

## Manager/Supervisor Risk Management

#114– 12/13/12

A twice weekly e-mail training for YCPARMIA members

TOPIC: PROPERTY INTRO

YCPARMIA's Liability program covers injuries and damages to third party claimants. Workers' Compensation covers statutory benefits for our member's injured workers and volunteers. The Fidelity program covers the participating entities for the illegal acts of their employees, and for crimes perpetrated against the entity. YCPARMIA's last major program is our Property program, and now includes Boiler and Machinery coverage which used to be a separate program. The program insures almost \$1 Billion of declared values, at an annual premium of about \$500K that is divided among our members based on their portion of the total declared values.

The property program covers the buildings, their contents, and property in the open that belongs to our members. There is also physical damage coverage for vehicles and mobile equipment. The entity chooses which properties they want to have covered by including them on a list that is submitted to our excess carrier on an annual basis. If the property is not on the list, it is not covered.

An added component of the program is Boiler and Machinery. Historically the insurance industry excluded damage to boilers and machinery, and required the purchase of a separate insurance policy to cover the machinery and electrical equipment. For the purpose of this training we can treat this coverage as basically identical to those included in the property program.

The member premium are largely determined by the value that they declare on each piece of covered property. The excess carrier determines a premium rate that is applied to the values. To those amounts YCPARMIA adds administrative and claim reserves to cover payments within our retention level. Each fall YCPARMIA sends the list of declared properties to our members asking them to add or delete properties as needed, and to adjust the values of the properties on the list. This is obviously a difficult process since none of us are experts in appraising property values. The most important element of the process is to make sure that the property is declared on the list. We will discuss the valuation process in a later topic.

With this as a simple overview, we can take a closer look at the elements of this program.

Next topic: Covered Risks