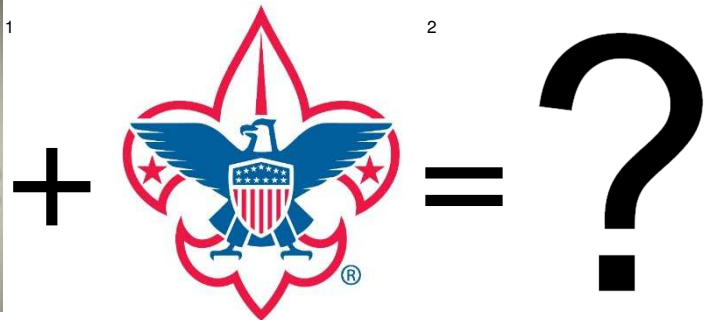


# OF INSURANCE AND SCOUTING:

WHAT SCOUTING YOUTH, PARENTS, UNIT LEADERS, AND  
CHARTER ORGANIZATIONS NEED TO KNOW AND DO TO  
BETTER PROTECT AGAINST RISK AND LOSS



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## TABLE OF CONTENTS

*"This [thesis], by its very length, defends itself against the risk of being read."*

Winston Churchill<sup>3</sup>

### Section Title and Summary

### Page Number

#### INTRODUCTION

5

Risk in Scouting emphasizes safety, because of probability of loss, but should also prioritize insurance, because of consequence of loss

#### THESIS STATEMENT

7

Scouting needs to better mitigate and manage risk of loss, limit dependence on exemption laws, and maximize benefits of insurance protection

#### POINT OF VIEW

7

Individuals and organizations need to maximize insurance protection, because accidents happen

#### MITIGATING AND MANAGING RISK OF LOSS

9

Understanding the difference between risk and loss, including the relationship between risk mitigation and risk management, and the correlation between loss probability and loss consequence

#### MITIGATING RISK OF LOSS PROBABILITY

11

Risk mitigation protects against probability of loss occurring

---

#### THEORY OF RISK MITIGATION

12

Knowing probability strategies of risk acceptance, risk avoidance, risk limitation and risk transference, if loss occurs

---

#### PRACTICE OF RISK MITIGATION

14

Realizing probability of loss if unit leaders have responsibilities to unit and charter organization, parents and unit leaders do not keep youth safe, and parents and unit leaders do not use common sense

#### MANAGING RISK OF LOSS CONSEQUENCE

21

Risk management protects against consequence of loss occurring

---

THEORY OF RISK MANAGEMENT	23
Knowing consequence strategies of risk planning, risk buffering, risk response, and risk control, when loss occurs	
PRACTICE OF RISK MANAGEMENT	25
Realizing consequence of loss when parents and unit leaders do not have adequate insurance liability limits and bodily injury coverage	
MINIMIZING DEPENDENCE ON EXEMPTION AND ASSET PROTECTION LAWS	28
Limited protection available from laws that reduce the adverse effects of legal disputes and court orders	
EXEMPTION LAWS	28
Standards for wage, auto, home, personal property, and cash exemptions	
ASSET PROTECTION LAWS	31
Statutes for life insurance, annuity, and retirement account exemptions	
MAXIMIZING BENEFITS OF INSURANCE PROTECTION	32
Adequate protection available with casualty, property, life and health insurance	
CASUALTY AND PROPERTY INSURANCE	33
Protection against loss from legal liability and for physical items	
CASUALTY PROTECTION	35
Auto liability, dwelling liability, and personal liability umbrella protection	
BODILY INJURY PROTECTION	39
Medical payments, uninsured motorist, and underinsured motorist protection	
PROPERTY PROTECTION	41
Auto property, dwelling property, and personal property protection	
LIFE AND HEALTH INSURANCE	44
Protection against loss of income and costs of untimely death, illness, accident, and disability	

LIFE PROTECTION	45
Term life, whole life, and universal life protection	
HEALTH PROTECTION	50
Major medical, indemnity, Medicare, Medicare supplement, Medicaid, disability, and long-term care protection	
FINDING AN INSURANCE PROFESSIONAL	54
Importance of having a local, licensed professional as an advocate, who speaks insurance	
CONCLUSION	56
Importance of mitigating risk of loss, minimizing dependence on exemption laws, and maximizing benefits of insurance protection	
THE IMPORTANCE OF INSURANCE TO SCOUTING	58
Understanding how to mitigate risk of loss probability, manage risk of loss consequence, limiting dependence on exemption and asset protection laws, and maximizing benefits of protection with casualty, bodily injury, property, life and health insurance	
FINAL IMPRESSIONS	59
Youth need opportunity to learn more about insurance through BSA and earn an Insurance Merit Badge	
TABLE SUMMARY OF INSURANCE	61
SOURCE CITATIONS	62
AUTHOR BIOGRAPHY	69
SCOUTING EXPERIENCE	69
PROFESSIONAL EXPERIENCE	69
EDUCATION AND ASSOCIATIONS	70
SUMMARY BROCHURES	71

## INTRODUCTION

*“An ounce of prevention is worth a pound of cure.” ~ Benjamin Franklin<sup>4</sup>*



On a golf course, two unit leaders and several scouts were working on the Golf Merit Badge. After completing the front nine, they teed off on the 10<sup>th</sup> hole. In the distance some clouds were forming, and even though they didn't appear to be any danger, one unit leader said to the other leader that they had better go in, because something didn't feel right. They told the boys to pick up their balls and go indoors. The youth did not want to walk in after just starting the back nine on such a beautiful day, but both leaders firmly insisted that they were done and to go in. Grudgingly, the boys obeyed their leaders. Less than thirty minutes later a horrific storm hit with strong wind, hail, and lightning that rendered the course unplayable. In this real life story of *Stormy Golfing*, it is unimaginable what might have happened if the unit leaders had not been prompted. What if they had continued playing on the golf course when the storm hit? What if they had an auto accident on the way home? What should Scouting youth, parents, unit leaders, and charter organizations know and do to better protect against risk and loss?

The Boy Scouts of America (BSA) clearly has a commitment to safety. There are a number of resources, publications, and training programs available that review Scouting policies and procedures. Resources on Scouting.org include [Scouting Safely](#), which emphasizes BSA's

commitment to creating a safe and healthy environment for youth, volunteers, staff, and employees,<sup>6</sup> and The Guide to Safe Scouting, which provides an overview of Scouting policies and procedures gleaned from a variety of sources.<sup>7</sup> Publications include Scouting Handbook for Church Units in the United States, which outlines guidelines and policies relating to Scouting programs,<sup>8</sup> and Activity Risk Management: A Field Guide for Boy Scouts of America Practitioners, which includes a process of identifying, assessing, and controlling risks arising from activity factors, and recognizes that decision-making often occurs under conditions of uncertainty.<sup>9</sup> Training programs include *Youth Protection* that helps keep youth safe from abuse,<sup>10</sup> *Trek Safely* that is a recommended procedure for organizing outdoor treks of any duration,<sup>11</sup> and *Safety Afloat* that is a list of rules for all boating activities.<sup>12</sup> Unfortunately, not every Scouter is familiar with every safety resource, publication, and training program that is available. They may not have read all of the safety information or taken all of the training. They may not follow the safety policies and procedures in every situation with every Scout every time.

Mitigating and managing risk, minimizing dependence on exemption laws, and maximizing benefits of insurance protection is relevant to Scouting, because it saves BSA millions of dollars a year. Specifically, it saves BSA from paying excess, when the unexpected occurs, while engaging in authorized Scouting activities. At times the excess is clear, such as when owner's auto and watercraft liability insurance is primary. In these occurrences, BSA benefits from participants having higher liability limits. Sometimes the excess is less clear, such as when an injury or death occurs. In these occurrences, BSA benefits from participants having more bodily injury, health protection, or life protection. Other times the excess is not clear, such as when personal property is damaged. In these occurrences, BSA benefits from participants having more auto, watercraft, dwelling, and personal property protection. BSA benefits from increasing

liability limits, bodily injury limits, health coverage amounts, death benefit amounts, and personal property limits, because it will help Scouters to be prepared, and likely lessen BSA's payouts from lawsuits and other unnecessary litigation.

## THESIS STATEMENT

*"The books lay down definite principles and examples which serve to guide the leaders when applying their common sense to the situation before them. No two situations are ever precisely the same, and it is therefore impossible to lay down exact rules that should guide in every case, but a man who carries precedents and principles in his head has no difficulty in applying their teaching in supreme moments of sudden emergency." Sir Robert Baden-Powell<sup>13</sup>*

Scouting youth, parents, unit leaders, and charter organizations need to better mitigate and manage risk of loss, limit dependency on exemption laws, and maximize benefits of insurance protection to save the BSA money from unnecessary litigation.

## POINT OF VIEW

*"Risk is like fire: If controlled it will help you; if uncontrolled it will rise up and destroy you." Theodore Roosevelt<sup>14</sup>*

Due to the lack of awareness, reading, and following the guidance that is available, accidents continue to happen that result from unsafe Scouting practices. Adhering to safety guidelines is a way to mitigate risk, or lessen the probability of loss, however there must also be a way to manage risk, or lessen the consequence of loss. Scouters need to maximize the benefits of protection with the right amount of insurance to minimize the negative impact of accidents.

Almost all people have insurance, but not all people understand the benefits of insurance. It is this author's experience from working in the insurance and financial services industry in Montana since 2002 that the vast majority of people do not understand the features and benefits of insurance. Typically, they rely on a generic website or insurance broker to assist them in fulfilling a requirement directed by their state government and/or financial institution, then they go on about their day. They take a minimalistic approach to make sure they have whatever insurance is legally required. Most consumers are not adequately protected, because they don't take the time to learn about what insurance does and why it is of great significance and value.

It is important to understand the features of insurance to benefit fully from having its protection. Scouters need to comprehend mitigating risk to decrease the probability of loss by having unit leaders with responsibilities to only the Scouting unit and not the charter organization, keeping youth safe, and using common sense. They also need to grasp managing risk to decrease the consequence of loss by having adequate insurance limits of liability. This will allow them to not have to rely on the minimal protection available with exemption and asset protection laws to avoid consequence of loss. Instead, they will have an adequate amount of insurance protection by having maximum liability limits, bodily injury, and other coverages available, which saves BSA millions of dollars a year in unnecessary lawsuits and litigation.

As Scouts become responsible adult citizens of our society, they are required to have insurance. They need casualty insurance to drive an auto, and property insurance to finance a vehicle and purchase a home. Additionally, they need life and health insurance, when they become independent, get married, and have children. For these reasons, youth should have the opportunity to learn about the features and benefits of insurance, meet necessary requirements, and earn an Insurance Merit Badge.



## MITIGATING AND MANAGING RISK OF LOSS

*“Be Prepared ... the meaning of the motto is that a Scout must prepare himself by previous thinking out and practicing how to act on any accident or emergency so that he is never taken by surprise.” Sir Robert Baden-Powell<sup>15</sup>*

Generally, people understand risk of loss in theory, but not in practice, because their thoughts and actions are contradictory. Examples include a youth knowing he should have a buddy, but not having one, or a unit leader knowing he should have two-deep leadership, but not doing it, or a parent knowing that she should buckle her seatbelt, but not doing it. When most people think about risk of loss, they think about the probability of loss, instead of the consequences of loss. In theory, Scouters understand the need for safety, because of the probability of loss, but in practice do not understand the need for and benefits of insurance, when losses occur. Individuals and organizations involved in Scouting need to have the right insurance coverage to be effective, because it protects against the consequences of loss. Usually, if they have the right coverage, they do not have enough coverage, which puts them at a greater risk of loss. When people do not have enough coverage, they depend on state exemption and asset protection laws, instead of the benefits from having insurance to more fully protect against the risk of loss. Everyone involved with Scouting can benefit from focusing on the consequence of loss, instead of only the probability of loss.

Many substitute the word *risk*, when they should be using the word *loss*. A risk is a potential for a loss, or an exposure of someone (such as a youth, parent, or unit leader) or something (such as a unit or charter organization) to a loss. A loss is the realization of that negative potential, or failure to keep or to continue to have something (such as an asset or income). For example, a

risk is running across a busy street blindfolded, and a loss is getting hit by a car while doing it. All risks do not result in losses and all losses do not result from risks.<sup>16</sup>

Risk includes varying levels of probability of loss, which can be mitigated, and consequences of loss, which can be managed. Youth, parents, unit leaders, and charter organizations cannot *try* to mitigate probability of loss, nor can they *try* to manage the consequences of loss. They have to *do* it. Both actions and lack of actions result in intended and unintended consequences. Intended or not, Scouters are responsible for dealing with the real consequences from risk of loss. There is no room for trying. In the words of Yoda from the writer George Lucas, “Do, or do not. There is no try.”<sup>17</sup> If they do not mitigate probability of loss and manage consequences of loss, the resulting loss of assets and income can be devastating.

Parents and unit leaders must effectively mitigate and manage risk of loss, but most individuals and organizations involved in Scouting know how to mitigate and manage risk of loss properly in theory, but not in practice. As Yogi Berra once said, “In theory there is no difference between theory and practice. In practice there is.”<sup>18</sup> Theories, or concepts, do not work until they are put into practice, or acted upon. Knowing the theory about something is not enough for an expected result. An individual cannot rely on the knowledge of dieting and exercise to lose weight. One must put knowledge of diet and exercise into practice in order to lose weight. In Scouting, there are a number of ideas, systems, and processes that explain risk of loss and need of safety. However, parents and unit leaders specializing in practice often claim that those who specialize in theory are detached from what actually happens in Scouting. Likewise, those specializing in theory often claim that parents and unit leaders who specialize in practice have no fundamental understanding of what they do, which leads to contradictory practices in Scouting. To avoid this

problem, it is important for everyone involved in Scouting to understand both the *theory* and *practice* of mitigating and managing risk of loss, especially since there is opposition in all things.

### MITIGATING RISK OF LOSS PROBABILITY

*“You can never protect yourself 100%. What you do is protect yourself as much as possible and mitigate risk to an acceptable degree. You can never remove all risk.” Kevin Mitnick<sup>19</sup>*

After Chuck Yeager broke the sound barrier at Edwards Air Force Base in 1947, a team of engineers were working on Project MX981 there to determine the amount of force a human body could sustain in a crash. Most test runs carried brave flight surgeon, Colonel John Stapp, who volunteered to ride on the rocket-propelled platform on rails to see what happens when a human decelerates from great speeds. In 1949, the team received a visit from reliability engineer, Captain Edward Murphy Jr., who was there to deliver some new gauges for the rocket-propelled sled, and the gauges malfunctioned. An irritated Murphy blamed the problem on subordinates and grumbled saying, “If there’s any way they can do it wrong, they will.”<sup>20</sup> In 1954, Stapp rode the rocket-propelled sled at a rate of 632 miles per hour, earned the title “Fastest Man on Earth,” and was featured on the cover of Time magazine. When a reporter asked the man, who put his life on the line to test the team’s theories, about the project’s inherent danger, he replied that the Air Force’s good safety record was due to a firm belief in “Murphy’s Law” and in the necessity to try and circumvent it. Aerospace manufacturers ran ads that widely used the phrase, “If anything can go wrong, it will.”<sup>21</sup> Stapp transformed a frustrated reliability engineer’s complaint into a principle that was not an admission of defeat, but instead was a call to excellence. Murphy’s

Law may have originated in the Air Force, but it exists in Scouting today. Just as the aerospace industry embraced Murphy's Law, Scouting must accept it and the necessity to circumvent it.

