

SPECIAL EVENT COVERAGE



TOP O' MICHIGAN
INSURANCE SOLUTIONS

Hosting events such as concerts, festivals, conferences, trade shows, sporting events and celebrations subjects a business to a variety of liabilities and business risks that must be considered to avoid costly litigation or other losses when something goes amiss. Appropriate coverages for events include property insurance, general liability insurance, employer's liability insurance and cancellation insurance.

Property Insurance

A property insurance policy protects equipment at events ranging from sophisticated audio-visual systems to folding chairs—whether it is owned, borrowed or hired for the event. The policy generally covers property while in transit to and from the event as well as during the event. Damaged, destroyed or lost property is reinstated on a “new-for-old” basis, meaning that it is generally not appropriate for things like antiques, collectibles or other irreplaceable property.

Special Event General Liability Insurance

A special event general liability insurance policy provides broad protection for situations in which an event holder or concessionaire must defend itself against lawsuits or pay damages for bodily injury or property damage to third parties. When alcohol is served without a transfer of money, the policy can also include host liquor liability. Limits and premiums vary greatly depending on the type of event and location.

- An **additional insured** endorsement to the policy provides protection to the venue and sponsors of the event. Commonly, facilities and venues require that all parties using the site name them as an additional insured on a general liability policy. In fact, the wording of the required additional insured endorsement is often included in the insurance requirement section of the facility use agreement signed with the venue.
- A **third-party property damage liability** policy pays for damage, destruction or loss of property belonging to others while it is in the care, custody or control of the policyholder.
- **Contractual liability** is a legal obligation voluntarily assumed under the terms of a contract, as distinguished from liability imposed by the law (legal liability).
- **Automobile liability** coverage pays for damages resulting from the ownership, maintenance or use of a covered auto are covered by an automobile liability policy. This liability arises whenever you or your employees leases, hires, rents or borrows a vehicle for business reasons. If you do not normally use vehicles for business reasons but will be using one for an event, consider this type of coverage.
- **Liquor liability** coverage is necessary if you are charging for alcoholic beverages at an event or if a liquor license is required to distribute them. You may be held liable during the course of an event by reason of:

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- Causing or contributing to the intoxication of a person
- Furnishing alcoholic beverages to a person under legal drinking age or under the influence of alcohol
- Violating any statute, ordinance or regulation relating to the sale, gift distribution or use of alcoholic beverages.

Policies are less expensive if they are purchased far in advance, and premiums range depending on the time of year, the type of event and the level of environmental risk in the surrounding geographic area.

- **Workers' compensation** coverage, which provides for medical, disability or death benefits to an employee who becomes ill or who is injured in the workplace, is required by most state laws. Many times, those considered "independent contractors" are considered employees under workers' compensation law. Therefore, if you hire additional help as independent contractors for an event, consider this provision.
- **Employer's liability** insurance, which is generally a part of workers' compensation policies, protects your business against lawsuits due to employment related injuries or illnesses attributed to alleged employer negligence.

Cancellation Insurance

Similar to business interruption insurance in other industries, cancellation policies are essential to preventing serious financial consequences in case of an event's cancellation. These policies can be useful even when the event is not entirely cancelled, expenditures due to unforeseen circumstances (such as alternate forms of transportation to the event during inclement weather) are generally covered as well. The policy generally covers all perils that are beyond the control of the event's host, including inclement weather, a speaker dropping out, strikes or disease outbreak. In some cases, the same policy can cover multiple events.