Facilities Risk Management 101 with Peter Kim of Philadelphia Insurance Companies

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Peter Kim is assistant vice president of risk management services for Philadelphia Insurance Companies (PHLY), a commercial property and casualty insurer that offers a variety of solutions tailored to the nonprofit sector. As the winter season approaches, NRMC spoke with Kim about facilities risk management for nonprofits.

Why is it important for nonprofits to focus on facilities risk management?

All nonprofits have some form of building or facilities, whether it's their own, a third-party building they rent, or even if they're working out of their home. To fulfill their mission well and cost-effectively, it's important that their facilities meet their needs, that they're safe, and that their time, attention, and funds aren't taken away by fixing things that could have been prevented with a little bit of time and effort on the front end. There are things nonprofits deal with that are outside their control, but managing their facilities well is within their control.

At PHLY we provide policyholders with a water and temperature sensing device called PHLYSENSE at no cost. It alerts an account if freezing temperatures are approaching, or the sensor encounters water. We've done this for three years and have been very pleased with results in this loss prevention and mitigation tool. If you're not insured with PHLY, purchasing similar sensors could range from $30 to $50, which is a reasonable investment in protecting your building and contents.

How does facilities risk management address the biggest loss drivers for nonprofits?

Slips, trips, and falls: These are the No. 1 driver for nonprofits regarding personal injury to clients, third parties, or employees. Maybe you don't have the funds right now to repave a parking lot or tear out a sidewalk. Can you repair a little section? Can you put up warning cones in pockets where moisture or ice accumulates? A lot of slips, trips, and falls happen shortly after someone steps into the building. Do you have enough mats at your doorway? That's an inexpensive fix to make sure people coming into your facility aren't injured.

Water infiltration, wind/hail damage, and fire: These are consistently the top three issues we see driving property damage losses. If you've stayed on top of the inspection of your roof, a hail event will be less impactful. With fire, what are your policies related to space heaters in your facilities? We recommend against having personal space heaters, but if you do, maintain safeguards. Are they UL listed? Are they in good condition? Do you have any combustible materials around them? Do they have automatic shutoffs if they're tipped over?

Scalding: For nonprofits that provide residential services for vulnerable people, scalding is a very serious risk. Make sure your hot water heater or boiler is below 120 degrees. Over time, water heaters or temperature gauges are less precise. You might set your temperature level at 119 degrees, but over time that will be less accurate. You can take a regular thermometer and test out the water at your tap, shower, or tub on a regular basis. Another option is having a mixing valve. This ensures the water coming out of your tap is no hotter than you set it at.

Damage to others' vehicles: If you look at all types of vehicle accidents and incidents, the No. 1 driver is parking lot incidents. Check whether your parking lot is clearly painted and striped. Do you have things like bollards, the large concrete posts to keep vehicles from coming too close to a walkway or building? When you change your clocks every year, check whether the trees in your parking lot have any branches you can see cracking or starting to sag.

Building securement: We commonly see losses including elopement [a child or vulnerable adult leaving the property], break-ins, or theft resulting from lack of building securement**.** If you have elopement risk, your exterior doors should have alarms. Test those on a regular basis. I have been in nonprofits where they were concerned about elopement, and they deadbolted or padlocked an exit door closed. In an emergency, there was no quick and easy way for anyone to exit the building. If you have any questions about whether you can lock a door in a particular manner, please contact your insurance company or fire department. If your windows are accessible three feet from floor level or lower, and you have children in the building, have special window securement to make sure they can't fall out or crawl out of the window, like window locks or other types of devices that limit how high the window can be opened.

Supervision: We often find that clients of nonprofits may have some type of unfortunate incident occur because there was not adequate supervision while they're on site. This can be addressed through very simple measures like line of sight, security cameras, mirrors, or restricting access to certain areas unless you can have someone physically in that area to supervise.

How can nonprofits create a process for effective facilities risk management?

Understand and stay on top of your overall preventive maintenance schedule.

Do regularly scheduled self-inspections and engage with third parties in inspections, whether that's the insurance company, the fire department, or the health department.

Set aside some type of capital budget to go toward repairs or replacements.

Learn from experience, whether it's your own claims or losses, or lessons we've described or that other third parties can share with you, through your insurer or the Nonprofit Risk Management Center.

What else do nonprofits need to know about facilities risk management?

Having sound facilities risk management practices will help guard against unwanted surprises and lessen the blow when accidents do occur. This will allow nonprofits to focus on their true mission of serving their constituents. And PHLY Risk Management Services, the Nonprofit Risk Management Center, and others are available to assist with their needs.

PHLY is a longtime Corporate Sustainer of NRMC.