Generally, risk mitigation is defined as taking steps to circumvent, or avoid, adverse effects *if* a risk occurs. Risk mitigation can help lessen probability of loss, but probability of loss is difficult to mitigate. According to Chief Scout Executive Michael Surbaugh, "We want you to know that the safety of our youth, volunteers, staff, and employees is an important part of the Scouting experience. Youth develop traits of citizenship, character, fitness, and leadership during age-appropriate events when challenged to move beyond their normal comfort level, and discover their abilities. This is appropriate when risks are identified and mitigated."<sup>22</sup>

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## THEORY OF RISK MITIGATION

*"A theory's assumptions always are and ought to be unrealistic. Further, we should attempt to make them more unrealistic in order to increase a theory's fruitfulness."*

*Satoshi Kanazawa<sup>23</sup>*

In theory, risk mitigation is knowing the probability, or likelihood of a risk's occurrence. Some risks can be readily eliminated or reduced, however most risks are much more difficult to mitigate. Four types of risk mitigation strategies that are available to utilize in Scouting include: *risk acceptance, risk avoidance, risk limitation, and risk transference.*<sup>24</sup>

*Risk acceptance* does not reduce any effects, however it is still considered a strategy when the cost of other risk mitigation options outweigh the cost of the risk itself. An individual or organization that does not want to spend a lot of money on avoiding risks, which do not have a high probability of occurring, can use the risk acceptance strategy.<sup>25</sup> Parents, unit leaders, and

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charter organizations cannot afford to accept all losses. Accepting all losses in Scouting activities can result in paying insurmountable amounts of money.

*Risk avoidance*, which is the opposite of risk acceptance, is the strategy that avoids any exposure to the risk whatsoever, regardless of the probability. Risk avoidance is usually the most expensive of all risk mitigation options. In a perfect world, individuals and organizations would avoid risk altogether, but cannot because everything includes some degree of risk.<sup>26</sup> Parents, unit leaders, and charter organizations cannot completely avoid all losses. Avoiding all losses in Scouting activities can result in youth not being able to learn and grow from challenging experiences, which would be the antithesis of the mission of a Scouting program.

*Risk limitation* is the most common risk management strategy used by individuals and organizations, because it limits their exposure to loss by taking some action. It is a strategy employing a bit of risk acceptance, along with a bit of risk avoidance, or an average of both. An example is an organization accepting that a computer hard drive may fail and avoiding a long period of failure by having backup systems.<sup>27</sup> If parents, unit leaders, and charter organizations cannot accept all losses, and cannot completely avoid all losses, then they cannot effectively limit all losses either. Limiting all losses in Scouting activities can hinder youth's ability to learn and grow from their adventures.

*Risk transference* is the strategy of handing risk off to a willing third party, involving the contractual shifting of a risk from one person or group forming one side in an agreement or dispute to another. An example is the purchase of an insurance policy by which a specified risk of loss is passed from the policyholder to the insurer.<sup>28</sup> Parents, unit leaders, and charter organizations can afford to transfer as much risk as they are able to transfer! Transferring all

losses in Scouting activities can allow youth to fully participate in as many challenging Scouting adventures as possible.

Risks cannot be effectively *accepted*, *avoided* or *limited* and still have a Scouting program for youth to enjoy. Some risk is inherent in the nature of Scouting activities. While most risks can be anticipated, some accidents still occur, which result in loss. The best risk mitigation strategy for Scouting is for risk to be *transferred*.

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## PRACTICE OF RISK MITIGATION

*“Even a correct decision is wrong when it was taken too late.” Lee Iacocca<sup>29</sup>*

In practice, risk mitigation is doing something to lessen the probability, or likelihood, of a risk's occurrence. There are three major Scouting actions that fail to mitigate risk of loss: 1) Unit leaders *who serve in multiple positions for charter organizations*, 2) Parents and unit leaders *who do not keep youth safe*, and 3) Parents and unit leaders *who do not use common sense*.

*There are potential risk mitigation problems that can occur when unit leaders have multiple positions within a charter organization.* When serving in multiple capacities, a separation of responsibilities is necessary for unit leaders of charter organizations. Religious institutions have the largest number of units chartered in Scouting, and a majority of church chartered organizations have youth programs that include youth ranging from children in Cub Scouts to young men and women in Boy Scouts and Venturing Crews. The challenge is that they generally have a youth pastor or an equivalent volunteer youth leader. A problem can occur when these church leaders are responsible for more than just Scouting and participate with these same youth in activities that are not Scouting activities. A distinction must be made: Is the activity a Scouting activity or another youth activity? Insurance and legal issues might ensue when there

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is confusion. For example, when it is a Scouting activity, BSA insurance is primary and the charter organization is secondary, but when it is a church activity, the charter organization insurance is primary and BSA has no involvement. In a discussion of church leaders wearing multiple hats, it is appropriate to use a passage of scripture in the New Testament from the apostle Matthew, “No man can serve two masters.”<sup>30</sup>

The best solution for a charter organization is to clearly identify the purpose of an activity, and to have two separate, distinct leaders: One for Scouting activities and one for non-Scouting activities. To mitigate probability of loss to the charter organization, a pastor or other church leader should keep his or her white collar on and let someone else wear the Scout uniform to serve as unit leader. This also applies to non-religious charter organizations. An employee or member of a charter organization, such as a Boys and Girls Club, should not also serve as unit leader of their sponsored Scouting unit.

*Keeping youth safe seems obvious.* It should go without saying, but parents and unit leaders should wear seatbelts, and avoid speeding, driving distractions, and severe weather. They should also follow all traffic laws. As Panayiotis Zavos once said, “We’re not lawbreakers, we’re law-abiding, and intend to stay that way.”<sup>31</sup> It is a great example to be law-abiding, especially in the presence of youth. If an accident occurs while violating traffic laws, insurance might not cover the parent or unit leader.

The world’s first road traffic death involving a motor vehicle occurred in August of 1869, when an Irish scientist, Mary Ward, died after falling out of her cousin’s steam car and getting run over. If Mary had been wearing a seatbelt, the outcome may have been different.<sup>32</sup> Seatbelts were first used in 1885 to prevent ejection from horse-drawn carriages, however seatbelts were not

offered as options for motor vehicles until U.S. manufacturers Nash in 1949 and Ford in 1955. Twenty-three states in the U.S. enacted legislation requiring seatbelts in front outboard positions for all new cars by 1963, seatbelts became standard equipment in rear outboard seats in 1967, and the federal government required seatbelts in all forward-facing seats and ordered that shoulder straps be installed in front outboard seats in 1968.<sup>33</sup> Why did it take so long for the belts to become standard equipment? Even though there were no specifications for making the restraints for many years, automakers assumed that safety didn't sell cars. Ford promoted safety features including seatbelts in the 1956 model year, while Chevrolet emphasized styling and performance in advertising during the same year and outsold Ford by 190,000 cars, which was nearly three times its 1955 margin.<sup>34</sup> Without federal and state requirements, there was little demand for the restraints. Only government intervention could prod U.S. manufacturers to make the belts standard equipment. Then, only state statutes could induce people to use safety belts. Since the mid-1980s, 48 states have enacted laws requiring people to buckle up, however between 2006 and 2015 over 55% of the people killed in motor vehicle crashes each year were unbuckled, even though seatbelts reduce the risk of death for a front seat occupant by about 50%. Unfortunately, over 33% of unrestrained occupants have no insurance, and a significant portion of hospital costs for unbelted occupants are ultimately paid for by the state, which costs Montana over \$16.4 million annually for the hospital care of preventable injuries.<sup>35</sup>

The consequences of speeding are far-ranging. It endangers everyone on the road, killed 9,262 people in 2014, and causes greater potential for loss of vehicle control, reduced effectiveness of occupant protection equipment, increased stopping distance after the driver perceives danger, increased degree of crash severity leading to more severe injuries, economic and psychological implications of a speed-related crash, increased fuel consumption, and cost.<sup>36</sup>



When in control of vehicles for periods of time longer than a half hour or so, special precautions are necessary. Driving may not be physically demanding, but it can be mentally straining. The strain of being in control of a vehicle for a long span can cause driver fatigue that is a real condition and should be taken seriously, because it is the leading cause of accidents. Increasing awareness and alertness while driving over long periods of time include never driving if already tired, having a buddy, listening to the radio, taking frequent breaks, having snacks, and using a GPS device.<sup>37</sup> If a parent or unit leader feels that he or she is too tired to continue after driving for a long period of time, it is imperative to arrange for another driver to take over, or stop and get some rest. The half-hour rule of thumb was set out in a policy by the American Association of State Highway Officials that laid out detailed standards for the design and placement of rest areas in the national interstate system in 1958. The official purpose of a rest area is for safety and convenience, as stipulated in the Federal-Aid Highway Act of 1956, which created the national interstate system and includes state-run rest stops, commercial rest stops, and regular city exits. The placement of official rest stops is calculated against the existence of other, non-state-run opportunities to pull over, since shoulders were meant only for emergencies and vehicle breakdowns. The act recognized that in some rural parts of the interstate opportunities to exit the highway would be few and far between. Although the 1958 policy did not designate minimum or average distances between sites, it broadly stated that there should be enough rest areas to reasonably accommodate the safety rest needs of Interstate highway travelers and encourage drivers to use them as a safety measure to break long periods of travel.<sup>38</sup>

Distracted driving is fast becoming one of the U.S.'s biggest health concerns. As more and more drivers text while on the road, distracted driving crashes are steadily increasing year after year. It is estimated that nine people are killed every day in the U.S. as a result of crashes involving a

distracted driver.<sup>39</sup> Distracted driving means driving while not fully paying attention to the road, not just texting and driving. Scouters can be distracted by one of many activities, such as reaching for phones, changing music, using an app, checking GPS or maps, taking photos, checking emails, posting to social media sites, eating and drinking, and putting on makeup or grooming. Even talking to a passenger can be a distraction. A driver is distracted any time their mind or eyes are off the road. Many statistics show that distracted driving is all too common. According to the U.S. Department of Transportation, sending a text takes a driver's eyes off the road for about five seconds, which is the time it takes to drive the length of a football field going 55 mph.<sup>40</sup> According to the National Highway Traffic Safety Administration, at any moment during the daylight hours, about 660,000 drivers are handling cell phones or other electronic devices while driving in the U.S.<sup>41</sup> According to the Virginia Tech Transportation Institute, a driver is 3 times more likely to get into an accident when distracted driving by manipulating a mobile device.<sup>42</sup> Scouters can easily be distracted while driving, because it seems like there is always something to look at other than the road. It is tempting to try to stay connected by texting and driving, or to take a quick look at GPS, but consequences of those actions are injury or loss of life of the driver, passenger, or someone else. A text message is not worth an injury or death. If a call must be made, text must be sent, or map must be checked, responsible Scouting drivers must pull over to the side of the road first.

Being aware of severe weather saves lives. Hundreds of people die and thousands more are injured in the U.S. due to weather events each year, including heat waves, hurricanes, lightning, flash floods, powerful thunderstorm winds, winter storms, and freezing temperatures.<sup>43</sup> Youth are more likely to survive weather events simply by responsible parents and unit leaders being aware of what weather event is about to impact their area and obtaining the latest weather

information from commercial TV/radio, cable TV, internet/web, and newspapers. Even during ideal weather conditions, knowing the limitations of youth, especially those with special needs and/or require medications, keeps them safe. This includes limiting exposure to direct sun, staying hydrated and well-nourished, while in the outdoors.

*Sense is not as common as it should be.* As Ralph Waldo Emerson observed, “Common sense is genius dressed in its working clothes.”<sup>44</sup> Scout training and experience are valuable assets, however even the best trained and most experienced parent or unit leader cannot handle all of the risks of loss. They need to listen to whatever form common sense takes, including conscience, instinct, gut, intuition, and the still small voice. Youth feel immortal and may at times find themselves in trouble that could have been avoided with proper guidance or the use of a figurative firm hand when needed. In addition to the *Stormy Golfing* account in the introduction, the following stories are actual experiences shared by various Scouters that illustrate varying degrees of awareness, preparation, and common sense:

*Night Games:* At a 3-day campout, consisting of 8 to 10 units, a large group of youth and unit leaders were playing a game of capture the flag after the sun went down. A youth, while trying to evade his pursuers, ran into a guywire that was holding up the main flag pole of the camp, and the pole came crashing down. The pole caused no bodily injuries, but landed on the hood and fender of one of the camper vehicles and caused property damage.

*Hookie Bobbin:* While at a Klondike Derby, or Winter Camporee, a parent observed in a field a unit leader driving his pickup with a rope tied to his rear bumper and the other end tied to a circular aluminum sled with boys hanging on to the sled. A youth or two flew off onto the snow, while laughing and having fun. The parent recalled a couple of experiences from his childhood,

one which resulted in tragedy. On one occasion, he watched a truck pulling a sled suddenly stop, the sled kept going, and hit the back of the truck. The youth was injured, but not severely. On another occasion a truck pulling a sled turned a corner on a street behind his house, the sled did not make the turn, and struck a rock wall. The youth was regrettably killed. At that moment, the parent ran to the unit leader, explained the dangers of the activity, and requested to cease it immediately. The youth were not happy about stopping, but fortunately no one was injured.

*Snow Sliding:* On the second day of a week-long 50 mile backpack trip near Rockbound Pass in the Sierra Nevada Mountains, several scouts decided to explore a snow bank that was about 20 yards wide and 60 yards long, which seemed to defy the hot summer weather. The terrain surrounding the snow was steep, as one would expect at 8500 feet, and was comprised of large rocks and boulders of varying sizes. The youth decided to have a little fun and take turns sliding down the snow on the seats of their pants figuring they would stop by digging their heels into the snow, before they plowed into the surrounding terrain. With a competitive spirit, each youth climbed a little higher up the bank to get a longer slide than the youth before. The fun ended when a youth could not stop in time, crashed feet first into the rock surroundings, and injured his ankle. The youth were ten miles by foot from civilization.

