A FOCUS ON
SPECIAL EVENTS
Managing risks is key to success in the events arena
TEST YOUR STRENGTH
350
BIG BOY
300
TOP DOG
250
NICE TRY
200
GOOD FORM

By Lori Widmer

IT wasn't your typical event exposure.

What was intended to be a speech erupted into a demonstration that turned violent. Windows smashed, fireworks shot at buildings, and a light pole set ablaze caused the police to halt the event at the University of California at Berkeley—a speech to be given by controversial "alt-right" speaker Milo Yiannopoulos.

Be it political heat or actual heat—such as a horse racing event at the 2017 Alameda County Fair postponed because of temperatures exceeding 110 degrees—canceled and delayed events are just part of what organizers contend with when holding special events.

Not to mention the occasional quidditch match.

"In the wake of the Harry Potter craze, we found ourselves regularly insuring quidditch tournaments," says Eric Mitchell, underwriting supervisor at Philadelphia Insurance Companies. Such special events, he adds, are increasing in frequency and popularity.

Gant, vice president of underwriting and marketing for Mid-Continent Group, a member of Great American Insurance Group. "More coverage is being purchased for private events, company-sponsored outings, arts and craft shows, parades, dinner parties, and reunions."

He says risk acceptance and pricing has loosened for some special events and tightened on others.

Mitchell has seen the same interest for event liability coverage, and a trend toward how it's bought. "Over the last several years, we have seen a burgeoning market for customers seeking event liability insurance online that is available for purchase instantaneously." That's led his company to create an online buying portal. Gant has also noted that this trend is becoming more common in the industry.

Product trends

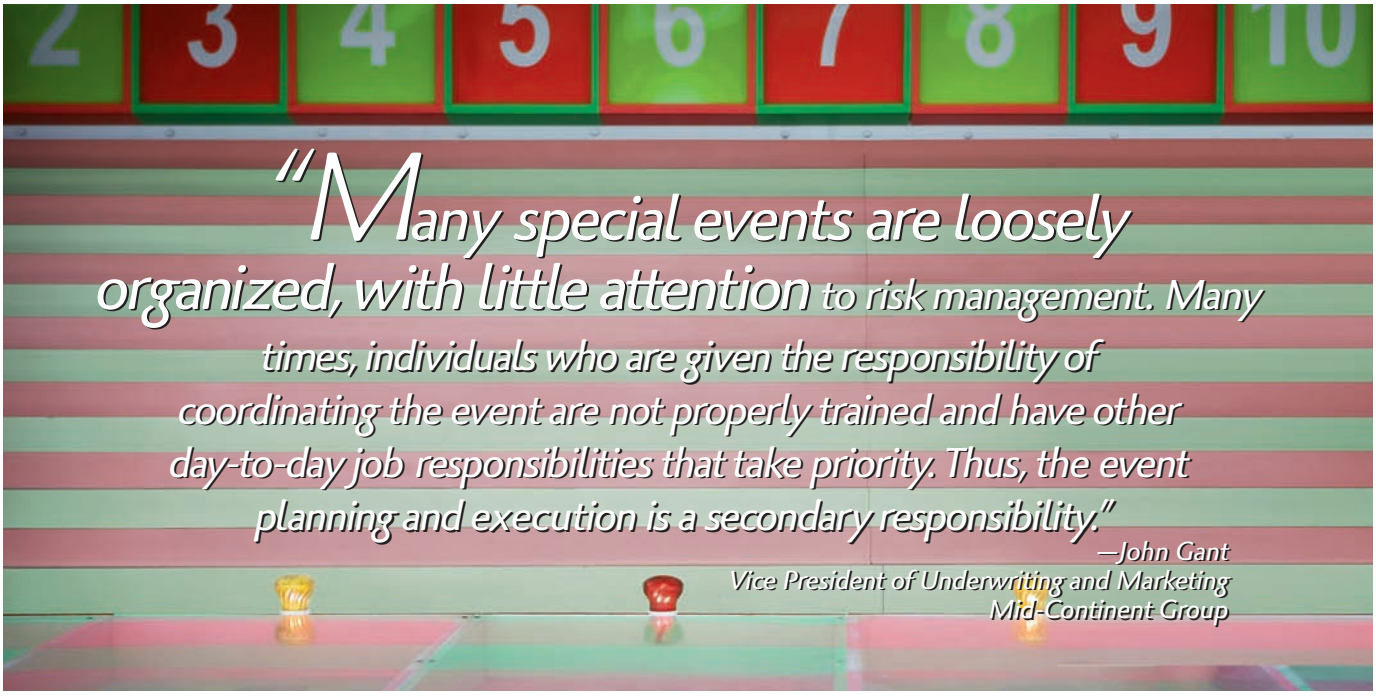
With all the demand and changes to how insurance is bought and sold, it's surprising that there are only a few, if any, new products being unveiled. Gant says the only "new" unveiling is

