

DIOCESE OF BELLEVILLE

RISK MANAGEMENT HANDBOOK

Revised January 2010

PREFACE

The purpose of this handbook is to summarize the insurance coverages that presently apply to the Diocese, and to set forth the various Risk Management Policies previously adopted by the Diocese.

Section I of the handbook highlights the basic elements of the insurance policies, and gives attention to areas that are frequently the subject of questions and requests for information by parishes & Diocesan locations. *It is not intended to detail all provisions of the insurance policies.* Specific conditions, limitations and exclusions are contained in the Certificates and Policies on file at the Chancery.

The Risk Management Policies and Guidelines that have been adopted by the Diocese are a condition of its membership in the Catholic Umbrella Pool (CUP), which provides a major portion of the excess liability coverage.

The Policies addressed in Section II of this handbook are as follows:

Contracts/Certificates of Insurance;
Vehicle Safety & 10-15 Passenger Vans;
Child Protection & Sexual Misconduct

In addition, there are recommended Guidelines for *Parish Picnics & Special Events, Food Service and Financial Controls.* Each of these policies and guidelines is explained in detail, and written forms that are to be used to comply with them are included in Section III of the handbook.

SECTION I

INSURANCE COVERAGES

- 1. PROPERTY COVERAGE**
- 2. LIABILITY COVERAGE**
- 3. AUTO & BUS COVERAGE**
- 4. EQUIPMENT BREAKDOWN COVERAGE**
- 5. WORKERS COMPENSATION COVERAGE**
- 6. SPECIAL EVENTS LIABILITY COVERAGE**
- 7. CLAIMS PROCEDURES**
- 8. MISCELLANEOUS INSURANCE ITEMS**

PROPERTY COVERAGE

PROPERTY COVERED:

All real and personal property of the Diocese is covered under a Certificate with Catholic Mutual Relief Society. This includes parish/agency-owned buildings and their contents, as well as shrines, playground equipment, walls, flagpoles and fences. Newly acquired property used solely for church-related purposes is also covered, as well as buildings under construction at parish locations. Certain types of property (automobiles, aircraft, most watercraft, animals and pets) are not covered under the Certificate.

With certain exceptions, assured property is covered on a **replacement cost** basis. This means that in the event of a covered loss, the Certificate covers the cost to repair or replace the damaged or destroyed property, without deduction for depreciation, to the extent that the property is restored to its pre-loss condition. This provision applies only when the property is actually repaired or replaced within a reasonable time. Losses to property that is not repaired or replaced will be paid on a depreciated basis. Certain types of personal property (e.g., items of art, manuscripts, data processing media) are not covered on a replacement cost basis.

The **personal property of priests and religious** on assignment at a Diocesan location covered by the Certificate is covered for up to \$25,000.00 (\$100.00 limit on money). Additional amounts of insurance are available to those individuals who desire it at an additional premium charge. Please contact the Catholic Mutual Office for further information.

Builders Risk coverage is automatically included (to a maximum of \$10,000,000.00) in the Catholic Mutual program. It is not necessary to obtain any other insurance coverage on a new building being constructed, or for a building addition. However, there are specific insurance requirements that apply in these situations, and these are set forth in the Diocesan Building Commission manual. New building and addition projects should be reported to Catholic Mutual prior to their commencement.

No premium is charged for the new work until the project is complete. At that time, the new or enlarged building will be added to the location, and the additional premium will be billed.

LOSSES COVERED:

The Certificate provides coverage for most risks of physical loss to all property, subject to some exceptions and limitations. Perils covered include:

- a) Fire and Lightning
- b) Windstorm and Hail
- c) Explosion
- d) Damage by Vehicles and Aircraft
- e) Vandalism & Theft

- f) Accidental Discharge of Water
- g) Smoke
- h) Most other losses of a sudden & accidental nature.

Coverage also applies, subject to some limitations, to loss by **earthquake**, **subsidence** and **flood**.

Employee Dishonesty/Theft of Money & Securities coverage applies for loss of money, securities and other property resulting from theft and dishonest or fraudulent acts of employees and volunteers. The limit for this coverage is \$125,000.00.

Ordinance Deficiency Coverage applies to loss resulting from increased costs of rebuilding (e.g. electric, plumbing, structural) after a covered loss due to requirements of local building codes and ordinances.

EXCLUSIONS:

Certain kinds of losses are excluded. Wear & tear, deterioration, mechanical breakdown, settlement of pavements, foundations, etc., faulty or defective materials or workmanship, moisture & similar damage occurring over long periods of time are examples of excluded losses. The Certificate on file at the Chancery contains all exclusions, limitations and conditions.