*Hot Hiking:* In a Colorado River canyon at Lake Mead National Recreation Area, seven youth, ranging from ages 10 to 17, and three adults tried to beat the heat by starting a hike early, but were no match for temperatures that soared to 115 degrees. Trouble struck as the group split up and became disoriented while heading back from Arizona Hot Springs. A unit leader died, and a rescuer suffered from heat stroke. The canyon area, on the border of Nevada and Arizona, is notorious for heat with signs that warn hikers about the dangers.<sup>45</sup>

*Flooding Canyon:* For a high adventure activity, five youth ranging from ages 14 to 17 and three adult leaders left Salt Lake City for Kolob Creek Canyon of Zion National Park in Southern Utah. After spending an evening at the canyon head, they embarked on their outing and soon encountered unusually high and rapid waters in the deep and narrow canyon. Their unit leader and a parent drowned. The five youth and remaining parent were stranded for five days in the canyon. The six lost most of their gear, but were eventually rescued. A member of the Washington County Search and Rescue team in St. George, Utah said it was a perilous rescue, even with his sixteen years of experience.<sup>46</sup>

The term “boys will be boys” is used to express the view that mischievous or childish behavior is typical of young men and should not cause surprise when it occurs. If boys will be boys, then adults must be adults, especially when serving as a parent or unit leader in Scouting. Doing so sometimes requires saying, “No.” Whether or not the youth understand now, they likely will in the future as they gain experience and wisdom, and increase their own prompting and intuition skills. To mitigate the probability of loss, parents and unit leaders must exercise common sense.

All Scouting activities involve some probability of loss, and some are inherently dangerous. Mitigating risk appears to be about being prepared, but it is not always enough for Scouters to “Be Prepared,” which is the familiar motto of the BSA.<sup>47</sup> People can mitigate for probability of loss they can foresee, but not for loss they cannot foresee.

## MANAGING RISK OF LOSS CONSEQUENCE

*“If you look up the synonyms for the word ‘risk’; you will likely receive results such as: danger, hazard, threat, peril, and gamble. So, why do people [and] organizations expose themselves to risk? The answer is simple: without risk there*

*is no reward. [Since] risk is an inevitable part of life, it is of great importance to mitigate the exposure. Notice how I said mitigate vs. eliminate. The reason behind this is that if we eliminate all risk, we essentially eliminate all return. Proper risk management ensures a roadmap to achieve strategic results. It allows [individuals and organizations] to seize opportunities and to mitigate adversity.” Kseniya Strachnyi<sup>48</sup>*

The period from World War II to the mid-1960s was a formative one, characterized by burgeoning enterprise and creativity on the part of business-people, inventors, and lawyers. New risks appeared, old ones were aggravated, and the function of risk management evolved by individuals, who responded to those risks. When insurance was only used by corporation management for financing certain losses, the contract was bought and administered by a member of the finance staff, who became known as the *insurance buyer*. As loss exposures increased, the insurance buyers developed their skill at patterning and administering the contract, which required more cooperation from other departments. As a result, insurance buyers began to use the more descriptive and upscale title of *insurance manager* in order to get the cooperation they needed. As enterprise continued to expand and diversify, insurance managers expanded their duties by examining company operations for serious uninsured risks and loss prevention opportunities, suggesting changes in operations in order to avoid risks, recommending hold-harmless clauses in certain contracts, getting deductibles and declining to insure some bearable risks. In 1955, a professor of insurance at Temple University suggested that since insurance managers were now focusing on risks and ways to control them, rather than merely purchasing insurance, they should be called *risk managers*. In 1956, a writer in the Harvard Business Review introduced the term *risk management* to business organizers, because some suggested

that the term risk manager properly belonged to chief executive officers (CEOs), but none showed interest. However, the term was so impressive that various outsiders, including stock brokers, investment counsel, physicians, boards of health, and lawyers, claimed that they too were risk managers.<sup>49</sup> Effective parents and unit leaders are Scouting risk managers.

Generally, risk management is defined as taking steps to reduce, or diminish, adverse effects *when* a risk occurs. Risk management can help lessen consequence of loss, but the consequences of loss is difficult to manage. After best efforts are made to plan, buffer, respond, and control the impact of loss, it is still not enough. Fortunately, loss does not have to be completely assumed by parents and unit leaders, because most of it can be transferred with insurance.

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## THEORY OF RISK MANAGEMENT

*“The first step in the risk management process is to acknowledge the reality of risk.*

*Denial is a common tactic that substitutes deliberate ignorance for thoughtful planning.” Charles Tremper<sup>50</sup>*

In theory, risk management is knowing the consequence, or size of the loss, *when* the risk occurs. Some risks can be readily handled or controlled, however most risks are much more difficult to manage. The four possible risk management practices used by parents, unit leaders, and charter organizations include: *risk planning*, *risk buffering*, *risk response*, and *risk control*.<sup>51</sup>

*Risk planning* assumes risk of loss with an ongoing effort that cannot stop after a qualitative risk assessment, known as a Monte Carlo simulation, which lets one see all the possible outcomes of their decisions, and assess the impact of risk using a computerized mathematical technique. This method allows for better decision making under uncertainty or the setting of contingency

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levels, and includes front-end planning of how major risks will be managed once identified.<sup>52</sup> The Guide to Safe Scouting offers risk planning for parents, unit leaders, and charter organizations through BSA.<sup>53</sup>

*Risk buffering*, or risk hedging, assumes risk of loss by establishing some buffer, or reserve, which can absorb the effects of risks without jeopardizing the individual or organization.<sup>54</sup> Parents, unit leaders, and charter organizations cannot establish a large enough reserve (such as assets and income) to protect against all risk.

*Risk response* assumes risk of loss by developing strategic options, and determining actions to enhance opportunities and reduce threats.<sup>55</sup> Activity Risk Management: A Field Guide for Boy Scouts of America Practitioners offers ways for parents and unit leaders to respond to risk by reducing its effects.<sup>56</sup>

*Risk control* assumes a risk of loss by taking steps to manage its impact. If the warning of a risk can be obtained early enough to take action against it, then information gathering may be preferable to more tangible and expensive actions.<sup>57</sup> Parents and unit leaders who cancel outdoor activities during inclement weather forecasts, including violent weather and extreme temperatures, or stay away from areas of dangerous wildlife habits are ways to control risk in Scouting.

Risks cannot be completely *planned, buffered, responded to, or controlled*. An effective way to plan for, buffer against, respond to, and control unacceptable loss is to transfer as much of it as possible to a third party. One of the most common ways of managing risk is to use insurance.



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## PRACTICE OF RISK MANAGEMENT

*“When you find yourself in a hole, quit digging.” Will Rogers<sup>58</sup>*

In practice, risk management is doing something to lessen the consequence, or size of the loss, of a risk's occurrence. Just as accidents happen, lawsuits also happen. Lawsuits are claims or disputes brought to a court of law for adjudication. According to the U.S. Financial Education Foundation, it is estimated that over 40 million lawsuits are filed every year in the U.S. and the total number of registered lawyers exceed one million.<sup>59</sup> Chinese writer, Lin Yutang, said, “When there are too many policemen, there can be no liberty. When there are too many soldiers, there can be no peace. Where there are too many lawyers, there can be no justice.”<sup>60</sup> Assets and income are at risk from lawsuits. Assets are valuables of ownership that have an exchange value and include savings, investments, and real estate. Income is the flow of cash, or cash-equivalents, received from work (such as wages or salary), capital (such as earned interest or profit), or land (such as rental income). An action that fails to manage risk negatively impacts parents and unit leaders, especially if they do not have adequate liability insurance to protect them. Only adequate limits of liability insurance can allow risk to be transferred with little to no adverse effects.

An adequate limit of liability insurance is the amount that will pay the full total aggregate of a claim resulting from a lawsuit. The Scouting stories and experiences shared previously include consequences of loss from property damage and bodily injuries ranging from minor to moderate and even death. The survivors and relatives of the dead men in the *Flooding Canyon* tragedy filed thirteen claims seeking a \$24,556,813 payment for damages, injuries, and death under the Federal Tort Claims Act. The survivors each wanted \$495,000 for personal injuries, including emotional injury from witnessing the two deaths as well as compensation for lost camping gear

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ranging from a \$5 water bottle to a \$600 sleeping bag. Claims also were filed by the widows, who wanted \$7.8 million each for the wrongful deaths of their husbands, and each child, who sought \$925,000 for the wrongful deaths of their fathers.<sup>61</sup>

Scouters need to maximize their liability limits and insurance protection. All states require a minimum amount of liability insurance before a vehicle can be put into operation, however these minimum liability limits of protection are insufficient for Scouting purposes. When going to, coming from, or being on a Scouting activity, a parent or unit leader using a personally owned vehicle to transport youth should have maximum amount of liability insurance available. It is irresponsible to transport youth without maximum protection, because auto insurance of a personally owned vehicle is primary. Some unit leaders are of the impression that BSA will cover any liability in excess of their personal coverage. While this might be true, filing such claims is expensive, and consumes time and manpower by local Scouting executives, council, and national Scouting offices. This time and expense could be better utilized providing programs for youth. Auto liability insurance protection that most responsible parents and unit leaders have is considerably more than the required State minimums, and maximizing protection is a relatively small additional cost. Auto insurance limits that should be maximized include bodily injury and property damage liability, medical payments, uninsured and underinsured motorist, and any other coverages that your agent or other insurance professional might suggest. Often parents and unit leaders travel with youth in areas that are unfamiliar. Emergency roadside service can be invaluable in these situations. Homeowners insurance liability limits should also be maximized, especially when Scouting events occur on a parent or unit leader's property, or involve use of their personal property. Insurance companies are very efficient in handling claims

brought by their policyholders. When an insurance claim arises, people are thankful to have adequate protection.

The aims and means of Scouting should include exceptionalism concerning insurance protection. BSA teaches ethics to instill values that far exceed the standards and expectations of society. The standards for insurance should not be any different. The expectations for legally required auto liability limits should be high. Likewise, expectations for auto bodily injury limits and other insurance coverages that are not legally required should be equally high. Scouters need to adequately manage the consequences of all possible losses, not just the irritating losses, but especially the devastating losses.

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## LIMITING DEPENDENCE ON EXEMPTION AND ASSET PROTECTION LAWS

*“We are pioneers and the history of pioneers is not that good.” Jeff Bezos<sup>62</sup>*

If maximizing limits of liability insurance seems too expensive or unnecessary, there are other ways by which Scouting individuals may be protected from lawsuits. Every state in the U.S. has exemption and asset protection laws, because of the adverse effect of claims or other disputes brought to a court of law for adjudication, but their limits are minimal. *Exemption laws* protect a debtor’s property from seizure to pay a debt owed to a judgment creditor. Similarly, *asset protection laws*, also known as debtor-creditor laws, are a set of legal techniques and a body of statutory and common laws dealing with protecting assets from civil money judgments.

### EXEMPTION LAWS

*“Wise men say, and not without reason, that whoever wished to foresee the future might consult the past.” Niccolo Machiavelli<sup>63</sup>*

Exemption laws come into play when a creditor goes to court and wins a judgment against a debtor. A judgment is a decision from the court that the debtor owes a specific sum of money. The creditor can then take steps to seize the debtor’s property or wages to pay the debt. Generally, the creditor asks the court or an official to seize the property, order the debtor’s employer to withhold a portion of the debtor’s wages, or order a bank to pay the debtor’s funds to the creditor. The creditor can also place a judgment lien on the debtor’s real estate and then foreclose on that lien, forcing the sale of the home.

State exemption laws specify how much of the debtor’s property and wages the creditor can and cannot seize. In a few states, some of these exemptions are self-executing, which means the

debtor does not have to act affirmatively to protect the property that is exempt. However, in most states, the exemptions are not self-executing, which means the property will not be protected unless the debtor takes various procedural steps to claim the exemptions. Typically, doing so consists of filing papers in court or attending hearings.

These required steps are often daunting for debtors, who are frequently left to navigate the judicial system on their own without attorneys, or have the increased burden of hiring an attorney, which is another barrier to defending and protecting necessary assets. This additional expense is usually one, which the debtor cannot afford. Although every state has a set of exemption laws intended to prevent creditors from pushing debtors into poverty, the laws vary dramatically from one state to the next. In general, exemption laws are intended to preserve subsistence wages and essential property from seizure by creditors.

There are many limitations to exemption laws. Scouters should avoid relying on such regulations and attorneys to protect their assets and income from lawsuits. A study by the National Consumer Law Center reported that no state meets all of its five basic standards for wages, auto, home, home goods and cash.<sup>64</sup>

*Standard for wages:* Prevents debt collectors from seizing so much of the debtor's wages that the debtor is pushed below a living wage. A wage garnishment is an order from a court or a government agency that is sent to a parent or unit leader's employer requiring a certain amount of money to be withheld from their paycheck and sent directly to their creditor. Each state limits the amount that a creditor can garnish, or take, from a Scouting individual's wages for repayment of debts.<sup>65</sup> For example, Montana wage garnishment laws protect the same amount of wages as the federal wage garnishment laws. For the most part, creditors with judgments can take

only 25% of wages, however creditors for certain other types of debts can take more. Federal law protects just \$217.50 a week of a wage earner's paycheck from garnishment, placing a single person below the federal poverty level, which is less than half of the federal poverty guideline for a family of four.<sup>66</sup>

*Standard for autos:* Allows the debtor to keep a used vehicle of at least average value. Federal exemptions helps determine whether a parent or unit leader can keep his or her car, truck, van, motorcycle or other primary vehicle by allowing to exempt up to \$3,775 of equity in a single vehicle, and each state also has a set of exemptions. The Montana motor vehicle equity exemption amount is up to \$2,500, but can be doubled if the debtor is married and files taxes jointly. If the vehicle is owned outright, the equity is the vehicle's value. If the vehicle has a loan, the equity is the amount left over, if the vehicle were sold and loan was paid off.<sup>67</sup>

*Standard for homes:* Preserves at least a median-value home for the family. Federal exemption law currently protects up to \$23,675 of equity in a principal place of residence. By signing a legal document known as a homestead declaration, state residents can protect up to a higher limit on dollar value of a home against most creditors' claims. For example, if a parent or unit leader in Montana incurs an overwhelming debt from a lawsuit, up to \$250,000 in value of his or her home would still be sheltered. A homestead is the house or mobile home that a person lives in and land on which it sits. The property must be a person's primary residence for it to be eligible for a homestead declaration. The legal value of the property is the amount appearing on the last completed county assessment roll at the county treasurer's office.<sup>68</sup>

*Standard for household goods:* Prevents seizure and sale of the debtor's necessary household goods. Personal property exemptions protect belongings, other than real estate. Some of the

most important federal personal property exemptions are up to \$12,625 aggregate value, or up to \$600 per item, on household goods (such as furnishings, appliances, and clothes, and musical instruments), \$2,373 for tools of the trade (such as implements and books), and \$1,600 for jewelry.<sup>69</sup>

*Standard for cash:* Preserves at least \$1,200 in a bank account so that the debtor has minimal funds to pay such essential costs as rent, utilities, and commuting expenses.<sup>70</sup>

## ASSET PROTECTION LAWS

*“Those who cannot remember the past are doomed to repeat it.” George Santayana<sup>71</sup>*

Every state has asset protection statutes for life insurance, annuity and retirement account exemptions. Federal exemptions of up to \$12,625 in loan value, accrued dividends, or interest in a life insurance policy. In Montana, all proceeds (such as cash surrender value) of individual life insurance policies are exempt from creditors. The benefits, rights, privileges, and options, which under an annuity contract due or prospectively due the annuitant, are exempt up to \$350. Any amount above \$350 is subject to creditor’s claims after an evaluation by the court taking the reasonable requirements of judgment debtor and parents or unit leader’s family, if dependent upon debtor. Retirement accounts that are exempt from taxation, which usually includes most non-fraudulent retirement accounts with ERISA qualified benefits, IRAs and Roth IRAs, are exempt as well, however there is a federal cap of \$1,283,025.<sup>72</sup> Like exemption laws, there are many limitations to asset protection laws. Parents and unit leaders should also avoid relying solely on such rules and lawyers to protect their assets and income from legal action.

