

Section	Insurance
Standard	Administration
Type	Required
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## Overview

“Nothing [is] certain except death and taxes,” said Ben Franklin.

That’s why we need insurance – for all the uncertainties that might occur, like windstorms, fires, accidents, and lawsuits.

However, insurance comes with strings attached. It imposes conditions upon the policyholder before and after a loss.

The requirements before a loss primarily involve declaring insured exposures. Failure to declare required exposures could leave you uninsured.

The requirements after a loss include mitigating damages and seeking the insurer’s consent before incurring expenses.

## Organizations

The fundamental aspect of all insurance is establishing the covered parties. In the world of commercial insurance, that means identifying all active and inactive organizations with a Federal Employer Identification Number.

Inactive organizations must be included under “claims made” policies because the policies cover claims made today for events that happened in the past.

The status of a company is also required because it determines whether the organization is creating “new” potential loss under the policy. An inactive organization only has risk for past activities.

### **Structures**

A property policy covers damage to scheduled structures and contents that results from a covered cause of loss. A structure is anything permanently affixed to land. In legal circles, it’s called real property. This includes things like buildings, gazebos, shrines, stadiums, fences, and sea walls. If the structure is not scheduled, it is not covered.

Structures under construction require special insurance called “builders risk”. Builders risk covers the structure until completed. After that, coverage is provided under the property policy. In some cases, Builders Risk coverage is provided by the contractor. However, it is usually best for the building owner to place coverage. That’s because the party that buys coverage controls the policy. They pay the premium, receive notices, make policy changes, and submit claims, which puts that organization in the driver’s seat.

### **Inspections**

State and local laws require regular inspections of boilers and elevators. The specific requirements vary by type of system and by state and local jurisdiction. Failure to comply with the applicable inspection requirements will likely result in fines and penalties.

Federal law also requires routine monitoring of any school building with asbestos building materials. Formal inspections are required every three years and surveys every six months.

### **Fine Art**

Property policies cover the cost to repair or replace property at the time of the loss. The cost of replacement is usually straightforward. It is simply the cost to replace the item at today’s cost.

However, valuing one-of-a-kind objects, like artifacts or paintings, is more difficult, like artifacts or paintings. In those cases, it is important to secure an appraisal so the object can be insured at its intrinsic value.

### **Automobiles**

Automobiles are another type of asset, like structures, that must be scheduled in order to be covered. While commercial auto policies usually extend liability protection to any vehicle, physical damage coverage is typically restricted to scheduled vehicles.

That is why an insured should always buy the physical damage coverage option from a rental company along with the loss of use coverage. Loss of use covers the rental company's lost revenue while a damaged vehicle is being repaired.

## **Employees**

The types of liability coverage relating specifically to employees are Employment Practices Liability and Workers' Compensation.

Employment Practices Liability insurance is liability protection for the employer from any actual or alleged wrongful employment practice. The greatest source of negligent acts arises from wrongful terminations. That's because there is a complex web of law governing employment relationships. An employer can do everything right and still be wrong. When a claim is litigated, most cases result in the employee's favor. That's why many employers consult an expert before making any termination decisions.

Workers' Compensation is a no-fault benefits system that pays an employee's lost wages and medical expenses that result from a work-related injury. The system is called no-fault because benefits are payable even when the employer did nothing wrong.

Most states require employers to provide evidence of insurance, in the form of a posting notice along with the eligible medical providers. The posting notice and medical network must be displayed in a common work area like a lunch room at each workplace.

In addition, Workers' Compensation insurance requires a list of workplaces. A workplace is location owned or leased by an insured and residential addresses of any telecommuters.

## **Medical Facilities**

A commercial liability policy typically covers the entire operation of a covered organization, on and off-premises, unless excluded or restricted by endorsement.

A typical exclusion involves liability resulting from medical professional services. Separate medical coverage can be purchased but it is typically restricted to scheduled operations and in all cases limited to named physicians.

## **Evidence of Insurance**

There are three primary of providing evidence of insurance. Of course, the actual policy is one way, along with Auto Identification Cards and Certificates of Insurance.

### Insurance Policies

An insurance policy is a nearly perfect way of evidencing coverage. A policy includes every specific element relating to coverage, after all, it is the contract that will be used to pay claims made against the policy.

However, a policy lacks one important element. It does not indicate whether the coverage is currently in-force. The policy may have been cancelled by the policyholder or insurer.

A Certificate of Insurance solves that problem, in exchange for giving up the specifics of the risk protection.

### Auto Identification Cards

An Auto Identification Card (ID Card) is a form of proof of insurance, like a Certificate of Insurance, evidences that an automobile is insured in accordance with the requirements of the state where the vehicle is registered.

An Auto ID card is required for police stops and vehicle inspections. A copy must be kept with the vehicle at all times.

In addition to paper Auto ID cards, now every state except New Mexico accepts electronic images.

### Certificates of Insurance

A written contract is an agreement between two parties. Many contracts require that one or both parties carry certain types and amounts of insurance, during the term of the agreement, and provide continuous evidence of such coverage in the form of a Certificate of Insurance (COI).

A COI is issued by the policyholder's insurance company or broker. The document verifies the existence of insurance coverage along with certain key features that includes the policyholder's name, insurer company names, coverage types, policy numbers, policy effective and expiration dates (policy periods), and limits of insurance. There are also checkboxes for Additional Insured status and Waiver of Subrogation.

Any special conditions or requirements are typically documented in the Description of Operations field at the bottom of the COI.

The Certificate Holder, the party requiring evidence of coverage, is identified at the bottom of the COI.