DEDUCTIBLES:

Effective July 1, 2009, all property losses are subject to a \$1,000.00 deductible per occurrence at each location. The amount of \$1,000.00 is subtracted from the amount of loss, and the balance is paid to the assured. On losses of \$1,000.00 or less, no payment is made.

Priests personal property coverage remains subject to a \$250.00 deductible.

LIABILITY COVERAGE

GENERAL LIABILITY:

Catholic Mutual will pay on behalf of the Diocese all money the Diocese and its locations become legally obligated to pay because of bodily injury or property damage resulting from a covered occurrence. Catholic Mutual will also defend any suit or claim against a Diocesan location, and investigate and settle such matters as it deems expedient in accordance with the terms and conditions of the Certificate.

Who is covered?

This coverage applies to the Catholic Diocese of Belleville, Inc., including the Bishop and his successors, clergy and religious, and any officer, board member, employee, volunteer or agent while acting within the scope of their duties. Parishes, organizations, agencies and other institutions operated by or on behalf of the Diocese or parishes, are also included as "protected persons."

What events are covered?

Liability coverage applies automatically to all Diocesan/Parish/Agency sponsored special events. This includes such activities as picnics, festivals, bazaars, etc., even if they take place at a non-owned location.

PREMISES MEDICAL PAYMENTS:

The Certificate provides Premises Medical Payments with a limit of \$2,500.00 on an excess basis. Private medical insurance that covers an injured person is deemed primary, and the Medical Payments Coverage is considered excess. This coverage applies to most injuries that occur on the premises, and also at off-premises locations for a parish/agency-sponsored activity or event.

Medical Payments Coverage does not apply to students or day-care children, either full-time or part-time, or to injuries occurring during any athletic practice or event. This means that any student injured while at school, or any person injured while engaged in **any athletic activity, including practices**, must refer their medical bills to their own insurer.

EXCLUSIONS TO LIABILITY COVERAGE:

The General Liability Coverage does not apply to certain types of losses. Following are types of liability claims **not covered** by Catholic Mutual's General Liability coverage:

- a) Auto liability (should be covered by auto insurance);
- b) Aircraft & watercraft liability;
- c) Asbestos & pollution liability;
- d) claims for injuries involving trampolines and rebounding devices

e) employee injuries (should be covered by Workers Compensation)

Other exclusions, limitations and conditions apply. Contact the Catholic Mutual Office for additional details.

LIQUOR LIABILITY (DRAM SHOP):

All Diocesan locations are covered for Liquor (Dram Shop) Liability in situations where liquor is served. However, this coverage does not apply to persons or organizations participating in or sponsoring events not affiliated with the parish/agency or Diocese. For example, a person who rents a parish hall for a wedding reception is not covered for Liquor Liability; only the parish is covered. Therefore, the renter must provide his own liability insurance, and show proof of this insurance to the parish prior to renting the facility.

The Illinois State Liquor Commission has regulations that require licensees to show proof of "Dram Shop" insurance. Catholic Mutual will provide a Certificate to comply with this requirement upon request.

EMPLOYMENT PRACTICES LIABILITY:

Limited coverage is provided for claims and/or lawsuits filed by employees alleging **wrongful termination** or **discrimination**. There are certain procedures that must be followed prior to terminating an employee in order for this coverage to apply. Therefore it is **required** that the **Human Resources Office** at the Chancery be consulted *before* an employee is terminated.

OTHER LIABILITY COVERAGES include:

- **Personal Injury & Liability** (false arrest, libel, slander)
- **Incidental Medical Malpractice** (not applicable to physicians)
- **Priests Personal Liability**
- **Counseling Errors & Omissions**
- **Cemetery Errors & Omissions**
- **Directors & Officers Liability** (includes School Board & Parish Council members)
- **Employee Benefit Errors & Omissions**

The specific terms and conditions of all liability coverages are contained in the Certificate on file at the Chancery.

AUTO & BUS COVERAGE

Effective July 1, 2009, auto and bus insurance on Diocesan-owned vehicles is provided by Cincinnati Insurance Company through the H.S.H.C. Agency in St. Louis. (Phone: 877-619-7988; Fax: 314-892-8998) The liability limit for the auto coverage is \$500,000.00 (combined single limit) for Bodily Injury & Property Damage. Vehicles can also be insured for Physical Damage (Collision & Comprehensive) at the option of each location.

Please notify H.S.H.C. Agency **immediately** when you add, delete or trade a vehicle so the proper changes can be made. H.S.H.C. issues insurance Identification Cards that are required to be kept in the vehicle.

