurance company while creating a permanent record of the incident.

Which brings us to our next two questions: “*What happens if I submit the claim, and it is under the deductible?*” “*Can filing a claim that in the end has no payout affect anything?*”

When you submit a claim it becomes part of your loss history record permanently, and it is reflected as an additional claim regardless of your deductible. However, within the Insurance Board program, a claim with \$0.00 paid has no impact on the rating of your church.

On the other hand, if you are looking to place insur-

ance elsewhere, other companies reviewing your history may consider the claim as part of your loss history when pricing your account.

Additionally, while submitting a “below deductible” claim has no direct impact on your church, there is an impact to the Insurance Board program.

When a claim is submitted, there is a handling fee charged to the Program to investigate and adjust the claim whether or not there is ever an actual payment. These fees amount to tens of thousands of dollars to the IB every year which does affect you indirectly by affecting our ability to maintain services or provide new services to you such as:

- Subsidized electrical inspection services
- Free abuse prevention training services
- Subsidized background checking
- Property valuation services
- Risk management services on-call
- Complimentary webinars and on-site seminars
- Free resources

Therefore, if you have a claim and you are in doubt about what to do, or if you think the claim may be below your deductible, talk to your agent BEFORE submitting the claim. S/he will help you make the right decision for your church. Your agent’s contact information can be found on your invoices and your Memorandum of Insurance, or you can visit our website: www.InsuranceBoard.org and click Find an Agent.

Boiler Inspection Alert

Boilers are subject to annual state inspections and licensing. If you fail to relicense your boiler before the heating season begins, you may be **subject to fines.**

Be sure to respond to requests to inspect your boiler. If you participate in the Insurance Board program and find your boiler certificate is expired and you need an inspection contact:

Boiler Inspection Hot Line - 800-333-4677

Pol. No. 015048955 (Term 10/1/10-9/30/11)

(Insurance Board participants only)

Have your church name, address and policy number ready when you call.

T H E S T E W A R D

INSURANCE BOARD

Claims Corner

Carl Kotheimer, Director, Loss Control & Claims	216.736.3244
Joe K. Boyd, Manager, Claims Administration	216.736.3251
Alison Hanna, Claims Analyst	216.736.3250
Insurance Board	800.437.8830
You May File A Claim On-Line	www.InsuranceBoard.org

What's a Scupper?

All you sailors, put your hands down. You surely know already. And the rest of our readers wonder, what have sailing and “scuppers” got to do with my church?

We have reminded you before about cleaning your gutters to prevent ice dams and minimize surface water next to buildings. Most are familiar with gutters and their purpose.

Less conspicuous, nearly out of sight (and out of mind) and difficult to access are scuppers, the most common means to drain a flat roof (and a boat deck). Most flat roofs have a parapet wall surrounding which creates a virtual swimming pool, but for the scuppers.



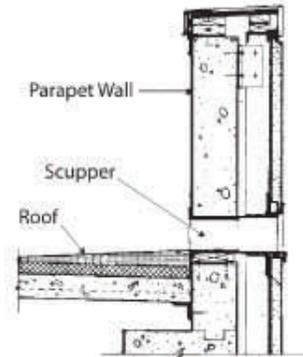
Scupper can easily become blocked by a combination of leaves and twigs. Then ice may build and block the scupper completely.

Some flat roofs are actually concave and use drains into the center of the building, called scupper drains. Whether interior drains or perimeter scuppers, the same results come from blockage.

Following heavy rain or heavy wet snow, the loading on a flat or concave roof that cannot

drain may exceed design limits. The results may include interior water damage, breakage of structural members, or, worst of all, complete collapse. You have seen news stories about retail buildings that have collapsed under heavy snow.

So, maties, if yer be expectin' fair sailin' this winter, climb aboard, be swabbin' yer (flat roof) decks and be swabbin' out yer scuppers.



Why Such High Limits? Do I Really Need That Much Insurance?

The Insurance Board program includes high limits of liability insurance, and so we often get asked this question. There is a legal principal in liability called “respondeat superior” – let the master respond - when anyone is performing work on behalf of your church in connection with your ministries, your church is responsible for their actions.

