

FEBRUARY 2021

# LOSS PREVENTION

## METHODS OF ENSURING FINANCIAL WELL BEING FOR YOUR LODGE

COURTESY OF  
THE MOOSE INTERNATIONAL LOSS  
PREVENTION COMMITTEE

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Loss Prevention is more than just theft. Loss Prevention is many methods of ensuring the financial and well-being of a Lodge.

Let's examine a few of the many different ways your insurance policies can cost you money and how to avoid surprises. How often is your building insurance policy(s) reviewed? Who does your review? How does this cost us money?





## INSURANCE POLICIES

They can vary by city, state, and regional coverages depending on State and Federal laws. They can cover a building loss in many ways be it a fire, severe weather, civil unrest, or vandalism. Insurance policies can have hidden reviews that your entrusted agent has implied permission to change if the needs arise without the insured keeping watch. Some of our Lodge homes are over insured...the coverage is way over replacement values for your property. Some are poorly underinsured and would not reflect replacement costs if a total catastrophe occurs. Some have adequate coverages, including replacement costs, but have additional cost that cover theft, assets, inventory, or other riders. A rider is an extra coverage and fee for insuring other facets of your Lodge property.

Who's job is it to ensure adequate coverages? The Administrator? The Trustees? The Governor? The Treasurer?

*Quite frankly, it is all of our Lodge Board of Officers responsibility as a whole. The Officers should review what is covered in the event of the loss.*





## Reviewing an Insurance Policy

The easiest way to organize and review your insurance policies is to create a one-page policy summary for each policy.

Most insurance policies contain a page in front of the insurance contract that is called a "declarations page" or "policy summary." It will contain most of the information you will want to review.

You can also create your own policy summary template on a pad of paper, in a word document, or in an excel file. By writing down the relevant information in your own template it can help you understand it and remember it.

## WHAT DO WE LOOK FOR IN A POLICY?

- Term of the policy
- Premium for Policy
- Deductible for claim loss
- What is covered- specifically:
  - a. Fire – Building and Casualty Loss
  - b. Weather Related Damage not limited to:
    1. Severe Storms
    2. Tornado
    3. Hurricane (for those near the coastlines)
    4. Hail or Snow structural damages
  - c. Civil Unrest (this is not covered by all insurers- you must inquire/review policy)
    1. Rioting or looting
    2. Building damages
    3. Injuries to members and guests while on property
  - d. Earthquake Damages- this can vary by location and insurer.
  - e. Vandalism- Replacement cost to repair damages...what cost \$1000 in 1970 may not be that cost in 2020.

*An insurance policy is a legal contract between the insurance company (the insurer) and the person(s), business, or entity being insured (the insured).*





## Where to purchase additional coverages?

This can be purchased through your local agent or Lockton by calling: (866) 836-3373.

## Takeaway

As a business property insured, you will want to do all you can to make your Lodge as insurable as possible in order to obtain the best rates. That means taking measures to mitigate risks & following insurers' recommendations.

That could include installing security cameras and alarms, as well as sprinklers and other fire prevention systems. If your business is exposed to a regular natural catastrophe, you should also take steps to reduce the chances of your property being damaged or destroyed.

## ADDITIONAL COVERAGES CAN INCLUDE:

- Employee theft rider
- Inventory (Furniture, Merchandise or Food Inventory)
- Business Interruption Coverage- this can vary by insurer whether it's a 2,3,7 day minimum loss
- Financial Crime or Identity Theft due to Cybertheft or Damage
- Sewer Backups or main line breaks
- Power outages- long term or short term that cause frozen food and produce to spoil

**REMEMBER:** *Reading your policy helps you verify that the policy meets your needs and that you understand your duty and the insurance company's responsibilities if a loss occurs.*

## HOW CAN PREMIUMS CHANGE WITHOUT NOTICE:

Every year costs go up for everyone involved. Some of these changes occur normally and some are hidden.

- Renewal OF ANNUAL policy...changes are usually smaller and are based on previous claims (if any)
- Agent raises coverage levels without consent or has implied consent when the policy was drafted.
- Claims for losses will factor into the premium.
- The Board of Officers never annually reviewed the policy for changes.

*The more eyes you have to review your insurance coverages and needs are vital to the prevention of insurance "we didn't know's". Due diligence by the Board of Officers and Administrator is required.*



## SOME EXAMPLES:

### Note:

The replacement cost of a commercial building is not its market value or its assessed value, how does Lodge leadership determine the replacement cost of their building?

An insurance appraisal may be the safest way to estimate the cost to repair or replace your property.

