

INSURANCE FOR EMERGENCY SERVICE DISTRICTS AND THEIR SERVICE PROVIDERS

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INSURANCE CONSIDERATIONS

- **Why do you need insurance?**
 - Protect your assets (property/autos/equipment)
 - Protect your financial assets from lawsuits

- **Relationship of ESD and Service Provider**
 - both need insurance protection

- **Separate policies vs. Combined**
 - ❖ If combined on one policy, all insureds share limits
 - ❖ If combined on one policy, there is no liability coverage if one insured sues other insured

LIABILITY

1. Premises Liability

Liability for bodily injury or property damage that occurs on your premises.

Example of a claim:

- A member of the public comes to attend your ESD meeting and upon leaving, the area outside is not lit properly and he twists his ankle in a hole.

2. Operations Liability

Liability for bodily injury or property damage resulting from your operations

Example of a claim:

- While fighting a house fire, a hose line gets away from a firefighter and strikes a spectator, causing permanent damage to his eye.

3. Products Liability

Covers you for liability arising from products sold or provided to others.

Example of a claim:

- As part of their fundraising activities, a fire department holds a chicken BBQ each month. Following one of these BBQs, a lady became ill from food poisoning and took legal action.

4. Completed Operations Liability

Covers you for liability arising after operations have been completed.

Example of a claim:

- A fire department responds to a brush fire. Later that night, the brush fire rekindles and spreads, burning down a nearby house. The fire department could be legally responsible for the subsequent damage since they did not fully extinguish the original brush fire.

5. Professional Health Care Liability

Protects you when claims are made against you as a result of your handling of patients, or providing or failing to provide medical services.

Example of a claim:

- First responders arrive at the scene of an auto accident. After performing first aid, an ambulance arrives and transports the victim who ultimately succumbs to her injuries. The fire department is sued for improper treatment along with the ambulance service.

6. Personal Injury Liability

Protects you when claims are made against you because of offenses such as false arrest, wrongful eviction or slander.

Example of a claim:

- At the scene of a fire, the fire marshal placed under arrest an individual suspected of arson. Later the individual was cleared of the charges and, in turn, brought suit against the officer, alleging "false arrest".

7. Fire Damage Legal Liability

Covers you for liability for fire damage to buildings your organization may rent or otherwise occupy with the permission of the owner.

Example of a claim:

- An ESD leases a meeting room for their monthly ESD meetings from another entity. Through the ESD's negligence, a fire erupts causing extensive damage to the leased building.

8. Volunteers/Employees as Insureds

Covers volunteers and employees while acting on behalf of your organization.

Example of a claim:

- While fighting a house fire, a hose line gets away from a firefighter and strikes a spectator, causing permanent damage to his eye. Liability coverage would be provided to the individual firefighter if he were named in the lawsuit along with the fire department.

9. Fellow Member Liability

Covers your volunteers and employees should they accidentally injure another member while working on your behalf.

Example of a claim:

- While responding to a two story house fire, a firefighter is holding a ladder when he leaves his post and the ladder falls, seriously injuring the firefighter climbing the ladder. The negligent firefighter would be provided coverage if he were named in a lawsuit brought by the injured firefighter.

10. Intentional Acts

Provides liability protection if, in an attempt to save lives or protect property, your volunteers or employees intentionally cause bodily injury or property damage.

Example of a claim - bodily injury:

- A distraught relative of a heart attack victim must be restrained in order for you to administer care to the patient, and in the process the relative is injured.

Example of a claim – property damage:

- In order to gain access to a small fire in one apartment unit, a firefighter breaks down a door to a different unit that is not in imminent danger.

General Liability

- Good Samaritan Liability
- Host Liquor Liability
- Liquor Law Liability
- Fireworks/Special Events Liability

LIABILITY

1. Volunteers/Employees as Insureds (POVs)

Covers your volunteers and employees while operating their own personal vehicle on behalf of the organization, usually excess over their personal auto policy.

Example of a claim:

- A firefighter responds in his personal vehicle on his department's behalf to an emergency call. Upon rounding a curve, the firefighter strikes a motorist who was trying to flag down the firefighter. Liability coverage would be provided either primary or on an excess basis over and above the firefighter's personal auto policy.