Services, also agrees that there are no new products or pricing changes to speak of, but that doesn't mean changes aren't afoot. "An important coverage-related item to be aware of is how special events are covered in policy language," he notes. "Some insurance contracts exclude certain types of events or all events except for named ones, or they list included types of events.

"The best approach is to have no reference to special events, which means they are covered *unless* specifically excluded."

The claims picture

While other lines of insurance see changes in claim trends, special events coverage tends toward a more eclectic, and therefore more challenging, mix of claims. This can be tough to nail down. "Special events have always been an underwriting concern as, by their very nature, they are outside of the norm for the sponsoring organization," Liguzinski says. "Therefore, working with an agent or carrier early on to manage the risks associated with the particular event is very important."



Mitchell says it poses some interesting dilemmas. "These unique events are constantly springing up, and it's up to insurance companies to keep pace with the evolving market and effectively underwrite each risk."

Market pressure and pricing

Harry Potter is just partly to blame for the challenges insurers face. "The market is growing, as more pressure is being placed on organizers to provide a liability policy," says John

an expansion of what may have been in place previously. "There is event cancellation coverage and crisis management coverage in the market available for some types of events," he says.

What is changing, however, are those agency portals, which he says "simplify the underwriting process, which over time will reveal if this increases severity losses or does not cover losses via blanket exclusions."

Mike Liguzinski, division president for Great American Specialty Human

That's not to say insurers are shying away from the exposures, but rather embracing the opportunities these new risks bring, he adds. "We are seeing more 'higher risk' events, as organizations attempt to find ways to differentiate themselves from others."

Still, Mitchell says, beyond historical claim drivers, such as events serving alcohol and contract liability, large event catastrophes have emerged. "In the last decade, two large event catastrophes come to mind when

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Underwriting Supervisor
Philadelphia Insurance Companies

it comes to 'moving the needle' in the special events market and having an impact on how we collectively price and underwrite event risk: the Indiana State Fair stage collapse and the Boston Marathon bombing."

The marathon bombing, Mitchell says, revealed the need for security controls at open-air events. "To this day, on all of our large events that are open to the public, we are scrutinizing the security controls in place and the emergency resources available," he says. "We want there to be an adequate number of security personnel present, controls in place to detect and prevent suspicious parcels, bag check controls, and a sufficient number of EMS personnel present—and more readily available—for the duration of the event."

The fair stage collapse, he notes, highlighted the need for emergency evacuation plans that included weather-related risks. "Today, more than ever, it seems like severe weather is always lurking just around the corner, and adverse weather conditions can arise without a moment's notice," he adds.

No matter the threat, Gant says it all starts with risk management. "Many special events are loosely organized, with little attention to risk management. Many times, individuals who are given the responsibility of coordinating the event are not properly trained and have other day-to-day job responsibilities that take priority. Thus, the event planning and execution is a secondary responsibility."

Keeping crowds safe is paramount, says Liguzinski. "Security is now of concern, with recent current events in London and Paris," he says. He adds that, while large-scale events are of greater concern, smaller venues and events also are in need of security planning. He says one subject that event organizers should address is how to block traffic and protect pedestrians and event-goers.

Educating the masses

With the myriad exposures and the wild variations among events, experts say focusing on the micro level can be

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Great American Specialty Human Services

NONPROFIT RISKS NOT LIMITED TO EVENT DAYS

Most nonprofits run special events—to boost cause awareness, raise funds, or both. These events carry with them certain risks. There's no way to know exactly what problems might arise, so nonprofits and their insurance advisors should consider various possibilities and identify measures to mitigate risk. Not planning ahead can have a huge impact on the nonprofit's reputation and financial stability.

