

**Risk Management
And
Insurance**

In a Sober Living
Environment

Sober Living Insurance

Addiction Treatment
PROVIDERS INSURANCE PROGRAM

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Insurance Program*

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- Rich is a 30-year insurance industry veteran with extensive U.S. commercial underwriting and risk management experience
- For the past 14 years he has focused exclusively on insurance products and risk management programs for the Behavioral Healthcare industry

RISK = EXPOSURE TO LOSS



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WORLD CLASS TREATMENT & PROGRAMS

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2 MAIN TYPES OF RISK

PURE RISK

Beyond control of person -- Accidents

Loss or No Loss

Insurable

SPECULATIVE RISK

Personal choice to take the risk

Loss – No Loss – Gain

Not Insurable

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WHY TAKE RISK?



Risk
Reward and
or volatility
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Mitchell Treatment
Prioritizing Insurance & Profits

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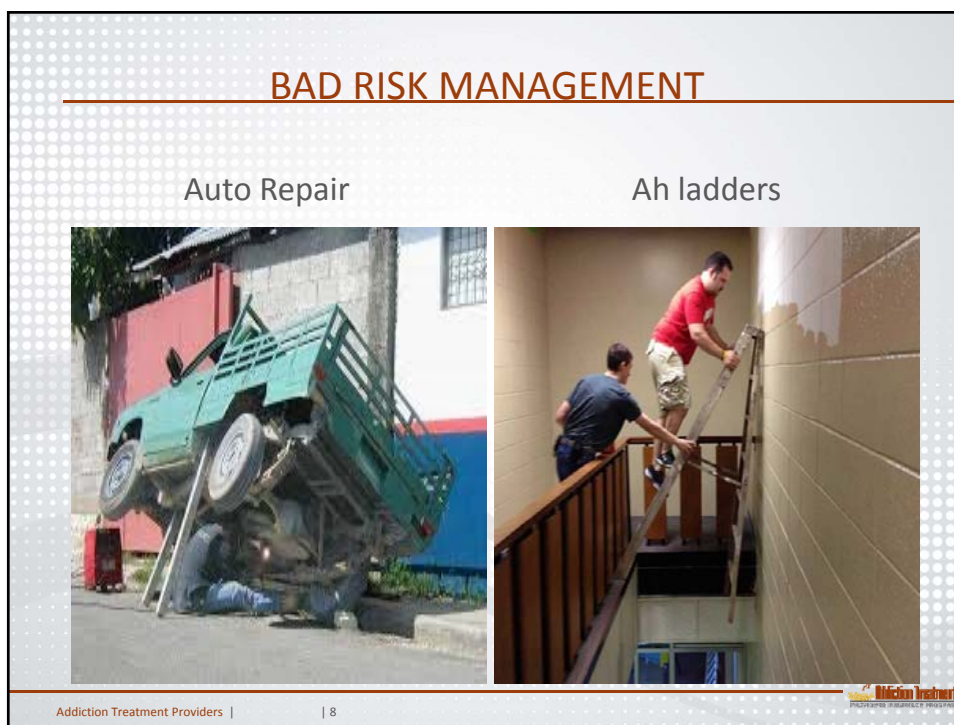
MANAGING RISK



A person wearing a white protective suit and a black helmet is being assisted by another person. The person in the suit is holding a red and blue tool. They are standing in front of a wooden door.

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DEALING WITH RISK



A hand is shown holding a red ball with the word "Risk" written on it in white. Four black arrows point from the ball to four grey circles containing the words "Accept", "Avoid", "Reduce", and "Transfer".


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TRANSFERRING RISK

Two Options --- Use Both

- **Contractual Risk Transfer --- Hold Harmless Agreement**
- **Contractual Risk Transfer --- Insurance Policy**

