

# the current



## Special Events: Managing the Risks

### INSIDE

Effective Hiring and Supervising . . . . . 2

Riverport's Specialty Insurance Programs . . . 3

Did You Know . . . . . 3

The first question for your organization is, "What risks are we incurring as an organization if we hold this event?"

Many organizations hold special events throughout the year for a variety of reasons, like raising funds, gaining community recognition, or celebrating a holiday. Yet all of these events pose special risks to the sponsoring organization. In order to protect the sponsoring organization, it is important to identify those risks in advance, and then eliminate or mitigate those risks.

### Not All Event Risks Are Created Equal

It's obvious that a bike-a-thon carries greater risks than a dinner served in a hotel ballroom. So, before deciding to sponsor an event, ask some questions, such as: "What risks are we incurring as an organization if we hold this event?"; and "Do the rewards – financial or otherwise – offered by the proposed event outweigh the risks that our organization will incur?" If you still want to hold the event after answering those questions, ask the next question: "What can we do to reduce or even eliminate the risks related to the event?"

There are three basic ways to help mitigate or eliminate special event risks: transferring the risks; obtaining waivers from the event participants; and purchasing insurance to cover the risks.

### Risk Transfer

When an event is held on a premises belonging to another; it is often appropriate for the owner of the premises to assume all risks associated with those premises. Examples are injuries caused by slips and falls or defects in the premises. Similarly, if your organization has contracted with a separate service provider to provide food and beverages for an event, it is often appropriate for the service provider to assume all risks associated with providing the food and beverages. Examples are injuries caused by inappropriately serving alcoholic beverages or tainted food.

One way to help assure that those risks are placed with (or transferred to) the appropriate party is through



a hold harmless agreement between the premises owner or the service provider and your organization. This type of agreement states, for example, that the premises owner or service provider will assume the liability associated with the risks it controls and manages. Be sure that the owner or provider has an adequate liability insurance policy for the event, and have your organization added as an additional insured for that event on that policy.

Here's a word of caution, however: many premises owners and service providers expect the sponsoring organization to assume all risks associated with an event. Many have "standard form contracts" that transfer all liability risks to the event sponsor. If you encounter this situation, make sure that your organization has appropriate insurance coverage for the event.

### Waivers

For certain events in particular – such as a bike-a-thon, a field trip, or an activity with an inflatable "moonwalk" or "bounce house" device – participant waivers can be effective for risk management purposes, especially if the event includes minors. To be most effective, a waiver must accurately describe the event, give the date and time of the event, and give the participant

# Effective Hiring and Supervising Makes a Difference

*Editor's Note: This is a fictional story, but there are many true stories that mirror this one.*

A local organization had an opening for a dispatcher for its fleet of vans. After reviewing an outstanding resume from an applicant that included a one-year job as a dispatcher in another state, an interview was scheduled. The applicant turned out to be a "nice young man" with a demeanor that would appeal to the organization's seniors. He was hired. After about a month on the job, he grew tired of his "brown bag" lunch. Seeing keys for a van on the counter, he borrowed them and the van to drive to a nearby restaurant. On the way, he ran a stop sign and severely damaged a car and injured the driver that clearly had the right-of-way.

In response to the claim of the injured driver, the organization responded that the dispatcher was not authorized to drive its vans and that the dispatcher was on a "frolic of his own," not on the organization's business. Therefore, the organization was not liable for the damage or injuries.

The attorney for the injured driver commenced an investigation and found that the dispatcher had falsified his resume. His one-year stint in another state had actually been jail time for auto theft. And, his driver's license had been previously revoked in that state after three moving violations.

The attorney also discovered that the organization had a policy with regard to the handling of ignition keys for its vans. When a driver returned to the office, he was supposed to sign a log maintained by the dispatcher, and the dispatcher was then to deposit the keys in a lock box. At the end of every shift, the organization's manager was supposed to review and approve the log and check to make sure the keys were in the box. But these procedures had not been followed for months.

