

Manager/Supervisor Risk Management
#115– 12/18/12
A twice weekly e-mail training for YCPARMIA members

TOPIC: PROPERTY – COVERED RISKS

Where liability coverage is triggered by an occurrence that results in legal liability and workers' compensation coverage is triggered by a work injury that arises out of and in the course of employment, property coverage is strictly a matter of contract interpretation. The first step in any loss is to look at the insurance policy to determine whether there is coverage under the terms and conditions of the insurance contract.

Property coverage protects against physical loss to a member's property caused by a covered peril. The property is usually a building or its contents, but under the YCPARMIA program it also includes vehicles and mobile equipment. Business interruption, boiler and machinery, and property damaged in the course of construction are also covered. In order to be covered under the contract, the entity has to include the property on their list of covered locations or vehicles.

A peril is an unintended event that causes a loss. The covered perils portion of the coverage is on an "all-risk" basis (probably not dissimilar to an individual's coverage under their homeowners or renters coverage); it covers all perils unless they are excluded. The most common covered perils are fire, wind, rain, theft, vandalism, and damage by vehicles. The YCPARMIA program is unusual in that "flood" is a covered peril. There is also coverage for earthquake, but with reduced limits.

This short discussion is not intended to be a summary of our property coverage – that would require a much longer presentation. The purpose of this topic is to make it clear that if the entity has property that is damaged by whatever cause (i.e. "all-risk" unless excluded), a loss notice should be submitted to YCPARMIA. The information sent to us should include a detailed description of the involved property, an explanation as to the cause of loss, a description of the damage, and the contact information for an employee who can assist in the adjustment process. A YCPARMIA adjuster will apply this loss information to the insurance contract to determine if there is applicable coverage. If there is a coverage question we will forward the information on to the insurance broker for their contract interpretation.

One other thing to note: any vehicle loss, mobile equipment loss, or loss with damages over \$25K will be submitted to an independent insurance adjusting firm chosen by our excess property pool/carrier. They will make a separate determination of coverage and the amount of loss.

Next topic: Replacement vs ACV / Shared Limits Policy