

~ ~ ACCIDENT PREVENTION/INSURANCE RISK ~ ~
INFORMATION
 SEPTEMBER 2013



2013 ACCIDENT PREVENTION SEMINAR

If there are any state chairmen invited to the upcoming seminar who have not turned in their form, please do so immediately. Without this form, we are unable to book an airline ticket or make room reservations. If you find you are unable to attend this year's seminar, please notify the Insurance Department as soon as possible (1-773-755-4714).

Additionally, anyone who has not turned in their Activities Status Report for 2013 should turn it in as soon as possible (or have it with them when attending the scheduled seminar), so that I may include the figures from your report in my reports to the Insurance Subcommittee.

**VOLUNTARY WORKERS COMP PROGRAM FOR LODGES
 (CAN INCLUDE VOLUNTEER COVERAGE)**

By now, all eligible local Lodges should have received a communication from Lockton Risk Services offering participation in a voluntary Workers Comp program. This program provides individually written policies that offer the following benefits:

- ◆ This program can provide lower rates by using the "clubs not otherwise classified" rate, which is lower than the rates usually applied.
- ◆ There are no surcharges made under assigned risk plans or for small groups.
- ◆ Most importantly, coverage can be obtained for volunteers in most states (if the Lodge chooses to do so).

Offering volunteer coverage may help those Lodges concerned by the fact that secondary medical payments were eliminated under the Master Liability Program. However, the following exceptions must be noted:

Workers Comp Offered Through the State (Monopolistic States)	States That Do Not Allow Coverage for Volunteers
<ul style="list-style-type: none"> ◆ North Dakota ◆ Ohio ◆ Washington ◆ Wyoming 	<ul style="list-style-type: none"> ◆ Connecticut ◆ New Jersey ◆ Texas ◆ Wisconsin

It is recommended that all eligible Lodges obtain a quote to see if they would benefit from this voluntary program. Please contact **Lockton Risk Services** at **1-877-735-6349** with any questions.

Do not call the Elks Insurance Department or Aon Affinity Services.

Inside this issue:

Construction at Lodges	2
Roof Maintenance	2
Service of Alcohol	2
Limiting Potential for Claim Demands	3
Halloween	3
Release Forms/Indemnification	4
Parades	5
Liability Insurance Program Booklet	5
Prepare for Disaster/Loss	5
Fidelity Losses	6
Miscellaneous Tips	6



**OUR KIDS ARE BACK IN SCHOOL,
 SO PLEASE DRIVE SAFELY.**

CONSTRUCTION AT LODGES

When there is to be construction at a Lodge, management must be aware of possible problems. This applies to repairs, partial construction and total renovation.

- In every case, those doing the work should indemnify the Lodge from any claims arising out of the work, except in the case of the sole negligence of the Lodge. The party doing the work must name the Lodge as additional insured under its general liability policy (this should be done, even if the contractor is a member).
- To protect the Lodge, make sure the work being done is guaranteed.
- The Lodge should never take on the role of general contractor. If the Lodge takes on this duty, it creates possible obligations and duties the Lodge is neither capable of performing nor properly covered for by the Master Liability Program. Lodges should not be misled by potential subcontractors or others providing bad advice in this regard.
- When constructing a new building; putting on an addition; or making substantial renovations, the Lodge must contact Aon Affinity Services at 1-800-421-3557 to make sure proper coverage is obtained (please note a new building requires builder's risk coverage, so a Lodge should contact Aon before construction begins). Always consider full or partial sprinkler installation if the Lodge has sufficient water pressure.



SERVICE OF ALCOHOL

The first principle in the service of alcohol is to never serve anyone approaching intoxication. It is the Lodge's duty to accomplish this by controlling all aspects of service and being observant while serving alcohol: stop service to anyone approaching intoxication; don't let others buy drinks for anyone who might be approaching intoxication; and stop service to anyone else in the group if it is believed they will pass drinks on to offending individuals.

Never allow patrons to serve themselves (for example, no beer kegs). Everyone from Lodge management to the employees/volunteers must know their position depends on their ability to strictly enforce this policy.