So, the attorney filed suit against the organization, alleging negligence by the organization in hiring the "nice young man"



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and in supervising him. The jury found for the injured driver and awarded substantial damages against the organization.

There are many lessons to be learned from this story. To avoid negligence in hiring, always check references and prior employment on a resume. Then, always do a criminal background check on an applicant – employee or volunteer – especially if the position applied for deals with vulnerable persons (for example, children, elderly, emotionally troubled or physically challenged individuals). Riverport has helped make it easier to obtain these checks. Through a collaboration with IntelliCorp, a Riverport insured can conduct a "Super Search" at a special reduced rate. The search includes felony and misdemeanor records, sex offender records, and inmate records for all 50 states, the District of Columbia, and all U.S. territories.

To help eliminate negligence in supervising an

employee, establish policies and procedures that safeguard both the organization and its clients, and then follow those policies and procedures. For example, do not allow employees or volunteers to meet one-on-one with vulnerable persons unless there is a way for a supervisor to monitor those meetings. Establish safeguards that help eliminate the opportunity for a staff member to engage in acts that are detrimental to the mission of the organization. Follow through on those safeguards.

Remember that employees and volunteers are the contacts for the persons that an organization serves. They must reflect the same values and purpose as the organization. Every organization has a duty to exercise reasonable care in the face of a reasonably foreseeable risk or probability of injury associated with its operations. That duty extends to the hiring of staff, the appointment of volunteers, and the supervision of employees and volunteers.

# Riverport Provides Specialty Insurance Programs

We all know that Riverport specializes in insuring human service organizations and public schools. But, Riverport also specializes in providing customized coverages for a wide range of customers, such as risk purchasing groups, association-sponsored programs, and other commercial entities. Riverport calls this segment of its operations "specialty underwriting," and it has steadily grown over the past five years.

Riverport designs specialized coverage programs – including property, liability and workers' compensation – for its customers, along with tailored underwriting, loss control and claims administration functions. Riverport can also provide customized premium rating and statistical reporting plans for its specialty customers.

Dave Montgomery, Vice President - Senior Underwriting Officer, manages Riverport's specialty underwriting division, and offered these comments, "Riverport has the ability to provide a comprehensive insurance program that meets the unique needs of a client. We work with clients to make sure that coverages are what the client and its members need. We then administer the coverage program according to the client's standards, but we insist that those standards

meet or exceed our own best practices."

An example of one of Riverport's specialty underwriting clients is the Sports and Recreation Providers Association that formed a risk purchasing group for its nationwide members. Those members provide various athletic and entertainment programs and services. Working with Francis L. Dean & Associates, Riverport offers liability (and certain other ancillary) insurance coverages for the association's members and various risks related to their operations. Francis L. Dean & Associates' principal office is in Wheaton, Illinois, but the firm also has offices in Texas, Colorado, Florida and California. (The firm can be contacted at 1-800-745-2409 and [www.fdean.com](http://www.fdean.com).)

"Riverport has only one requirement for any specialty program," added Doug Pfeifer, Riverport's President. "The sponsoring organization, association or company must share in the operating results of the program. This provides the sponsor with the incentive and motivation to make the program operate well, and serves the best interests of the insured members."

The sharing of program risk can be accomplished in many ways, such as with

domestic and offshore captive insurance companies to whom Riverport may cede a portion of the program premiums and losses. The result is that the operating results of the captive can be similar or even identical to the results of Riverport as the issuing carrier.

Riverport writes its specialty coverages only as an "admitted insurer," not as a surplus lines insurer. This means that Riverport must file its specialized coverage forms and rates with each state insurance department in which the coverages will be offered. "There aren't many companies that would undertake rate and form filings to accommodate a customer," commented Dave Kylo, Senior Vice President and Secretary of Riverport. "But, we understand that the success of a specialty program often rests with issuing customized coverages and pricing. So, we frequently take on the job of executing specialized rule, rate and form filings for our customers."

