Adult Care Facility & Recovery Housing Insurance 101

Presented by: Matthias Stewart
Who is Matthias Stewart?

Matthias Stewart - Agent

Bio
Matthias is starting his insurance career with Rinehart Insurance. He has spent the last 6 years in the banking industry, most currently as a Branch Manager. Along with his management skills, Matthias brings with him 10+ years of customer service experience. His main focus will be on Personal and Commercial Lines Insurance, helping individuals, families and businesses with their insurance needs.
Matthias attended Central Ohio Technical College with a focus on Business Administration and Management. He recently obtained his insurance agent license and is looking forward to building professional relationships with current and potential clients.

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About Me:

- Live in Lexington, OH.
- Married, wife Sierra, two boys, Westyn four, Xavier one.
- Spent a large part of my summers as a youth as a counselor at a camp for developmental disabilities.
- Have a strong desire to help those facilities that help others!
About Rinehart–Walters–Danner Insurance Agency

- Established in 1956.
- Located in Mansfield, Ohio.
- 19 total employees –
  - 7 Agents (4 of which are owners)
  - 10 Account Managers – 4 Personal Lines, 3 Commercial Lines, 2 Benefits Department, 1 Government Department
  - Bookkeeper & Receptionist
- Provide insurance solutions throughout the state of Ohio and surrounding areas.
- Offer a range of insurance programs from **Property and Casualty, Risk Management** and **Employee Benefits** for business and individual clients.
Why use an Independent Insurance Agency?

- We work with numerous insurance carriers.
- This allows us to “shop” the market for the best plan and rates for our clients.
- One size does not fit all. We build and customize the insurance package best suited for your specific needs.
- We only deal with “A or better” rated Insurance Carriers (*AM Best ratings)
- Longstanding relationships with carriers we represent.
Commercial Lines Service Team

Diane Tatonetti  
Dee Dee Faggionato  
Barb Guth
Commercial Insurance

Adult Care Facilities & Recovery Housing Insurance
Reasons for Insurance
Protecting your business

Your business is an investment you’ve worked hard to build, you have invested your hard-earned time, money, and energy into growing it.

*If not properly insured – One incident could destroy everything you’ve worked hard for.
Peace of mind for residents and their families

- It is important to residents and their families to know that the facility where their loved ones are cared for is properly insured.
- Having insurance can be a deciding factor when placing a loved one in a facilities care.
- Shows an added element of stability for your facility.
It is required

- Banks and/or lenders require **property insurance** when a loan is issued.
- If you lease or rent – property owners require **liability insurance**, at the very least.
- The State of Ohio requires **auto insurance** for every registered auto.
Common Misconceptions
Most/all homeowners insurance policies have strict exclusions for business operations. This is why it is important to carry an insurance policy that specifically covers your business and its assets.
Example of Exclusion in Standard Homeowners Insurance Policy

2. "Business"
   a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

   This Exclusion E.2. applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

   b. This Exclusion E.2. does not apply to:

      (1) The rental or holding for rental of an "insured location";

3. Professional Services
   "Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;
I have never had a claim therefore I don’t need coverage

- All it takes is one incident to cause financial struggles to your business due to legal fees, settlements, etc.
- The worst time to find out you don’t have coverage or not enough coverage is after a loss.
There are many options available to assist in managing your budget for insurance.

It is important to budget each year for insurance costs, and to work with your insurance agent on what your cost/coverage entails. (Know what you are paying for)

Ways to mitigate cost – Make sure to think about insurance cost when calculating resident room and board expenses & fees.

Various payment options available. (Annual, Semi-annual, Quarterly, Monthly)
Knowing Your Agent

Why it is important to have a great relationship with your agent and insurance carrier.
Your insurance agent should be a trusted advisor, assisting you to mitigate your risks in your day to day operations.

Your agent should understand the differences between different types of facilities. Not all care facilities or recovery housing are the same. (Knowing the difference between different types of facilities and what they offer can help when the agent is explaining your operations to an underwriter)

It is important to that your agent knows you, knows your business, and has a first hand working knowledge of your day to day operations.
Issues that could arise from improper coverage

- Policies where a facility is rated incorrectly (ex. Apartment complex, boarding house, etc.), could cause issues during a claim that could result in a.) policy being canceled or non renewed or b.) a claim being denied or not paid.

