

Covering Your Bases with Special Event Coverage

Insurance for a rodeo? Most people don't realize that the events they attend are covered by insurance policies. Special events coverage is a rather broad term for a wide array of events and the policies that cover them—everything from parades to hole-in-one contests to rodeos, art festivals, concerts, county fairs, fundraisers and even speaking engagements. Because of the unique characteristics of each event and type of coverage available, agents should exercise special care when procuring coverage. It's also necessary to consider the needs of the client and carefully examine the policy once it is procured in order to review the scope of coverage actually provided.

There are many important questions to ask when dealing with this type of coverage, including:

What is the event to be covered and what activities are to be included?

An agent shouldn't assume he knows what a rodeo entails, for instance. Not all rodeos are alike. What if this rodeo also features a mechanical bull or fireworks? Is the event organizer seeking to get coverage for the workers and participants or just for the spectators? Those are questions to ask during the application process.

What is the duration of coverage? Ask how long the policy should be in force. While the event might be scheduled for just one night or a weekend, the setup might take some time, especially if erection of tents, arenas or seating structures is required. After the event is over, a day or two of tear-down and cleanup may be necessary.

Who is to be covered by the policy? Are there any additional insureds? This can create all sorts of interesting issues. Since many events are cosponsored by various entities, an agent will want to make sure she knows who the policy needs to cover. Additionally, many of these events are held on government property (i.e. parks, streets, arenas and conventions centers) or on the property of others. Ask if the lease agreement requires the event holder to maintain coverage that will include an additional insured.

Any special types of coverage necessary? For instance, will there be alcohol sales? If so, this will need to be included in the special events coverage, or a separate liquor liability policy should be obtained. Does the event need a weather policy? Many events are held outdoors in the elements. If so, the event organizer may want to obtain a rainout policy. Careful attention should be paid to these policies to advise the policyholder how the coverage works. For instance, the policyholder will want to know what counts as rain and where it is measured. Often the measurement is based on the nearest weather gathering station, which may be miles from the event, recording perfectly dry conditions, while rain pours down on the event. ☒

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Taking Precautions for Special Events Coverage

Since many special events coverage policies are not available in the standard market, agents should remember to exercise special care when dealing with excess and surplus lines carriers and policies. This includes ensuring the carriers an agent deals with are reputable and financially stable.

When procuring special events coverage, an agency should exercise special care. Investigate the carrier to determine its financial stability and ability to handle claims. The agency should carefully investigate the client's insurance needs in order to determine the scope of coverage needed. Ask questions about indemnity agreements, dates of coverage, locations, activities to be covered and parties to be covered. Examine the policy carefully to ensure it provides the coverage sought by the client. Due diligence and clear communication will go a long way toward reducing potential problems with special events coverage and will in turn reduce the potential for agency errors & omissions claims.

—B.B.