



INSURANCE FREQUENTLY ASKED QUESTIONS

4-H Youth Development

April 2005

General

1. What is the difference between liability and accident insurance?

Liability insurance pays and renders service on behalf of an insured for loss arising out of their responsibility to others imposed by law or assumed by contract. In the case of volunteers, the insurance is designed to cover a volunteer's actions that may cause physical injury to another, or damage to another's property.

Accident insurance provides coverage for injury or death because of an accident to individuals named on the policy. The policy covers accident related fees for medical services, and payments for dismemberment or death up to the policy maximum.

2. Could you explain a little more about when the accident insurance policy kicks in versus the liability insurance policy? Does the liability only kick in when there is a lawsuit type of situation?

An accident policy provides a potential source of recovery without regards to liability.

Liability insurance does not necessarily need a lawsuit to apply. It will apply if there is negligence. However, if the negligence is questioned, that could lead to a lawsuit and then the court would determine the negligence factor.

3. In the past when we had an injury, such as a broken nose at a 4-H softball game, we contacted American Income Life Insurance Company, but did not necessarily inform the company that carried liability insurance. Should the liability carrier also be contacted each time, just in case there is an issue in the future?

When an accident occurs, complete an accident/incident report and keep it on file. Report the incident as soon as possible to your county department head and the county insurance/risk manager. Most likely, the county insurance/risk manager will want a copy of the accident/incident report. If the incident is of a serious nature, the staff member should also contact the 4-H Youth Development Liaison, District Director or the 4-H Youth Development Program Leader as soon as possible for assistance from the university in dealing with the situation.

This is an excellent example of the advantage of having an accident policy in place to provide a source of payment for medical bills. Coverage of the medical bills may limit interest in pursuing a liability suit.

4. If a club or county 4-H group is having a brat stand at a grocery store and they are asked for proof of insurance, what should be sent to them?

The 4-H Youth Development staff member would need to consult with the insurance/risk manager for their county who should secure a certificate of insurance from the county's insurance company. The certificate of insurance verifies coverage and the county general liability policy limits – it might also add the grocery store as an additional insured for the specific activity if the store requested they be added. In some situations, the county insurance/risk manager may have the 4-H Youth Development staff member request the certificate directly from the mutual organization or insurance company. Allow ample time for the certificate to be issued.

5. Recently one of the village parks had a lawsuit against them because an organization used their space to have a brat fry. Someone got sick and sued. Now the 4-H clubs that use that same park must show proof of liability coverage before they are allowed to use the park for a brat fry. What, if any information, might be provided to clubs who have brat fries or food stands to help protect them?

Make sure a certificate of liability insurance is filed with the parks department, buy good brats and make sure they're cooked through before serving them and the brat is served hot, or if cold subs, they are served cold by being kept in a mini refrigerator, or on ice in a cooler.

- a. Investigate if there are locally required permits and health regulations that apply to food vendors
- b. Implement safe food handling practices
- c. Understand and apply Child Labor Laws. If the food stand is free standing, street vendor regulations apply; if the food stand is in a building, child labor regulations apply. Refer to the "Youth Volunteers Reference Guide" for more detailed information:
<http://www.uwex.edu/ces/4h/resources/mgt/laws.cfm>

6. We have received permission to use private property for shooting air rifles and 22 rifles. The owner wants to know if there is insurance coverage for the event. What needs to be done in this situation?

Work with the county insurance/risk manager to obtain a certificate of insurance. Be sure the event is listed on the approved list of 4-H activities. The volunteers must be currently enrolled 4-H volunteers and possess Shooting Sports certification in the discipline in which they are supervising.

7. When I ask the insurance company to provide a certificate of insurance to someone else to show we have coverage, is there typically a charge from the carrier?

No, unless they wish to be added as an additional insured. There might be a charge for that, but it should be fairly minimal.

