

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



Risk Management Basics

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





Integrating Risk Management

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
7. Incorporate lessons learned into future prevention.



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



Responsible Contracting

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



Responsible Contracting

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)



Special Contracts continued

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.



Responsible Contracting

Key Clauses in Contracts:

- Indemnification
- Arbitration
- Force Majeure



Responsible Contracting

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

Duty of Care
Protect Privacy

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?



Working with Youth Background Checks

- 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)



Volunteer Protection Act

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

Great American Insurance Coverage	Limits
General Aggregate	\$2,000,000
Products	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence Limit	\$1,000,000
Damage to Premises	\$1,000,000
Professional Liability Each Occurrence	\$1,000,000
Hired & Non-Owned Liability	\$1,000,000
Liquor Liability	\$1,000,000
Sexual Molestation	\$1,000,000
Umbrella (retention \$10,000)	\$1,000,000
Directors & Officers Policy (retention \$1,000) *	\$1,000,000

* paid directly by clubs



U.S. & Canadian Club Event Information

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