

Coverage for Public Entities

Public entities face unique challenges regarding risk management. While juggling shrinking tax bases and swelling operational costs, public administrators are under pressure to maintain—if not improve—municipal services. As a result, many are pressed to manage risk at the lowest possible cost. However, the increase in the number of claims against public entities during times of economic downturn emphasizes the danger of potentially disastrous gaps in property and liability coverage for any public entity.

Types of public entities that necessitate specialized coverage include municipalities, counties, townships, local and regional authorities, school and community college districts, ambulance districts, volunteer fire departments, public universities, transit authorities, water districts, sewer districts, libraries and other special districts. A public entity can be identified by the following characteristics: it is operated with public funds; its employees are considered government employees; it receives significant assistance from the government by provision of property or equipment; and it is governed by a board elected by voters or appointed by elected officials.

Common and Specialized Coverages

Public entity exposures basically consist of operational exposures, including both first- and third-party, and management liability exposures. While coverage for a public entity is in some ways similar to commercial coverage, it varies greatly from state to state and over time due to legislation aimed at protecting public entities, including state liability caps, immunity defenses and early reporting requirements.

Liability policies are designed to respond to losses that you are obligated to pay due to your negligence. They always involve a third-party claim.

- General Liability policies typically respond to bodily injury, property damage, or personal injury claims.
- Professional Liability provides coverage that is not included in a general liability policy. Professional liability might respond to claims of negligence.
- Management Liability coverage can respond to claims of wrongful acts.
 - Employment Practices coverage is very important for public entities because these claims can be quite common. Precisely because of their public nature, civil rights laws are particularly applicable to public entities.
- Other Specialized Liability policies respond to exposures specific to the public entity's activity. Examples include:
 - Law Enforcement Liability
 - School Board Liability
 - Educators' Legal Liability
 - Airport Liability
 - Environmental Liability, including pollution
- Excess Liability/Umbrella policies protect the organization by backing up the limits of its underlying liability policies. For the most part, it is used to cover exceptionally large events or losses with low probabilities of occurrence. Without this insurance, these events—as rare as they may be—can be devastating.

Property policies protect your physical property in case of losses due to fire or lightning, including the cost of removing property as a way to protect it from further damage. Standard policies may also include coverage for windstorms, earthquakes, acts of terrorism, vandalism and other losses. A public entity may have special types of property that require additional coverage. RPM Agency can help you determine if your organization requires any of these specialized policies, which include:

- Aircraft
- Underground Storage Tanks
- Boiler and Machinery
- Automobile coverages

Workers' Compensation pays for employees' medical bills and lost wages from work-related injuries. In most states, workers' compensation is required.

Which Coverage is Right for You?

When designing your organization's risk management plan, there are several considerations that can help you determine exactly what you need.

- Is the insuring agreement broad enough to capture all of the current and future work of the organization? Determine if the policy covers the scope of your organization's tasks and services by reading the definition of the covered services in the policy. RPM Agency can help you determine if all activities would be covered under the operative definitions of the covered services or if additional clauses are needed.
- Are there any exclusions? Look at the list of exclusions that resist coverage. Review the list to be sure it does not preclude coverage for any services or tasks that you need covered.
- Can the policy be customized or modified? Can extensions be added?
- What legislation regarding public entities exists in your area, and how does it compliment your policy?
- Is an extended reporting period an option? These provisions offer extensions of time to report claims that would otherwise fall outside the policy period – as long as the event resulting in the claim occurred during the policy period. Find out what extended reporting period options are available and discuss how much time the policyholder may need to report a claim.
- Have there been any past tasks or activities at your organization that could potentially result in a claim? Have there been past instances where a claim was filed? What was the result? Discussing the specifics with RPM Agency can help determine what coverage specifications you need now to prepare you for the future.

Other Ways to Protect Your Organization

Even when a comprehensive insurance policy is in place, your organization's risk management plan is not complete. Preventive action is one of the most cost-effective things public entities can do to protect themselves against claims.

- Train and inform employees thoroughly and properly.
- Maintain comprehensive safety policies.
- Keep all records up to date and accurate.
- Ask RPM Agency for information about return to work or accident investigation plans.
- Ask RPM Agency for other helpful loss-prevention strategies.

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