- 8. Local 4-H clubs are a part of each county's 4-H Youth Development program. Each club has a slate of activities conducted under the leadership of 4-H volunteers who have completed the Youth Protection process. The volunteers and the 4-H clubs are accountable to the local 4-H Youth Development staff member. Is there any difference in the process for receiving certificates of insurance for club level activities vs. countywide activities?**

There should be no difference as long as the activity is recognized by the county. This question highlights the importance of 4-H clubs completing and submitting an annual calendar of events to the UW-Extension office.

- 9. Is there a difference in insurance coverage when 4-H meetings are held at a home vs. a public building? Is there a difference if it's a 4-H club or a committee of the Leader's Association?**

From the perspective of the participant, there is no difference. In either case – home vs. public building, participants are invited onto the premises. If the negligence of the owner of the premises results in bodily injury or property damage, the applicable liability insurance will provide defense and coverage for the owner.

Personal homeowner insurance will always be the primary coverage when a volunteer conducts an activity in their home. When possible, conducting 4-H meetings in public buildings is recommended.

There should be no difference in insurance coverage for activities and events conducted by a 4-H club or county committee provided they fall within the county's recognized activities.

- 10. What is event insurance? Do we need it for events like an "open" horse show that is open to the public?**

If the activity has been included on the annual list of activities reported to the county, there may not be a need for event insurance as the activity itself should be covered under the county's liability program. In this case, the county's program should be primarily responsible for liability. Be sure you understand and follow the process for submitting the list of activities for your county. If you are unsure if an event falls under the county insurance coverage, check with your county insurance/risk manager. Keep in mind if the county program will cover the activity, it does not mean participants and spectators are covered for personal injuries, as they should have their own health insurance coverage. If the party does not have their own coverage, and the 4-H program does not have accident coverage in place for 4-H members and non 4-H participants, the family will likely become personally liable for the costs.

If a county is uncomfortable or not supportive of hosting an activity such as a horse show, they may ask for a special event policy. Event insurance of this nature is very costly and may be difficult to obtain. Additionally, event insurance may only cover the participants **or** the spectators but not both. If you wish to cover **both** be sure the insurance company writing the event insurance understands you want both covered.

11. If 4-H is sponsoring an event, how does insurance work for non 4-H members? Can/should a group deny participation to non 4-H horse members because of “insurance reasons?”

Counties are strongly encouraged to have the annual American Income Life accident insurance in place for all 4-H members and leaders. Horse project participants must be insured on the \$2.00 per year plan. When non 4-H members participate in events and activities, it is advisable to take out the per day accident insurance for these youth. Contact American Income Life at www.americanincomelife.com

As long as the 4-H volunteers are acting within the scope of their responsibilities in an approved activity, there should be no difference in their liability coverage.

12. What are the limits of coverage in the UW System Insurance Policies?

The UW System is an entity of the State of Wisconsin and therefore falls under the State's insurance. The State of Wisconsin is self-funded for insurance. The UW System's/State's self funded liability program works much the same way the County's insurance program works.

13. What is the insurance issue with incorporated 4-H Leader Associations? The 4-H Leader's Association is incorporated as a 501 (c)(3) non-profit, non-stock corporation. Are they not covered by County Mutual or UW System liability insurance?

The structure of the association is less important to determine if coverage is available through the county than is the activity which results in a claim. Incorporated associations are strongly encouraged to discuss their program with the county insurance/risk manager in order to determine if the county will agree to insure the association, or not. If not, the association may need to consult with an attorney to assess what they should do. Wis. Stats. s. 181 limits liability for volunteers of nonstock corporations related to damages, settlements, fees, fines, penalties or other monetary liabilities when the volunteer is acting in a reasonable manner (following procedures/rules/protocols), but does not afford protection for the assets of the corporation.

14. Can you talk about the necessary insurance coverage for Shooting Sports? Is there anything required or extra?

Accident coverage should be in place for youth and the volunteers – Shooting Sports qualifies for the \$1.00 per year plan through American Income Life Insurance Company. In addition, it would be important to include Shooting Sports events on the list of activities submitted for county coverage. It might be good to request written confirmation that coverage will apply.

