

# Are you exposed? If so, protect yourself now



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**M**ost of us spend our careers thinking that our only employer is the United States Postal Service. That's where we report to work, receive our paychecks, and access our benefits. It's easy to forget that in some cases, union officials really have two employers—USPS and our local branch. We know, for example, that USPS provides workers' compensation for us through the Federal Employees' Compensation Act, and other coverages as a federal employer. So, when you are not on the clock with the USPS, who protects the branches and their employees?

Since branches are, of course, stand-alone entities and separate from USPS and NALC Headquarters,

branches must protect themselves independently. A robust risk management strategy likely includes protection (in the form of insurance) against general liability, property and other damage claims. If a branch compensates at least one person for this work, managing risks gets more complex, since you are now considered an employer and will need to have a mitigation plan against additional claims (usually covered under workers' compensation, director and officer insurance, employment practices liability and other policies).

**Most branches are familiar with the legal requirement** to carry bonding insurance under the Labor Management Reporting and Disclosure Act of 1959. This law pertains to any branch with total liquid assets and annual receipts in excess of \$5,000. Under this requirement, branches must obtain a bond in the amount of no less than 10 percent of the total amount of liquid assets and annual receipts. Branches are cautioned to review their bonding amount each year to ensure compliance.

Here is a brief list of other important insurance coverages to consider at the branch level:

- **General liability insurance** (aka business liability insurance) protects against claims that may occur as a result of normal operations, including property damage, bodily injuries, and "personal" injuries such as libel and slander. General liability coverage can offer comprehensive coverage, but the key is to understand what it does not cover so that you can evaluate which endorsements to add.
- **Professional liability insurance** (aka errors and omissions insurance) is separate from general liability insurance but expands coverage against liability involving professional negligence or bad advice.
- **Volunteer liability insurance** is designed to cover those who

volunteer on behalf of an organization. This may be an important consideration for branches using volunteers to help with the Stamp Out Hunger Food Drive local efforts and is usually covered under a comprehensive general liability insurance policy. But without specific endorsements written into the policy, there can be potential holes in coverage. In some cases, a separate policy is needed for medical payments, etc.

- **Directors and officers liability insurance** (aka D&O insurance) provides coverage against personal losses if you are sued over work done in your capacity as a branch officer. This includes claims involving your hiring process and terminations, and claims regarding perceived mismanagement of branch funds. The kicker is, most folks don't realize that without this type of insurance, branch officers may be personally liable for damages, if successfully sued. D&O also covers legal defense fees in many instances.
- **Workers' compensation insurance** is mandatory in all 50 states if you pay any wages, since you are considered an employer. In some states, the insurance must be secured directly with the state fund. In most states, the premium and benefit structures are set by the state government, but the actual insurance coverage is provided by standard insurance companies via your insurance agent. Volunteers and/or employees who receive very little compensation may be exempt from such coverage in some states; check your state's website for further clarification.
- **Auto insurance** is an insurance product easily understood by most of us, as we most likely have purchased personal coverage for ourselves. If you own a vehicle, it's a must-have. But did you know that the risks extend even to branches that don't own vehicles? Whenever an employee or volunteer uses his or her personal vehicle, or rents a vehicle, to conduct branch business, the branch's assets may be at risk. Therefore, *hired and non-owned auto insurance* is critical if you are sued for negligence due to an auto accident. This type of insurance can be easily added to your general liability insurance.
- **Umbrella liability insurance** offers additional protection above and beyond the limits of your other insurance products, such as general liability, workers' comp and business auto policies. This relatively low-cost insurance product provides that extra layer of protection in the event of a large claim.

Branches need to give serious consideration to risk-management strategies. This article is not intended to be comprehensive in nature, but rather to provide a sample of the important insurance options to consider at the branch level.

**In the meantime, as we look to protect ourselves in business, we must not forget what is truly important as we approach this Memorial Day.** Let's take the time to reflect on and honor those brave men and women of the U.S. armed forces who sacrificed their lives to protect our precious freedoms.