## MAXIMIZING BENEFITS OF PROTECTION

*“We live in a litigious society where every outcome that is less than perfect will be viewed under the microscope of the legal profession in order to place blame and collect money. Without insurance, whether general liability or medical, expenses have the potential to bankrupt a family. The BSA operates with imperfect volunteers who, no matter how hard they try, periodically make mistakes which can result in personal injury or property damage and for which the volunteer can be sued. Understanding what insurance is available in such instances is critical.”*

*Steven A. Hoskins<sup>73</sup>*

Insurance is a beneficial way to protect assets and income. Before understanding what insurance options are available, Scouters and charter organizations need to decide how much risk they want to transfer to insurance companies: some of the risk, most of the risk, or as much of the risk as possible. The more risk that is transferred, the more individuals and organizations can maximize the benefits of protection.

Insurance assumes the loss of the risk consequence. The risk mitigation strategy of risk transference allows parents and unit leaders as insurance policyholders to comfortably be involved in Scouting by transferring the risk of loss (such as an asset or income) from a lawsuit to an insurer. Purchasing an insurance policy allows a specified risk of loss to pass from the policyholder to the insurer. This action takes a specific risk of loss, which is detailed in the insurance contract, and passes it from one party, such as a parent or unit leader, who does not wish to have the risk of loss, to a party who is willing to take on the risk of loss for a fee, or premium, namely the insurer. When purchasing insurance, an insurer agrees to indemnify, or



compensate, a policyholder up to a certain amount for a specified loss in exchange for a premium. This enables Scouters and charter organizations to use pennies to protect dollars of assets and income with insurance.

There are many different insurance policies available requiring a license in at least one of four areas: casualty, property, life, and health. Many policies require multiple licenses, because they protect in multiple ways. The protection available through an insurance policy, if maximized, can greatly benefit Scouters with the peace of mind that comes from knowing that insurance protection significantly reduces the consequence of loss.

## CASUALTY AND PROPERTY INSURANCE

*“We gauge risk literally hundreds of times per day, usually well and often subconsciously. We start assessing risk before the disaster even happens. We are doing it right now. We decide where to live and what kind of insurance to buy, just like we process all kinds of everyday risks: we wear bike helmets, or not. We buckle our seatbelts, smoke cigarettes, and let our kids stay out until midnight. Or not.” Amanda Ripley<sup>74</sup>*

Insurance traces its origins back to marine insurance in the late Middle Ages. With an increase in maritime trading, merchants and bankers became concerned about the safety of shipments due to risk of loss from piracy, storms, and other perils. The bankers provided guarantees against risk of loss. In return, merchants paid the bankers a fee for this protection. In 1347, the first known insurance contract originated in Genoa, Italy. In 1688, Edward Lloyd’s Coffee House, a small shop on London’s Tower Street and a popular gathering place for ship captains, ship owners, and merchants, became the go-to place for shipping news and, eventually, marine

insurance. It was there that the modern concept of an insurance company came into being. In 1769, a group of professional underwriters established New Lloyd's Coffee House, which eventually became Lloyd's of London. In 1735, the first insurance company in the American colonies was formed in Charleston, South Carolina.<sup>75</sup> Today, insurance policies provide protection from risk in two basic areas: protection against *casualty* loss from legal liability (such as a lawsuit, seizure of property, and wage garnishment), and protection against *property* loss for physical items (such as auto, dwelling, and personal items).

Scouting, by its very nature, takes youth to places by auto, ATV, watercraft, snowmobile, and other means of transportation. The operator has primary responsibility for the lives of the people in their conveyance. They need to be well qualified in its operation making sure it is in good repair and that everyone is wearing proper safety equipment (such as seatbelts, life jackets and helmets), or whatever safety gear might be needed. One overlooked necessity is proper casualty, bodily injury, and property insurance.

Maximizing casualty, bodily injury, and property protection saves BSA significant amounts of money every year. Maximizing casualty protection saves BSA from paying excess of Scouter's auto, home, watercraft and other liability insurance, because Guide to Safe Scouting requires all vehicles to be covered by a liability insurance policy, owners to carry their own liability coverage for watercraft, and the amounts of liability to meet or exceed the insurance requirement of the state in which the vehicle or watercraft is licensed.<sup>76</sup> Maximizing bodily injury protection saves BSA from paying excess, because all participants are required to have medical forms completed before going to Summer Camp or similar adventures in Scouting, which asks about health insurance, but does not inquire about other bodily injury protection, which includes medical payments, uninsured motorist, or underinsured motorist coverage. Maximizing property

protection saves BSA from paying possible lawsuits and will keep youth in Scouting, because of unnecessary hardship on Scouting families, when replacing autos, homes, watercraft, and other personal property.

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## CASUALTY PROTECTION

*"I have yet to get sued. My father thinks I should get liability insurance." Jessa Crispin<sup>77</sup>*

Liability can be protected with casualty insurance, which is third-party coverage that provides for consequence of loss for a policyholder against the claims of others. Casualty insurance protects Scouters in the event of legal costs resulting from property damage or bodily injury to another that was caused by their negligent acts or omissions. Each state requires liability insurance for autos, because of the chances of causing an auto accident. Most homeowners and business policies also have minimal liability protection, because of the consequences of loss.

Frequency of auto accidents is not a matter of *if*, but *when*. According to the National Safety Council, there are about 10 million auto accidents each year, ranging from parking lot scrapes to multi-car pileups.<sup>78</sup> By insurance industry estimates, an average driver will file a claim for a collision about once every 17.9 years.<sup>79</sup> Many believe that ignorance is bliss and sympathize with Han Solo through the writer George Lucas who said, "Never tell me the odds!"<sup>80</sup> However, the odds are good that a Scouter will experience some kind of crash before age 34, if they received their driver's license at age 16, and should have a total of three to four accidents over the course of a typical driving lifetime.

Cost of motor vehicle accidents are significant. Motor vehicle accident average cost of property damage is \$7,500 with a non-disabling injury, \$61,000 with a non-fatal disabling injury, and

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\$1,130,000 with a death.<sup>81</sup> These amounts only take into account the economic impact of motor vehicle accidents. The estimated costs for motor vehicle accidents include not only property damage and injuries, but also wage and productivity losses, medical expenses, administrative expenses, and employers' uninsured costs. To properly value the true cost of an accident including a measure of the value of lost quality of life, the average comprehensive cost of motor vehicle crashes is \$2,300 with no injury, \$25,300 with a possible injury, \$53,200 with a non-incapacitating evident injury, \$208,500 with an incapacitating injury, and \$4,100,000 with a death.<sup>82</sup>

Auto liability insurance is legally required. According to the Motor Vehicle Division of the Montana Department of Justice, Montana law requires that a motor vehicle operated on public roads be insured by a liability insurance policy that meets the state's minimum limits in Montana Code Annotated. As of 2017, those limits are listed as 25/50/20 in the thousands of dollars for bodily injury, property damage and legal defense: 1) \$25,000 limit for bodily injury to or death of one person in any one accident, 2) \$50,000 limit for bodily injury to or death of two or more persons in any one accident, and 3) \$20,000 limit for injury to or destruction of property of others in any one accident. Unfortunately, Montana's bodily injury limits of 25/50 have not changed since they were originally established in 1964. Fortunately, Montana's property damage limit of \$10,000 was increased to \$20,000 in 2016.<sup>83</sup>

Minimum liability limits vary from state to state. As of April of 2017, Texas and North Carolina's minimum limits were as high as 30/60/25. California, Pennsylvania and New Jersey's minimum limits were as low as 15/30/5, but only California had low-cost policy minimum limits for low-income drivers as low as 10/20/3.<sup>84</sup>

Minimum liability limits are low in the U.S., but raising minimum liability limits would result in more people driving illegally without liability insurance. There are already too many uninsured motorists driving in the U.S. One study found that an average of 12.6% of motorists, or about one in eight drivers, was uninsured in 2012. Uninsured motorists are as high as 26.0%, or about one in four drivers, in some states. The study measured the number of uninsured motorists based on insurance claims using a ratio of insurance claims made by people, who are injured by uninsured drivers relative to the claims made by people, who were injured by insured drivers.<sup>85</sup> The estimated percentage of uninsured motorists is low, because the study did not measure the total number of registered vehicles compared with the number of insured vehicles reported by insurance companies. This means that the actual number of uninsured motorists driving in the U.S. is more than the study suggests. It is this same reason that BSA has ethical standards for behavior of youth, instead of a legal standard for behavior.

Minimum auto liability insurance limits are not adequate for Scouters. BSA's Guide to Safe Scouting recommends that coverage limits are at least \$100,000 combined single limit.<sup>86</sup> A combined single limit of \$100,000 means the most the insurance company is obligated to pay per accident is \$100,000 with no separate bodily injury or property damage limits. Separate liability limits of 50/100/25 meets the recommended amount of at least \$100,000 of a combined single limit, because it protects up to \$100,000 in bodily injury, if two or more people are injured, and \$25,000 in property damage for a total of \$125,000. Is that enough insurance protection? Any student of inflation understands that not only does the cost of everything increase over time, but every 20 years or so everything doubles in price. If 25/50/10 were the minimum limits that were set in the 1960s in Montana, then 50/100/25 would be the minimum limits adjusted for inflation for the 1980s, and 100/300/50 would be the minimum limits adjusted for inflation in the

2000s. A responsible Scouter, who wants to have liability limits that are average and keep pace with inflation, should have at least 100/300/50, which is equivalent to a \$350,000 combined single limit. An accountable Scouter, who wants to have liability limits that are above average and stay ahead of inflation, should have 250/500/100, which is equivalent to a \$550,000 combined single limit. Also, cargo trailers are protected for liability by the truck or other tow vehicle that pulls it, regardless of who owns the cargo trailer.

Homeowner liability limits are also important. There are no legal minimum limits of liability for homeowners, renters, boatowners, or business owners. \$100,000 is the minimum available for most insurance companies to protect against consequences of losses for this type of liability risk. Scouters need more protection, especially when they have Scouting activities at their homes, on their land, or when they injure someone with their watercraft, or damage someone else's property. Typically, responsible homeowners, renters, boatowners, and business owners have \$300,000 or more of liability protection. Guide to Safe Scouting requires boats under 26 feet to have at least \$300,000 in coverage, and boats 26 feet and over should have \$500,000 in coverage, because BSA's coverage is excess of those liability limits carried by the owner.<sup>87</sup>

Injury and property losses from accidents can be significant. Judgments amounting to thousands or even millions of dollars are being awarded by juries in ever-increasing numbers. Even though a parent or unit leader's primary insurance policy provides liability protection, it may not be enough. If a youth, parent, or unit leader is underinsured and causes an accident with bodily injury that exceeds their chosen limits of liability, then they are responsible to pay the remaining out-of-pocket costs. The insurance company already determines negligence when they pay their limit of liability, which leaves the parent or unit leader obligated to pay the remaining balance. Because of extended liability risk, personal liability umbrella policies can

cover additional protection of \$1,000,000 or more of needed liability. Auto liability limits of 250/500/100 and homeowner liability limits of \$100,000 are the minimum limits required for most insurance companies to have an accompanying personal liability umbrella policy of \$1,000,000 or more.

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## BODILY INJURY PROTECTION

*“Always [put] yourself in position to control your response to situations – not have them dictated to you by the choices/actions of others.” Professor Pinch<sup>88</sup>*

Bodily injury liability can be protected against medical payments, uninsured motor vehicle, and underinsured motor vehicle coverage. These coverages provide for consequence of loss for a policyholder against all bodily injury claims, because it is first-party protection. It protects against a lawsuit when youth, parents, or other unit leaders are injured in their vehicle and on their property. Most states do not require minimum limits for the medical payments of owners of autos, homes, or boats. There are also no minimum limits for uninsured motor vehicle or underinsured motor vehicle protection, however if youth or other passengers are injured in a parent or unit leader’s vehicle, they are liable for those medical expenses and even funeral costs, which are not covered by bodily injury limits of their liability insurance. In accidents involving bodily injury and the insurance company determining negligence and paying their limit of liability, parents and unit leaders are under obligation to pay the remaining balance.

Scouting individuals can be protected against medical payments, which is similar for autos, homes and boats, but there are some differences. Auto medical payments protection pays medical and funeral expenses sustained by a parent or unit leader and all passengers, including youth, in an insured vehicle resulting from an auto accident, no matter who is responsible.

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Examples of accidents include a parent accidentally hitting another car while driving, or a unit leader's passengers complaining of neck pain after the car they are riding in is rear-ended by another vehicle. Homeowner and renter medical payments protection pays for medical expenses to others who are accidentally injured on a parent or unit leader's property or by the activities of a parent or unit leader, resident employee, or an animal owned by or in the care of a parent or unit leader. Boatowners medical payments protection pays when youth, parents, and unit leaders are injured after an accident on their boat.

Scouting individuals can also be protected against uninsured and underinsured motorists. Uninsured motorist protection pays damages for injury to a youth, parent, or unit leader when in a car accident caused by another person who does not have liability insurance. Motorists are legally required to have liability insurance in every state in the U.S., but that does not stop millions of Americans from driving without it. Underinsured motorist protection pays damages when a youth, parent, or unit leader is injured in a car accident caused by a driver who is insured, but does not have enough liability insurance to cover the damages. It pays the difference between the limits of this protection and the amount paid by the driver at fault. Motorists are legally required to have liability insurance in every state in the U.S., but many people just carry the minimum amount that is required by law.

If a youth becomes injured in an accident going to or from Scout Camp, while another youth, parent or unit leader is driving, medical payments, uninsured and underinsured motorist protection insurance can shield Scouting volunteers from potential financial hardships. Adequate insurance protection will help in paying for medical care, pain, suffering, lost wages and possible lawsuit for damages resulting from injuries in an accident regardless of fault. If someone has health insurance through their employer or another individual health care plan,



they may wonder if adding medical payments, uninsured, or underinsured protection is worth the cost, which is comparatively inexpensive. Health insurance plans have deductibles, coinsurance and copayments. Unlike health insurance, medical payments, uninsured, and underinsured motorist vehicle protection starts paying with the first dollar of incurred expenses, which can even pay the costs of a health plan's deductible, coinsurance and copayment. Another reason to have medical payments protection is to protect all passengers in their vehicle, which includes all invited and uninvited guests on their property, and occupants of their watercraft. Since these payments are not based on the law of negligence, no responsibility on the part of the insured has to be proven for payment to be made.

