

ACCIDENT PREVENTION/INSURANCE RISK INFORMATION SPRING 2015

ATTENTION: STATE ACCIDENT PREVENTION CHAIRS

ALL State Accident Prevention Chairs will be invited to this year's Accident Prevention Seminar, which will be held on **Saturday, October 3rd** (additional information will be provided at a later date).

APRIL 1ST PROPERTY PLUS INSURANCE RENEWAL

The 2015/2016 Certificates of Coverage, Property Plus Insurance Guides and invoices will be arriving over the next several weeks (each is being mailed separately this year):

Property Plus Certificates of Coverage

Renews the coverage previously selected for Lodge building(s) and contents effective April 1, 2015. Once again, building values have been increased for inflation, but there is no increase in your assessment (despite the higher building coverage limit). Please review these Certificates of Coverage for accuracy. It is important that Lodges pay close attention to the specific items below and immediately contact Aon at 1-800-421-3557 if any discrepancies are found:

1. Verify that **all** Lodge buildings are listed. If a building is not listed on the Certificate, it is not covered—unless the Lodge carries a blanket building limit.
2. Review the Lodge's Business Personal Property limit (the amount of coverage on Lodge contents). Use the enclosed Business Personal Property Inventory Guide to help estimate the replacement cost for all Lodge contents (the cost of those items today, not what was paid for them when they were purchased).
3. Business Income coverage is the amount of insurance available to replace income the Lodge might lose if a major, covered loss prevented the Lodge from continuing business operations (includes extra costs incurred to move operations elsewhere and any lost rental income). Determine if the normal limit of coverage is adequate (\$150,000).
4. **Flood/Earthquake coverages are not provided under the Property Plus Program** (except for certain types of scheduled property). Contact Aon for a quote.

Property Plus Insurance Guides

The Property Plus Insurance Guide explains coverage provided under the Property Plus Program in further detail. Please review this booklet to enhance your understanding of the Program Structure and coverage provided. It will also explain the Program's Self-Insured Retention on the policy, which is borne by the Property Plus Program (each Lodge is responsible for its selected deductible). All Lodges should make every effort to avoid losses that could increase the costs incurred by this self-insured program.

Invoices/Finance Agreements from AFCO

Invoices are being sent directly from AFCO; Lodges that choose the financing option should sign the Premium Finance Agreement provided and submit it with the down payment (please note Lodges with overdue balances **WILL NOT** be allowed to choose the financing option with AFCO).



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SELF-INSURED PROPERTY PLUS PROGRAM • (STATUTES OF THE ORDER, SECTION 4.232)

As noted in the Statutes, all Local Lodges must participate in this Program, which provides coverage on buildings and contents on a replacement-cost basis without the application of co-insurance requirements. In addition to insurance on Local Lodge buildings and contents, **the Property Plus Program also includes fidelity (crime) coverage, which satisfies the statutory bonding requirements in the Statutes of the Order (with the minimum coverage level of \$50,000).**

Premiums are based on the building values on file with Aon (Lodges must contact Aon at 1-800-421-3557 to determine whether a free property appraisal has been done in the last five years to establish current replacement values). Local Lodges with no building to insure and little or no business personal property (contents) are exempt from mandatory participation in the Property Plus Program; however, such Lodges can still purchase the fidelity (crime) coverage through the Property Plus Program for a minimal premium.



MASTER LIABILITY PROGRAM

Effective April 1, 2015, the Self-Insured Master Liability Program will provide \$6 million coverage per occurrence for general liability, contractual liability and liquor liability coverage (the terms of the Program remain unchanged).

Lodges will have online access to the new Self-Insured Master Liability Program booklets as soon as possible; Lodge Secretaries should begin receiving hard copies in the mail no later than mid-May.

LODGE ACCIDENT PREVENTION MANAGERS

As per Section 12.070 of the Statutes, all Lodges must appoint an accident prevention manager who, along with any additional deputies, must utilize the *Accident/Claim Prevention Manual*; the *Liability Insurance Program* booklet; and good common sense to ensure that their Lodge operates in a safe and efficient manner.

THIS IS IMPORTANT—District Deputies will check for compliance.