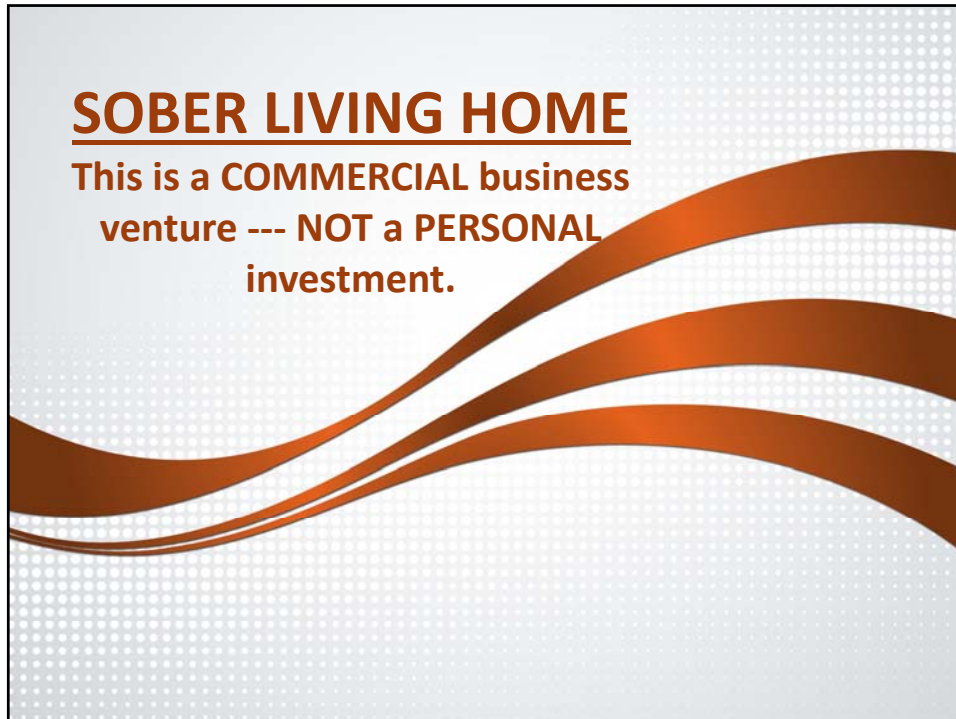


Decorative wavy lines in shades of grey and orange at the bottom of the slide.

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SOBER LIVING HOME
This is a **COMMERCIAL** business
venture --- **NOT** a **PERSONAL**
investment.



Commercial Insurance --- Business
Personal Insurance --- Homeowner

When pursuing insurance you should be clear
about your operations with your insurer. Some
owners/operators pose as single family rental
properties and purchase homeowner --
- may be cheaper but **NOT** a good idea.

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MATERIAL MISREPRESENTATION

A misstatement or omission in an application for insurance that is so important, had the truth been known, the insurance company would not have issued the policy

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Problems with Homeowner's Insurance

- Coverage is not designed for the unique exposures of a recovery residence.
- Insurer may CANCEL coverage upon learning of operations.
- Insurer may DENY Property or Liability claims based on material misrepresentation by applicant.





PROPERTY

<u>EXPOSURES</u>	<u>PERILS</u>
<ul style="list-style-type: none">• Building• Contents• Loss of Rents	<ul style="list-style-type: none">• Fire is most common cause of property loss• Loss or Damage to property of residents that is in your care custody or control• Damage to premises rented to you (by a resident) is only covered for fire, lightning, explosion or smoke


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PROPERTY

Risk Management

- Control smoking areas --- proper receptacle
- No candles or heating devices in rooms
- Mark and show residents how to shut off water and gas
- Fire extinguishers / smoke detectors
- Collect a security deposit for any resident damages


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AUTOMOBILE

<h3 style="text-align: center;"><u>EXPOSURES</u></h3> <ul style="list-style-type: none">• Liability for Bodily Injury or Property Damage to others• Physical Damage to owned, leased or borrowed autos	<h3 style="text-align: center;"><u>PERILS</u></h3> <ul style="list-style-type: none">• Bodily injury to third parties is most common auto loss• Third parties include people in other cars and also passengers in your car• Costs to repair others' auto or property• Costs to repair your own auto – and replacement rental costs
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AUTOMOBILE

Risk Management

- **MVR check for anyone who drives for you**
- **If personal autos used for your business – make sure driver has insurance**
- **Regular vehicle maintenance**
- **Require all passengers to wear seatbelts**

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GENERAL LIABILITY

<u>EXPOSURES</u>	<u>PERILS</u>
<ul style="list-style-type: none">• Liability for Bodily Injury to third parties – incl Residents• Sexual and Physical Abuse liability - Residents	<ul style="list-style-type: none">• Bodily injury to residents is most common loss• Slips, Trips and Falls are the #1 most common cause of loss in Sober Living homes.• Wrongful death• Resident Mgr Abuse of Resident• Resident on Resident Abuse


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GENERAL LIABILITY

Risk Management

- **Maintain clean and safe premises – eliminate obvious hazards**
- **Establish clear house rules and enforce them**
- **Resident Manager – background check / training**
- **First Aid kit**
- **Post safety info**

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PROFESSIONAL LIABILITY

<h3 style="text-align: center;"><u>EXPOSURES</u></h3> <ul style="list-style-type: none">• Liability for ERRORS AND OMISSIONS in providing professional services	<h3 style="text-align: center;"><u>PERILS</u></h3> <ul style="list-style-type: none">• Bodily injury – including mental anguish to third parties - Residents
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PROFESSIONAL LIABILITY

Risk Management

- **Use only trained and certified professionals to provide professional services**
- **Verify insurance of any professional**
- **Make sure contracts are in place with hold harmless wording**
- **Limit the scope of services provided**

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OTHER LIABILITY CONCEPTS TO CONSIDER




ADDITIONAL INSURED

Risk Transfer Tool

- **Landlords will almost always require you to name them as an Additional Insured on your general liability policy**
- **This policy endorsement protects landlords from injury to third parties due to your negligent acts**
- **It does not provide insurance for the negligent acts of the landlord**

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VICARIOUS LIABILITY

Your liability for the acts of others

- **Resident Managers**
- **Contractors / Professionals**
- **Service providers – including treatment providers**

*Consider contractual risk transfer via hold harmless agreements

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**CHOOSE AN INSURER AND AN INTERMEDIARY
(AGENT – BROKER) WHO UNDERSTANDS YOUR
BUSINESS**



**RESPONSIBLE AND PROFESSIONAL
OWNER/OPERATORS UTILIZE RISK MANAGEMENT
TECHNIQUES AND PROPER INSURANCE FOR THEIR
OWN PROTECTION, THEIR RESIDENTS' PROTECTION,
AND THE GENERAL PUBLIC'S PROTECTION**