15. What happens if a car window is broken when hauling equipment for a 4-H activity or something is broken at someone's home when hosting a 4-H event? Where would these types of claims go?

The first situation would go to your personal auto insurer (assuming you have physical damage coverage) and the second situation would go to the homeowners insurer. A deductible may apply to your loss. There would be no additional insurance coverage beyond the individual's personal insurance.

16. The 4-H Leader's Association and one 4-H club in our county owns property. Are they covered under the county's insurance?

No. The property and equipment are not covered under the county's insurance program unless coverage has been specifically granted by the county. 4-H Leader's Associations and 4-H clubs owning property or equipment generally have two options: 1) continue to own the property and equipment and purchase appropriate insurance policies; or 2) donate the property and equipment to the county or another entity – then insurance coverage will be the responsibility of the new owner.

17. A 4-H volunteer is conducting a Shooting Sports workshop for adults from the general public. Is the 4-H volunteer covered for liability?

This workshop would be outside of the scope of the 4-H volunteer role. The county's secondary liability policy would not apply to this situation.

Volunteers

18. What should the organization be providing for insurance coverage for volunteers?

Insurance is not a substitute for safety. However, liability and accident insurance are important parts of a risk management plan for educational program participants. The organization/county is encouraged to have secondary liability coverage in place for volunteers. The Wisconsin County Mutual Insurance Corporation and the Wisconsin Municipal Mutual Insurance Company which insure most Wisconsin counties provide secondary volunteer liability coverage providing an endorsement is in place, activities meet the policy guidelines, and county-specified procedures are followed in submitting volunteer names and schedule of activities. Counties not covered under one of these programs are encouraged to secure secondary liability coverage through a private company.

County 4-H organizations should purchase accident insurance for volunteer leaders and members. Purchasing the \$1.00 a year plan (\$2.00 per year for horse project, athletic league sports, ATV, and motorcycle participants) from American Income Life is recommended. Contact American Income Life at www.americanincomelife.com.

19. Does volunteer liability coverage typically apply if a volunteer is accused of slander?

Yes. The volunteer's first source of recovery would be his or her homeowner's liability insurance. The county's first source of recovery is always its own liability insurance.

20. Is it true that volunteer liability insurance policies carried are secondary coverage policies, meaning that volunteer's own homeowners or business insurance are primary? If yes, why?

Most likely that is the case, especially if the event takes place at a volunteer's personal residence or business. Personal homeowners and automobile insurance is structured to provide coverage for almost all activities an individual is engaged in that does not provide income. This includes most volunteer activities.

21. When does (or in what situations) does UW System insurance coverage “kick in” to protect volunteer leaders? How is it determined whether volunteers are covered by county or UW System insurance?

In most situations, a volunteer’s homeowners or automobile insurance will be their primary coverage. The organization/county insurance will serve as secondary liability coverage. As stated above, counties should be sure secondary liability coverage is in place to cover 4-H volunteers. Under special circumstances, 4-H volunteers may also be covered by the university when they are assuming a role normally carried out by a staff member, and the role is documented and approved by the UW-Extension Risk Management Contact: Dan Malacara, Director, Cooperative Extension Office of Budget and Fiscal Operations, daniel.malacara@ces.uwex.edu, phone: (608) 263-7941.

Generally speaking, volunteers should understand that when they are performing activities for 4-H, the state statutes, county insurance or their personal insurance will provide sufficient protection to guard against their personal assets being depleted due to allegations of negligence.

22. If a volunteer’s insurance coverage is primary, are they risking their homes and/or businesses by serving as a volunteer?

For their own protection, volunteers should be encouraged to carry sufficient automobile and homeowners insurance and/or purchase an umbrella policy. Refer to the next question for specific limit recommendations. The secondary liability coverage is also important as this provides a safety net for the volunteer if personal liability limits are exceeded. Volunteers should not be overly concerned with liability if they carry personal insurance and the additional protection of secondary coverage is in place.

