

# Risk Management Services

I N F O R M A T I O N U P D A T E

November 2003

## Property Losses

Losses to (Arch) Diocesan facilities have remained the top cost factor of the Protected Loss Fund Program (PLFP). These include damages to your buildings and contents from fire, weather and lack of maintenance resulting in the severity of weather related losses.

For a five year period ending June 30, 2003 the PLFP logged 2,239 property claims with losses paid and reserved of \$20,377,781. These losses are self-funded for the first \$250,000 of each and every claim. Of these losses, \$5,605,425 will be covered by excess insurance coverage. That leaves \$14,772,356 in property losses totally self-funded by you and your (Arch) Diocese.

**Please share this Newsletter  
with your staff.**

ROUTING:

- Pastor
- Associate Pastor
- Administrator
- Bookkeeper
- Principal
- Director of Religious Education
- Director of Youth Ministry
- Athletic Director

The recent renewal of the excess insurance required the PLFP to increase the self-funded portion to \$500,000 per occurrence. Losses by the carriers were higher than expected and caused them to incur losses on this program. Not to mention the losses incurred by the (Arch) Dioceses' for their self-funded portion.

We are presently undergoing an analysis and comparison of these losses. It appears that fire related losses have had the major impact on the severity of losses. With the assistance of Gallagher Bassett Services, Inc. Loss Prevention and your excess insurer, future seminars are being planned to provide specifics to help all of us better control the facilities to reduce these losses. In addition, we are implementing additional investigative coding to capture whether or not a property loss could have been prevented.

Please refer to your Self Inspection Program provided during your last loss prevention visit. It contains checklists for various areas of reducing hazards, including a five page Fire Inspection Checklist. Updates to this will soon be available at our website, [www.micatholicconference.org](http://www.micatholicconference.org). Choose the MCC Gateway for access to Business Applications and the Administrative Procedures Manual. First time users will be prompted to request a password to gain access.





Your practice of good housekeeping, proper and timely maintenance and adherence to loss prevention has a direct impact on the costs of your contributions to maintain the Protected Loss Fund Program.

### **Boiler and Machinery**

In addition to the property coverage is the Boiler and Machinery Coverage. This line of coverage provides reimbursement for accidental damage to your boilers and related equipment. The coverage also extends to air conditioning and related controls, computers and other electronic devices used to regulate or protect your facilities.

The insurance carrier for this is Hartford Steam Boiler Inspection and Insurance Company (HSB). In addition to providing you insurance coverage, HSB personnel also do the State jurisdictional inspections of your boilers to obtain the operational permit from the State of Michigan. HSB does not perform the inspections for locations within the City of Detroit; Detroit inspectors retain that obligation.

Beginning in January of 2003, the State inspections are now required every 2 years for steam boilers and every 3 years for hot water heating boilers. HSB tracks the State data base and will contact you when the inspection is necessary.

Subsequent to the inspection, HSB will generate a report that is sent to you detailing any necessary upgrades to your heating systems. Pay particular attention to any recommendations which are identified as Code Deficiency. Any code deficiency requires immediate repair or your heating system will not be approved for continued operation by the State of Michigan. Your actions in answer to any recommendations requires response in writing to HSB with a copy to Michigan Catholic Conference, Attention: Risk Management, PO Box 10157, Lansing, MI, 48901-0157.

HSB provides a wealth of information on their website, <http://www.hsb.com>. You will find numerous operational safety tips for heating systems and air conditioning, water treatment, electrical surge protection and ways to maximize the service life of your electrical distribution system. These operational safety guidelines are under Products & Services, Risk Management Services Client Services and finally, Equipment Maintenance and Operation Checklists. For those not connected to the web, HSB has a 24 hour "Fax-On-Demand" feature that allows you to select these checklists via facsimile. The telephone number is 1-800-333-4677. Follow the prompts to have a list of the checklists faxed to you. You can then order the checklists via a subsequent telephone request. We also have a packet containing the general rules applicable to (Arch) Diocesan locations that includes information on required testing as well as a few of the checklists. Please call 1-800-395-5565 extension 3543 or e-mail [ktyler@micatholicconference.org](mailto:ktyler@micatholicconference.org) to request a copy.

As with the property coverage, your attention to detail and proper maintenance of your heating and cooling equipment will have an impact to reduce losses and costs. An accident to a boiler system can have catastrophic results because of the pressure of the system and ensuing explosion. No one would want to be burdened with the potential for injuries due to lack of maintenance.

Specific questions applicable to a needed inspection or details of the inspection program can be directed to Mr. Lawrence Black, HSB, telephone 734-878-2494 or e-mail [Lawrence\\_R\\_Black@HSB.com](mailto:Lawrence_R_Black@HSB.com).

### **Molds**

One of the newer health exposures has received national media attention and coverage exclusions from insurance carriers.

While molds are certainly not new to our environment, given the right conditions, some mold spores may germinate and sprout the growth of mold on nearly any surface. The single key to mold growth is excessive moisture. If you have mold, you have a moisture problem and that problem needs to be repaired.

Some people with a natural allergy to molds may exhibit more irritation to the presence of mold. For most, the irritant could be compared to that of walking into a smoky room.

Nevertheless, lawsuits against property insurers as well as third parties suing property owners for alleged exposure have caused the insurance industry to exclude all first party and third party coverage for mold related claims. And yes, that includes our PLFP.

Please pay attention to any damp areas, typically in the lower floors or basement. If a leak from a water source is evident, have it repaired. It may be that lack of air circulation and high humidity are contributing to the conditions that could spur mold growth. Install dehumidifiers and provide airflow to reduce the risk of active mold growth. These inspections, preventative and remedial actions must also be performed for any facilities that you rent or lease long term to tenants.

The removal of surface mold is as simple as a good soap and water cleaning, followed by rinsing with a bleach and water mixture, then drying thoroughly.

Additional information can be found at the US Environmental Protection Agency web site at <http://www.epa.gov/iaq/molds/moldresources.html>.

### **Loss Prevention Reminders**



All injuries, losses, claims or damage require immediate reporting to our claim administrator, Gallagher Bassett Services, Inc. They will provide the initial direction to reduce the loss exposure, if possible. For the Archdiocese of Detroit, phone 248-352-1062, fax 248-350-1710. For the Diocese of Gaylord, Grand Rapids, Kalamazoo, Lansing, Marquette and Saginaw, phone 1-800-926-1819 or 517-351-3100, fax 517-351-5528.