All About Insurance: What Your Club Needs to Know

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U.S. & Canadian Clubs

Sources: Great American Insurance & Nonprofit Risk Management Center
Insurance Workshop

Areas of Focus:
Risk Management & Possible Financial Pitfalls
Current Insurance Policies
Club Event Survey Results
Questions & Answers
Risk Management

• Risk Management Basics
• Special Event Safety
• Responsible Contracting
• Youth Protection
• Volunteer Screening
Facts:
• It can be difficult to advance fundraising efforts without risks
• Avoid high risk levels by planning
• Risk tolerance differs among clubs
• Risk involves probability.
Risk Management Plan

1. Establish starting point
2. Appraise Risk
3. Decide What to Do
4. Take Action
5. Follow up & adjust
Risk Management Tools

Tools to Manage Risk:

Avoidance - risk outweighs benefit

Modification – change the activity to decrease the chance of harm

Retention – accept the risk

Sharing – share the risk with another organization
Steps to integrate risk management:

1. Establish goals
2. Designate key volunteers to focus on safety
3. Identify and evaluate risks of event
4. Participant waivers
5. Plan for emergencies
6. Report incidents
Potential Financial Pitfalls

Here are some examples:

• Insurance policy gaps
• Unnecessary endorsements
• High retention amounts within policies
• Need for additional endorsement for high risk events
• No crime policy
Risk Management

Risk Management Discussion
The most likely places we are asked for indemnification are in:

- Facility rental agreements or leases
- Contracts to provide services to government agencies, municipalities, or other funding sources
Common contract problems:
• Failure to limit authority to designated persons
• Not specifying expectations
• Signing contracts that lack sufficient clarity
• Not reviewing termination or breach clauses closely
• Failure to assign responsibility of harm and costs; failure to protect assets.
Special Contracts

Waivers & Releases – a valuable risk management tool

Contracts with Insiders – must be an “arms-length” transaction that does not benefit a current or former director, officer or anyone who would personally benefit. (Major tax consequences)
Facility Contracts – do not indemnify especially if you do not have control

Municipality Contracts - most townships require indemnification; consider the benefits and the risk of the activity before moving forward.
Key Clauses in Contracts:

• Indemnification
• Arbitration
• Force Majeure
Obtain contract review from your headquarters and our insurance broker.
Responsible Contracting

Responsible Contracting

Discussion
Principles of Youth Protection

Build policies around the “Four Ps of Youth Protection”

1. Personnel – selection, training & supervision
2. Program – identify areas where there could be a greater chance for abuse
3. Premises – abuse more likely to happen in isolated & dark areas
4. Participants – avoid inappropriate behavior
Volunteer Screening

Need to assess volunteers – do this with interviews, reference checks & background checks:

• If have access to funds – criminal & credit bureau
• General checks – criminal history and sex offenders
• Ultimate check – state & federal fingerprint based
Volunteer Screening

Consider using the highest level of screening available in your state.
Legal Issues Related to Screening

Accountability for negligent conduct

Preserve privacy

• What is the reasonable standard?
• What is foreseeable harm?
• What are the volunteer’s rights?
• Need to know state requirements
Law recently passed in Pennsylvania requiring these background clearances:
  • Criminal History Record from the PA State Police (free)
  • Child Abuse Clearance from PA Dept of Human Services (free)
  • Federal Criminal History Record from the FBI for those who have resided in PA for less than 10 years ($27.50 fee)
Background Check Sources

• State agencies
  • Sex offender registries maintained by 50 states and can be found at www.nsopr.gov. (free)

• Private vendors
  • InfoCubic (fee)
Federal VPA Protections

The VPA provides protection against liability for volunteers for harm caused by their acts or omissions if:

- The volunteer was acting within the scope of her duties at the time of the alleged act or omission.
- When appropriate or required, the volunteer was properly licensed, certified or authorized to act.
- The harm wasn't caused by willful, criminal or reckless misconduct, gross negligence, or a conscious, flagrant indifference to the rights or safety of the individual harmed.
- The harm wasn't caused by the volunteer operating a motor vehicle, vessel, or aircraft where the State requires an operator's license and insurance.
Open Discussion & Questions
## Club Insurance Policies

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<tr>
<th>Coverage</th>
<th>Limits</th>
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<tbody>
<tr>
<td>General Aggregate</td>
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<td>Products</td>
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<td>Personal &amp; Advertising Injury</td>
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<tr>
<td>Each Occurrence Limit</td>
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<tr>
<td>Damage to Premises</td>
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<tr>
<td>Professional Liability Each Occurrence</td>
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<tr>
<td>Hired &amp; Non-Owned Liability</td>
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<td>Liquor Liability</td>
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<td>Sexual Molestation</td>
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<tr>
<td>Umbrella (retention $10,000)</td>
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<tr>
<td>Directors &amp; Officers Policy (retention $1,000) *</td>
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* paid directly by clubs
Summary of Event Statistics:

Total Club Responses: 51% response rate (295/576)
Total Annual Events: 942
Average # of Events per Club: 3.5
% of Repeat Events: 94%
Average # of attendees on average 164
Total attendees reported 97,488
% of Events with Alcohol 48%
% of Clubs hosting Alcohol 54%
% of events involving Youth 68%

Note: # of participating clubs vary per slide in handout
Workshop Takeaways

• Create a risk management plan that will work for your club
• Consider risk versus benefit in making decisions
• Don’t jeopardize valuable assets – people & reputation
• Know your insurance coverage and gaps
• Submit contracts to SIA headquarters and our insurance broker
• Protect our Youth – do the appropriate amount of screening that is required by your state.
Thank you