SPRING CLEANING/FIX-UP

For Lodges in locations that have had a winter with ice and snow, spring again approaches. The list below is just a sample of what Local Lodge should do to prepare for the increased activity that warm weather brings:

- Parking lots and open-air areas may have damage or need maintenance; plans should be made now to make appropriate repairs
- Clean or remove any hazards that might result in claims being made during the spring and summer months; particular attention should be given to entrances and stairs.
- Fully inspect all areas in the Lodge that will experience an increase in activity.
- Properly mark and block access to areas that are not to be used by members and/or guests.
- Make sure that all multi-leveled areas are clearly marked or blocked (stages, dance floors or multi-level rooms).
- Most importantly, make sure that those responsible for serving alcohol (employees and volunteers) are properly trained to never serve anyone approaching intoxication. When in doubt, don't serve the patron.

PARKED AUTOMOBILES/RVS

Local Lodges should note the Self-Insured Master Liability Program is not responsible when automobiles and/or RVs are damaged while parked on Lodge property; no payments will be made to reimburse owners for any such damage.

Vehicle owners/operators park at their own risk; they must seek recovery from their own insurance carrier.

AUTOMOBILES/TRUCKS/BUSES

As a repeated thought, no Lodge should ever own an automotive unit:

- ◆ There is no coverage under the Self-Insured Master Liability program.
- ◆ Lodges must buy local insurance, which is expensive. The Lodge would probably not be able to get more than one million dollars in coverage and possibly considerably less than that. If a Lodge were to have any type of catastrophic loss, especially involving buses, the low limits of coverage could result in a judgment that would take all the Lodge's assets.
- ◆ There is no logical business or efficiency reason for a Lodge to own any vehicles licensed for road use.



DISCRIMINATION/SEXUAL HARASSMENT POLICY

Every Lodge should establish a discrimination/sexual harassment policy. For more information on what should be included in this policy, please refer to the *Accident/Claims Prevention* manual (Code 513100) and the *Discrimination and Harassment Guide* (Code 510900).

If Lodges adopt the policies discussed in these booklets and implement the procedures they outline, Lodges will have reduced the possibility of having a damaging claim filed.

Of course, every Local Lodge should also consider obtaining D&O/Employment Practice coverage. To participate in the voluntary discounted D&O/Employment Practice Program offered through Chubb, please contact the Elks Team of Aon at 1-800-421-3557. Local Lodges can also visit/register on www.chubbworks.com for articles that provide additional information on how to avoid claims.



MOTORCYCLES

Many Elks members participate in organizations or groups that promote motorcycle riding in general but also as a way to generate charitable funds. The Self-Insured Master Liability Program does not provide coverage for riders or for their participation in such events. Lodges that facilitate such events or receive charitable donations from motorcycle riders are strongly urged to exclude the consumption of alcoholic beverages and to demand the same of participants. Consuming even one alcoholic beverage increases the chances for an accident when operating a motorcycle, which already requires increased driving skills and is less forgiving.

MISCELLANEOUS TIPS

The Order assumes the first million dollars of each and every claim; therefore, the service of alcohol represents the greatest risk to the Self-Insured Master Liability Program. The service of alcohol is especially hazardous at parties or events, which are frequently commercial in nature and involve serving alcohol to the public. In these instances, no additional insured certificates will be provided to other parties. In every case, the individual/entity conducting the event or utilizing the Lodge facility must indemnify the Local Lodge and name the Local Lodge as additional insured under that individual/entity's insurance policy. And, regardless of an event's size, it is recommended that security be provided for such events, preferably by authorized off-duty police officers.

In these instances, those volunteers and employees who serve alcohol must act with increased vigilance to avoid serving anyone approaching intoxication (Lodges should never allow individuals to serve themselves alcohol through the use of beer kegs, pitchers, etc.).

GLASS DOORS/WINDOWS

Lodges should cover glass doors with decals or fixtures of some type; the presence of handles alone is not sufficient. This same principle would also apply to any ground level windows that might be mistaken as an entryway. Use appropriate shatterproof safety glass when installing glass doors and/or windows.

GOLF COURSE DAMAGE

For those Lodges with golf courses, coverage can be obtained under the Property Plus Program for damages caused by wind or vandalism that would cover damage to the greens and trees (\$150,000 limit costs \$500 with a \$1,000 deductible). Contact the Elks Team at Aon at 1-800-421-3557 to confirm this coverage is in place.



GOLF BALL CLAIMS

On occasion, we receive claims from individuals who allege that their vehicles were damaged near a Lodge golf course. Whether or not these are legitimate claims, the Master Liability Program contends that the Local Lodge is not responsible. The claimants are told to submit such claims to their own auto carrier or to present this claim to the person who struck the ball.

