

Please share this Newsletter with your staff.

Routing: Pastor ____ Assoc. Pastor ____ Administrator ____ Bookkeeper ____ Principal ____
Director of Religious Ed. ____ Director of Youth Ministry ____ Athletic Director ____

Spring/Summer 2001

A RETURN TO A TIGHTENING COMMERCIAL INSURANCE MARKET

The Protected Loss Fund Program (PLFP) utilizes a combination of self-insured retentions and commercial excess insurance to protect the assets of the (Arch) Dioceses in Michigan. Excess premium costs have been relatively stable for approximately eleven years. Except for inflationary factors and loss ratios in your (Arch) Diocese, the PLFP costs have remained the same while also adding coverage lines. A lot of credit for this belongs to the local (Arch) Diocesan campus for attending to safety related items and promptly reporting incidents that may result in a claim against the PLFP.

For the July 1, 2001 to July 1, 2002 year, we are seeing costs that have been unprecedented in the past eleven years. Insurers have been underpricing and their loss ratios are threatening their viability. Because so many factors go into an individual unit's contribution, we are unable to tell you what increases you are likely to see. Statewide, risk exposures are up 2%. Add to that a 3% inflation factor and an average 9% increase in premiums results in a potential increase as much as 14%. This should be a conservative estimate and we are still working to reduce this.

CLERGY AUTO UPDATE

An unfortunate scenario similar to the PLFP has developed for the clergy auto program. Losses in this program, excluding large losses, has produced loss ratios that can no longer be ignored. Auto repair costs, especially glass, have risen dramatically. Loss trends actually indicate a gross increase in costs of 39%.

The Michigan Catholic Conference is working toward softening this increase to something below 13% and possibly only 8%. Coverages remain the same with two minor deductible changes for collision and comprehensive.

Limits:	\$500,000 CSL Liability \$300,000 Uninsured/Underinsured Motorist/Accident \$ 50 Road Service Max. per occurrence \$ 25 Rental Reimbursement/day max.; \$1,125 Max 45 days \$ 500 Property Damage Buyback (Mini-Tort) \$ 250 Travel Emergency Coverage (Specified Persons) (no deductible applies) \$ 500 Personal Property in an auto (collision or comp loss) (including coverage for cell phones not perm. mounted)
Deductibles:	\$ 250 Collision-Broad Form (up from \$200) \$ 100 Comprehensive (up from \$50)
Special Terms:	Value Protection coverage (lease/loan gap); coverage for Citizen's Band radio or two-way mobile radio or telephone, or scanning monitor or receiver, including antennas and other accessories; cellular phones theft coverage at maximum value of \$1,000 each; physical damage for owned trailers and legal liability for non-owned/hired trailers while in care, custody, control of Named Insured & \$500 limit for non-owned trailer removed; Personal Injury Protection (PIP) medical and wage loss are excess coverage; Drive Other Car coverage for members eligible.

We strongly urge all drivers to pay closer attention to your driving habits and drive defensively. If you must use a cellular phone, install hands free components, otherwise only call when pulled over and properly parked. Theft of vehicles can be reduced with the purchase of a steering wheel locking device. Breaking and entering of vehicles are deterred by storing valuables in your trunk or elsewhere that is not visible. Always lock your vehicle when unattended. Please remember that when operating the vehicle, the only thought process should be driving safely and defensively. When traffic lights are green, you should still scan the intersection before proceeding, to look for others possibly running the red light. By paying a little closer attention, we can all benefit by keeping a viable program that provides a broad array of coverage for your personal vehicle.

CLAIMS REPORTING REQUIREMENTS

A recent audit of workers compensation reporting prompted the Bureau of Workers' Disability Compensation to contact our office with questions pertaining to late reports. It was discovered that reports of injury and/or documentation from the parish/school/unit were not submitted to our third party administrator in a timely fashion. It is extremely important that information on a potential claim along with the State forms be immediately submitted to Gallagher Bassett Services, Inc. The State act requires timely claim filing as a condition of remaining a qualified self-insurer. We can not lose our qualification. This could severely effect your costs for and handling of workers compensation. Gallagher Bassett Services, Inc. has the necessary forms that they will mail or fax to you when needed. Please call them immediately when an employee alleges or even eludes to the possibility of being injured in your employment. Gallagher Bassett Services, Inc. has the resources to assist you in directing the employee to treatment facilities designed to meet the needs of your employee's potential injury. If possible, provide a job description which explains the physical demands of the job to the treating physician and to Gallagher Bassett Services, Inc. This assists the physician in determining the appropriate return to work plan.

A further analysis of reporting of claims has proven that when claims are not reported within 1-4 days, claims costs rose an average \$4,000 more then those promptly reported. In our indemnity claims average count of 110 claims per year, the potential exists for a \$440,000 savings with proper, prompt, and complete reporting to Gallagher Bassett Services, Inc.

In addition to the initial report and State forms, medical bills which subsequently come to you from either the provider or the employee must be submitted to Gallagher Bassett Services, Inc. immediately. The State imposes a mandatory 3% late fee if the bill is not paid within 30 days.

This could amount to an additional several thousand-dollar savings with prompt submission of medical bills.

Where to Report

Gallagher Bassett Services, Inc. has two offices.

For the Archdiocese of Detroit:

Gallagher Bassett Services, Inc.
PO Box 687
Southfield MI 48037
Phone 248-352-1062
Fax 248-350-1710

For the Diocese of Gaylord, Grand Rapids, Kalamazoo, Lansing, Marquette and Saginaw:

Gallagher Bassett Services
PO Box 1448
East Lansing MI 48826-1448
Phone 517-351-3100
Toll Free 800-926-1819
Fax 517-351-5528

SPECIAL EVENTS COVERAGE

Effective July 1, 2001, the cost to obtain Special Events Coverage will be \$100 per 24 hour coverage period. New forms will be mailed out in late June 2001.

It is strongly recommended that you have a written agreement for renters of your facilities that includes the appropriate rental cost, damage deposit to include the \$100 special event coverage cost, plus the site specific rules for opening and closing the facility. We have a draft document to accomplish this, which also includes information about alcohol serving restrictions and checklists for closing the facility. You may call us at 1-800-395-5564 to request this rental agreement document.

FORMS CHANGES

The Parent Permission Form For Field Trip Permission was recently changed to clarify the unintended consequence of excluding insurance coverage that a volunteer driver or another party may have in the event of an accident. The new form has been distributed to your respective (Arch) Diocesan School Superintendent, Religious Education Director and Youth Ministry Director. If you do not yet have a copy, you may visit our web site at www.micatholicconference.org. Click on Publications, Services Administration, Administrative Procedures Manual, Forms. This can be easily downloaded via Adobe Acrobat ®. We urge you to visit this in the future as we are in the process of placing more Risk Management documentation and forms for your use.