- Policies that are missing key coverages could have major implications if an incident occurs. (ex. A new vehicle not added to policy when purchased)
Coverages to look for

- Property
- Damage to Rented Premises
- **Business Income & Extra Expense**
- General Liability
- Commercial Auto
- Hired/Non-owned Auto
- Professional Liability
- Abuse or Molestation
- Crime/Employee Dishonesty
- Employment Practices Liability
- Crisis Response
- Data Compromise (Cyber Liability)
- Umbrella
- **Property coverage** – this covers buildings owned by the facility or separate LLC/holding company. Can also provide coverages for business property (ex. furniture, beds, appliances owned by the facility)

Options to blanket coverages for larger facilities with multiple homes are available. (ex. You own 3 locations each insured for $100,000. You have blanket building coverage of $300,000. You have a fire at one location, the adjuster determines the total loss was $150,000. You would be able to pull from blanket limit additional $50,000) Not a means to underinsure your property.
Damage to Rented Premises—this can help if your business is renting a facility/home and causes a covered loss (ex. Fire)

Business Income and Extra Expense—provides assistance if facility is shut down from a covered cause of loss (ex. Fire)

Building coverage pays to rebuild the structure, business income and extra expense reimburses you for loss of revenues and extra expenses incurred. Such as having to relocate to another facility while you rebuild.
- **General Liability**— accidents can happen. General Liability insurance can help protect your business if you are legally obligated to pay for injuries or damages that you are responsible for. (ex. if someone visiting the facility is injured or their property is damaged at your facility and they bring suit against your business)

- There can be many exclusions and services excluded from a General Liability Policy. (ex. Counseling Services, Adult Day Care Centers, Professional Services, Abuse and Molestation, etc.)
General Liability Exclusion Samples Counseling Services

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2. Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability and Paragraph 2. Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:

This insurance does not apply to “bodily injury”, “property damage” or “personal and advertising injury” arising out of advisory services or counseling with respect to such issues as mental health, crisis prevention, social services or drug and alcohol rehabilitation or similar subjects.

Provided by Insurance Services Office, Inc
COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2, Exclusions of Section I — Coverage A — Bodily Injury And Property Damage Liability and Paragraph 2, Exclusions of Section I — Coverage B — Personal And Advertising Injury Liability:

This insurance does not apply to “bodily injury”, “property damage” or “personal and advertising injury” arising out of the rendering of or failure to render by any insured:

1. Medical or nursing service, treatment, advice or instructions including the furnishing or dispensing of drugs or medical supplies or appliances;
2. Any health or therapeutic service, treatment, advice or instruction; or
3. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement or personal grooming.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the “occurrence” which caused the “bodily injury” or “property damage”, or the offense which caused the “personal and advertising injury”, involved the rendering of or failure to render by any insured that which is described in Paragraph 1., 2. or 3.

B. The following exclusion is added to Paragraph 2, Exclusions of Section I — Coverage C — Medical Payments:

2. Exclusions

We will not pay expenses for “bodily injury” to any person in the care of the insured.
Commercial Auto—protects company-owned vehicles used by owners and staff. (ex. Your business owns several vehicles that staff uses to transport residents or for other business purposes)

Hired/Non-Owned Auto—Provides protection for your business when an employee uses their own personal vehicles for business use. (ex. Transporting clients, making bank deposits, groceries for facility, etc) We highly encourage businesses that have employees that use their vehicles for work to require proof of coverage with minimum limits of 100k/300k.
Professional Liability – this provides protection for errors and omissions made as a result of your work. This can include allegations of negligence or failure to perform even if no error has occurred. Can provide legal protection for false and valid claims.

*General Liability policies exclude professional services.
Professional Liability Coverage Exclusion Sample

The following exclusion is added to paragraph 2, Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section 1 - Coverages) and paragraph 2, Exclusions of COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY (Section 1 - Coverages):

This insurance does not apply to:

“Bodily injury”, “property damage” or “personal and advertising injury” arising out of:

1. The rendering or failure to render:
   a. Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
   b. Any health or therapeutic service, treatment, advice or instruction; or
   c. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.

2. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;

3. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures, or

4. A “professional incident” as defined herein.

"Professional incident" means any actual or alleged negligent:
   a) act;
   b) error; or
   c) omission
in the actual rendering of professional services to others, including counseling services, in your capacity as a human services organization. Professional services include the furnishing of food, beverages, medications or appliances in connection therewith.
Abuse or Molestation – this provides coverage for your business for accusations of abuse or sexual misconduct. Can provide defense cost to defend allegations of abuse, can also provide protection in the event of a settlement.