The Diocese is also protected for *non-owned and hired vehicle* exposures. However, this coverage does not extend to *volunteers using their own vehicles*. Their own auto insurance is primary.

Diocesan clergy and lay personnel who have obtained their own auto insurance through other sources should be carrying at least the same limits as the Diocesan coverage, (i.e. \$500,000.00 single limits). No privately owned vehicles should be titled in the name of the Diocese, parish or agency.

EQUIPMENT BREAKDOWN (“BOILER”) COVERAGE

Catholic Mutual provides Equipment Breakdown coverage (formerly known as “Boiler & Machinery Insurance”) through Hartford Steam Boiler Insurance Company. It applies to accidental loss or damage to equipment such as boilers, compressors, electric motors, et al. All locations need this coverage, even if there is no boiler. The coverage does not cover normal maintenance expenses or repairs due to deterioration/wear & tear.

The State of Illinois Fire Marshall requires bi-annual inspections of boilers. Either a representative of Hartford Steam Boiler Insurance or the State Fire Marshall performs inspections.

Claims involving Equipment Breakdown Coverage should be reported to the Catholic Mutual Office. Also, report the installation of any new equipment, or substantial changes to existing equipment.

WORKER'S COMPENSATION COVERAGE

Illinois State Law requires the Diocese to provide insurance to cover medical expenses and loss of wages of employees due to job-related injuries. As of July 1, 2009, this coverage is written with Liberty Mutual Insurance through H.S.H.C. Agency. Coverage applies to each parish and agency, even those without paid employees. In some instances, the law requires that volunteers and “statutory” employees be paid benefits.

Please remember that the Workers Compensation policy is subject to audit, and the premium is based on payroll (or number of domestic employees). An audit of payroll records may result in an additional premium charged, or a refund of premium paid.

Limited Workers Compensation coverage also applies to volunteers while they are performing work at a covered location, even though they are not paid employees. This limited coverage is for medical expenses only, and does not cover loss of income or wages.

SPECIAL EVENTS LIABILITY COVERAGE

Liability insurance for non-parish events held on parish property is available through Catholic Mutual. Persons or organizations who do not have their own liability coverage should be required to purchase Special Events Liability coverage. This transfers the risk of liability from a non-sponsored event from the parish to the user. More information and the application form are in Section III of this Handbook.

CLAIMS PROCEDURES

PROPERTY & EQUIPMENT BREAKDOWN CLAIMS:

In the event of insured damage to Parish/Diocesan property, please report by telephone to the Catholic Mutual Office as soon as possible. You will be given further instructions regarding the claim at that time.

The Certificate requires that property be protected from further damage, and expenses associated with this requirement are covered. If emergency repairs (window board-up, temporary roof repairs, water cleanup, etc.) are necessary, you may make arrangements for these as the situation requires. Be sure to save receipts and invoices for all such expenses. Do not contract for permanent repairs until approved by the Catholic Mutual Office.

Losses involving the commission of a crime (burglary, robbery, vandalism) must be reported promptly to the local police or sheriff. In addition, provide to authorities a complete list of stolen property as soon as possible after the loss to improve chances for recovery.

In general, claims involving minor damage (minor roof damage, glass breakage, etc.) will be handled by telephone. You will be asked to obtain an estimate or repair bill, and submit it to the Catholic Mutual Office. For more serious losses, a representative will inspect the loss as soon as possible after the occurrence. Usually, at least two repair estimates need to be obtained for large losses over \$2,500.00.

Payment of Property claims will be made by the Catholic Mutual Office when the adjustment process is completed. Equipment Breakdown claims are paid by Catholic Mutual's Home Office in Omaha.

LIABILITY/MEDICAL PAYMENTS CLAIMS:

All incidents involving a potential liability claim should be reported to the Catholic Mutual Office by telephone as soon as possible. This includes **any situation in which an injury occurs**. Even in cases where there appears to be no liability on the part of the parish or Diocese, it is important to report all incidents so that they can be properly investigated, and the interests of all parties are protected.

Incident Report Forms are contained in Section III of this Handbook. Please complete these forms, indicating all requested information, and mail or FAX to the Catholic Mutual Office. Do not agree to pay any medical bills or other expenses. Make no commitments to any injured parties, but simply advise them that a report is being made to the Catholic Mutual Office and they will be contacted soon. If possible, photos should be taken of the accident scene as soon after the accident as possible. The photos should be dated, and the name of the person taking them should be recorded.