2. Commandeered Auto Liability

Covers your organization for liability arising out of the use of any vehicles commandeered in the course of an emergency.

Example of a claim:

- A fire department pumper is the first vehicle to arrive at the scene of a structure fire. Realizing that the path to the burning structure is not accessible with the pumper, the driver commandeers a passing motorist's pick-up truck to get to the structure. This liability coverage would pay for any bodily injury or property damage caused by operating the commandeered auto.

3. Temporary Substitute Vehicle

Provides liability while operating a replacement vehicle loaned to you while a covered vehicle is temporarily out of service.

Example of a claim:

- A fire department is temporarily loaned an ambulance while their covered ambulance is being serviced. The loaned ambulance is involved in an intersection accident and several passengers in the other vehicle are injured. Liability coverage would be provided to cover the injuries caused while operating the loaned vehicle.

4. Fellow Member Liability

Covers your members should they accidentally injure another member arising out of the use of a covered vehicle.

Example of a claim:

- A firefighter is backing a pumper into the station, striking a fellow firefighter who was serving as a backer to direct the vehicle into the bay. This liability coverage would be provided to the driver should he be sued by the injured firefighter.

Auto Liability

- Uninsured/Underinsured Motorists Coverage
- Personal Injury Protection or Auto Medical Payments

LIABILITY

1. Employment Practices Liability

Provides liability for employment-related practices such as wrongful termination, failure to promote or sexual harassment.

Example of a claim:

- A volunteer alleged that the fire department violated his civil rights and caused him to suffer mental and emotional distress when the department held a hearing and dismissed him as a firefighter. He filed legal action against the department seeking monetary damages.

2. Employee Benefits Liability

Provides liability for errors in the administration of employee benefit plans, such as Group Health, Group Life, Losap, Workers Compensation or Accident & Sickness.

Example of a claim:

- A volunteer covered under an Accident & Sickness policy gives instructions to the department's insurance administrator to name his daughter as his beneficiary. Following his death from a line-of-duty accident, his daughter learns that she is not entitled to any benefits under the policy because the change of beneficiary card was misplaced and never processed. She brings suit to recover the money she would have received had the change of beneficiary been handled properly.

3. Other Wrongful Acts

Provides liability for other wrongful acts not otherwise excluded.

Example of a claim:

- A taxpayer group brings suit against their ESD and its commissioners, alleging the improper spending of public funds. They argue that the commissioners have wasted their tax money by purchasing a state-of-the-art aerial device for \$1,000,000 even though there are no structures in the district more than two stories tall.

Cyber Liability

- Protects you when claims are made against you for monetary damages arising out of an electronic information security event. Entities can be held liable if information is not protected from unauthorized use. Cyber Liability events include:
 - Personally identifiable information taken (hacking) or released from your computer system
 - Transmission of malware from your computer to a third party
 - Inability to use your computer or website because of a denial of service attack

4. Defense Expense for Injunctive Relief

Provides coverage for the reimbursement of reasonable legal fees you incur as a result of a plaintiff's demand for injunctive relief (non-monetary directive issued by a court of law ordering or prohibiting a specific action.)

Example of a claim:

- A resident seeks an injunction to stop the fire department's installation of a siren directly behind her house.

LIABILITY

Excess Liability - Provides excess liability over your primary liability (General Liability, Auto Liability, Management Liability)

Example of a claim:

- While responding to a call using lights and sirens, the ambulance driver did not stop for a red light and hit another vehicle head on. Two passengers in the other vehicle are killed. A suit is brought for \$3M against the department. After the \$1M Auto Liability limit is exhausted, the Excess Liability policy would respond.

PROPERTY

1. Guaranteed Replacement Cost

Guaranteed Replacement Cost pays to replace your property, without deduction for depreciation, even if the replacement cost is greater than the limit on the policy.