Effectively managing risk requires a complete and thorough event plan, explains Melissa Yarnell, vice president of risk at the Nonprofits Insurance Alliance Group. "Determining risk management objectives in the planning stages will help guide the process." Specific goals may include: injury prevention; operating legally and in compliance with facility-owner and service-provider agreements; meeting financial goals; avoiding event cancellation; and fulfilling mission-related social responsibilities.

Common event-related risks include alcohol and crowd control. If the fundraising event includes alcohol service, review local and state laws to determine if a special license or permit is needed. Confirm with the venue that serving alcohol is permitted, and ask about additional requirements (i.e., licensed bartender, identification checkers, serving hours, etc.). Develop controls to ensure underage and intoxicated guests aren't served. And always serve food.

If parking and traffic control are part of the mix, make sure employees and volunteers are fully trained and properly equipped with flashlights, reflective vests, and radios. For non-traditional parking areas, like grass fields, check for slip-and-fall hazards. Consider traffic flow and safety of parked cars. The nonprofit's auto insurance likely won't cover damage to vehicles the agency doesn't own or operate. Advise visitors, "Park at your own risk."

Volunteer risks

"One risk unique to nonprofits is reliance on volunteers," Yarnell explains. "When handling events, remember that liability arising from volunteer activities may fall exclusively on the 501(c)(3) organization."

There are exposures leading up to an event and those that may linger after the crowds go home. For example, in preparing for an event, volunteers use personal vehicles. They meet with vendors, attend planning meetings, and participate in numerous other tasks. What if they get injured during a site inspection or when running errands for the organization?

What happens if volunteers sign agreements on the nonprofit's behalf? Is the organization covered for defense of a breach of contract claim that may arise later?

Insure properly

Since most 501(c)(3) organizations aren't insurance experts, they need counsel from insurance professionals familiar with nonprofits. Brokers and agents play an important role in helping nonprofits secure coverage designed specifically for their unique needs.

"A one-day event insurance policy may be attractive," Yarnell says, "but nonprofits need to recognize exposures leading up to and following the actual event. Solid year-round protection is the best way to address ongoing nonprofit exposures.

"For larger events, which may be significant revenue drivers for the nonprofit, or where the insured has invested considerable time and expense up front, nonprofits may consider specialized coverage beyond a standard GL policy. This may include event cancellation coverage for first-party protection."

the best option. Agents and brokers can best address their customers' risks by collaborating with their underwriters. "Agents and underwriters will work together on acceptable practices for each event, to either accept exposures or exclude them," says Gant. "Agents can also consult organizers on areas of risk transfer. The problem is these events generate little premium and commission, so there is less incentive to spend the necessary time to provide consultative service to event organizers."

Still, it's not impossible to get comprehensive coverage for special events customers. Mitchell suggests that brokers and agents sit down with their event organizer customers and "read and evaluate the indemnification wording in their contracts (with the venue or anyone else) and negotiate out unfavorable verbiage, to the extent that this is feasible."

Gant says organizers should also team with local law enforcement and fire departments to understand potential exposures their event brings.

Also, he says, "Organizers need to be educated that any liability limits are better than having no limits by going uninsured; they should consult with their agent or broker for the best possible policy."

Liguzinski suggests a risk/reward event analysis that helps organizers determine and, to the extent possible, ensure that revenue gain will be enough to offset the potential risks.

Before the show goes on, Mitchell says, planning is critical. "To help mitigate risk, event organizers should, for example, develop written emergency evacuation procedures that clearly identify: one, who decides when it is time to evacuate; two, the method of communication that will be used; and, three, how attendees will be transported or directed to the emergency evacuation sites in a safe, expeditious manner," he advises. ■

For more information:

Great American Specialty Human Services
www.specialtyhumanservices.com

Mid-Continent Group
www.mcg-ins.com

Nonprofits Insurance Alliance Group
www.insurancefornonprofits.org

Philadelphia Insurance Companies
www.phly.com

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