

Board Member Coverage 101

By CSD Pool

Virtually all Pool members carry board member coverage to protect their boards from work-related injuries and illnesses defined under Colorado Workers' Compensation statute. In the event of an injury arising from duties, board members receive full medical and time loss benefits that would otherwise be taken out of their personal insurance. We offer board member coverage to your district for an annual contribution of just \$450 less applicable discounts.

Does board member coverage automatically cover everything my board does?

Not automatically. This coverage is designed to cover work-related injuries for board members while in the course and scope of their duties as board members, which is an administrative function. Other job assignments outside of their normal duties, such as occasionally working at a water or sewer plant or helping with landscape maintenance, are not considered duties to be performed by board members and may lead to denial of claims due to misrepresentation of a material exposure to loss.

Any functions performed by a board member and not administrative in scope must be reported to the Pool. Additional contribution will be assessed based on comparative wages to compensate for the exposures your board may be exposed to. The NCCI administrative rules also allow for audits to be conducted and corrected contribution payments for the past 3 years to be assessed.

Can we opt out for Board Member Coverage?

Technically yes. However, such option may only be exercised by filing a statement with the Colorado Division of Insurance no less than 45 days before the start of the coverage year along with

an annual resolution adopted and signed by each board member. You should also advise the Pool promptly for compliance and notification purposes. This option may require filing fees for your district, which may actually exceed the \$450 annual contribution to have your board members covered.

What if we failed to maintain Board Member Coverage for our board members?

Even when board members are volunteers, the state considers them employees under the current Colorado Revised Statute 8-40-202 (1)(A) and therefore, coverage is required unless the district opts out in accordance with the law. If you fail to maintain board member coverage, the Division of Insurance is authorized to assess penalties up to \$500 per day for the period of time that your district is not carrying this coverage. Additionally, if one of your employees is injured while you are uninsured, you will have to pay for the claim yourself and an additional penalty totaling 25% of the injured worker's benefits, in addition to a 50% increase in benefits for failing to carry insurance. Although rare, a cease-and-desist order may also be issued against your entity to stop operations until coverage is obtained.