If contacted about such a claim, the Local Lodge can provide the names of those on the golf course at the time, but the Lodge is not responsible and should not assume any responsibility.



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

Since October 2012, Local Lodges have been made aware of a voluntary Workers Comp program available through Lockton Risk Services that provides individually written policies and offers the following benefits:

- ◆ By using the “clubs not otherwise classified” rate, this program has the potential to offer Lodges a lower rate when compared to rates typically used.
- ◆ There are no surcharges made under assigned risk plans or for small groups.
- ◆ In most states, Local Lodges have the option of obtaining coverage for volunteers (an important benefit for Lodges that raised concerns when the secondary medical payments were eliminated under the Master Liability Program). However, the following exceptions must be noted:

State Sponsored Workers Comp (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"> ◆ Arkansas ◆ New Jersey ◆ California ◆ Tennessee ◆ Connecticut ◆ Texas ◆ Michigan ◆ Wisconsin

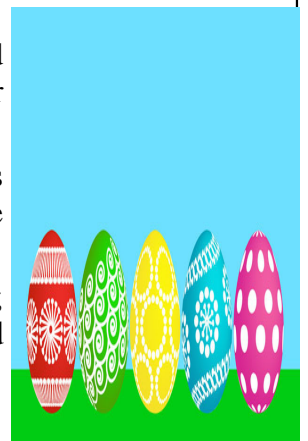
Eligible Lodges that wish to learn whether they would benefit from this voluntary program must contact **Lockton Risk Services directly at 1-877-735-6349** with questions or to obtain a quote.

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

*Updated December 2014; available for download at www.elks.org/resources/accident/

PROBLEM AREAS

- Properly block stages or raised areas; do not allow traffic in areas without safeguards such as railings, signs or fences.
- Make sure that stairs are in good condition with hand rails and appropriate signs where necessary.
- If parking lot surfaces are not in good condition, do not use them. Make sure that all areas are well lit at all times and that they are cleared of ice and snow in the winter time.
- Lodges are not responsible for any damages done to vehicles while they are parked on Lodge property; the owner’s insurance must apply. Any claims submitted for such losses will be denied payment.
- When an employee is injured, the Lodge is required to report it to their Workers Comp carrier (the Master Liability Program never covers such claims). If the Lodge does not have such coverage, the Lodge must pay the claim out of its own pocket.
- No waxes or other substances can be used on dance floors. If dancers are unruly; dance in an unsafe manner; or jeopardize other dancers, Lodge management should take control and stop the offending parties.
- It is most important that anyone approaching intoxication is never served alcohol.



SERVING ALCOHOL

Regardless of whether they are employees or volunteers, all those who serve alcohol should be certified and have proper training. Those who serve alcohol must also be observed, monitored and controlled by Lodge management on a continuing basis.

During the selection process for servers (employees and volunteers), the Lodge management must make prudent choices to avoid claims and/or other problems. The following are some situations where servers should be rejected or subjected to further investigation:

- ◆ Any person known to drink while serving alcohol or observed doing so.
- ◆ Any person having several drinks at the Lodge after his/her shift is over.
- ◆ Any person known or suspected of being a substantial alcohol user or considered in any way to be a problem drinker.
- ◆ Any person known to have an aggressive nature, a short temper or any history of violence.
- ◆ Any person hired to serve alcohol before a complete check has been conducted regarding previous employment.

Our employees and bartenders are the front line of defense against liquor-related claims. They should not have problems themselves, nor should they cause problems but, most importantly, they must be responsible to members and guests throughout the alcohol service process.



CHILD SUPERVISION

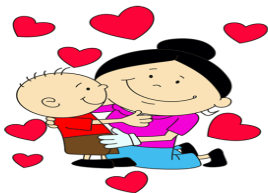
Don't let members, guests or anyone using the premises allow children to play or in any way use the Lodge premises or facilities without appropriate adult controlled supervision. This should rule should be strictly followed without exception.

SERVING ALCOHOL OFF-PREMISES

There has been a continuing trend where corporations and other entities that have concession contracts with event sponsors attempt to have not-for-profits serve alcoholic beverages at such events in return for a percentage of the proceeds. While Local Lodges see an opportunity to raise funds, they should also be aware of the fact that accepting such an arrangement usually means that the not-for-profits are required to provide the liquor liability insurance, which is unacceptable.