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## PROPERTY PROTECTION

*"The major difference between a thing that might go wrong and a thing that cannot possibly go wrong is that when a thing that cannot possibly go wrong goes wrong it usually turns out to be impossible to get at and repair." Douglas Adams<sup>89</sup>*

Property can be protected with property insurance, which is also first-party coverage that provides for consequence of loss related to a policyholder's own property. Property insurance protects youth, parents, and unit leaders in the event of damage to their own property (such as vehicles, dwellings and personal items), and requires a deductible, which is the amount of loss the insured is willing to take before the insurance policy pays for a covered loss. Higher deductibles lower the insurance premium, but increase the amount that must be paid out when a loss occurs. Though property insurance is not required by law, banks require property insurance on vehicles, homes and boats with loans, because it protects their property against consequence of loss until the loan is paid in full.

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There is no such thing as “full coverage,” which is a term used by financial institutions referring to insurance protection for an auto beyond the liability insurance that is legally required. Auto comprehensive protection pays to repair or replace a covered vehicle that is stolen or damaged by something other than collision or rolling over, such as fire, wind, hail, flood, theft, vandalism and hitting an animal. Auto collision protection pays to fix or replace a vehicle that has been damaged in a collision with another object, or if it rolls over. Parents and unit leaders should consider how much they would be willing to pay on short notice in order to save on premiums, since both comprehensive and collision protection are limited to the actual cash value of the vehicle. Cargo trailers used by units for campouts and other Scout activities are typically owned by the charter organization, but could be owned by a parent or unit leader. Such trailers are only protected if the owner insures the trailer for comprehensive and collision, which protects against loss to the cargo trailer, but subject to a policy deductible. Likewise, boat comprehensive and collision insurance can protect against most risks of owning and operating a watercraft, including its motor, personal property, and even its trailer.

Dwelling protection pays for losses to a covered house or other structure caused by weather, non-weather, and other sudden or accidental occurrences, and extended dwelling protects unattached buildings. Homeowners insurance include declarations that list causes of covered losses and exclusions. Parents and unit leaders should understand the differences in policy forms of protection regarding named peril and open peril causes of loss. Basic forms are the least comprehensive named peril policies, and if the peril is not specifically listed, there is no protection. Broad forms are more extensive in designated categories of coverage than named peril policies, and include all the perils of basic form plus a few additional risks. Special forms are the most inclusive open peril policies and include protection for direct loss from all perils,

unless they are specifically excluded. Parents and unit leaders should refer to their actual policy for a complete list of losses covered, not covered, and policy exclusions. It is important for all dwellings to be insured for at least 100% of its estimated replacement cost, not its market value, which is not a home's purchase price or the outstanding amount of any mortgage loan. Replacement cost is the amount necessary to rebuild or replace the entire home in the event of a total loss. Market value is the amount a buyer would pay for a home, including the land, regardless of how much it would cost to rebuild. To determine the amount of insurance protection, a homeowner needs to get an estimate of the replacement cost of their home, and select the amount of protection that best fits their needs. It is recommended that an amount of protection is purchased at least equal to the estimated replacement cost. Since it is impossible to predict today what the exact cost will be to replace a home in the future, it is important to have enough coverage to account for unforeseen circumstances.

Property inside of cargo trailers, trucks, vans, SUVs, or other autos are not protected by the auto's insurance policy, regardless of who owns it. Property can be protected by either business policy or personal policy, depending on whether the property is business property or personal property. Scout equipment, such as flags, patrol boxes, and other camping gear owned by the charter organization, is protected as business property of the charter organization's business insurance policy. Other Scout equipment, such as backpacks, sleeping bags, tents, and other camping gear owned by youth and parents, is protected as personal property of the youth or parent's homeowners or renters policy. Business, homeowners, and renters insurance protect property against loss from most perils, such as auto accident damage, theft and fire, but subject to a policy deductible. It is important to make sure that personal property of homeowner and renters insurance includes everything that has been collected or inherited over the years. Home

inventory tools are available to calculate the replacement value of personal property based on its quality using either square footage or number of rooms excluding bathrooms. Most people are not aware that their most treasured possessions may not be fully protected by their homeowners or renters insurance, because of policy limitations. Parents and unit leaders should make sure that all of their personal property is adequately protected against theft, accidental damage, or other loss with a personal articles policy, which protects regardless of fault or peril. For example, a wedding ring would be protected under the personal property coverage of their homeowners or renters policy against theft or other covered perils, but not for mysterious disappearance or the diamond falling out of a loose setting. When on vacation, or attending Scout Camp, items such as jewelry and cameras can be fully protected. A personal articles policy is the most effective way to protect personal property, including Scout equipment.

## LIFE AND HEALTH INSURANCE

*“The public totally discounts low-probability high-consequence events. The individual says, it’s not going to be this plane, this bus, this time.” Amanda Ripley<sup>90</sup>*

Life and health insurance is important. Almost everyone has heard about plane and bus crashes and thought it would never happen to them, but for those passengers on those planes and busses, it had a 100% chance of occurring. People can either die too soon, or live too long. When they don’t die, they live. When they live, they grow old. When they grow old, they are more likely to become ill. When they become ill, they need care. Parents and unit leaders need to mitigate risk of potential loss of income due to illness or untimely death through protection with the benefits of life and health insurance.

Maximizing life and health protection saves BSA significant amounts of money every year. Maximizing life protection saves on possible lawsuit payouts, but also keeps youth in Scouting. Even though it is not clear exactly how many youth are affected by the death of an immediate family member, it is estimated that 5 percent of children in the United States lose one or both parents by age 15, and others suggest that the proportion is substantially higher in the lower socioeconomic groups.<sup>91</sup> Even though this means the death of one or both parents adversely affected an estimated 115,000 youth with 2.3 million Boy Scouts in 2016, nobody knows for certain how many youth have not been able to continue in Scouting because of loss of a bread winner over the last 100 years. This also negatively impacts future generations. Maximizing health protection saves BSA significant amounts of money. BSA's Part B: General Information/Health History form asks for a participant's health/accident insurance company, policy number, and requests a photocopy of both sides of the insurance card, because BSA's accident and sickness insurance (also known as accident and health insurance) coverage is excess of all other insurance or health care plans in force.<sup>92</sup>

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## LIFE PROTECTION

*"It is a strange anomaly that men could be careful to insure their houses, their ships, and their merchandise, and yet neglect to insure their lives – surely the most important of all to their families, and more subject to loss." Benjamin Franklin<sup>93</sup>*

Benjamin Franklin also observed, "In this world nothing can be said to be certain, except death and taxes."<sup>94</sup> In 100 B.C., the concept of life insurance can be traced to ancient Rome, when Caius Marius, a Roman military leader, created a burial club among his troops, so in the event of the unexpected death of a club member, other members would pay for the funeral expenses.

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In 600 B.C., guilds were created called “benevolent societies,” which cared for the families of deceased members, as well as paid for funeral expenses. Later, when mining activity began in Europe in the early years of the 20<sup>th</sup> Century, miners would pass around a hat for loose change that would be given to the widow or orphans of a miner, who didn’t make it out alive. This tradition followed as mining developed in America. In 1759, the Presbyterian Synod of Philadelphia sponsored the first life insurance corporation in the U.S. for the benefit of Presbyterian ministers and their dependents.<sup>95</sup>

More than 4 out of every 10 Americans do not own a life insurance policy in any amount. Of those who do have life insurance, 1 out of 3 is accounted for through group plans. In other words, 2 in 10 people in the U.S. only have life insurance because it was offered through work or some type of group membership benefit. A quarter of Americans find their insurance privately, and 1 in 10 have insurance through both types. The vast majority of life insurance is held by persons age 45 and older. Despite the overwhelming evidence of a person’s potential human capital lying in their first 40 years of work, Americans tend to wait until it is half over before they even consider protecting this loss of earning potential with life insurance.<sup>96</sup> Many banks require life insurance to purchase property, especially a home or business, but there are no death benefit minimum requirement to protect loved ones in the event of an untimely passing.

Most life insurance companies use a *needs* based model with algorithms to calculate, analyze and determine the amount of life insurance an individual needs to protect their family. To maximize life protection, youth, parents, and unit leaders should use a *wants* based model to determine the amount of life insurance to replace lost income for their family. When someone insures their vehicle in the event of a total loss, what percentage of loss do they protect it for? Does anyone save money by insuring only 50% or 75% of their vehicle’s value? No, they insure

it for 100% of full replacement value. When someone insures their home in the event of a total loss, what percentage of loss do they protect it for? Again, does anyone save money by insuring for an amount less than 100% of full replacement value? Then, why do people do it with life insurance? Why would anyone want anything other than 100% of full replacement value, or human life value, for loved ones left behind?

The U.S. government and corporations pay human life value based on the wants, not the needs, of a family. The September 11<sup>th</sup> Victims Compensation fund of \$7 billion was created by Congress to compensate those who lost family members in the attack on the World Trade Center in New York City, and to pay injured survivors. The average payment from the fund was \$2,083,000, which was determined by using a formula that incorporated the victims' annual salary, how many more years they had left in the workforce, and the number of dependents they had.<sup>97</sup> Also, according to the Insurance Institute for Highway Safety and Highway Loss Data Institute, about 12% of all motor vehicle fatalities are caused by 18 wheeler accidents, and 98% of 18 wheeler accidents result in at least one fatality.<sup>98</sup> If an 18 wheeler of a commercial beverage company killed the primary bread winner of a family, how much of a life payout should widows and orphans expect? If the U.S. government and corporations pay human life value, then parents and unit leaders should use the same methodology to protect their own families with life insurance.

There is a lot to learn when youth, parents, and unit leaders are getting started with life insurance, and there is still a lot to learn when life insurance has been owned for years. Life protection helps families do a number of things, including keep paying the home mortgage, maintain their current standard of living, pay off debts, estate taxes and final expenses, create a fund for college education, create a fund for a family member with special needs, protect their

dreams for the future, and more. Whether someone is looking for the affordability of term life insurance or the lifelong protection and cash value of permanent life insurance, or a combination of both, there are options available.

*Term life* is the most straightforward form of life insurance protection. A parent or unit leader generally pays premiums, and their family is protected for that “term.” There are a variety of affordable term life insurance policies available for different needs, time frames, and budgets. Term life protection helps provide for a family’s loss of income, cover short-term debts and needs, provide additional insurance protection during the child-raising years, and provide longer term protection to help families pay off a mortgage or pay for a college education. They generally guarantee premiums for 5 to 30 years and have a guaranteed death benefit starting at \$100,000. Once past the level premium period, premiums usually increase annually, and some term life policies are guaranteed to renew up to age 95. There are a number of specialty types of term life available, including return of premium term, mortgage term, instant answer term and others.

Some term life insurance is convertible to permanent life insurance, but is subject to age limits. Permanent life insurance allows the buildup of cash value and protect a youth, parent, or unit leader for the duration of their life, not just for a specified period of time. Over time, this protection builds cash value that grows tax-deferred, and can be accessed during a youth’s, parent’s, or unit leader’s lifetime. This cash value can be accessed by withdrawals that do not accrue interest, or policy loans that do accrue interest. Withdrawals, outstanding policy loans, and interest all reduce the death benefit and cash value of the permanent policy. The protection continues as long as the cash value is sufficient to cover the various deductions each month. This permanent protection ranges in the general forms of *whole life* and *universal life* insurance.



*Whole life* insurance helps families prepare for the unexpected by catering to long-term goals by offering youth, parents, and unit leaders consistent premiums and guaranteed cash value accumulation for as long as they live, provided that premiums are paid as required to keep the policy in force. Because of the guarantees, the policy offers static protection, and does not allow changes in death benefit or premium amounts. Whole life policies can be paid with a single premium, premiums payable to age 100, or premiums payable up to a limited number of years. There are a number of specialty types of whole life available, including single premium whole life, final expense whole life, guaranteed issue whole life and others.

*Universal life* insurance offers dynamic protection that does allow changes in death benefit and premium amounts over time. Because of the flexibility, the guarantees of universal life are lower than what is offered by similar whole life protection, but it builds cash value that can be used during the insured's lifetime. Premiums are paid into the policy's account value, after a premium expense charge, where it earns interest. Every month, various deductions, such as a charge for insurance protection, are then made from the account value. Typically, there are two death benefit options that can be chosen: One option provides a level benefit equal to the basic amount of life insurance selected, and the other option provides a death benefit that varies with the policy account value and has a death benefit that is the amount of life insurance plus the policy account value. There are a number of specialty types of universal life available, including joint universal life, survivorship universal life, adjustable universal life, fixed and equity index universal life, variable universal life and others. Additionally, most universal life insurance policies can be customized with a number of unique options and riders, such as a level term rider for an additional insured, children's term rider, guaranteed insurability rider, waiver of monthly deduction for disability rider, long-term care rider and others.

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## HEALTH PROTECTION

*“As an athlete, I understood the value of my health insurance. I knew that... injuries were common and could happen at any time.” Earvin “Magic” Johnson, Junior<sup>99</sup>*

In addition to Benjamin Franklin’s certainty of death, there is also certainty that everyone needs health care at some time in their life. Many seek this care from physicians, others seek care from alternative medicine. Before the birth of modern medicine, hospitals were poorhouses where the indigent went to die. Then came the advent of effective medicines, especially antibiotics, along with a revolution in medical advancements that allowed people to live longer and be treated for illnesses. Health care became much more effective, but also much more expensive. Clean hospitals, educated doctors, and pharmacological research cost money. People proved willing to pay for care when they were really sick, but it wasn’t yet common to go to a medical practitioner for checkups or treatable illnesses. An official at Baylor University Hospital in Dallas started looking for a way to get ordinary people to pay for health care a little bit each month. Hospital officials started small, offering a deal to a group of public school teachers. They offered a plan for the teachers to pay 50 cents each month in exchange for Baylor picking up the tab on hospital visits. When the Great Depression hit, almost every hospital in the country saw its patient load disappear, and the Baylor idea became hugely popular. The organization eventually got the name, “Blue Cross.”<sup>100</sup>

Today, a person age 25 to 34, whether insured or not, has a 5% chance of incurring medical bills of at least \$27,000, and the chance of ending up with a bill that exceeds \$13,000 is 10%.<sup>101</sup> The older a person gets, the greater the odds of incurring health care debt. Health insurance plans are available to every youth, parent, and unit leader in the U.S., typically through their

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employer, otherwise through various government programs. Even though health insurance protection of Americans is mandated by the Affordable Care Act, there are no requirements to have disability, or long term care protection.