Here are factors to consider when determining your building's value:

- Direct and indirect costs
- The facility's age
- Building code upgrades
- Site accessibility
- Unique or non-typical building characteristics

The Board of Officers took out a complete Building Fire & Casualty policy in 1982 for \$4,000 for 1 year and continued to pay the premiums every year faithfully until 2021. The policy covered the property for \$425,000 when originated. Suddenly the Lodge burned down in 2021. Your insurance agent is extremely happy to give you a check for the loss \$425,000.00. When you go to rebuild, your estimates are coming in at \$1.2 million for an identical replacement. To everyone's shock you do not have the money or financing to rebuild your lodge. Who should have been monitoring this? When was your last appraisal? Did you plan accordingly?

The Board of Officers took out a complete Building and Fire Casualty policy in 2012 for \$4,000. You have had a couple of administrator staffing changes. Through this, your policy has been paid on time. Your new administrator opens up the Premium Renewal Notice and the premium is \$7,900.00! What changed? Well you find out your agent had implicit ability to make changes to your policy. The changes were small enough to not raise attention. But over 10 years, the premium has doubled and you have had no claims. You find out, the agent had been inflating your building size, value, or inventory amounts to enlarge the yearly premiums paid. Who was watching?



# Scenario

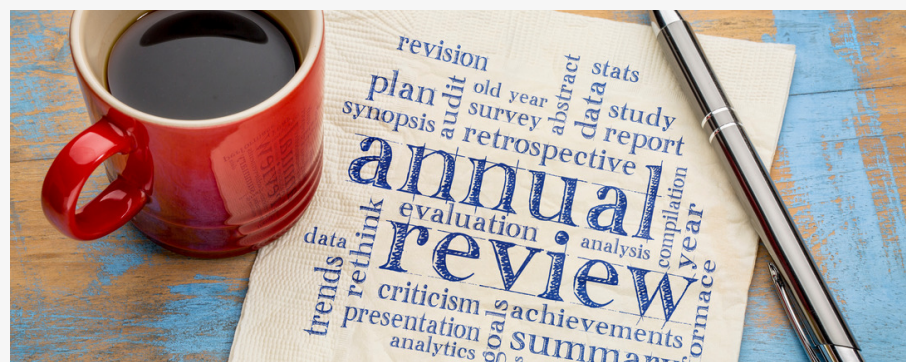
## SOME EXAMPLES:



The Board of Officers took out a new complete Building and Fire Casualty policy in 1990. Your building was 2400 square feet built in 1935. Your building was insured for the proper replacement costs. Your premium was based on a 6400 square foot building. Your premium for the past 30 years has cost your Lodge an average of \$5000.00 per year, when it should have cost your Lodge \$2000.00/year. You have really overpaid 30 years of premiums by \$90,000.00. without a loss claim on your building with a value of \$100,000.00. You have just overpaid the same premium as the building value. Who was watching?

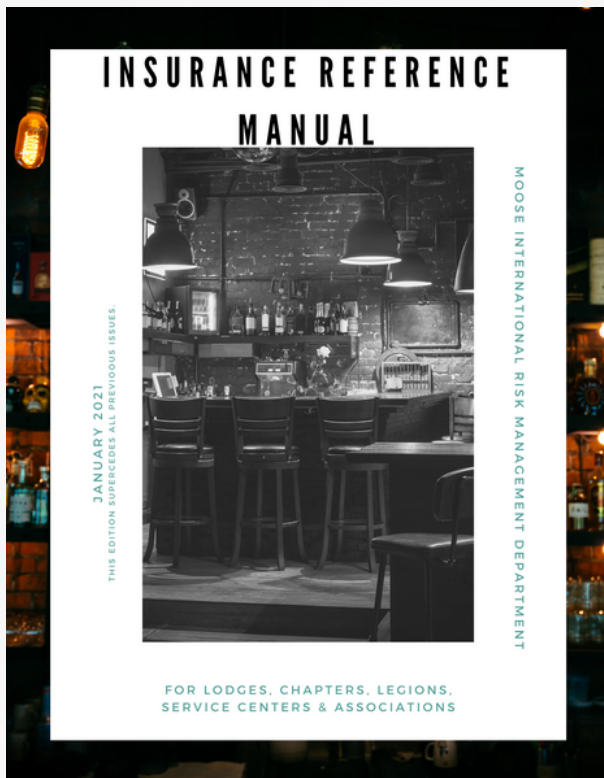
The key to success is to annually review your insurance policies and coverages to ensure you are paying the appropriate premium, covered in the event of loss to replacement values, and ensure that all members of the Board of Officers play a role in reviewing the policies. Boards change every 1 to 3 years. Please keep due diligence in your Lodges.

