

What's Your Exposure? What's your Risk?

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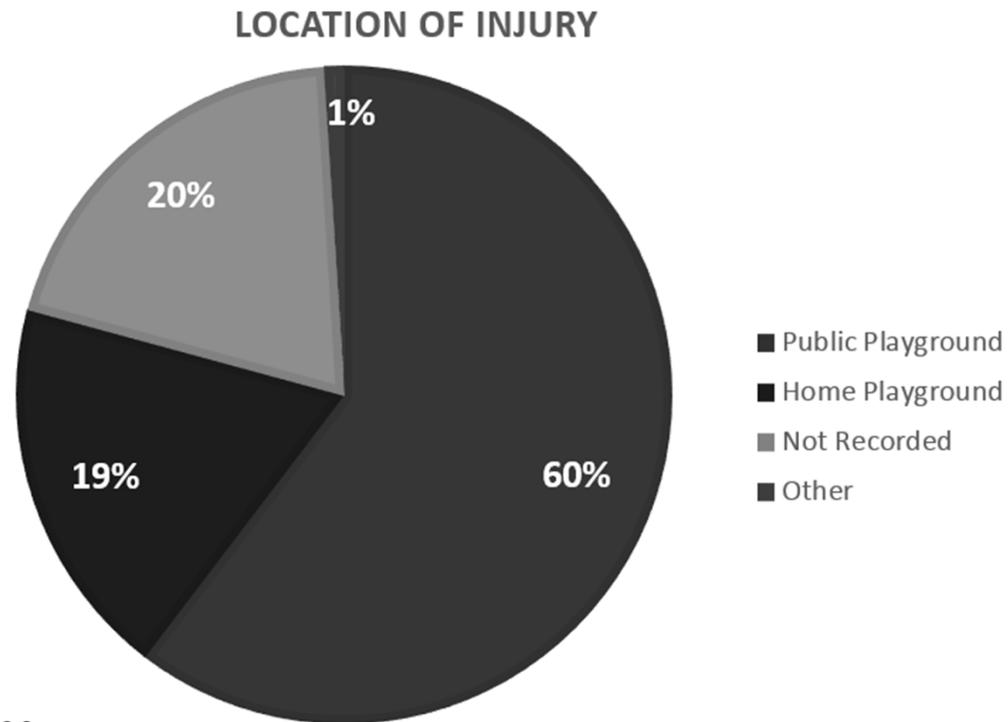
Emphasizing The Basics



Playgrounds



Between 2001 - 2008, an average of 218,851 preschool and elementary children received emergency department care for injuries that occurred on playground equipment.



Source: CPSC October 29, 2009

Are the Equipment and surroundings safe?



Playgrounds – who is responsible?

Playground Ownership – Finding out who owns playground equipment is essential in determining who may be liable for a playground injury. Public playgrounds at local parks or other public facilities are usually owned by the city or municipality where the park is located. State parks are owned by the state, while National Parks are federally owned. Public school districts also own local playgrounds as do private schools. Sometimes playgrounds are owned by homeowner associations, churches, restaurants, or private businesses which can be liable for injuries which occur on their playground and/or its equipment.



Cost of Playground Injuries

One mother received **\$40,000** after her youngster cut the bottom of her left foot on a glass bottle dumped in the children's playground area. She said the injury required 48 stitches and had demanded **\$10 million**.

A father claimed his toddler fractured a right forearm after falling from the equipment. The father demanded **\$10 million** but walked away with **\$75,000**.



Bleachers



Are they safe? Up to code? What is wrong?



Common Bleacher *Hazards*

SLIP AND FALL HAZARDS

Poorly built and maintained bleachers do not provide adequate traction and occupants may slip if the surfaces are wet.

TRIPPING HAZARDS

Bleacher accidents are often the result of tripping over a step, or occur when entering/exiting the bleachers.

BLEACHER TIP OVER

Improper weight distribution or overcrowding may cause improperly anchored bleachers to tip over, causing injuries to spectators on and around the bleachers.

LACK OF GUARDRAILS AND TOP ROW FENCING

Without proper guardrails and fencing, bleacher occupants can fall off the sides of bleachers or from the top row. It is important that all guardrails and fencing are inspected regularly to ensure that they are not loose, damaged or are properly attached.