Example: Joe volunteers to drive his van carrying five players of your church soccer team to a game. You have not run a Motor Vehicle Record (MVR) check on Joe, which would have revealed two DUI convictions in the recent past. On the return from the game, Joe crosses the center line and hits a truck head on. He is killed along with a front seat passenger. Two other children have serious and permanent injuries – one is quadriplegic. Joe had minimum liability limits because he could barely afford insurance. Autopsy showed that Joe had a BAC (blood alcohol concentration) of 0.90 at the time of the accident. There is no doubt your church will be sued even though the victims are members of your own congregation. Uninsured/underinsured motorist coverage will not come close to the lifetime costs of caring for a quadriplegic – the costs can easily run to \$10,000,000!

With insurance limits of only \$1 or \$2 million, you can close down your church and hand over its few assets to the injured children. Would this be a just outcome for the children, or your congregation? Is this what you want for them? Your ministries place your church in positions of trust including care for your children and the public. While the most tragic events are rare, they do occur. Adequate insurance limits can soften the blow of tragic loss, provide for those who need it, and help preserve your church and its reputation as a caring community.

Sprinkler Systems: Not Like in the Movies

The next time you see an action movie, watch for the scene in which the fire sprinkler system is set off. Usually all of the sprinklers turn on at once, there's water everywhere, and the hero escapes. Pure fiction!

Standard sprinkler heads open only in response to the detection of heat above a certain temperature, say around 165F. Additional heads open only if the first opening cannot control the fire and reduce the temperature. As successive heads open water pressure drops. When this happens, the sprinkler heads may be able to control the fire spread but not put it out. Now you wait for the Fire Department to arrive.

How does the Fire Department know?

When a sprinkler head opens water flows, triggering an alarm which should be connected to a “central station” monitoring service. If all goes as designed, the Fire Department will come to put out the fire and turn off the sprinkler system.

But remember when you remodeled? The contractor had the sprinkler system turned off to move some sprinkler piping for the new lighting. Who told the “central station” it was turned off? Who told the central station it was turned back on?

When were water flow alarms tested? An untested sprinkler system is like a fire truck with a fuel leak. You may need it one day but it won't be able to “get there” with the water. Where sprinkler systems are



present, 25-30% of loss involves human failures including: improper installation; improper design; not tested; not maintained; or turned off. You need a contract for regular inspections and maintenance. Check your sprinkler system inspection record! Has it been over one year?

Safe Church Policy One Leg At A Time: Element 3

We continue our series with the third of six elements of Safe Church policy.

Even though all of the players on the football teams know the rules, it still takes a referee and six other officials to oversee an NFL football game. That is not because football players are inherently dishonest. During a game there are many “moving parts” going in different directions doing specific jobs. The rules are complex and sometimes require interpretation.



Judgment calls are required when the ball is down or a player crosses a field boundary. Did the ball cross the plane of the goal line? Officials must be positioned across the field to see and respond.

For similar reasons your Safe Church policy must have a **System for Monitoring Behavior**, the third leg of our six leg platform. The rules and behaviors required to protect children are not intuitive or “common sense”, as some would call them. They may be at odds with family culture, as explained in our previous article. Therefore, behaviors must be monitored. Youth leaders, specifically those who are youthful, may require more attention because they lack experience and judgment, and because they are more difficult to screen on arrival.

The connection between some rules and preventing abuse may not always be clear to some. Some may become sloppy or forget or be confused about the correct

method of execution. Think of the public’s current approach to Stop signs – What part of the word “stop” do they not understand? Regular observation and enforcement is required to assure consistency and understanding why.

In complementary fashion, appropriate behavior and positive interaction with children is to be encouraged, reinforced and rewarded.

Several strategies are required to monitor behavior:

- Develop a monitoring protocol and be prepared to respond immediately to inappropriate behavior either among children or between caregivers and children. That is, referees must be standing by, observing and prepared to act. Poor behavior must be corrected or redirected immediately.
- It is not only the leadership who must monitor behavior. All employees and

volunteers must be trained to monitor behavior, to know how and what to monitor. Monitoring responsibility must be built into job descriptions. This is not about “spying on each other”; it is a covenant among peers to support appropriate behaviors.

