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BOY SCOUTS OF AMERICA

The importance of having good Property insurance coverages

Boy Scout Councils rely heavily upon their camping income and most councils run their own camps. This is a huge undertaking. You take care of everything from maintaining the buildings, to working within a tight budget. Staffing, planning and yes, even insurance play vital roles to the longevity and success of a healthy and functioning camp. You put so much hard work into making the camp successful and enjoyable for the scouts, the last thing you would want is to see all your hard work ruined by an unforeseen accident. The only thing worse than an unexpected loss, is not having sufficient funds to rebuild in a timely manner. That is where insurance comes into play. You may think, "We have insurance, we are ok." But insurance is like any other product on the market out there. There are good products and there are bad products. You usually get what you pay for. If you have to spend money on insurance, it might as well be for a product that is comprehensive and well structured.

Figuring out what coverages you have

The question is, how do you really know what you are paying for? It's hard to decipher the terms and if you don't really understand what the coverages mean, why not go for the cheapest policy? Here are some helpful tools to empower your purchasing decision related to property insurance policies.

Replacement Cost – the cost to fully repair or replace damaged property.

Actual Cash Value – the cost to repair or replace minus depreciation. This is typically how much the building is worth versus how much it costs to replace. A nice check in your pocket is always handy, but if you can't rebuild, where will the scouts go at the next camping season?

Coinsurance – This is a term that ultimately results in penalizing the insured if they report that the building would cost less to repair or replace than they initially reported. The problem is that you don't always know how much it may cost and can underreport a value without even meaning to. For example, there was a council that, a few years ago, had to replace a water tower because of a fire. They had the water tower insured for what

they thought was the proper amount. They forgot to include the cost to get the water tower to the remote campsite. The price tag ended up including the cost to airlift in the water tower by helicopter. This ended up costing a lot more than the council originally thought.

Agreed Amount – This waives any potential coinsurance penalty that might be assessed as mentioned in the previous scenario.

Blanket coverage – When you end up finding out something is going to cost way more than anticipated (like the water tower) this handy little coverage enables you to use the limits from another building or location on the policy. It is like a blanket that covers everything so that you can use limits from other buildings to cover the potentially underinsured building that has been damaged.

Determining your assets

These are all great terms to know and understand, but how does a council determine adequate replacement cost values? First, you have to know what you have. If you think you have 18 or 19 buildings at a campsite, you cannot determine how much it would cost to replace them. The best way is to have a contractor come out and give you an estimate for rebuilding each and every building. They can usually at least ball park it enough to know if you are on the right track. If you do not know a contractor, start with these simple steps:

Find out how many buildings you actually have and what they are each built with. Pavilions and porches even make a significant difference if they have a concrete base, wood decking, or just dirt. Then you will need to know the dimensions of each building. Just walking the outside of a building with a tape measure will do.

Take some construction guidelines for your area and do the math. A wood frame construction building with no electricity or plumbing at 700 square feet should have a certain dollar per square foot, say \$70. Then you take your square foot (700) and you multiply it by the dollar per square foot. $700 \times \$70 = \$49,000$. Ultimately, an Adirondack with a wood floor will end up costing less to replace than a Dining Hall or a Lodge.



Now, you know you can build that little building for less than \$49,000. However, you must consider these factors. The replacement cost value should include the flooring and roof and everything in between that is permanently attached to the building. It should not include what you can count on in the way of donated labor or materials. That is what your deductible is for.

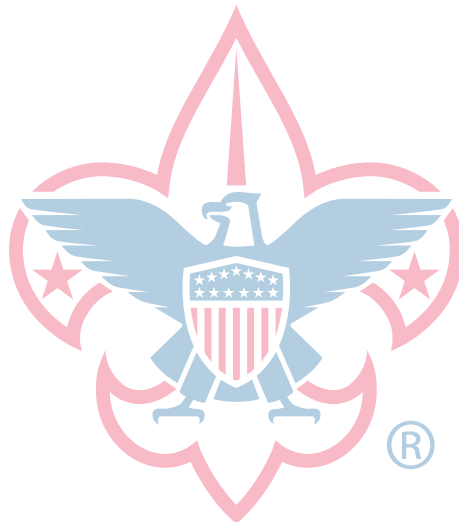
Most policies have a per occurrence deductible. This allows you to use that donated labor and material you can count on for a small event. It also allows you to not suffer great damages for a large event (the entire camp is gone). If the unthinkable were to happen, you need to know that you can pay the contractors to come in and

rebuild as fast as possible to get you up and running. That is one of many reasons why taking a higher deductible is a better choice than underinsuring the buildings.

Does your policy have adequate limits?

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Our policies have blanket, agreed amount, and replacement cost. Do yours? Contact us today!



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