

DIOCESE OF DALLAS

Accountability Policy Relating to
Claims and Legal Expenses

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Definitions

“Entity” means any diocesan entity (parish, parochial school, diocesan high school, seminary, Catholic Charities of Dallas, Inc, St Joseph’s Residence Inc, Texas Catholic Newspaper, Calvary Hill Cemetery, and/or the Dallas Parochial League).

Background

The pastoral center has developed various policies, procedures, and resources designed to assist locations in the stewardship of entity resources and manage the risks associated with operations. These include, but are not limited to, policies and procedures on financial management, contract review, safe environment, hiring vendors, and independent contractors.

These types of processes, policies, and procedures are not unique to our Diocese. All organizations need to have a similar type of framework in place. Organizations need to have competent legal counsel review contractual agreements to help ensure the terms and conditions are consistent and fair to all parties involved. Likewise, organizations need to have standards and requirements for the vendors and independent contractors they hire for goods and services. These systems help ensure transparency, accountability, and to protect critical resources.

The property and casualty insurance program charges to each entity annually are comprised of:

- Insurance premiums charged by the insurance carriers.
- Apportioned amounts for the claims “loss fund” to cover Self-Insured Retentions (SIR) and deductibles.
- Administrative expenses related to the insurance program.

With this type of “pooling” system in the insurance program, one entity’s loss experience can both indirectly and directly affect another entity with respect to the overall costs associated with the program. Losses and legal expenses affect both the premiums charged by the insurance carrier and the amount of loss funds required annually.

In the administration of the insurance program, the Diocese has an obligation to be good stewards of these funds paid into the program by the entities in the same manner that entities are good stewards of their resources. In order to help ensure fairness to all locations, it is appropriate to have some accountability in this system of policies and procedures. For these reasons, the following policy has been implemented.

Policy

Should an entity incur a loss or incur legal expenses that could have been reduced or avoided by following one or more of the diocesan policies or procedures that have been developed, the entity will be responsible for the full SIR or deductible of the insurance program. The claims “loss fund” will not be available to the entity for payments related to these losses or legal expenses. SIR’s and deductibles range from \$50,000 to \$250,000 per occurrence depending on the applicable line of insurance coverage. Further, should the insurance carrier deny coverage for a claim because of a failure to comply with applicable diocesan policies and procedures, the entity may be exposed to the full amount of any loss or legal expenses.

This policy will help to ensure that entities that are receptive to these best practices and that are diligently integrating these processes, policies and procedures are not penalized due to the misconduct or disregard of policies by other entities that are not following best practices or taking full advantage of these resources.