- A clear reporting structure is required to be sure problems get attention. There must be an alternative path, allowing that someone in the reporting structure is involved. There should be a climate in which encourages questioning to resolve confusion or uncertainty about behavior.
- Multiple monitoring methods are necessary. Direct supervision and regular evaluation is required on the one hand. Informal monitoring is also needed by random checking during activities and keeping in touch with caregivers and youth who may have regular off-site contact.
- As you document screening, training and security policies, it is also necessary to document monitoring processes. Formal reviews and notes are necessary. Employees and volunteers must know this is part of the routine.

Remember, policies and procedures have been created, first and foremost, to protect children. However, they are there also to protect your employees and volunteers as well as your church, your leaders, and your various ministries.

Understanding Workers Compensation

In all states, employers must provide workers compensation benefits for their employees. Coverage applies to all employees, whether full or part time. Some states extend benefits to volunteers, and only a few states exempt churches.

Most important, workers compensation is a “no fault” benefit. It does not matter if the injury is the employee’s fault. If the injury

occurred within the scope of employment, it is covered.

Next, it is the **primary benefit**, providing both medical treatment and disability income as prescribed by the state. It is not appropriate to substitute by paying for medical bills out of petty cash or by submitting a “medical payments” claim under general liability. That is, do not attempt to

“hide the ball”. Report the claim properly. Timely reporting of claims is critical because **delayed reporting** may result in **penalties**.

For more information about employer obligations, see the article titled “**Workers Compensation – a Primer**” at http://www.insuranceboard.org/safety_solutions/people_safety_liability.

Oil Storage Tanks—Beware of Leaks (Lessons from a Loss)

In New England, especially, where oil heat is common, it's time to fill the tank for the winter. While you are at it, it's a good time to check very carefully for leaks. While underground tanks are thoroughly regulated and require monitoring, the same kinds of standards for smaller above ground tanks commonly used for fuel oil are not in force.

Now keep in mind that **no normal insurance policy will cover events related to pollution.** The language is very clear.

A church in New England housed their oil tank in the church basement. It had no curbing around it to contain a leak. Last year the tank rusted through and spilled its contents onto the floor, which drained into the sump. The sump pump very efficiently

pumped the liquid outdoors. Once outside, it flowed into a nearby pond. The church now faces the cost of cleaning up the affected soil and the pond.

Inspect your oil tank thoroughly. Budget for a replacement if you are concerned. Install curbing around your tank, whether outside or inside, to help contain a spill.

Do you need releases and permission slips for youth activities?

When you attend certain activities that have an element of physical risk, you may be asked to sign a release. Such activities might include horseback riding, whitewater paddling, bungee jumping and similar higher risk activities. A release form is also common to organized sports, including soccer, baseball and football, activities which might be sponsored by your church.

But releases are not bulletproof protection and must be used carefully. They do not prevent lawsuits necessarily. Different courts in different states may view any one release differently. Some will be enforceable and some will not.

Especially in connection with children's activities, releases may not be enforceable. The issue for the courts is whether a parent has the right to release the claim of a minor child – many courts will not enforce such a release.

Nevertheless, if you are sponsoring a youth activity it is essential to have the permission of parents/guardians, especially because parents may not be accessible for critical decision-making if the child becomes ill or injured.

Permission should include the following elements:

- Consent to participate in specific activities – be sure to list them out.
- Parents' certification that the child is able to participate where skills are involved, such as swimming.



- Parents' identification of medical conditions which might affect participation (e.g., asthma) or flair up unexpectedly (e.g., bee sting allergy).
- List of forbidden activities (e.g., bareback horse riding, swimming).
- Authorization to a specific person to make medical decisions, usually a responsible leader of the activity.

Because laws and customs vary by state, we strongly recommend that you seek legal counsel when creating releases and permission forms to assure they will be effective.

NOTE: The "medical payments" benefit of the Insurance Board (and most other) program is "excess" coverage. Which means, a family's health insurance will be expected to respond to medical bills first. This should be made clear on your permis-

sion form. Consult your Insurance Board agent for additional understanding.



The Steward is the joint effort of:

Carl J. Kotheimer, Director
Loss Control & Claims and
Elizabeth Vance, Marketing &
Communications Coordinator

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electronic newsletter.



Insurance Board
700 Prospect Ave
Cleveland, OH 44115
800.437.8830