

Virginia Beach EMS VOLUNTEER RESCUE SQUAD INSURANCE HANDBOOK

Unfortunately, it is not unheard of (even in our own system) for a volunteer rescue squad to suffer significant losses due to unexpected natural or man-made events. Having adequate insurance coverage, knowing how it works, and knowing its limitations, can be critical to recovering from such events. The purpose of this handbook is to provide specifics to the volunteer rescue squads of Virginia Beach about the insurance environment in which they operate.

1 Insurance provided by the City

This section covers the policy framework responsible for providing City insurance, the fundamental attributes of City-provided insurance, and the details of the general liability and vehicle-specific protections.

1.1 Policy framework

To navigate insurance-related matters affecting the volunteer rescue squads, it's important to know the relevant rules and opportunities that exist at various organizational levels.

1.1.1 EMS Department level

The first (and lowest) level documents that promise certain City insurance coverage to the volunteer rescue squads are the EMS Department Policies (also known as *Rules, Regulations, and Procedures*, or the RRP). These documents are owned by the EMS Chief. Specific policies mentioning insurance coverage may include:

- **Membership and Application Policy**
- **Certification and Credentialing Policy**
- **Squad Commander Handbook**
- **EMS Response Plan**

The EMS Department and the volunteer rescue squads occasionally establish Memorandums Of Understanding (MOUs) to reiterate their shared understanding of such policies. Specific MOU templates mentioning insurance coverage may include:

- **MOU for Vehicle Inclusion in the Emergency Response System** – the required starting point for projects involving the purchase of, or major upgrade to, any vehicle that is or will be in the Emergency Response System fleet

1.1.2 Administrative Directives

Administrative Directives (ADs) are policies that have effect across all City departments. These documents are owned by the City Manager. Specific ADs that mention relevant insurance coverage may include:

- **AD 5.04 - Risk Management Directive** – This AD charges the Risk Management Administrator (the head of the Finance Department Risk Management Division) with developing self-insurance and commercial insurance programs that most effectively and economically protect the city against catastrophic losses.
- **AD 5.05 - Self-Insurance Liability Program Coverage** – This AD charges the Risk Management Administrator with establishing and administering programs of financial and legal protection against civil claims to volunteers and volunteer rescue squads. It also lists important coverage exclusions.

1.1.3 Ordinances

City Ordinances are local laws enacted by City Council. Although there are long-standing ordinances establishing that the volunteer rescue squads of Virginia Beach are official components of the City's public safety system, there are currently no ordinances that specifically mention insurance coverage for volunteer rescue squads or their members.

1.1.4 Political precedents

Political precedents are past actions taken (or prompted) by politicians that were neither required nor prohibited by law. In this context, the relevant politicians are usually City Council members. Political precedents might be repeated, but are not guaranteed.

Political precedents related to major losses have included:

- Issuing a payout to a volunteer rescue squad based on Replacement Value (cost of a similar brand new item) rather than Actual Cash Value (the depreciated value). An example is a payout allowing a squad to replace a totaled old ambulance with a brand new ambulance.
- Forgiving all future payments on a City loan associated with a totaled ambulance.

1.2 Fundamentals

1.2.1 Policy period

Unlike a commercial insurance policy, City insurance provided to the volunteer rescue squads does not have an expiration date. The term of coverage is indefinite. There is no requirement for a volunteer rescue squad to renew its City insurance coverage. Note, however, that per EMS Department Policies, coverage for individual members is tied to their activity status.

1.2.2 Premium

Commercial insurance policies require the insured party to make on-time payments called “the premium”. Effectively, the only premium required on City insurance to the volunteer rescue squads and to individual volunteers is continued service to the community per EMS Department Policies.

1.2.3 Claims

Per the EMS Professional Conduct Policy, members are required to immediately report all on-duty accidents, damage, sickness, or injury to their supervisor. The supervisor must arrange for the incident to be reported to the City’s Risk Management Division. Reporting is to be accomplished on a DF-75 form or by direct entry into the City’s online RiskMaster system.

Additionally, per the City’s Risk Management Manual, a volunteer injured on duty must utilize a physician from the city’s Workers’ Compensation Physician Panel. **Bills for medical services performed by doctors not on the city’s Workers’ Compensation Physician Panel shall be paid by the volunteer.** The supervisor who takes the injury report is responsible for sharing the Worker’s Compensation Physician Panel list with an injured volunteer.

1.3 General liability coverage

The City provides general liability coverage (including coverage for bodily injury to others, and damage to other people's property) to the volunteer rescue squads and their members "in the good faith discharge of their official duties". This coverage is provided under the auspices of the Administrative Directives listed in section [1.1.2 on page 1↑](#).

1.4 Vehicle specific coverage

1.4.1 Maintenance, repairs, and towing

Per EMS Department Policies, maintenance, repairs, and necessary towing for vehicles that are in the Emergency Response System fleet are provided at no cost to the volunteer rescue squads via the Public Works Department Fleet Management Division (city garage). Note that this arrangement is not really a form of insurance, and that such services are only provided to the extent that they can be justified given Fleet Management's overall tasking and budgetary constraints.

1.4.2 Full service life expectations

Assuming a vehicle never gets totaled during its intended service life, the following processes are basic expectations that a volunteer rescue squad should have plans for:

- **Depreciation** – Vehicles lose value as they get older. A 5 year old vehicle is not worth the same amount of money as a brand new vehicle.
- **Recapitalization** – A volunteer rescue squad should be gradually saving money to replace a vehicle (unless it is willing to shrink its fleet).