Common Bleacher *Hazards*

BLEACHER COLLAPSE

Occupancy in excess of bleacher capacity, poor workmanship and materials, and general design flaws can cause bleachers to collapse. The collapse can result in *serious injury* to the bleacher occupants at the time of the collapse.

OPENINGS IN THE SEATS

Older bleacher designs may include openings between the seats and the footboard that would allow a child to fit through the open space and fall under the bleachers. This could result in mild to severe injuries depending on the height of the fall and the angle of contact with the ground.

POORLY DESIGNED OR WORN ANTI-SKID MATERIALS

Enough traction must be provided to prevent slip and fall accidents **without** also *presenting* a tripping hazard. Poorly designed or implemented antiskid measures can exacerbate the risk of trip, slip or fall injuries.



The Cost of Bleacher Accidents

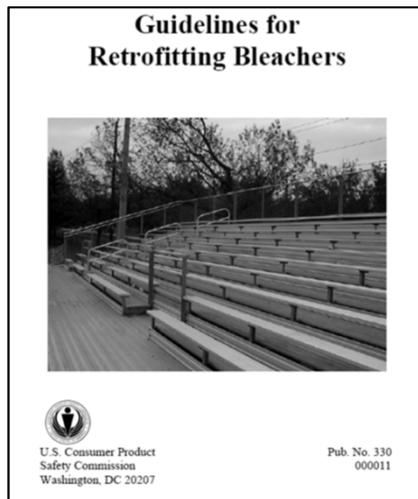
CPSC research indicates that falls from bleachers **killed 19** people between 1991 and 2003. Hospital emergency rooms treat an average of **19,100 injuries** stemming from bleacher accidents *ever year*.

During 1999, bleacher accidents killed two children and caused 22,100 injuries. Approximately 6,100 of those injuries occurred when an individual fell from — or through — a stand of bleachers to the ground below. Children under the age of 15 accounted for about 4,910 of these incidents.

Two deaths in 1999 involved a six-year-old child who fell through a 13-inch opening between the **footboard and seating** and a three-year-old child who fell through an **opening in the guardrail**. The accidents set off a reaction in the U.S. Congress. "In July of 1999, we received a petition from two members of Congress asking CPSC to develop bleacher retrofitting guidelines that would help prevent falls and make existing bleachers safer," says Patty Davis, a spokesperson for CPSC.

Source: Bleacherman

What is **wrong** with this picture?



<https://www.cpsc.gov/s3fs-public/330.pdf>



FRAUDULENT IMPERSONATION COVERAGE

One of the latest Commercial Crime insurance coverages available

Offered in response to a new twist on an old crime

Also called “Social Engineering” coverage



FRAUDULENT IMPERSONATION COVERAGE



In property insurance terms, this is “voluntary parting” under a standard commercial policy.

- If it is damaged by fire, lightning, wind, hail, etc., the property is covered.
- If property is stolen by criminals (*computers, laptops, lawn mowers, tractors, etc.*), the property is covered.
- Problem occurs when you willingly give the property to a thief.
- Voluntary parting is expensive coverage and is usually provided as a sub-limit.

FRAUDULENT IMPERSONATION COVERAGE



So, where do we go if money is stolen?

1. Employee Dishonesty
2. Forgery & Alterations
3. Money & Securities
4. Computer Fraud & Funds Transfer Fraud



FRAUDULENT IMPERSONATION COVERAGE

Now, the “twist” is where do we get coverage when we actually give the money away due to a fraudulent scheme?

- **ENTER – Fraudulent Impersonation Coverage (Form CR0417)**



The Basics

The policy will provide coverage under two scenarios:

- **Fraudulent** Impersonation of Employees.
- **Fraudulent** Impersonation of Customers and Vendors.



FRAUDULENT IMPERSONATION OF EMPLOYEES

The school makes a good faith transfer of money, securities, or others property in reliance upon transfer instruction purportedly issued by an employee or any of your officials if under a Government Crime Form.