*Major medical plans* are available in both group and individual health insurance plans. Most families have health insurance available through an employer participating in a group health insurance plan. Plan types can determine the hospital and doctor networks, coverage levels and benefits, which include deductibles, coinsurance, copayments, and maximum out-of-pocket expenses. A deductible is the amount paid for covered health care services before a health insurance plan starts to pay. Coinsurance, like a copayment, is a form of cost sharing for health services or prescription drugs between insurance companies and the insured. Unlike copayments, which are fixed fees, coinsurance is a percentage of the cost for a health service or prescription drug paid by a member after they reached their deductible until the policy's maximum out-of-pocket expense is reached. For those who cannot get health insurance through an employer, individual plans are available through the Marketplace, which was created by the Affordable Care Act in 2010, and effective in 2014. This comprehensive health care reform law created an individual mandate to have health insurance and provide some consumers with subsidies, or premium tax credits, which lower costs for households with incomes between 100% and 400% of the federal poverty level. If consumers can afford health insurance, but choose not to purchase it, a fee must be paid called the individual shared responsibility payment.<sup>102</sup>

*Indemnity plans* are available to augment major medical plans. Generally, they can help families deal with the extra costs associated with hospital stays by paying for deductibles and coinsurance amounts, private room and private duty nurse fees, extra transportation, lodging, meals, and unexpected child care. Also known as supplemental insurance, these plans cannot

only help pay for things not covered by a primary health insurance policy, and can also include protection that begins on the first day of the hospital stay, which means there is no deductible or waiting period. Covered hospital stays are payable for up to one year for the same or related condition, and reimbursements are typically paid directly to the insured. Fee-for-service plans allow an insured to direct their own health care and visit almost any doctor or hospital, then the insurance company pays a set portion of the total charges.

*Medicare* is a federal program that provides health protection for people age 65 or older, or have a severe disability regardless of income. The four different parts of Medicare, Part A, B, C and D, each cover different services. Original Medicare, which is administered directly by the federal government, includes only Part A and Part B. Part A, or hospital insurance, covers most medically necessary hospital, skilled nursing facility, home health, and hospice care. It is free for parents and unit leaders, who have worked and paid Social Security taxes for at least 40 calendar quarters, otherwise it costs a monthly premium. Part B, or medical insurance, covers most medically necessary doctors' services, preventive care, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, mental health care, and some home health and ambulance services. It costs a monthly premium for this optional coverage.<sup>103</sup>

*Medicare supplement plans* are sold by private health insurance companies to provide additional protection to help with many of the expenses that Medicare does not pay, like Part A and Part B deductibles, coinsurance, and copayments. Also known as Medigap plans, they can pay for the first 3 pints of blood, Part B excess charges, and medical care when a parent or unit leader travels outside the U.S. With these policies, Medicare pays its share of the Medicare-approved amount for covered health care costs, then the Medicare supplement policy pays its share. Part C is not a separate benefit. It is the part of Medicare that allows private health insurance

companies to provide Medicare benefits, known as Medicare advantage plans, which must offer at least the same benefits as original Medicare, but can do so with different rules, costs and coverage restrictions. A Medicare advantage policy is different from a Medicare supplement plan, because Medicare advantage policies are ways to get Medicare benefits, while Medicare supplement plans only supplement a person's original Medicare benefits. Part D, or prescription drug insurance, is the part of Medicare that provides outpatient prescription drug protection, and is provided only through private insurance companies that have contracts with the government. Part D is never provided directly by the government, like original Medicare is, and if it is wanted, coverage must be chosen that works with Medicare health benefits.<sup>104</sup>

*Medicaid* is a state and federal welfare program that provides health insurance protection for eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. The Affordable Care Act expanded the Medicaid program to cover all adults with income below 138% of the federal poverty level, even though not all states have expanded their Medicaid programs.<sup>105</sup>

*Disability insurance* helps protect income. Just over 1 in 4 of today's 20-year-olds will become disabled before they retire. Insurance statistics show that only 9% of long-term disabilities actually resulted from serious accidents.<sup>106</sup> If a youth, parent, or unit leader becomes disabled due to sickness or injury and cannot work, disability insurance offers protection that can provide money to help pay mortgage, rent, car loans, and other monthly expenses. It may also help prevent using retirement or education savings, if an insured is sick or hurt and cannot work. Depending on the need, disability insurance is available in many forms, including short-term, long-term, mortgage, and individual credit disability insurance policies.

*Long-term care insurance* helps protect assets. 40% of all adults in the U.S. require long-term care before they reach age 65, and 70% of those over 65 will need long-term care at some point in their lives.<sup>107</sup> If a parent or unit leader becomes chronically ill, because of a cognitive impairment, or because of an inability to perform at least two activities of daily living without substantial assistance, long-term care insurance can help pay for the care needed. Depending on the level of care required, it may be provided in a nursing home, an alternate care facility, or even at home. In addition to helping pay the costs of long-term care, long-term care insurance may help to provide other benefits, which include protecting savings and other assets, preserving independence, exercising choices, avoiding government dependence, and maintaining a better quality of life. A nursing home stay costs an average of \$87,000 per year according to a recent, national study, and this is just one of many costs associated with long-term care.<sup>108</sup> If a parent or unit leader is unable to pay for long-term care when needed for themselves or a loved one, they may need to spend down assets to become eligible for Medicaid to pay the costs of care. There are time sensitive limits regarding the transference of assets to children in order to qualify for Medicaid.

## FINDING AN INSURANCE PROFESSIONAL

*“Professional is not a label you give yourself—it’s a description you hope others will apply to you.” David Maister<sup>109</sup>*

The subjects of risk, loss, and insurance include the understanding that just because a person *can* do something does not mean they *should*. If surgery is needed, a surgeon should not operate on him or herself. Neither should inexperienced consumers handle insurance by themselves. Insurance is a difficult, complicated subject that is challenging and constantly

changing. Professionals in the insurance industry have to complete prelicensing courses, pass licensing exams, and acquire multiple licenses issued by their state Insurance Commissioner in order to help people with their needs for protection. Then, they must complete continuing education regularly on an average of an hour every month to renew their licenses, and keep their knowledge current and relevant. Many persist in developing their knowledge and expertise by earning industry designations, which is the difference between working with an accountant and Certified Public Accountant (CPA). It is important to have a local, licensed advocate, who has experience and speaks insurance.

Insurance professionals can be found the same way that any competent professional is found. Parents and unit leaders should seek the guidance of a friend, relative, or trusted advisor, who has had a good experience for a recommendation. Then, consider their experience, education, certification, and personality. Insurance is too important to leave to chance or the Internet. Only a licensed, trained professional can discern needs given accurate and complete information. Every individual and family is unique and requires insurance protection that is right for them. To better understand their preferences, parents and unit leaders should ask themselves the following questions: 1) What is the most important quality to you in an insurance company? 2) How often do you shop for insurance? 3) Do you have insurance policies (such as auto and home, or renters insurance) with separate companies? 4) How important is it for you to speak to your agent personally? Answers to these questions uncover what they seek in an insurance professional to determine whether they are relationship seekers, demanding local shoppers, passives, self-sufficients, or frequent local shoppers.

## CONCLUSION

*“Far better is it to dare mighty things, to win glorious triumphs, even though checkered by failure... than to rank with those poor spirits who neither enjoy nor suffer much, because they live in the gray twilight that knows not victory nor defeat.” Theodore Roosevelt<sup>110</sup>*



111

To mitigate risk, youth, parents, unit leaders, and charter organizations cannot effectively accept, avoid or limit the probability of loss. Unit leaders, who only serve in Scouting and do not serve in a position with responsibilities for the charter organization, will help mitigate risk and probability of loss. Parents and unit leaders, who keep youth safe, exercise sound judgment, and use common sense, will also help mitigate risk and reduce the probability of loss.

To manage risk, youth, parents, unit leaders, and charter organizations cannot completely plan, buffer, respond, or control the impact from the consequence of loss. Parents and unit leaders, who have adequate limits of liability insurance, will help manage risk and the consequence of loss. Additionally, parents and unit leaders, who minimize dependence of laws and maximize benefits of protection with insurance, will also help reduce the consequence of loss.

To minimize dependence on exemption, asset protection, and other debtor-creditor laws, parents and unit leaders should not rely or depend on them to protect their assets or income.



The legal protections afforded by them are minimal. No state meets the basic standards for wages, auto, home, home goods or cash.

To maximize casualty protection, auto liability limits for a parent or unit leader at 100/300/50 is good, 250/500/100 is better, but having an additional million dollar personal liability umbrella protection is best. With an umbrella, homeowner liability can be \$100,000, otherwise a parent or unit leader at \$300,000 is good, \$500,000 is better, but having \$1,000,000 of liability protection is best. Watercraft owners need similar limits of liability. Nobody can tell a parent or unit leader the most they would have to pay if they were to cause an accident. They should consider how they would pay any damages that exceed their liability limits. The higher liability limits are, the more likely it is that their insurance company will be able to pay all of the damages.

To maximize bodily injury protection, auto, homeowners, and boatowners medical payments liability limit at \$5,000 is good, \$10,000 is better, but \$25,000 or more is best. It is also wise to have uninsured and underinsured motor vehicle limits equal to their auto's liability limits, especially if the vehicle is used to transport youth. For example, auto liability limits of 100/300/50 allows limits of up to 100/300 of uninsured and underinsured motorist protection. Auto limits cannot exceed bodily injury liability limits, which is another reason to maximize them.

To maximize property protection, it is good for parents and unit leaders owning vehicles and boats to have both comprehensive and collision coverage, and homeowners to have special form open peril policies that protect for replacement value both inside and outside of their dwelling and extended dwellings. It is better for homeowners and renters to have an amount of personal property protection determined by calculators based on square footage or number of

rooms to also maximize protection. It is best to have a personal articles policy that will protect personal property that has limited protection in their homeowners and renters insurance.

To maximize life protection, a youth, parent, or unit leader should have term insurance with human life value that replaces their income to loved ones left behind. If such protection is not affordable, then they should protect with as much term death benefit as their budget allows, especially while having minor children living at home. Once mortgages and other debts are paid, and no youth remain in the household, responsible adults should have an amount of permanent death benefit that will pay final expenses, protect assets, and leave a legacy desired to heirs and future generations for estate planning purposes.

To maximize health protection, youth, parents, and unit leaders should not only have a group or individual major medical health plan, but also a supplement policy to pay their deductible and co-insurance. For Americans age 65 and older, Medicare should include Parts A, B and D with a Medicare supplement to pay their deductible, co-insurance and other expenses.

Parents and unit leaders under age 50 should also have disability insurance to protect their income for their families and loved ones in the event that they are sick or hurt and cannot work.

Parents and unit leaders over age 50 should have long-term care insurance to protect their assets for families and loved ones in the event that they need assistance in daily living.

## THE IMPORTANCE OF INSURANCE AND SCOUTING

*"It seems that the necessary thing to do is not to fear mistakes, to plunge in, to do the best that one can, hoping to learn enough from blunders to correct them eventually." Abraham Maslow<sup>112</sup>*

The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law.<sup>113</sup> This program, including the achievement of the ranks of First Class through Eagle Scout, allows youth to achieve their full potential. BSA teaches ethics and morals to instill values in youth that far exceed expectations and standards of society. The subject of insurance should not be any different. Insurance expectations should be equally high for youth, parents, and unit leaders of Scouting. The best way to follow the Boy Scout motto and “Be Prepared” is to maximize the protection available with insurance.<sup>114</sup>

## FINAL IMPRESSIONS

*“What we think or what we know or what we believe is in the end of little consequence. The only consequence is what we do.” John Ruskin<sup>115</sup>*

Understanding the probability and consequence of loss is important and should be included in training offered to Scouting youth and unit leaders. BSA believes that every youth deserves a well-trained leader in the advanced, national Wood Badge leadership course that is open only to Scouting volunteers and professionals.<sup>116</sup> Part of being a well-trained leader should include mitigating risk of loss, minimizing dependence of exemption laws, and maximizing benefits of protection with insurance. The topic of insurance should be included in the College of Commissioner Science curriculum. Then, commissioners can use this information to better educate their districts and units. BSA also believes that youth need concepts of what a leader must BE, what he must KNOW, and what he must DO, which is taught with a clear focus on HOW TO in the action-packed National Youth Leadership Training program that teaches leadership skills and experience.<sup>117</sup> Part of being responsible leaders in our society should include knowing HOW TO mitigate risk of loss, minimize dependence of exemption laws, and

maximize benefits of protection with insurance. Doing so will help accomplish the vision of the Boy Scouts of America to prepare every eligible youth in America to become a responsible, participating citizen.<sup>118</sup>

Scouting prepares youth for life by teaching correct principles, so they may govern themselves and take personal responsibility for their actions. To better accomplish this, BSA needs to have an Insurance Merit Badge. Youth completing it will improve their understanding of required auto insurance in their state, and be more able to better protect against their risk of loss probability and consequence, which will provide greater protection for them and their families. There is no better way to prepare youth for life, especially to emphasize the need to maximize protection against loss of assets, income, material possessions, life, and health, which is available through auto, homeowners, life, and health insurance.

## TABLE SUMMARY OF INSURANCE

Protection	Good	Better	Best
Casualty (Liability)			
Auto	100/300/50 or \$100,000 per person \$300,000 per accident \$50,000 property damage	250/500/100 or \$250,000 per person \$500,000 per accident \$100,000 property damage	250/500/100 and \$1 million Personal Liability Umbrella
Cargo Trailer	Extends from auto liability limits of the auto it is hitched to and pulls it		
Watercraft	\$300,000	\$500,000	\$1 million Personal Liability Umbrella
Residence	\$300,000	\$500,000	\$1 million Personal Liability Umbrella
Bodily Injury			
Medical Payments	\$10,000	\$25,000	\$1 million Personal Liability Umbrella
Uninsured and Underinsured Motorist	Cannot exceed auto liability limits		
	100/300 or \$100,000 per person \$300,000 per accident	250/500 or \$250,000 per person \$500,000 per accident	250/500 and \$1,000,000 Personal Liability Umbrella
Property Damage			
Vehicle and Cargo Trailer	Comprehensive		Comprehensive and Collision
Dwelling (Homeowner)	Estimate Replacement Cost, not Actual Cash Value, with...		
	Named Perils coverage	Open Perils coverage	Open Perils coverage and Personal Articles Policy
Personal Property of Youth, Parent or Unit leader	Calculator based on square footage or number of rooms		Personal Articles Policy
Business Property of Scout Unit or Charter Organization	Calculator based on replacement value of property		Personal Articles Policy
Life			
Pays for death benefit to loved ones	Enough to pay off outstanding debts	Enough to pay off outstanding debts and provide few years of replacement income	Human life value
Health			
Pays costs of health care, including hospital and medical	Major medical (or Medicare)	Major medical and Indemnity plan (or Medicare and Medicare Supplement)	Major medical, Indemnity plan, and Disability (or Medicare, Medicare Supplement and Long Term Care)

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*"My best stories come from well-placed sources who point me in the right direction." Wolf Blitzer<sup>119</sup>*

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## AUTHOR BIOGRAPHY

*“Biographies are but the clothes and buttons of the man. The biography of the man*

