



# Post Insurance Times

April 2011

## Participating in parades, ceremonies and other events off premises



Many Posts sponsor and participate in events away from their Post premises... things such as the local homecoming parade, a Memorial Day ceremony at a neighborhood park, or a pancake breakfast at the county fair. These events are very important because they allow the Posts to be active in their communities and also raise much needed funds to support ongoing Post operations.

In planning your participation in events like this it is critical that every Post confirm that their insurance policy covers the Post for these events that take place away from their own premises. You should ask specifically if there is coverage for the Post's personal property when being used off-site as well as if the general liability covers the Post and its members when participating in events away from the Post.

The VFW Post Insurance Program automatically extends this coverage on our policies. Typically the owner of the property where the event is taking place will request that you provide them with a Certificate of Insurance naming them as Additional Insured for the day(s) of the event. The VFW Post Insurance Program provides these Certificates at no additional cost to the insured Post—simply call your account manager at (800) 829-8390 and your Certificate will be sent within 24 hours.

## Why Insurance Valuation of your property is so important



The need for precise insurance valuation can guarantee the property owner has adequate insurance and is not paying for excessive coverage. A property loss can be a devastating experience even when fully insured. Incurring a loss when inadequately insured can cause financial disaster.

Insurance valuation helps to confirm coverage is adequate to rebuild the property in the event of a loss and supplies you the values to allow you to set your limits of insurance at the proper and appropriate levels. Since construction costs have increased sharply in recent years, replacement costs have changed materially in the last few years. It is important to call your Client Solutions Representative and discuss the current amount of coverage for your building.

The objective of an insurance valuation is to provide adequate funding to replace the physical property destroyed by a loss. This would include the structure, HVAC, kitchen equipment, etc. As discussed in the last newsletter, property coverage for the building can be bought at Replacement Cost or Actual Cash Value.

Replacement cost is the cost to build a replacement building which is functionally equivalent to the subject property. Actual Cash Value is the cost to replace with new property of like kind and quality, minus depreciation. It is important to speak to your bank if you have a mortgage or loan against the building; they may require that you insure the building at a specific level or may not allow Actual Cash Value.

## What is an "Additional Insured" on a Certificate of Insurance?



An **additional insured clause** is an amendment to an insurance contract that provides insurance rights to other parties involved in a business transaction. It serves to protect the additional party in the event of negligence on the part of the primary policyholder.

For example, landlords often require that a tenant has property damage insurance and liability insurance, and they typically require that they (the landlord) be named as an additional insured on the tenant's property and liability policies.

With liability, many states place ultimate responsibility on the owner of real estate for injuries sustained by persons invited to the owner's property, even if the injury is not caused by the acts of the owner itself. For this reason landlords will require that the tenant carry liability insurance to cover the liability caused by the tenant. The tenant is the named insured on the policy, since it is a policy covering acts of the tenant. The landlord wants to be an additional insured on the policy, and will be covered for any liability it incurs due to the acts of the tenant. Thus, both the tenant and the landlord essentially are given the same coverage; they are both named insureds on the policy.

It's imperative that any time the Post is leasing their space to another organization or individual you are securing a Certificate of Insurance that names the Post as additional insured. If your Post is leasing space, it's also important to understand why the landlord is requiring the certificate of insurance. This is standard practice and should be easily obtained. Please feel free to contact your account manager if you have questions regarding Certificates of Insurance and additional insured clauses.