The Self-Insured Master Liability Program assumes the first million dollars of each and every occurrence. When we consider the recent verdicts of over \$100 million dollars entered against other not-for-profit organizations (where service was provided at such outside events) and the recent \$28 million dollar verdict against a Local Elks Lodge for a Lodge function, it becomes even more clear that the Order cannot afford to have the Self-Insured Master Liability Program misused in such a fashion (if Local Lodges were insured by individual policies, they would not be allowed to function in this way due to underwriting rules).

Local Lodges must also remember that assessments are predicated on the normal exposure derived from the Lodge's operations. The Self-Insured Master Liability Program includes liquor coverage for the service of alcohol at the Lodge; it was not meant for expanded, less controllable exposures outside the Lodge (during an off-site event circumstance, the rule that anyone approaching intoxication should not be served alcohol is nearly impossible to maintain). Lodges should not participate in the commercial service of alcohol that benefits other organizations or presents an exposure not related to the normal operations of the Lodge facility. The Order cannot allow other organizations to use the Self-Insured Master Liability Program in this improper fashion.



For the reasons mentioned above, it has been decided that Certificates of Insurance will not be issued for events that involve serving alcohol to the public and require that outside entities be named as additional insured.



BOATS/DOCKS/MARITIME EXPOSURE

It has come to my attention that some Local Lodges may have exposures related to docks and various areas related to the use of boats.

The Self-Insured Master Liability Program specifically excludes coverage on any owned boats propelled by engines of any type or by sail and any rowing boats over 18 feet in length. The Local Lodge is covered for claims arising out of the use of non-owned water crafts under 52 feet in length (there is no coverage for any owner of any boat).

Any Local Lodge with docks or mooring facilities has a dock or mooring facility should purchase an appropriate marine docking liability policy to protect the Local Lodge from any claims arising out of the use of such facilities presented by owners of moored boats or any other third parties (this is the case regardless of whether the spaces are rented or provided free). Such a policy must cover docks, moorings and other facilities that allow for launching or maintenance.

Local Lodges with such exposures should also ensure that their Workers Comp policy (obtained through Lockton or locally) includes appropriate endorsements that provide coverage and defense under Federal or state laws for work-related claims arising out of allegations of injury in maritime or dock circumstances.

It should also be noted that the Property Plus Program does not provide flood coverage on docks or marinas, nor does it provide coverage for any "storm surge." Local Lodges can try to obtain outside/independent coverage on an all risk marina form that would cover floods and storm surges; contact Aon to get a quote for such coverage at 1-800-421-3557 or contact someone locally.

LEGAL REVIEW

The start of a new Lodge year is a good time to take stock and review the status of its legal health:

- What is the legal status of the Lodge? Is it a corporation or an unincorporated association? What is the status of any affiliated or related entities? Does Lodge management know where legal documentation is located? Are required filings and registrations maintained appropriately? (In general, it is recommended that Lodges and any necessary affiliated corporations be established as not-for-profit corporations in the state of their domicile).
- What contracts or obligations has the Lodge assumed and are all assumptions of liability or established obligations of the Lodge appropriate, necessary, and for the benefit of the Lodge and its members? The officers and trustees should know of any obligations and maintain proper records.
- Are contractual obligations established on an equitable basis with no conflict of interest or any appearance of a conflict of interest present?
- Does the Lodge have written personnel policies and work rules?
- Does the Lodge attorney or persons knowledgeable in contract matters review all contracts submitted for acceptance?
- Has the Lodge previously anticipated the possible need for emergency repairs resulting in executed service contracts with repairmen, plumbers, electricians, etc.? If so, such contracts should provide the Lodge with indemnification and require that all contractors provide evidence of liability insurance that includes contractual liability coverage and names the Lodge as additional insured on the contractor's policy. Lodges are to make sure that such indemnification includes the employer's obligation to protect the Lodge from any claims made by the contractor's employees.
- Is Lodge management aware that it is generally unacceptable to indemnify other individuals or corporations?
- Are the Lodges financial and business records properly filed for retrieval and provided with back-up redundancy?
- Has the Lodge prepared a rental agreement or contract to be signed by individuals or entities using the Lodge on a basis allowed by the Statutes of the Order? In these agreements, the entity using the Lodge should hold the Lodge harmless for activities under their control and provide evidence of insurance coverage (see Pages 10-11 of the *Liability Insurance Program* booklet).

Please review the *Accident/Claim Prevention* manual and the *Liability Insurance Program* booklet for additional topics.