*himself cannot be written.” Mark Twain<sup>120</sup>*

## SCOUTING EXPERIENCE

- National Youth Leadership Training (NYLT) Course Director / Scoutmaster for Montana Council BSA in 2020
- NYLT Assistant Course Director / Assistant Scoutmaster for Montana Council BSA in 2019
- Wood Badge Senior Patrol Leader, and NYLT Assistant Scoutmaster for Montana Council BSA in 2018
- Enterprise Risk Mitigation Committee Member for Area 2 Western Region BSA, WEBELOS Den Leader, and Wood Badge Troop Guide for Montana Council BSA in 2017
- Hi-Line Assistant District Commissioner, Hi-Line District Vice-Chairman, and NYLT Quartermaster for Montana Council in 2016
- Unit Commissioner for Hi-Line District of the Montana Council BSA, and Wood Badge participant in Montana Council BSA in 2015
- Assistant Scoutmaster for Montana Council BSA in 2014
- Merit Badge Counselor for Montana Council BSA in 2012
- WEBELOS Den Leader for Montana Council BSA in 2011
- Assistant Scoutmaster for Baltimore Area Council BSA in 2001
- Assistant Scoutmaster for Tuscarora Council BSA in 1999
- Cubmaster for Golden Empire Council BSA in 1995
- Boy Scout Star Scout Rank in Sam Houston Area Council BSA in 1985
- Cub Scout Arrow of Light and District Cub Scout of the Year in Sam Houston Area Council BSA in 1981

## PROFESSIONAL EXPERIENCE

- Account Manager, Financial Services Representative, and Agent in the insurance and financial services industry from 2002 to present
- Recruiter, Account Executive, and Operations Manager in the human resources and staffing industry from 1997 to 2002
- Executive Officer and Squadron Section Commander in the U.S. military from 1993 to 1997

## EDUCATION AND ASSOCIATIONS

- Annuity Training Certification for Montana in 2017
- Certified Exchange Producer with the Federal Health Insurance Marketplace for Individuals in 2015
- Long-Term Care Professional (LTCP) designation with America's Health Insurance Plans (AHIP) and National Association of Health Underwriters (NAHU) in 2012
- Financial Services Specialist (FSS) designation with The American College in 2010
- Insurance Producer: Licensed in Property and Casualty with State of Montana Department of Insurance in 2008
- Long Term Care Training Certification and member Montana Long Term Care Insurance Partnership Program in 2006
- Member Million Dollar Round Table (MDRT) in 2005
- Member National Association of Insurance and Financial Advisors (NAIFA) in 2003
- Insurance Producer: Licensed in Life, Disability (Health), Limited Lines Credit, and Variable (including Securities series 6/63) with State of Montana Department of Insurance in 2002
- Masters of Arts in Human Resource Management with emphasis in Leadership at Chapman University in 1996
- Graduate of Personnel and Information Management Tech School at Keesler, AFB in 1994
- Bachelors of Science in Psychology with minor in Business at Texas A&M University in 1993

## SUMMARY BROCHURES

For ease of use and distribution purposes of this content at Council, District, Roundtable, College of Commissioner Science, and other meetings, the following six summary brochures are available and intended to supplement this thesis:

- Mitigating Risk
- Auto Casualty
- Bodily Injury
- Property Damage
- Life
- Health

## Maximizing Protection

A Scouter wanting average auto liability limits that keep pace with inflation should have at least 100/300/50, which is equivalent to \$350,000 combined single limit. A Scouter wanting above average auto liability limits that out paces inflation should have at least 250/500/100, which is equivalent to a \$600,000 combined single limit. Cargo trailers are protected for liability by the tow vehicle that pulls it, regardless of whom owns the cargo trailer.

To maximize auto casualty protection, Scouters should have a million dollar personal liability umbrella policy. Nobody can tell a youth or leader the most they would have to pay if they were to cause an accident. They should consider how they would pay any damages that exceed their liability limits. The higher liability limits are, the more likely it is that their insurance company will be able to pay all of the damages.



Other educational resources available:

**Of Mitigating Risk and Scouting:** Risk of loss probability, keeping youth safe, and using common sense

**Of Auto Casualty Insurance and Scouting:** Risk of auto accident loss, adequate auto liability limits, and maximizing auto liability protection

**Of Bodily Injury Insurance and Scouting:** Risk of bodily injury loss, medical payments, uninsured and underinsured motorists, and maximizing bodily injury protection

**Of Property Damage Insurance and Scouting:** Risk of property loss, auto and home options, and maximizing property damage protection

**Of Life Insurance and Scouting:** Risk of income loss, term and perm options, and maximizing death benefit protection

**Of Health Insurance and Scouting:** Risk of asset loss, disability and long-term care options, and maximizing health protection

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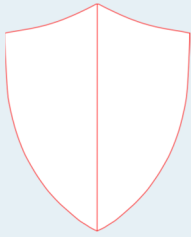
## Of Auto Casualty Insurance and Scouting



*From **OF INSURANCE AND SCOUTING:**  
**What Scouting Youth, Leaders, and  
Charter Organizations Need To Know  
And Practice To Be Better Prepared To  
Protect Against Risk And Loss,**  
submitted to the Montana Council, Boy  
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Degree of Doctor of Commissioner Science*



## Auto Casualty Protection



***"I have yet to get sued. My father thinks I should get liability insurance." Book Critic Jessa Crispin***

Liability can be protected with casualty insurance, which is third-party coverage that provides for consequence of loss for a policyholder against the claims of others. Auto casualty insurance protects Scouters in the event of legal costs resulting from bodily injury and property damage to another that was caused by their negligent acts or omissions. Each state requires liability insurance of autos, because of the chances of causing an auto accident.

Scouting by its very nature takes youth to places by auto, watercraft, and other means of transportation. The operator needs to make sure the mode of transportation is in good repair and that everyone is wearing proper safety equipment (such as seat belts, life jackets, and helmets), because he or she has primary responsibility for the lives of the people in his or her conveyance. One overlooked necessity is proper casualty, bodily injury, and property insurance.

## What are the odds?

Frequency of auto accidents is not just a matter of *if*, but *when*. There are about 10 million auto accidents each year, ranging from parking lot scrapes to multi-car pileups. By insurance industry estimates, an average driver files a claim for collision about once every 17.9 years, which means odds are good that Scouts and Scouters will experience some kind of crash before age 34, if they received their driver's license at age 16, and should have a total of 3 to 4 accidents over the course of a typical driving lifetime.

Cost of motor vehicle accidents are significant. Motor vehicle accident average cost of property damage is \$7,500 with a non-disabling injury, \$61,000 with a non-fatal disabling injury, and \$1,130,000 with a death. These amounts only take into account the economic impact of motor vehicle accidents. The estimated costs for motor vehicle accidents include not only injuries and property damage, but also wage and productivity losses, medical expenses, administrative expenses, and employers' uninsured costs. To determine the true cost of an accident including a measure of the value of lost quality of life, the average comprehensive cost of motor vehicle crashes is \$2,300 with no injury, \$25,300 with a possible injury, \$53,200 with a non-incapacitating evident injury, \$208,500 with an incapacitating injury, and \$4,100,000 with a death.

Auto liability insurance is legally required and protects for bodily injury, property damage, and legal defense. Minimum liability limits vary from state to state.

## Is that enough protection?

In 2017, Texas and North Carolina's minimum auto limits were as high as 30/60/25. Pennsylvania and New Jersey's minimum limits were as low as 15/30/5, but only California had a low-cost policy minimum limits for low-income drivers as low as 10/20/3. Numbers are in the thousands of dollars for bodily injury to or death of one person in any one accident, bodily injury to or death of two or more persons in any one accident, and injury to or destruction of property of others in any one accident.

Minimum auto liability insurance limits are not adequate for Scouters. The BSA general liability insurance program provides additional excess coverage for automobiles above a local council's automobile liability policy. BSA recommends that coverage limits are at least \$100,000 combined single limit, which means the most an insurance company is obligated to pay per accident is \$100,000 with no separate bodily injury or property damage limits. Separate liability limits of 50/100/25 meets this recommended amount of at least \$100,000 of a combined single limit, because it protects up to \$100,000 in bodily injury, if two or more people are injured, plus \$25,000 in property damage for a total of \$125,000. Any student of inflation understands that not only does the cost of everything increase over time, but every 20 years or so everything doubles in price. If 25/50/10 were the minimum limits that were set in the 1960s in Montana, then 50/100/25 adjusts for the 1980s and 100/300/50 adjusts for the 2000s.

## Maximizing Protection

Medical payments protects all passengers in a Scouter's vehicle, occupants of their watercraft, and all guests on their property. It pays for medical expenses to others, who are accidentally injured on a Scouter's property, or when youth are injured after an accident on their watercraft.

To maximize bodily injury protection, owners of autos, homes, and boats with medical payments liability limit at \$5,000 is good, \$10,000 is better, but \$25,000 or more is best. It is also wise for drivers to have uninsured and underinsured motor vehicle limits equal to their auto's liability limits, especially if the vehicle is used to transport youth. For example, auto liability limits of 100/300/50 allows limits of up to 100/300 of uninsured and underinsured motorist protection. Auto limits cannot exceed bodily injury liability limits, which is another reason to maximize them at 250/500/100.



Other educational resources available:

**Of Mitigating Risk and Scouting:** Risk of loss probability, keeping youth safe, and using common sense

**Of Auto Casualty Insurance and Scouting:** Risk of auto accident loss, adequate auto liability limits, and maximizing auto liability protection

**Of Bodily Injury Insurance and Scouting:** Risk of bodily injury loss, medical payments, uninsured and underinsured motorists, and maximizing bodily injury protection

**Of Property Damage Insurance and Scouting:** Risk of property loss, auto and home options, and maximizing property damage protection

**Of Life Insurance and Scouting:** Risk of income loss, term and perm options, and maximizing death benefit protection

**Of Health Insurance and Scouting:** Risk of asset loss, disability and long-term care options, and maximizing health protection

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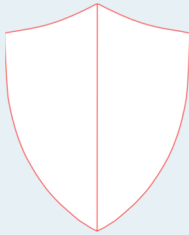
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## Of Bodily Injury Insurance and Scouting



*From **OF INSURANCE AND SCOUTING:**  
**What Scouting Youth, Leaders, and  
Charter Organizations Need To Know  
And Practice To Be Better Prepared To  
Protect Against Risk And Loss,**  
submitted to the Montana Council, Boy  
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## Bodily Injury Protection



*“Always [put] yourself in position to control your response to situations—not have them dictated to you by the choice/actions of others.” Blogger Professor Pinch*

Bodily injury liability can be protected with medical payments, uninsured motor vehicle, and underinsured motor vehicle coverage. These coverages provide for consequence of loss for a policyholder against all bodily injury claims, because it is first-party protection. It protects against a lawsuit when Scouts are injured in their vehicle. In accidents involving bodily injury and the insurance company determining negligence and paying their limit of liability, Scouters are under obligation to pay the remaining balance.

If a Scout becomes injured in an accident going to or coming from a Scouting activity, while another youth or leader is driving, medical payments, uninsured motor vehicle, and underinsured motor vehicle protection insurance can shield Scouts and Scouters from potential financial hardships.

## What are the odds?

Too many people drive illegally in the U.S. without liability insurance. One study in 2012 found that an average of 12.6% of motorists, or about one in eight drivers, was uninsured. Uninsured motorists are as high as 26% in some states, or about one in four drivers. The study measured the number of uninsured motorists based on insurance claims using a ratio of insurance claims made by people, who were injured by uninsured drivers relative to the claims made by people, who were injured by insured drivers. The estimated percentage of uninsured motorists is low, because the study did not measure the total number of registered vehicles compared with the number of insured vehicles reported by insurance companies, which means the actual number of uninsured motorists driving in the U.S. is more than the study suggests.

Motorists are legally required to have liability insurance, but that does not stop millions of Americans from driving without it. *Uninsured motor vehicle protection* pays damages for injury to a Scout or leader, when in a car accident caused by another person, who does not have liability insurance. Also, many motorists carry the minimum liability limits that are required by law, because they are legally required to have it. *Underinsured motor vehicle protection* pays damages when a Scout or leader is injured in a car accident caused by a driver, who is insured, but does not have enough liability insurance to cover the damages. It pays the difference between the limits of this protection and the amount paid by the driver at-fault.

## Is it worth the cost?

*Auto medical payments protection* pays medical and funeral expenses sustained by a driver and all passengers, including youth, in an insured's vehicle resulting from an auto accident, no matter who is responsible. This protects against injuries that are consequences of loss from accidents ranging from running off the road, hitting another vehicle, or getting rear-ended by another vehicle.

Most states do not require medical payments, uninsured motor vehicle, or underinsured motor vehicle protection, however if Scouting youth or other passengers are injured in an accident, the driver is liable for those medical expenses and even funeral costs, which are not covered by bodily injury limits of their liability insurance.

Adequate bodily injury insurance protection helps in paying for medical care, pain, suffering, lost wages and possible lawsuit for damages resulting from injuries in an accident regardless of fault. If someone has health insurance, they may wonder if adding medical payments, uninsured motorist, or underinsured motorist protection is worth the cost, which is comparatively inexpensive. Health insurance plans have deductibles, coinsurance and copayment costs. Unlike health insurance, this protection starts paying with the first dollar of incurred expenses, which can even pay the costs of a health plan's deductible, coinsurance and copayment. Since these payments are not based on the law of negligence, no responsibility on the part of the Scouter has to be proven for payment to be made.

## Maximizing Protection

To maximize health protection, Scouters should have a major medical health plan and a supplement health plan to pay their deductible, coinsurance, and other health care expenses. For Americans age 19 to 64, health care plans are available through employers and government, which includes Marketplace and Medicaid, and an indemnity plan. For Americans age 65 and older, Medicare plans are available through the government, which includes Parts A, B, and D, and a Medicare supplement plan.

Additionally, if under age 50, Scouters should also have disability insurance to protect their *income* for their families and loved ones in the event that they are sick or hurt and cannot work. If over age 50, Scouters should have long-term care insurance to protect their *assets* for families and loved ones in the event that they need assistance in daily living.



Other educational resources available:

**Of Mitigating Risk and Scouting:** Risk of loss probability, keeping youth safe, and using common sense

**Of Auto Casualty Insurance and Scouting:** Risk of auto accident loss, adequate auto liability limits, and maximizing auto liability protection

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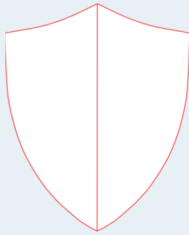
## Of Health Insurance and Scouting



*From **OF INSURANCE AND SCOUTING:**  
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Degree of Doctor of Commissioner Science*

## Health Protection

***“As an athlete, I understood the value of my health insurance. I knew that injuries were common and could happen at any time.” Basketball Player Earvin “Magic” Johnson Jr.***



Today, a person age 25 to 34, whether insured or not, has a 5% chance of incurring medical bills of at least \$27,000, and the chance of ending up with a bill that exceeds \$13,000 is 10%. The older a person gets, the greater the odds of incurring health care debt.

Every Scouter needs health care at some time in their life. State legislators have regularly debated and enacted mandates, or required health coverage, for specific treatments, benefits, providers and categories of dependents. The Affordable Care Act (ACA) established Essential Health Benefits as a more uniform requirement for individual and small group health policies sold inside and outside of Health Exchanges. Fortunately, health protection is available to every Scouter in the U.S., but the cost and type of health plan depends on their age, employment status, and income.