LEGAL ACTION:

In the event a parish/agency receives lawsuit papers or a letter of representation from an attorney with regard to a *bodily injury or property damage claim* by a third party, notify the Catholic Mutual office by telephone on the day received. Suit papers must be sent by Registered Mail to the Catholic Mutual Office as soon as they are received. (There are strict requirements regarding the answering of suit papers, so it is very important that this procedure is followed).

WORKER'S COMPENSATION CLAIMS:

All **job-related injuries** to employees must be reported by phone as soon as possible to Liberty Mutual at **800-266-2800**. In addition, the employee's supervisor (NOT the employee) must complete **Form 45 (Employers First Report of Injury)** and submit it to Liberty Mutual within 3 working days. (Fax: 800-892-8728) Liberty Mutual will then handle the claim. (A Form 45 Report is included in Section III, and may be copied.)

Send all medical bills to Liberty Mutual as soon as they are received

AUTOMOBILE CLAIMS:

In the event a Parish/Diocesan-owned vehicle is involved in an accident, use the following procedures:

- 1) Render first aid to any injured persons;
- 2) Notify police of the accident;
- 3) Exchange driver information (names, addresses, phone numbers, drivers license, insurance company);
- 4) Make no statement concerning fault or liability;
- 5) Preserve evidence - obtain names & addresses of witnesses, take photos of scene and damage, if possible;
- 6) Report accident to H.S.H.C. Agency (877-619-7988) by telephone as soon as possible;
- 7) Have driver complete **Statement of Driver** form (see Section III) and send to H.S.H.C.

CLAIMS PROCEDURES
SUMMARY

FOR PROPERTY, LIABILITY & EQUIPMENT BREAKDOWN CLAIMS:

- 1) Report by telephone to CMG Office
(618) 233-1090; FAX: (618) 233-1696
- 2) *Property & Equipment Losses* - Protect Property from further damage; arrange for temporary repairs, if required.
- 3) *Burglary/Theft Losses* - Report incident to police or sheriff promptly.
- 4) *Accidents/Injuries on Premises* - Complete Incident Report Form and mail or fax to Catholic Mutual Office. **Do not agree to pay any medical bills or other expenses.**
- 5) *Lawsuit Papers/Letters from Attorneys* - Contact Catholic Mutual by telephone on day received; forward by registered mail to Catholic Mutual office.

FOR AUTO CLAIMS

- 1) Report by telephone to H.S.H.C. Agency.
877-619-7988; FAX: (314) 892-7988
- 2) Have driver complete **Statement of Driver** form and fax to H.S.H.C Agency.

FOR WORKER'S COMPENSATION CLAIMS:

- 1) Report by telephone Liberty Mutual Office:
800-266-2800; FAX: (314) 892-8728
- 2) Complete Form #45 (Employers First Report of Injury) and fax to:
Liberty Mutual **within three working days** of the accident.

MISCELLANEOUS INSURANCE ITEMS

SAFETY INSPECTIONS:

Each parish/location will be inspected annually in order to locate and identify potential hazards that may result in an accident or injury. A written report of the results of the inspection will be provided to the parish/location. Any hazards noted on the report should be corrected as soon as possible.

In order to promote an ongoing emphasis on Safety and Loss Prevention, Catholic Mutual Group provides safety and loss control literature through its CARES publications. CARES publications are available to parishes and institutions at no charge. Call the Catholic Mutual Office for additional information.

BUILDING VALUES:

Any significant changes in building values (sale of buildings, demolition, new buildings, major additions or remodeling) should be reported to the Catholic Mutual Office to keep values current.

CONTENTS VALUES:

Each parish/agency should maintain a current inventory of all parish-owned personal property. Inventories should be updated annually, and should show replacement cost of property wherever possible.

INSURANCE BILLS:

Billings for property & liability insurance premiums and payments will be handled through the Finance Office at the Chancery. Refer any inquiries in this regard to the Finance Office at (618) 277-8181.

H.S.H.C. Agency issues invoices for Auto and Workers Compensation insurance. Questions regarding these bills should be referred to H.S.H.C. Agency at 877-619-7988.

SCHOOL ACCIDENT PLANS:

Each parish school is required to provide an optional School Accident Insurance plan to parents. Those who do not choose to participate should sign a Waiver to be kept in the school office. Details of this requirement are contained in the Office of Education Policy Manual.

CLERGYMAN'S AID SOCIETY:

Direct all questions to the Finance Office at the Chancery.

EMPLOYEES HOSPITALIZATION/MEDICAL INSURANCE:

Direct all questions to the Human Resources Office at the Chancery.

LAY EMPLOYEES PENSION PLAN:

Direct all questions to the Human Resources Office at the Chancery.

SOCIAL SECURITY:

Contract your local Social Security Office.