A COI is a useful tool for verifying the existence of coverage at a particular point in time. But, that's about it.

As a summary document, a COI does not provide definitions, exclusions, or a schedule of endorsements. So, while the certificate may evidence the "required insurance", there may be an exclusion or restrictive definition or endorsement that essentially nullifies the insurance under certain circumstances.

In addition, to make matters worse, the COI states that it "confers no rights on the Certificate Holder", nor does it "amend, extend, or alter the coverage afforded by the policies." Therefore, any inaccuracies in the COI have no effect on coverage. The most common omission is when the Policyholder's broker fails to secure the required endorsement to add the Certificate Holder as an additional insured.

And while the COI states that the Certificate Holder will be notified if a policy is cancelled, the obligation is typically only an agreement to “endeavor” to provide notice and almost never extends to a material change in terms and conditions.

Nevertheless, a COI is better than nothing.

*Updated 5/14/2020*

## **Requirements**

### General

1. Contact the Risk and Insurance Program by email at [RiskServicesAOP@PorterCurtis.com](mailto:RiskServicesAOP@PorterCurtis.com). Use this email address for all inquiries except where a different email address is provided.
2. Contact the Risk and Insurance Program by phone at 877-852-5246.

### Organizations

1. Verify that your schedule of organizations in Quadra includes all active and inactive organizations. The list of organizations is in the account hierarchy.
2. Report any new organizations with a Federal Employer Identification Number thirty days before commencing operations. Any updates will appear in Quadra.
3. Report any organizations that discontinue operations. Quadra tracks the status of organizations in the account detail module.

### Structures

1. Report structure changes to [StructuresAOP@PorterCurtis.com](mailto:StructuresAOP@PorterCurtis.com).
2. Verify that your schedule of structures in Quadra includes all buildings and any other property affixed to land with replacement value in excess of \$50,000 (i.e. bleachers, swimming pools, boardwalks, and gazebos). Your covered structures appear in the Structures module. Only scheduled structures are covered.
3. Report the purchase of a new structure. The structure is covered as of the later of the date reported or acquired. The additional structure will appear in Quadra in the Structures module.
4. Report any new building construction prior to engaging a contractor. Any covered structures under construction will appear in Quadra in the Structures module and will be designated as under construction in the occupancy field. You can display the occupancy in your structure list by updating the column list.
5. Report the sale or demolition of any structure. The structure will be dropped as of the effective date of sale or demolition. You can display inactive structures in Quadra in the Structure module.

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### Inspections

1. Monitor boilers and other regulated objects for current inspections.
2. Monitor elevators for current inspection certificates.
3. Verify your schedule of boilers and other systems reflects all regulated objects. Boilers and other regulated systems are tracked in Quadra in the Other Exposures module.

### Fine Art

1. Verify that your schedule of fine art objects in Quadra includes all objects valued at \$10,000 or greater. Fine art objects are tracked in the Other Exposures module.
2. Report any new fine art object valued at \$10,000 or greater. The object is covered as of the later of the date reported or acquired. The additional object will appear in Quadra in the Other Exposures module.
3. Report the sale or destruction of any scheduled fine art object. The object will be dropped as of the effective date of sale or destruction. You can display inactive objects in Quadra in the Other Exposures module.
4. Upload appraisal documents to fine art object records in Quadra in the Other Exposures module

### Automobiles

1. Report auto changes to [AutosAOP@PorterCurtis.com](mailto:AutosAOP@PorterCurtis.com).
2. Secure auto coverage on any out-of-state registered motor vehicle. Only minimum state required limits are needed. The Insurance Program will provide excess liability and auto physical damage coverage. The auto identification card provided by the out-of-state insurer is the state compliant auto ID card for the vehicle. Any required certificates of insurance must be issued by the out-of-state insurer. Any additional required coverage will be evidenced by the Insurance Program. Separate insurance is required because the Diocese's self-insurance authorization only applies to Pennsylvania.
3. Verify that your schedule of vehicles in Quadra includes all autos owned or leased by your location or by any priest assigned to your location. Your covered autos appear in the Vehicles module. Only scheduled autos are covered for physical damage.
4. Report any new automobiles. The additional vehicle will appear in Quadra in the Vehicles module.
5. Report the sale or destruction of any automobile. The auto will be dropped as of the effective date of sale or destruction. You can display inactive autos in Quadra in the Vehicles module.

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6. Maintain a current auto identification card in the glovebox of each vehicle. A copy of the state compliant auto ID card, other than for out-of-state motor vehicles, is available in Quadra in the Vehicles module under the Action feature of the vehicle record.

### Employees

1. Consult with a Human Resources expert in advance of any employee termination and document the conversation. The record will be needed in the event a wrongful termination claim is made.
2. Annually report any out-of-state telecommuters.
3. Report any new out-of-state telecommuters thirty days in advance.
4. Display the current Workers' Compensation posting notice in a common employee area at each workplace.
5. Display a current medical panel in a common employee area at each workplace.

### Medical Facilities

1. Annually report any medical facilities.
2. Report any new medical facilities thirty days in advance.
3. Report the engagement of doctors thirty days in advance, regardless of whether engaged as employee, volunteer, or independent contractor.
4. Report the termination of any doctor within thirty days of termination.

### Certificates of Insurance

1. Send Certificate of Insurance requests to [CertificatesAOP@PorterCurtis.com](mailto:CertificatesAOP@PorterCurtis.com).
2. Submit the Certificate Request Form and along with a copy of the contract for review.
3. Your outgoing Certificates of Insurance appear in Quadra in the Certificates module.

### **Internal Resources**

#### [Certificate Request Form](#)

*Updated 7/6/2020*