## What plans are available?

*Major medical plans* are available in both group and individual health insurance plans. Plan types can determine the hospital and doctor networks, coverage levels, and benefits, including deductibles, coinsurance, copayments, and maximum out-of-pocket expenses. For Scouters who cannot get group plans through an employer, individual plans are available both inside and outside of Health Exchanges. *Indemnity plans* are available to augment all major medical plans, and generally help families deal with the extra costs associated with hospital stays by paying for deductibles, coinsurance amounts, and more. They are sold by private health insurance companies, and begin on the first day of the care.

*Medicare* is a federal program that typically provides health protection for Scouters age 65 or older. Original Medicare, which is administered directly by the government, includes only Part A, or hospital insurance, and Part B, or medical insurance.

*Medicare supplement plans* are also sold by private health insurance companies to provide additional protection to help with many of the expenses that Medicare does not pay.

*Medicaid* is a state and federal welfare program that provides health insurance protection for eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. The ACA expanded the federal program to cover all adults with income below 138% of the federal poverty level, even though not all states have expanded their Medicaid programs.

## What other protection is available?

*Disability insurance* helps protect income. Just over 1 in 4 of today's 20-year-olds become disabled before they retire, and only 9% of long-term disabilities actually resulted from serious accidents. If a Scouter becomes disabled due to sickness or injury and cannot work, disability insurance offers protection that can provide income to help pay mortgage, rent, car loans, and other monthly expenses.

*Long-term care insurance* help protect assets. 40% of all adults in the U.S. require long-term care before they reach age 65, and 70% of those over age 65 will need long-term care at some point in their lives. If a Scouter becomes chronically ill, because of a cognitive impairment, or because of an inability to perform at least two activities of daily living without substantial assistance, long-term care insurance can help pay for the care needed. Depending on the level of care required, it may be provided in a nursing home, an alternative care facility, or even at home. In addition to helping pay the costs of long-term care, long-term care insurance may help to provide other benefits, including protecting savings and other assets, preserving independence, exercising choices, avoiding government dependence, and maintaining a better quality of life. A nursing home stay costs an average of \$87,000 per year according to a recent, national study. Without it, they may need to spend down assets to become eligible for Medicaid to pay the costs of care.

## Maximizing Protection

To maximize life protection, Scouters should use a wants based model, or human life value, to determine the amount of death benefit to replace lost income for their family. When insuring a vehicle or home, does anyone save money by insuring only 50% or 75% of it's replacement value? No, they insure it for 100%, or full replacement value.

A Scouter should have term insurance protecting human life value to replaces their income to loved ones left behind. If such protection is not affordable, then they should protect with as much term death benefit as their budget allows, especially while having minor children living at home. Once mortgages and other debts are paid, and no youth remain in the household, responsible adults should have an amount of permanent death benefit that will pay final expenses, protect assets, and leave a legacy desired to heirs and future



Other educational resources available:

**Of Mitigating Risk and Scouting:** Risk of loss probability, keeping youth safe, and using common sense

**Of Auto Casualty Insurance and Scouting:** Risk of auto accident loss, adequate auto liability limits, and maximizing auto liability protection

**Of Bodily Injury Insurance and Scouting:** Risk of bodily injury loss, medical payments, uninsured and underinsured motorists, and maximizing bodily injury protection

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**Of Health Insurance and Scouting:** Risk of asset loss, disability and long-term care options, and maximizing health protection

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## Of Life Insurance and Scouting



*From **OF INSURANCE AND SCOUTING:**  
**What Scouting Youth, Leaders, and  
Charter Organizations Need To Know  
And Practice To Be Better Prepared To  
Protect Against Risk And Loss,**  
submitted to the Montana Council, Boy  
Scouts of America, and College of  
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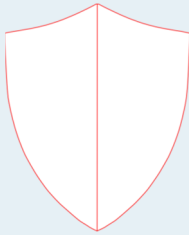


## Life Protection

***“It is a strange anomaly that men could be careful to insure their homes, their ships, and their merchandise, and yet neglect to insure their lives—surely the most important of all to their families, and more subject to loss.” U.S. Founding Father Benjamin Franklin***

More than 4 out of every 10 Americans do not own a life insurance policy in any amount. Of those who do, 2 in 10 people in the U.S. only have life insurance because it was offered through work or some type of group membership benefit. A quarter of Americans find their insurance privately, and 1 in 10 have both types. A vast majority of life insurance is held by persons age 45 and older. Despite the overwhelming evidence of a person’s potential human capital lying in their first 40 years of work, Americans tend to wait until it is half over before they even consider protecting this loss of earning potential with life insurance.

There is a lot to learn when Scouters are getting started with life insurance, and there is still a lot to learn when life insurance has been owned for years.



## How much do I need?

Most life insurance companies use a *needs* based model with algorithms to calculate, analyze, and determine the amount of life insurance an individual *needs* to protect their family. However, the U.S. government and corporations pay human life value based on the *wants*, not the *needs*, of a family. The September 11th Victims Compensations fund of \$7 billion was created by Congress to compensate those who lost family members in the attack on the World Trade Center in New York City and to pay injured survivors. The average payment from the fund was \$2,083,000, which was determined using the victims’ annual salary, how many more years they had left in the workforce, and the number of dependents they had. Also, about 12% of all motor fatalities are caused by 18 wheeler accidents, and 98% of 18 wheeler accidents result in at least one fatality. If an 18 wheeler of a commercial beverage company killed the primary bread winner of a family, how much of a life payout should widows and orphans expect? If the U.S. government and corporations pay human life value, then Scouters should use the same methodology to protect their own families.

Life protection helps families do a number of things, including keep paying the home mortgage, maintain their current standard of living, pay off debts, estate taxes and final expenses, create a fund for college education, create a fund for a family member with special needs, protect their dreams for the future, and more.

## What type do I need?

Many banks require life insurance to purchase property, especially a home or business, but there are no death benefit minimum requirements, even in marriage, to protect loved ones in the event of an untimely passing. Whether looking for the affordability of temporary life insurance, or the lifelong protection and cash value of permanent life insurance, there are options available.

*Term life* insurance is the most straightforward form of life protection. A Scouter generally pays premiums and his or her family is protected for that “term.” Some term life insurance is convertible to permanent life insurance and allows the buildup of cash value that grows tax-deferred, which can be accessed during a Scouter’s lifetime.

*Whole life* insurance helps families prepare for the unexpected by catering to long-term goals by offering Scouters consistent premiums and guaranteed cash value accumulation for as long as they live, provided that the premiums are paid as required to keep the policy in force. The policy offers static protection, because of guarantees, and does not allow changes in death benefit or premium amounts.

*Universal life* insurance offers dynamic protection that does allow changes in death benefit and premium amounts over time. The guarantees of universal life are lower than what is offered by similar whole life protection, because of the flexibility, but builds cash value that can be used.

## Mitigation of Risk

"If anything can go wrong, it will." A frustrated reliability engineer's complaint was transformed into a principle that was not an admission of defeat, but instead was a call to excellence. Murphy's Law may have originated in the U.S. Air Force, but it exists in Scouting today. Just as the aerospace industry embraced Murphy's Law, Scouting too must accept it and the necessity to circumvent it.

In *theory*, risk mitigation is knowing the probability, or likelihood, of a risk's occurrence. Some risk is inherent in the nature of Scouting activities. While most risks can be anticipated, some accidents still occur, which result in loss. The best risk mitigation strategy for Scouting is for risk to be transferred with insurance. Executive Lee Iacocca reminds us, "even a correct decision is wrong when it was taken too late."



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## Of Mitigating Risk and Scouting

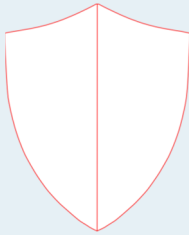


*From **OF INSURANCE AND SCOUTING: What Scouting Youth, Leaders, and Charter Organizations Need To Know And Practice To Be Better Prepared To Protect Against Risk And Loss**, submitted to the Montana Council, Boy Scouts of America, and College of Commissioner Science in partial fulfillment of the requirement for the Degree of Doctor of Commissioner Science*



## Probability of Loss

***“You can never protect yourself 100%. What you do is protect yourself as much as possible and mitigate risk to an acceptable degree. You can never remove all risk.” Consultant Kevin Mitnick***



In *practice*, risk mitigation is doing something to lessen the probability of a risk's occurrence. There are primarily three Scouting actions that fail to mitigate risk of loss: 1) Scouters who *serve in multiple positions within charter organizations*, 2) Scouters who *do not keep youth safe*, and 3) Scouters who *do not use common sense*.

When serving in multiple capacities, a separation of responsibilities is necessary for leaders of charter organizations. A problem can occur when a Scouter is responsible for more than just Scouting and participates with youth in activities with the charter organization that are not Scouting activities. When it is a Scouting activity, BSA insurance is primary and the charter organization insurance is secondary, but when it is a charter organization activity, the charter organization is primary and BSA insurance has no involvement.

## Keeping youth safe seems obvious

It should go without saying that parents and Scout leaders should wear seat belts, and avoid speeding, fatigued and distracted driving, and severe weather. Scouting youth and leaders should always wear their seat belts, stay within the speed limit, and adjust to driving conditions. The consequences of speeding are far-ranging, endangers everyone on the road, and killed 9,262 people in 2014. Driver inattention includes distracting activities, including drowsiness and cell phone use. If a youth or leader feels that he or she is too tired to continue after driving for a long period of time, it is imperative to arrange for another driver to take over, or stop and get some rest. Also, if a call must be made, text must be sent, or map must be checked, responsible Scouting drivers must pull over to the side of the road first. Hundreds of people die and thousands more are injured in the U.S. due to weather events each year, including heat waves, hurricanes, lightning, flash floods, powerful thunderstorm winds, winter storms, and freezing temperatures. Scouts are more likely to survive weather events simply by responsible Scouters being aware of what weather event is about to impact their area and obtaining the latest weather information.

Scouters should follow all traffic laws. It is a great example to be law-abiding, especially in the presence of youth. If an accident occurs while violating traffic laws, insurance might not cover the Scouter, which means BSA insurance might be responsible for paying any claims.

## Sense is not as common as it should be

Scout training and experience are valuable qualities, however even the best trained and most experienced Scouter cannot handle all of the risks of loss. They need to listen to whatever form common sense takes, including conscience, instinct, gut, intuition, and the still small voice. Youth feel immortal and may at times find themselves in trouble that could have been avoided with proper guidance. Scouting adventures require varying degrees of awareness, preparation, and common sense.

The term “boys will be boys” is often used to express the view that mischievous or childish behavior is typical of youth and should not cause surprise when it occurs. If youth will be youth, then adults must be adults, especially when serving as leaders in Scouting. Doing so sometimes requires saying, “No,” or using a figurative firm hand. Whether or not the youth understand now, they likely will as they gain experience and wisdom, and increase their own prompting and intuition skills. To mitigate the probability of loss, Scouters must exercise common sense.

All Scouting activities involve some probability of loss, and some are inherently dangerous. Mitigating risk appears to be about being prepared, but it is not always enough to follow the BSA motto. Scouters can mitigate for probability of loss they can foresee, but not for loss they cannot foresee. Fortunately, risk can be mitigated, when transferred using insurance.

## Maximizing Protection

Homeowners, including renters, insurance protects personal property against loss from most perils, but is subject to a deductible. It is important to make sure that property limit includes everything that has been collected or inherited over the years. Home inventory tools are available to calculate the replacement value based on its quality.

To maximize property protection, it is good for auto and boatowners to have comprehensive and collision coverage, and homeowners to have special form open peril policies that protect for replacement value of the dwelling and personal property. It is better to have an amount of property protection determined by calculators based on square footage or number of rooms. It is best to have a personal articles policy that protects personal property with limited protection in their homeowners and renters insurance.



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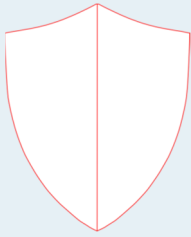
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## Property Damage Protection



***“The major difference between a thing that might go wrong and a thing that cannot possibly go wrong is that when a thing that cannot possibly go wrong goes wrong it usually turns out to be impossible to get at and repair.”***

**Author Douglas Adams**

Property can be protected with property insurance, which is first-party coverage that provides for consequence of loss related to a policyholder’s own property. Property insurance protects Scouters in the event of damage to their own property (such as vehicles, dwellings, and personal items), and requires a deductible, which is the amount of loss the insured is willing to take before the insurance policy pays for a covered loss. Higher deductibles lower the insurance premium, but increase the amount that must be paid out when a loss occurs. Though property insurance is not required by law, banks require property insurance on vehicles, boats, and homes with loans, because it protects their property as lienholder against consequence of loss until the loan is paid in full.

## Who owns the property?

There is no such thing as “full coverage,” which is a term used by financial institutions referring to insurance protection for an auto beyond the liability insurance that is legally required. Auto comprehensive protection pays to repair or replace covered vehicles that are stolen or damaged by something other than collision or rolling over (such as fire, wind, hail, flood, theft, vandalism and hitting an animal). Auto collision protection pays to fix or replace vehicles that are damaged in a collision with another object, or if they roll over. Cargo trailers used by units for campouts and other Scout activities are typically owned by the charter organization, but could be owned by a Scouter. Such trailers are only protected if the owner insures the trailer for comprehensive and collision, which protects against loss to the cargo trailer. Boat comprehensive and collision insurance can protect against most risks of owning and operating a watercraft, including its motor, personal property, and even its trailer.

Property inside of cargo trailers or other vehicles are not protected by the auto’s insurance policy. Property can be protected by either a personal or business policy, depending on whether the property is owned by a person or business. Some Scout equipment (such as backpacks, sleeping bags and tents) is protected as personal property of the youth’s parent’s homeowners or renters policy. Other Scout equipment (such as flags, patrol boxes and tents) is protected as business property of the charter organization’s business insurance policy. Again, it depends on who owns the property.

## Actual cash value or replacement cost?

Dwelling protection pays for losses to a covered house or other structure caused by weather, non-weather, and other sudden or accidental occurrences. Homeowners insurance include declarations that list causes of covered losses and exclusions. Scouters should understand the differences in policy forms of protection regarding named peril and open peril causes of loss, and refer to their actual policy for a complete list of losses covered, not covered, and policy exclusions. It is important for all dwellings to be insured for at least 100% of its estimated replacement cost, not its market value, which is not a home’s purchase price or the outstanding amount of any mortgage loan.

Most people are not aware that their most treasured possessions may not be fully protected by their homeowners or renters insurance, because of policy limitations. Scouters should make sure that all of their personal property is adequately protected against theft, accidental damage, or other losses. A wedding ring would be protected under the personal property coverage of their homeowners or renters policy against theft or other covered perils, but not for mysterious disappearance or the diamond falling out of a loose setting. When on vacation or attending Scout Camp, personal items (such as jewelry, camera or Scout gear) can be fully protected with a personal articles policy, which protects regardless of fault or peril, which is the most effective way to protect personal property.