They may be risking their homes/business/cars/personal assets if they do not have insurance coverage in place. If acting in a reasonable manner (following procedures/rules/protocols), they should not be too concerned about this issue.

23. What type of coverage/protection do volunteers need personally?

Homeowner’s Policy: The volunteer should consult with their insurance agent to discuss whether their policy needs to be endorsed should they have 4-H members at their residence or work with 4-H members at a site away from their home. The homeowner’s policy should have a minimum limit of \$500,000 for liability, and the volunteer may want to consider purchasing an umbrella policy for \$1,000,000 which will ride above both their homeowner’s policy and their automobile policy for liability.

Automobile Policy: The volunteer should have a minimum limit of \$500,000 combined single limit, or limits of \$100,000/\$500,000/\$100,000 which means they have auto liability coverage limit of \$100,000 Bodily Injury (per person) with \$500,000 Bodily Injury (per accident) and \$100,000 of property damage coverage. If they are driving a number of 4-H members in a station wagon or van on a frequent basis, they may want to consider raising the umbrella to \$2,000,000 and/or the automobile limits to \$1,000,000 combined single limit.

24. What happens if a volunteer doesn't have insurance? Does the secondary insurance become primary?

It would be a poor decision for any individual who has assets worth protecting, to not have adequate personal insurance. It is important to remember that only when an individual buys their own insurance are they the named insured and the primary responsibility of their insurer. When serving as a volunteer, the individual may be included in the definition of who is an insured on the county or university policy. But the county or the university is the named insured. They pay the premium and they are the primary responsibility of the insurance company.

25. What happens if a volunteer who is not enrolled as a 4-H volunteer, and has not completed the Youth Protection process is injured at a 4-H event? Does the volunteer status matter at all in an accident type of situation or is it only in the case of liability insurance that it is important?

A volunteer who has not enrolled and completed the Youth Protection and is injured at a 4-H event has the same status as a member of the general public. They would not be covered under the American Income Life Insurance Company Accident Insurance (the \$1.00/year plan). Their personal health insurance would need to cover any medical costs. If they do not have health insurance, they would be personally responsible for any medical costs.

26. What should counties do for leaders who don't have auto insurance?

Automobile insurance is the responsibility of the individual volunteer. A volunteer without automobile insurance should be restricted from the ability to transport youth at any time or drive on behalf of 4-H.

27. The amount we pay on our current policy is based upon the number of enrolled adult volunteers. If a youth is serving as a teen volunteer are they covered under the policy, when they were not counted as a registered volunteer?

Check with the insurance company.

28. Our county is one of the five counties that are not covered by the two major county insurance programs. Because we are seeking new coverage what should we especially be looking for or asking about when contacting perspective companies?

Insurers that are willing to provide liability insurance for counties will be willing to provide generally the same coverage Wisconsin Municipal Mutual Insurance Company or Wisconsin County Mutual Insurance Corporation provide. Declare the need for this coverage on the initial application, and provide the agent with at least a sample list of the type of events in which 4-H volunteers may be involved.

Staff

29. What are the insurance considerations if staff transport youth?

Employees are discouraged from transporting youth in their personal vehicle. The employee's personal insurance serves as the primary coverage in this case. Adequate insurance is critical. As with volunteer recommendations, the employee should have a minimum limit of \$500,000 combined single limit, or limits of \$100,000/\$500,000/\$100,000 which means they have auto liability coverage limit of \$100,000 Bodily Injury (per person) with \$500,000 Bodily Injury (per accident) and \$100,000 of property damage coverage. If the employee decides to transport youth, leasing a vehicle is recommended as this transfers the risk. Additional coverage may have to be purchased. For assistance on rental of vehicles, please see:

<http://www.uwsa.edu/fadmin/fppp/fppp36c.htm>

When driving county owned vehicles, UW-Extension employees must meet university guidelines. Check with the county manager for additional county guidelines when using county owned vehicles.

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