The service of alcohol must not be viewed as a means of finance for the Lodge; it must be viewed as a privilege the Lodge extends to members and their guests—a privilege that has strict guidelines. This is not a commercial bar/restaurant situation; this is an accommodation for the membership that must include inflexible rules. Cutting off an individual who is approaching intoxication or not serving them in the first place is better than generating a million-dollar claim.

Outdoor activities make the service of alcohol difficult to control, but Lodges must remain vigilant. If it is impossible to monitor the service of alcohol, don't serve it.

ROOF MAINTENANCE

Each year, many legitimate roof claims are submitted under the Self-Insured Property Plus Program. Unfortunately, we also receive a few claims involving water leakage and/or damage to contents that developed because the Lodge failed to properly maintain the roof.

Regardless of the building materials involved, all roofs suffer wear and tear and will eventually need to be replaced; however, this lifespan can be extended through proper maintenance.

The purpose of the Property Plus Program is to pay for unexpected losses; it was not meant to pay for a covered facility's maintenance costs. This means the Property Plus Program will not pay to replace a roof when a claim is made that involves a Lodge's lack of maintenance or necessary replacement.





**LIMITING POTENTIAL FOR CLAIM DEMANDS
(RV AND TRAILER UNITS/PARKING)**

Many Lodges offer facilities that accommodate RV’s and trailers. For Lodges located in southern and western states, this is particularly true during the winter months.

Each Lodge should review its policy with reference to safety and make sure the Lodge is not accepting responsibility for these units. The Lodge cannot be a guarantor for damage done to these units or for liability claims arising out of these units being parked on the local Lodge’s property.

It is suggested that every Lodge have each RV/trailer owner sign an agreement that includes the following language:

Use Agreement for RV’s and Trailers for Lodge No. _____

In consideration for being allowed to park my unit in the appropriate area designated by the Lodge, I hereby agree to indemnify and save harmless the Lodge from any and all claims and expenses arising out of my parking or use of the facilities, except for the sole negligence of the Lodge. I further agree that no claim for damage to my property will be made against the Lodge under any circumstances and that any rights of subrogation for damage to my property are waived.

Unit Owner _____
DATE

It is also recommended that every Lodge post signs in the parking lot and throughout the RV/trailer facilities that state:

Notice

This facility is not responsible for any damages or loss to any vehicle parked at this location. Anyone parking in this facility’s parking lot or using the Lodge’s RV/trailer facilities does so at their own risk.

HALLOWEEN

Many Lodges have various types of activities at Halloween, such as haunted houses, costume parties, etc. The Lodge should carefully review the plans for these activities to make sure they are conducted in a safe manner:

- Construction of any props or facilities should be done properly and in a sturdy fashion with a recognition of the prospective traffic and the abuse of wear and tear expected during celebrations.
- All fire codes must be followed; every effort should be made to ensure that all materials are fireproof or fire resistant.
- Planning for crowd control must be done to avoid potential injuries caused by panic or heavy attendance.
- Any food served during these events must be handled in a sanitary manner in compliance with health code regulations.





RELEASE FORMS/INDEMNIFICATION

It has come to my attention that many Lodges conduct events such as car shows, flea markets and other events where groups of people or organizations are allowed to use the Lodge facilities or participate in some sort of an event held by the Lodge. Lodges are also conducting events involving individual participation, such as sporting events or other forms of activity. With this in mind, I must refer you to the *Liability Insurance Program* booklet, which is also the Master Liability Program policy. Pages 10-11 indicate what is required of organizations and/or individuals that rent/use the Lodge facilities (see indemnity agreement provided below). The following are two release forms that can be used to protect the Lodge from claims made by individual participants:

Release for Group Events

I, (participant's name), for being allowed to participate in (event name), agree to indemnify and hold harmless the (Lodge name, number), its officers, employees and members from any claim and/or attorney fees arising out of my participation in this event, except for the sole negligence of the Lodge. I further agree the Lodge is not responsible for damage to my property and waive subrogation on any insurance policy I may have.