Insurance is not designed to enable replacing a vehicle that survives its entire intended service life.

1.4.3 Collision & Comprehensive

City insurance kicks in when a covered vehicle is determined to be a total loss due to a crash (collision) or due to other causes (comprehensive – including fire, theft, attempted theft, vandalism, weather, impacts with animals, etc). Note that mechanical failure of all or part of the vehicle itself is considered to be neither a collision loss nor a comprehensive loss.

1.4.4 Limits of coverage

The following limits apply to City vehicle insurance for volunteer rescue squads:

- **Exclusions** – Administrative Directive 5.05 specifies that coverage only applies to volunteer rescue squads and their members “in the good faith discharge of their official duties”. This AD contains other important language and a more specific list of exclusions.
- **Ambulances only** – Other vehicles, such as utility trucks, admin cars, UTV ambulances, trailers, specialty vehicles, etc, are covered by the City for liability losses only – not collision or comprehensive losses.
- **Actual Cash Value (ACV)** – The payout is limited to the vehicle’s depreciated value. The ACV will ordinarily be very close to the Fair Market Value (FMV) that the vehicle held just before it was totaled. The FMV is an estimate of what a knowledgeable, willing, and unpressured buyer would probably pay to a knowledgeable, willing, and unpressured seller in the current market. Consider hypothetically that a volunteer rescue squad paid \$295,000 four years ago for an ambulance. A similar brand new ambulance might cost \$330,000 today. But in four years, the ambulance’s value has depreciated to \$60,000 due to age, wear, and tear. If the ambulance gets totaled, City vehicle insurance will consider the loss to be \$60,000 – not \$295,000, and not \$330,000. See section [1.4.2 on page 1↑](#).
- **No personal vehicles** – Volunteer rescue squad members are expected to carry appropriate automobile insurance on any personal vehicles. Volunteers are responsible for any costs associated with the purchase of that insurance and are also responsible for costs of an automobile accident involving such vehicles. Examples include costs incurred for repairs, rental vehicles and deductibles.

1.4.5 Deductible

City vehicle insurance only pays the amount of the covered loss that exceeds \$50,000. For instance, if a vehicle with an ACV of \$60,000 is declared a total loss, City vehicle insurance will only pay \$10,000. Because of the size of this deductible, a volunteer rescue squad should consider commercial coinsurance (see below).

1.4.6 Auto Identification Cards

In the United States, all states require that each licensed vehicle contain a current, valid, automobile insurance identification card at all times. To obtain a card for an ambulance, contact a Risk Management Administrative Technician may at (757) 385-4217.

2 Insurance available from commercial insurers

2.1 Vehicle Coinsurance

In 2018, the Virginia Beach Rescue Council and the volunteer rescue squads established an arrangement with a commercial insurance company so that volunteer rescue squads could avoid having to absorb most of the \$50,000 City vehicle insurance deductible. Specifically, the commercial insurance company would provide \$50,000 of insurance, with a \$5,000 deductible, to be paid to the volunteer rescue squad when an ambulance was totaled. This arrangement effectively reduces the volunteer rescue squad's burden for a totaled ambulance to just \$5,000. It is called Agreed Value Insurance.

2.2 Fidelity bond (Crime insurance)

A fidelity bond is a form of crime insurance protection. It would cover a volunteer rescue squad for losses that it incurs as a result of fraudulent acts by specified individuals – particularly those in positions of responsibility, such as officers and board directors. It usually insures an organization for losses caused by the dishonest acts of its own members, such as embezzlement. Volunteer rescue squads are strongly encouraged to combine a fidelity bond with proactive fiscal management controls, such as separating the responsibilities of those who have access to money, and requiring two signatures on checks.

2.3 Directors & officers (D&O) liability insurance

This is a form of liability insurance payable to the directors and officers of a volunteer rescue squad, or to the squad itself, to reimburse losses or pay legal defense costs if a volunteer rescue squad or its officers or board directors are fined, charged, or sued for certain kinds of squad business decisions.

Per the City Attorney Office's interpretation of AD 5.05, D&O liability insurance is "presumably" provided to the volunteer rescue squads by the City. The EMS Department is not aware of any precedent for a squad making a claim against the City D&O liability insurance.

2.4 On-duty personal property protection

A volunteer rescue squad may also want to buy commercial insurance that would pay a volunteer rescue squad member if that member's personal property is damaged, destroyed, lost, or stolen while the member is on duty. Under very limited circumstances, the City may cover such losses, but commercial insurers may be more flexible.

3 Insurance available from partner organizations

Volunteer rescue squads should review benefits information from any partner organization(s) that they belong to. Some such organizations offer forms of insurance that a squad might find attractive.

4 Other forms of relief

Pursuant to the Virginia Emergency Medical Services Regulations 12VAC5-31-2850 ("Emergency awards"), the Office of EMS at the Virginia Department of Health will accept emergency grant applications at any time from applicable agencies that have demonstrated a need arising from a natural or man-made disaster as defined in §44-146.16 of the Code of Virginia.

LINKAGES		
Formal documents that refer to this policy: <ul style="list-style-type: none"> • (none) 	Formal documents referred to in this policy: <ul style="list-style-type: none"> • EMS Membership and Application Policy • EMS Certification and Credentialing Policy • EMS Squad Commander Handbook • EMS Response Plan • EMS MOU for Vehicle Inclusion in the Emergency Response System • City AD 5.04 - Risk Management Directive • City AD 5.05 - Self-Insurance Liability Program Coverage • EMS Professional Conduct Policy • City Risk Management Manual 	
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