EXAMPLE:

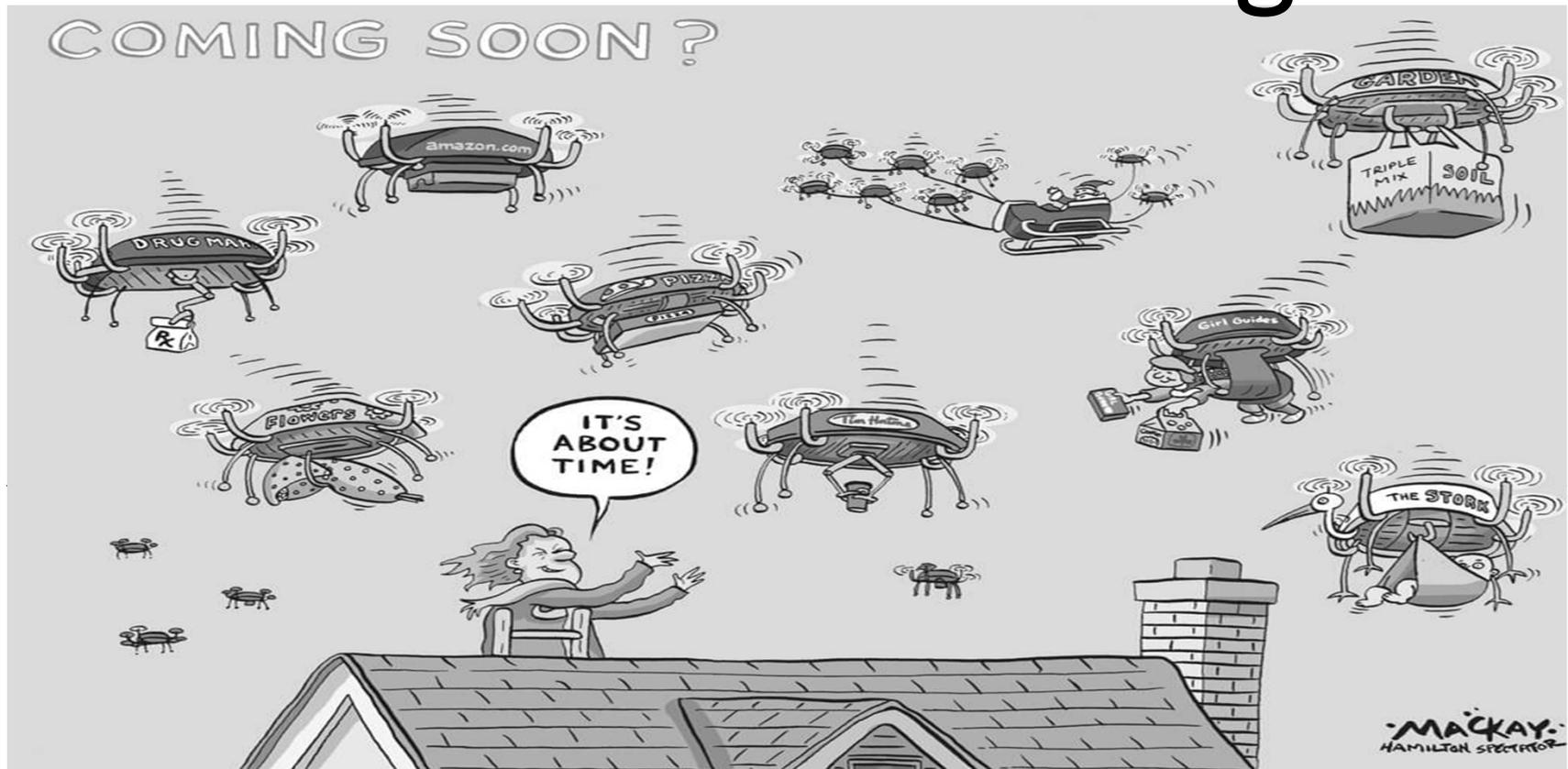
Your employee transfers money by wire to a third party after relying upon a fraudulent transfer instruction by a co-worker, supervisor, the superintendent, etc.

Of course, it must be proven that the transfer instructions were indeed issued by an impostor without the knowledge or consent of the person making the transfer.

What if the superintendent authorized the transfer to an account he or she controlled and embezzled the money? What coverage would that be?



The Drones are coming!