For more information on Riverport's specialty underwriting programs, contact Dave Montgomery, Vice President - Senior Underwriting Officer, at 612-766-3325 or [dmontgomery@riverportinsurance.com](mailto:dmontgomery@riverportinsurance.com), or Kim Brenckman, Senior Vice President - Program Development, at 612-766-3301 or [kbrenckman@riverportinsurance.com](mailto:kbrenckman@riverportinsurance.com).

## DID YOU KNOW...

In an effort to provide more risk management and loss control services to its clients and producers, Riverport has collaborated with the Nonprofit Risk Management Center to create on-line classroom programs that address topics of interest to its Human Services Program (including the Adults and Childrens Alliance Program), Minnesota Public School Program, and Sports and Recreation Providers Association Program insureds. As a result of this collaborative effort, a new Virtual Risk Management Classroom has been developed and is accessible through Riverport's website. Those insureds can now take the following classes – free of charge with a current policy number – through a simple, online registration process:

- Child Protection in Youth-Serving Organizations
- Safe Facilities, Safe Programs: Keeping Property, People and Mission Safe
- Screening Paid and Volunteer Staff: A Practical Framework

- Safe Vehicles and Safe Drivers: Getting There On Time and Without Injury
- Contracting with Care and Managing Collaboration Risks

"This was an excellent example of a truly collaborative effort with the Nonprofit Risk Management Center," commented Dave Kylo, Riverport's Senior Vice President and Secretary, and also a member of the board of directors of the Nonprofit Risk Management Center. "I think we effectively coupled the insurance experience of Riverport's loss control, underwriting and claims staff with the risk management education knowledge of the staff at the Nonprofit Risk Management Center to develop exceptional online courses for the benefit of many of Riverport's insureds."

To access Riverport's Virtual Risk Management Classroom and the online courses, go to [www.riverportinsurance.com/losscontrol.com](http://www.riverportinsurance.com/losscontrol.com).

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an opportunity to list allergies, medicine reactions, and unusual physical conditions which should be known to a treating physician and event supervisor. If the participant is a minor, the consent must be given by his or her parent or legal guardian.

Be aware, however, that a waiver may not fully protect an event sponsor. For example, if during the course of an event an activity is undertaken that was not disclosed in the waiver, that waiver may be considered worthless if an accident occurs related to the undisclosed activity. Also, if the sponsor accepts a waiver that lists special conditions of a participant, and those conditions indicate that the event is not appropriate for the participant, then the waiver may not protect the sponsor.

Finally, recognize that even a properly drafted and signed waiver may not necessarily protect a sponsor from a lawsuit if something goes awry during the event. Countless lawsuits are filed each year asserting that a waiver was invalid because of the circumstances surrounding the signing of the waiver or the conduct of the event.

## Insurance

Another effective way to manage risks related to a special event is to obtain appropriate liability insurance. This is true even if your organization has transferred risks or obtained waivers.

All too often, however, organizations forget to mention their special events when applying for insurance. And, all too often, special events are scheduled and organized after the effective date of the organization's insurance. As such, before finalizing an event, contact your agent or broker to understand what coverages you have for the event. If there is any doubt as to whether or not an event is covered, obtain an endorsement to your policy (or obtain a separate policy) specifically covering the event. Remember to describe your event accurately. State exactly what activities, food and beverages, devices, etc., will be a part of the event.

Don't find your organization in the position of being uninsured for a special event.

## A Comment on High-risk Events

Sponsoring a "high-risk event" (for example, one where there will be alcoholic beverages served, inflatable "bounce house" devices, or bike-a-thon activities) can be rewarding to your organization. In many instances, however, the risks of sponsoring such an event will far outweigh the benefits. As such, a decision to sponsor a high-risk event should only be made after a particularly thorough analysis.

Among other things, recognize that high-risk events often require heightened supervision and control – and more sophisticated (and costly) risk transfers, waivers and insurance – in order to eliminate or mitigate the risks of loss (assuming they can be eliminated or mitigated at all). In other words, don't underestimate the costs (direct or indirect) related to these types of events.

Finally, while addressing special event risks can be complicated, Riverport can often help through its various special events insurance products. For more information about management and protection related to special event risks, contact your agent or broker (or other advisors).



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