*REMEMBER: It is important to review your policies periodically. The reason behind this is to ensure that you continue to have adequate protection for the future of your lodge and to safeguard its financial well-being despite all the changes that may happen.*





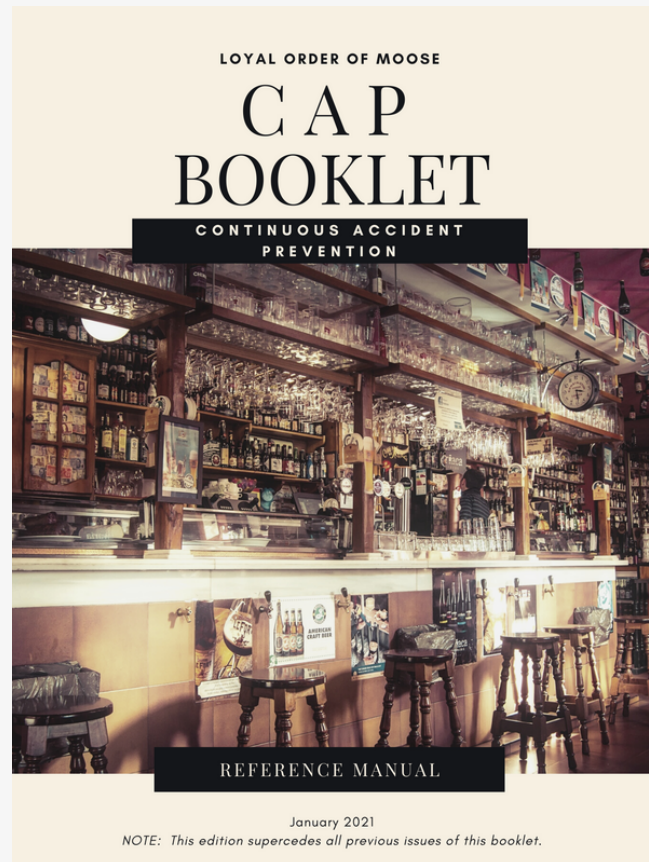
## UPDATED! INSURANCE REFERENCE MANUAL & CONTINUOUS ACCIDENT (CAP) BOOKLET NOW AVAILABLE ONLINE!



This booklet was developed to provide Lodge and Family Center Administrators, Board of Officers and employees with a general reference to our Loss Prevention Program, termed (Continuous Accident Prevention) "CAP". The main purpose is to create a mind set of safety does not occur by accident. Safety requires ongoing efforts.

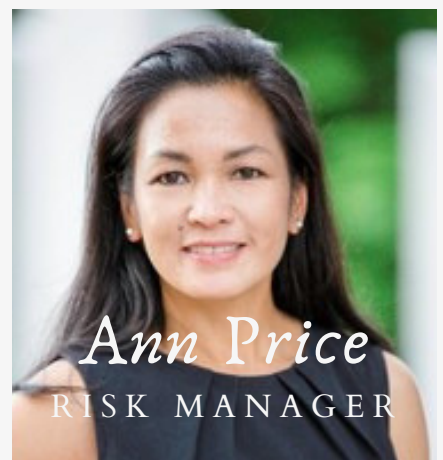
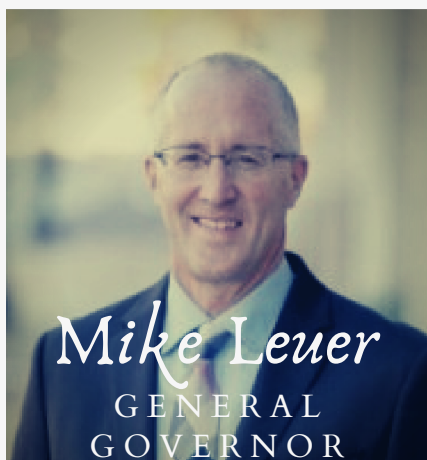
This booklet is only intended to summarize the coverage provided under the Risk Pool Insurance Program. It also summarizes insurance coverage(s) that Lodges need to purchase and their purpose.

Please call the Risk Management Department of Moose International, Inc. at 1-630-859-2000 x 6615 with any questions.



The title 'Loss Prevention Committee' is displayed on a background of torn cardboard. 'LOSS' is written in large, colorful letters (L: blue, O: red, S: blue, S: blue) at the top. 'PREVENTION' is written in large, colorful letters (P: red, R: blue, E: red, V: red, E: blue, N: red, T: gold, I: blue, O: blue, N: blue) below it. 'COMMITTEE' is written in white, sans-serif capital letters on a dark grey rectangular background at the bottom right.

LOSS  
PREVENTION  
COMMITTEE







International Loss Prevention Committee  
155 S. International Dr.  
Mooseheart, IL 60539  
[Click here to email the committee!](#)

Resources Websites:  
[www.mooseintl.org](http://www.mooseintl.org)  
[www.mooseinsuranceprogram.com](http://www.mooseinsuranceprogram.com)

Moose International Risk Management  
(630) 859-2000 x 6615  
Email: [aprice@mooseintl.org](mailto:aprice@mooseintl.org)