Drones (People, Property, and Equipment)



DRONES

As of Summer 2014, the FAA only allows drones or unmanned vehicles (UAVs) to fly for government, research, or hobby use.

Subject to FAA approval, granted in August 2016 and/or by an exemption, drones are specifically used for:

- Farmers to oversee fields and crops
- Police to gather evidence
- News organizations to take videos for stories
- Other uses?

(Worth noting...the FAA does not regulate the use of drones indoors.)

According to the FAA, Drone Industry is expected to be an \$89 billion worldwide market in the next 10 years.

Some companies envision delivering packages, pizza, etc. – This is different – how?



Commercial General Liability Policy

Are the terms drone, UAV, or UAS defined in the policy?

Is the word aircraft defined in the CGL?

We are trying to catch up with technology.



What do you need to know for hobby and recreational use?

Registration began 12/21/15 for any drone owner prior to this date and ends 2/9/16 (FAA).

Covers drones weighing from .55 lbs. to 55 lbs. (including payloads).

Anyone that purchased a drone after 12/21/15 must register before the first flight occurs outdoors.

To register online with the FAA, you must be 13 years or older.

Registration fee is \$5.00.



Operational Guidelines for Hobby and Recreational Use

NO flying within 5 miles of an airport unless you contact Airport and receive permission prior to flying.

Don't be careless – you could be fined for endangering people or other aircraft.

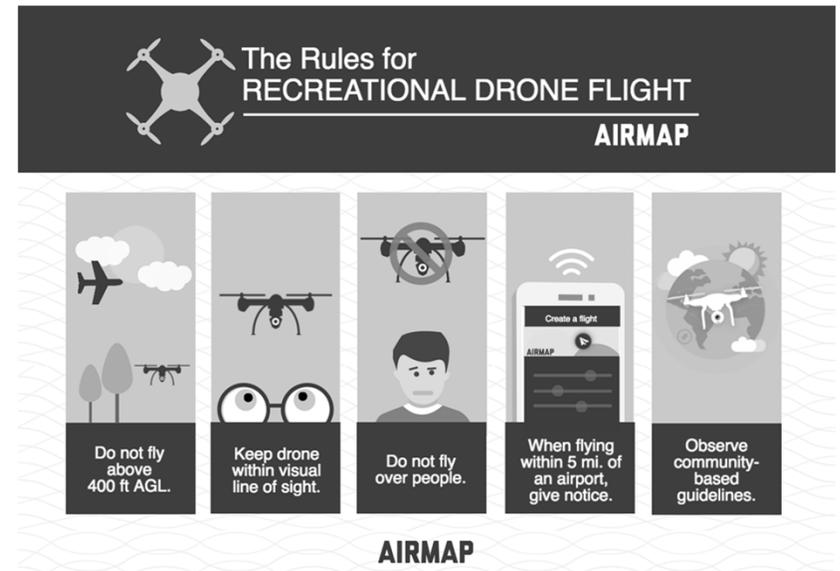
Fly below 400 feet and stay clear of surrounding obstacles.

Keep the aircraft within visual line of sight at all times.

Don't interfere with manned aircraft use in operations.

Weight fully loaded cannot be more than 55 lbs.

Don't fly near people or stadiums.



How Can a Public Entity Operate a UAS?

Must apply for a Certificate of Waiver or Authorization (COA).

Only governmental entities – such as federal, state, and local agencies can receive a COA for public UAS aircraft operations.

Public aircraft operations must be conducted for a government function.

COAs are mostly issued to governmental entities, but are required as well for civil (private) operations.

FAA evaluate each COA application to determine the safety of the proposal.

COAs are issued for a specific time period – usually two years. It may also include certain rules such as the time of day to be used and a defined block of airspace.

Public entities can also contract with FAA approved UAS contractors.

Visit the FAA website to apply for a COA.

Know State and Local UAS regulations.



10 Risk & Misuses for Drones

1. Mid air collisions
2. Damage from foreign objects (bird strikes)
3. Malicious Acts (terrorism)
4. Cyber Attacks – overtake control of the drone
5. Invasion of Privacy
6. Lack of regulations – no current drone maintenance standards
7. Pilot skill/knowledge/experience
8. Rapid growth
9. Drone vendors – (outsourcing)
10. Correct liability and hull (property) coverage

Source: Property Casualty 360 article dated 01/31/17



Uses of Unmanned Aerial Systems by Public Schools?