Signature

DATE

Release for Individual Participating in Sporting Events

I, (participant's name), for being allowed to participate in (event name), agree to indemnify and hold harmless the (Lodge name, number), its officers, employees and members from any and all claims or injury to myself arising out of my participation in this event.

(If the participant is a minor, a parent or guardian must sign, thereby providing permission for the named minor to participate in the named event).

Signature

DATE

Indemnity for Groups or Individuals Renting/Using/Leasing Lodge Facilities

For valuable consideration, the receipt whereof is hereby acknowledged, _____ does hereby agree to indemnify and hold harmless the (Lodge name, number) from any and all claims, costs of defense or expenses arising out of (description of activities), except for the sole negligence of the Lodge. _____ further agrees to name the Lodge as additional insured under their general liability policy, which will be obtained from an insurance company the Lodge finds satisfactory and provide the Lodge with: (1) a separate endorsement reflecting the Lodge's status as an additional insured; (2) a provision in the policy for thirty (30) days' notice of cancellation or material change; and (3) evidence of the following insurance coverage (such coverage and certificate must be issued without any disclaimers or limitations):



COVERAGE

AMOUNT

General Liability

\$1,000,000 per occurrence
(including products and contractual liability)

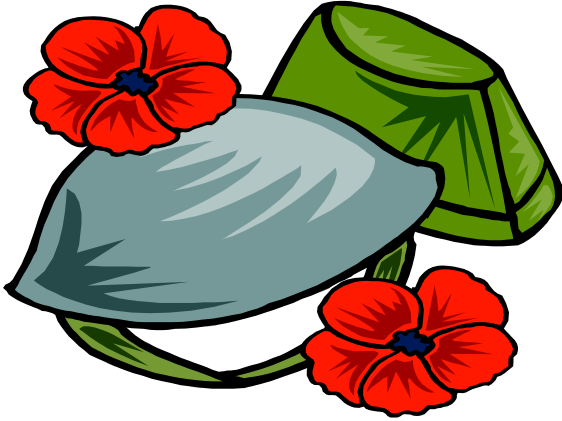
Automobile Liability
(where applicable)

\$1,000,000 per occurrence

Workers' Compensation
(where applicable)

Statutory

Amounts of required coverage mentioned above may be increased or decreased depending on circumstances.



PARADES

The Master Liability Program can not assume responsibility for conducting a parade. In most cases, the city, state or county will want to be named as additional insured under the Elks Master Liability Program, but such certificates will not be issued. The sponsoring Lodge must purchase separate independent parade insurance. For example, many Lodges sponsor Mardi Gras parades and always have extensive independent insurance coverage.

If any Lodges do attempt to sponsor a parade, the Lodge should also make sure that all outside participants indemnify the Lodge and name the Lodge as additional insured under that entity's general liability policy (in addition to obtaining parade insurance). In order to finance the necessary independent insurance, the Lodge can charge the outside entities a fee to participate.

If a Lodge is only participating in a parade being sponsored by others (with a float or vehicle), the Master Liability Program will provide a certificate of insurance if required. To repeat, the only prohibition is if a Lodge attempts to be responsible for the total parade.

LIABILITY INSURANCE PROGRAM BOOKLET

Earlier this year, the *Accident/Claim Prevention Manual* (Fifth Edition) and two copies of this year's *Liability Insurance Program* booklet were mailed to all Lodge Secretaries. As a representation of the Self-Insured Master Liability Program's liability insurance policy, one copy of the *Liability Insurance Program* booklet must be in the Lodge Secretary's office; the second copy is for the Lodge accident prevention manager. All Lodges should become familiar with the coverage and exclusions as listed on Pages 4-7. It is also very important for Lodges to familiarize themselves with Pages 10-11, which state the rules Lodges must follow if other parties are allowed to use the Lodge. Regardless of whether the facilities are rented or donated, anyone using the facilities must indemnify the Lodge and name the Lodge as additional insured.

To review, print or download the manuals named in this article, visit www.elks.org/grandlodge/manuals/.