*General Liability policies exclude Abuse or Molestation Liability.
Abuse or Molestation Liability Coverage Exclusion Sample

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. The following exclusion is added to COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY 2. Exclusions:

“Bodily injury” or “property damage” arising from or related to:

(1) Each, every and all actual, threatened or alleged acts of physical or mental abuse, sexual abuse, sexual molestation or sexual misconduct performed by one person or by two or more persons acting together, including physical or mental abuse arising from or related to such conduct; or

(3) The insured’s:
   (a) Design;
   (b) Control;
   (c) Maintenance;
   (d) Supervision;
   (e) Inspection; or
   (f) Investigation of prospective tenants

of your premises, premises in your control or premises you have leased to another where such activities actually or allegedly resulted in any act of physical or mental abuse, sexual abuse, sexual molestation or sexual misconduct, including physical or mental abuse arising from or related to such conduct; or

(4) The insured’s failure to provide professional services to or neglect of the therapeutic needs of a client, patient or other person arising from any physical or mental abuse, sexual abuse, sexual molestation or sexual misconduct, including physical or mental abuse arising from or related to such conduct; or

(5) The insured’s liability for physical or mental abuse, sexual abuse, sexual molestation or sexual misconduct, including physical or mental abuse arising from or related to such conduct, by any “employee”, volunteer, student-in-training or any other person or persons acting within the scope of their employment, appointment or authorization by the insured;

Provided by Selective Insurance
Crime Coverage – Business assets can become vulnerable to burglary, forgery or embezzlement. Crime Coverage provides protection in the event of theft of money on or offsite (ex. Break in, or robbery on the way to the bank).

Employee Theft Coverage – Protects business when an employee is stealing from employer. It is important to obtain an extension of this coverage to apply to theft of client property.
Employment Practices Liability—This coverage can provide assistance if a lawsuit is brought against your business by an employee. (Ohio is an at-will state) Examples of allegations can include refusal to employ, wrongful termination, discrimination, sexual harassment etc….. (ex. a terminated employee sues former employer for discrimination) This coverage assists with the cost to defend your business in court, or with a settlement.

It is highly recommended to carry this coverage if you have employees, even if just for defense coverage.

*General Liability policies exclude Employment Practices Liability.
Employment–Related Practices Exclusion Sample

This insurance does not apply to:

“Bodily injury” to:

1. A person arising out of any:
   a. Refusal to employ that person;
   b. Termination of that person’s employment; or
   c. Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

2. The spouse, child, parent, brother or sister of that person as a consequence of “bodily injury” to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

1. Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person; and

2. Whether the insured may be liable as an employer or in any other capacity; and

3. To any obligation to share damages with or repay someone else who must pay damages because of the injury.
Crisis Response – If not quickly addressed, a crisis can affect not only your businesses reputation, but also your bottom line. Crisis response coverages can provide reimbursement for crisis management, public relations, and counseling following a crisis. (ex. a violent event at your facility)

Data Compromise (Cyber Liability) – If you discover that client or employee personal identifying information has been lost, stolen, or compromised, this coverage can help provide reimbursement for certain security breach expenses along with assisting in providing services to affected clients. (ex. A hacker holds your client information for ransom)
Umbrellas– Umbrellas are available to offer an additional layer of protection over most lines of coverage. (Restrictions and exclusions can apply)

(ex. You have $500,000 in General Liability coverage, and you have $1,000,000 Umbrella. You have a covered loss that results in a $1,000,000 settlement. Your $500,000 General Liability limit is exhausted, however, the additional $500,000 can be applied from your umbrella coverage. Without the umbrella coverage, your business would have been responsible to pay the additional $500,000 not covered by the General Liability)
Things to consider

- Proper policies and procedures in place for handling incidents.
- Abuse and Molestation trainings and procedures reviewed with staff, talked about in employee handbooks. Signed off by employees.
- Procedures for medications, performing drills for fire, and other emergencies.
- Procedures for elopements, what is in place to help prevent elopements? (ex. wonder guards, code alert, etc)
- License is in good standing with the State
- Staff to resident ratio’s are in compliance
We can help!

Benefits provided to our clients...

- Employee Handbook templates
- Policies and Procedures assistance
- Assist in creating Disaster Response Plan (fire, tornado, violent event etc...)
- Newsletters
- Employee Handouts
- Employee Benefits
- Dedicated Customer Service Representatives
- Annual policy reviews to ensure accurate coverages are in place (can provide more frequent reviews if needed)
- Complimentary Insurance review of current policy for new or prospective clients.
Contact Me

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