Roof inspections

Video campus activities

Classroom – mapping experiments, PE, etc.

Planning – traffic patterns, safety evacuations

Others?



Insurance Coverage

1. Talk to your provider – liability terms are now readily available.
2. Un-endorsed commercial general liability policy (CGL) does not provide bodily injury or property damage coverage. Personal injury (invasion of privacy) will most likely be excluded as well.
3. Property Insurance
 - Traditional property insurance will not cover due to exclusions and high deductibles.
 - Use an Inland Marine or mobile equipment form for the exposure and deductible is smaller.
4. Any concerns over outsourcing?
5. Has anyone in the room purchased a drone?
6. Did you check with your homeowners insurance company?



Flood



Flood Statistics

Floods are the **number one** natural disaster in the U.S.

From 2006 – 2015, total flood insurance claims averaged close to \$2 billion per year (only NFIP policies).

People outside Flood Zones file 20% of the NFIP claims, but account for one-third of all payments.

NFIP statistics only – this does not include claims paid by commercial insurers or other non-NFIP insurers.

Source: FloodSmart.gov



Hurricane Matthew Damage in South Carolina

Damages will exceed \$500 million dollars.

4 deaths alone in SC.

\$64 million in damages to counties, municipalities and state roads

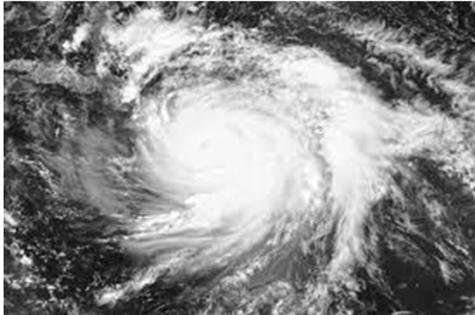
Peak-storm power outages for 860,000+ homes and businesses.

Record number of vehicles flooded as a result of Matthew.

Overall hurricane-related economic loss be an additional \$4-6 billion for the USA.

Source: weather.com and usatoday.com

Space Station Flyover of Hurricane Matthew



School Issues

Schools closed from days to several weeks

Busing issues due to road closures

Lack of power & utilities

Schools being used as shelters

Some schools had no initial damage, but concerns due to rivers cresting/flooding a week or more after Matthew

Others?



Insured Losses



Direct damage – some schools with water in buildings (flood)

Direct damage – wind damage

Some school systems experience both wind and flood

Vehicular damage – buses and fleet damage from flooding

Indirect damage – food spoilage due to power failure

Others?

Typical Insurance Coverage and Deductibles

Flood limited to \$5 million per location or \$5 million total

Higher flood limits of \$10 million to \$50 million are available in non-flood zones

Flood deductibles vary from \$25,000, \$50,000, or higher

Limited or no coverage in designated flood zones

Excess coverage over NFIP zones



Flood Zone Determinations



Zone X – Considered acceptable by insurers (full flood sub-limit available).

Zone A – Insurers want to provide limited (excess over NFIP) or no coverage.

Zone V – (Wind driven – think coastal) limited (excess) or no coverage.

Others Zones – less frequent, handle on a case by case



NFIP Coverage

Provided by the Federal Government to properties (*homes, private & commercial businesses, governmental entities, & others*).

Maximum limits are \$500,000 for building coverage & \$500,000 for contents coverage.

Deductibles vary and start at \$1,000 for building and \$1,000 for contents. *Deductibles apply separately.*

Coverage is Actual Cash Value (ACV). Could this present problems?

Property carriers (insurers) may be able to write limits over NFIP as discussed earlier at Replacement Cost.

While very limited (*and usually price prohibitive*), there are carriers that will write in the primary coverage in a known flood zone.



Lessons Learned

Several schools learn about their flood zones after the loss.

Know your zones!

Disaster planning – move vehicles, busing plans, alternative locations, etc.

Construction and development continue to change run-off patterns.

Have cell phone numbers & other emergency numbers.

Liability agreement (Certificates of Insurance with County and City entities). Why?

Others?

