

Insurance and Risk

Presented by: Division of Rural Services



Overview



- Risk Types
- Insurance Types
- Insurance Coverage
- Indemnification
- Commissioner Duties
- Scenarios



Definitions

Risk: expose (someone or something valued) to danger, harm, or loss

Insurance: a practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium.



Risk Types

- **Financial and Non-Financial**
 - **Financial Risk (Insurable)**
 - the outcome of an event can be measured in monetary terms (Material Damage, Personal Injury)
 - **Non-Financial Risk (Non-Insurable)**
 - the outcome of which cannot be measured in monetary terms. Choice/Decision provides dislike, discomfort, or embarrassment (Choice of Car, Career, etc.)



Risk Types

- **Pure and Speculative**
 - **Pure Risk (Insurable)**
 - the outcome shall result in a loss only or at best break-even (Property Damage, Theft, Personal Accident)
 - **Speculative Risk (Non-Insurable)**
 - the outcome provides the possibility of gain or profit (Choice of Car, Career, etc.)



Risk Types

- **Fundamental and Particular**
 - **Fundamental Risk (Insurable?)**
 - Risks which arise from causes that are beyond the control of an individual (Natural Disaster, War, Terrorism)
 - **Particular Risk (Insurable)**
 - Risks which arise from actions of individuals or even groups (Structure Collapse, Fire, Explosion, Theft, Equipment Breakdown)



Insurance Types

- **Contractor**
 - General Liability
 - Comprehensive Automobile Liability
 - Workers' Compensation
- **Borough – Service Areas**
 - General Liability
 - Volunteer Accident Insurance



Insurance Types

- **General Liability**

- A policy issued to organizations to protect them against liability claims for bodily injury and property damage.



Insurance Types

- **Comprehensive Automobile Liability**
 - A commercial auto policy that includes auto liability (personal injury, property damage) and auto physical damage coverage that's not a collision (vandalism, fires, moose)



Insurance Types

- **Workers' Compensation**
 - Business insurance coverage that provides wage replacement and medical benefits to employees that suffer from a work-related injury or illness.



Insurance Types

- **Volunteer Accident Insurance**
 - limited amount of coverage for injury to a volunteer during covered activities, and apply in excess of an individual's health insurance policy.



Insurance

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Insurance Coverage

- **Contractor**

- **General Liability:**

- \$1,000,000 per occurrence

- **Comprehensive automobile liability:**

- \$1,000,000 combined single event

- **Workers' compensation:**

- \$100,000 each accident
 - \$500,000 disease– policy limit
 - \$100,000 disease—each employee



Insurance Coverage

- **Borough – Service Areas**
 - **General Liability:**
 - Tier 1 - \$500,000 Limit occurrence/aggregate (No deductible)
 - Tier 2 - \$5,000,000 occurrence/aggregate limit
 - Tier 3 - \$10 million occurrence/aggregate limit
 - Tier 4 - \$10 million occurrence/aggregate limit



Insurance Coverage

- **Borough – Service Areas**
 - **Volunteer Accident Insurance (Health):**
 - Maximum Benefits \$50,000 per accident
 - Benefit Period 52 weeks
 - Deductible None
 - Scope of Coverage Excess – pays benefits after any other Health Care Plans have paid



Insurance Coverage

- **Borough – Service Areas**
 - **Volunteer Accident Insurance (Health):**
 - Benefit Amount Payable 100%, up to Maximum benefit per covered accident
 - Covered Expenses Include Hospital, Emergency Room, Physician visits, surgery, diagnostic test, nursing services and ambulance charges



Insurance Coverage

- **Borough – Service Areas**

- **Volunteer Accident Insurance (Death and Dismemberment):**

- Maximum Benefits \$2,500
 - 100% paid for Loss of life, two or more hands or feet, sight of both eyes or one hand or foot and sight of one eye.
 - 50% paid for Loss, or loss of use, of one hand or one foot, or loss of sight in one eye.
 - 25% paid for Loss of thumb and index finger of the same hand



Indemnification

- **Definition**
 - Secure (person or entity) against legal responsibility for their actions
- **Service Area Contractor**
 - Indemnifies the Borough
- **Borough indemnifies its commissioners.**
 - Indemnifies Service Area Commissioners



Indemnification

- **No obligation to indemnify, hold harmless, or defend shall apply to any claim against a commissioner:**
 - Based on the gross negligence, willful, malicious, dishonest, fraudulent or criminal conduct of the employee.
 - Based on conduct that was not undertaken in the reasonable belief that the act or omission was in the best interest of the borough.

Commissioner Oath



I do solemnly affirm that I will support and defend the Constitution of the United States and Constitution of the State of Alaska, and the laws of the Fairbanks North Star Borough and that I will honestly, faithfully, and impartially perform my duties and a Commissioner for the Service Area of the Fairbanks North Star Borough to the best of my ability.

Commission Duties



- Act on behalf of the borough to supervise and manage the affairs of the service area.
- Allowed to perform minor road maintenance work. This work may include, but not limited to:
 - use of light hand tools
 - cutting grass or brush
 - installing, replacing, or repairing signs
 - picking up trash
 - removing fallen trees
 - clearing or cleaning of culverts or ditches
 - sanding roads, and filling sand barrels.

Commission Duties



- A commissioner may perform additional work only if a contractor is unavailable and the work is necessary to mitigate an imminent threat to life or property during an emergency

Commission Duties



- Commissioner may **NOT** in any circumstance operate any equipment in the service area including snowplows and earth-moving equipment.

Commission Duties



- To the extent a privately owned vehicle is used for transportation, its owner shall insure it as required by Alaska law.

Scenarios



Risk, Insurance, and Indemnity Scenarios

Summary



- Risk Types
- Insurance Types
- Insurance Coverage
- Indemnification
- Commissioner Duties
- Scenarios

Questions



THANK YOU!! for attending,
and for your dedication
to the Service Area