PREPARE FOR DISASTER/LOSS

As suggested in the *Accident/Claim Prevention Manual* (Page 6, Section C), every Lodge should have a plan in the event of a property loss or equipment malfunction. If at all possible, Lodges should have a service contract with reputable contractors such as plumbers, electricians, heating/cooling repairmen, etc. Such arrangements can usually be made at no cost with the provision that the contractor obtains all necessary work orders and is available for any emergencies in a timely fashion.

However, please note it is imperative that these contractors provide a certificate of insurance on a yearly basis that names the Lodge as additional insured. Such service contracts should also provide the Lodge with indemnification against the contractor's negligence.

When a property loss occurs, the Lodge must immediately report the property claim to a member of the Elks Team at Aon Affinity Services (1-800-421-3557). After compiling a brief description of the loss, Aon will forward the property claim to Gallagher Bassett Services for review. One of our claims adjusters at Gallagher Bassett will in turn work with the Lodge and the Elks Team at Aon to guide the Lodge through the claim process. In all cases, the Lodges must make every effort to minimize damages and protect exposed property.





FIDELITY LOSSES

Local Lodges of the Order rarely experience losses from officers and managers but, when such losses do occur, they can be devastating to the financial status of the Lodge and to the morale of the Organization. The same goes for employee theft.

Every Lodge must be aware of the potential for such defalcation and make every attempt to avoid such disruptive types of losses.

1. No one person (officer, manager, etc.) should be allowed to operate or perform functions for the Lodge without someone looking over that person's shoulder. Lodges should never allow individual approvals of contracts, large purchases, or any other significant event that could have lasting effects on the Lodge. Procedures for group approvals must be followed (please note that officers and Lodge trustees must communicate with each other at all times and should never act unilaterally).
2. Lodges should require two signatures on all checks; assigned Lodge officers should verify the legitimacy of the originating purpose behind the check request. In addition, such payments should receive appropriate approval from the Lodge.
3. If credit cards are used, care should be taken as to who is allowed to use the credit cards. In this instance, a separately appointed officer should review charges and make sure an accounting is done each month.
4. Any persons handling cash (officers, trustees, volunteers and employees) should be required to provide a record of such transactions on a daily basis (to the extent possible). On a periodic basis, such individuals should be observed and monitored for improper handling practices.
5. Lodge management should review operational results to determine if a possibility of loss exists. For example: the product use is the same as in prior years but the restaurant sales indicate a decline in profitability or a decline in sales (in effect, this is a good sign of theft). An analysis of operational results must be done on a periodic basis.

MISCELLANEOUS TIPS

Bingo: A large portion of the total claims made come from bingo operations; however, a well-managed Lodge can eliminate these claims through proper planning:

- ◆ Control traffic.
- ◆ Make sure there are no pathway obstructions.
- ◆ Be sure floor surfaces are level and free of any debris.
- ◆ Realize the group may include elderly persons or persons with disabilities.
- ◆ Keep in mind that, as a whole, the group appears to be litigious.

Employment Discrimination: Every Lodge should establish and follow a personnel policy that provides a means for an employee to register a discrimination claim. The general outline of such a program is in the *Accident/Claim Prevention Manual*. Lodges that do not establish such a program can be subject to great difficulties in defending a claim, even a totally frivolous one.

Service of Alcohol: Never consider self-service drinks, which are totally unacceptable from a safety point of view and can violate local liquor laws. Regardless of whether the trained bartenders are paid employees or simply volunteers, they must be the ones serving alcoholic beverages to members and their guests.

Food Service: All health department rules must be observed in the Lodge kitchen; a clean kitchen in good repair is imperative. If a Lodge cannot maintain such a kitchen, it should be closed. Lodges should also be wary of food brought to the Lodge by volunteers or others. If there is any question about the preparation, storage or transportation of such items, these items should not be served.

Signing Documents: Documents must be reviewed by the Lodge attorney (or a person knowledgeable in contract matters) before a Lodge officer or anyone else signs any type of document that obligates the Lodge to indemnify or hold another party harmless.