	<u>With GRC</u>	<u>Without GRC</u>
• Policy Limit	\$100,000	\$100,000
• Actual Cost to Replace	\$125,000	\$125,000
• Policy Pays	\$125,000	\$100,000
• Insured Pays	\$0	\$ 25,000

2. Loss of Income

Protects your organizations' loss of income if your operations are interrupted because of a covered loss to your building or contents.

Example of a claim:

- Because of serious wind damage to the roof of the fire station, the fire department is unable to hold their weekly bingo games they count on to fund their operations.

3. Extra Expense

Protects your organization from extra expense you incur if your operations are interrupted because of a covered loss to your buildings or contents.

Example of a claim:

- An ambulance service suffers a total loss to their main garaging location due to a fire. In order to continue responding to calls, they must lease space for the time it takes to rebuild their garage. This would pay for the extra costs needed to do so (rent, phone installation, furniture leasing, etc).

4. Ordinance Coverage

Pays for loss of value of the undamaged portion of a building that must be torn down following a covered loss because of applicable local, state or federal building codes or the cost to demolish the undamaged portion of the building, clear the site and repair or rebuild according to code.

Example of a claim:

- A fire department suffers a fire loss to their social hall which destroys their kitchen, restrooms and part of the banquet hall. During the process of estimating their damages, it is discovered they will need to upgrade their electrical service in order to comply with the current local building codes and alter and expand the restroom facilities to be in compliance with ADA regulations.

5. Commandeered Property

Pays for damage to any commandeered property (other than autos) and the owner's loss of use.

Example of a claim:

- A department is fighting a wildland fire and needs to make a fire break around the fire. The chief orders a firefighter to take a tractor from a neighbor's field. Should the tractor get burned up in the process of cutting a fire line, this coverage would pay to repair or replace the tractor plus pay for the owner's loss of use.

6. Personal Effects

Pays for damage to your member's personal effects while on your premises.

Example of a claim:

- A fire starts in a fire department kitchen and severely damages the structure. Several members have personal items in the building that are damaged including laptops, cell phones, personal clothing, etc.

7. Deductible Waiver

For claims involving Property, Portable Equipment and/or Auto Physical Damage, only one deductible, the largest, will apply.

Example of a claim:

- While backing a ladder truck into the station, the driver accidentally hits the side of the station door causing a support beam to collapse. The collapse damages the truck's compartment doors and the enclosed equipment. Even though there is damage to the building, ladder truck and portable equipment, only one deductible is applied.

PROPERTY

- Computer Hardware
- Computer Software
- Money & Securities
- Equipment Breakdown for cascade units and air conditioners/refrigeration units

PORTABLE EQUIPMENT

1. Personal Effects

Pays for damage to your member's personal effects while on authorized duty.

Example of a claim:

- A volunteer's glasses fall off and are run over at a fire scene. This coverage would pay to replace his glasses.

PORTABLE EQUIPMENT

- Deductible Waiver
- Watercraft
- Personal Watercraft (jet skis, etc)

AUTO PHYSICAL DAMAGE

Volunteers/Employees as Insureds (POVs)

Provides coverage to your member's personal vehicles while being used on behalf of the organization, usually excess over their personal auto policy.

Example of a claim:

- An ESD commissioner is on his way to an official ESD meeting and has an accident on the way in his personal vehicle. Coverage would be provided for his damaged vehicle to reimburse his personal auto collision deductible or repair/replace the vehicle usually on an Actual Cash Value basis.

AUTO PHYSICAL DAMAGE

- Deductible Waiver
- Towing and Labor
- Glass Coverage

CRIME / BONDS

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WORKERS' COMPENSATION

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- Medical – unlimited lifetime
- Income Benefits – replaces portion of lost wages
- Death - \$6,000 burial expense and weekly income to survivors
 - Surviving spouse – until death or remarriage
 - Minor children – until age 18 or age 25 if full-time student
 - Dependent grandchildren – must be at least 20% dependent/until age 18
 - Other dependent family members – if no eligible surviving spouse, child or grandchild/up to 364 weeks (7 years)

ACCIDENT & SICKNESS

OTHER BENEFITS

OTHER BENEFITS

INSURANCE ADDENDUM

FINAL THOUGHTS

QUESTIONS?

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