

Special Event Planning

Lines of Business: Property, General Liability

Risk Control Strategy / Key Issues: To ensure that programmatic elements are in process, are effective, and that potential liabilities are controlled.

Suggested Policy Elements:

1. Develop Written Procedure
2. Assignment of Responsibilities
3. Assignment of Accountability
4. Outline of Procedures
5. Preparation Of The Facility
6. Crowd Control And Security
7. Liquor Liability
8. Insuring The Event Holder, Certificates Of Insurance And Hold Harmless Agreements

SCOPE

When planning for special events, there are many things to consider. What kind of event is going to be held? Who is sponsoring the event? Who is participating in providing the event? How many attendees are expected and how may this affect public safety? Will liquor be served? What kind of facility will be used? Have hold harmless agreements been signed? What kind of security will be provided? Is the sponsor of the event carrying liability insurance with the public entity being named as an additional insured? Is the public entity able to provide insurance for the event holder to purchase?

PREPARATION OF THE FACILITY

Has the facility been recently inspected for fire and life safety codes? A facility where special events are held should be evaluated on a frequent basis, with formal inspections being held at least on an annual basis, with documentation for recordkeeping. The facility should be evaluated for egress. Exit signs should be lighted and should identify the locations of exits. Panic hardware on doors should be unchained and unlocked. Fire extinguishers should be evaluated to ensure that they are filled, in good working condition, and have been formally inspected by a certified inspection company within the year.

Large expanses of glass should be etched or be otherwise marked. Exit doors should remain unlocked during events, with unblocked access. Floors and floor coverings should be in good repair. Stairs should be well lit and be provided with good tread and secure hand rails. Parking lots should have good surfaces and should be well lit, with appropriate signage – traffic patterns should be clearly marked. The facility should be equipped with access for the physically challenged, such as entrances, parking, restroom and water fountain facilities. Furniture, tables and chairs, if used, should be in good repair.

CROWD CONTROL AND SECURITY

Security should be a consideration in event planning. How much security is needed depends on the size and nature of the event. Security personnel should have instruction in crowd psychology and control, including legal powers and restrictions. Police should be available in case of serious trouble. Occupancy limits for the facility should be observed.

LIQUOR LIABILITY

Exposures here include the dispensing / selling of alcohol to minors or intoxicated persons. Some things to consider: Photo identification, such as a driver's license, should be observed for proof of age before dispensing / selling alcohol to someone. The person dispensing alcohol should be of age as well. How much alcohol will be served and over how long a period of time? How far will people have to drive home after they leave the event? Will taxi cabs and alternative means of transportation be available? What kind of controls will be put in place to ensure monitoring of conditions of attendees of the event? Also, ensure that there is compliance with state and local regulations governing the sale / dispensing of liquor.

INSURING THE EVENT HOLDER, CERTIFICATES OF INSURANCE AND HOLD HARMLESS AGREEMENTS

The three ways to address exposures are: 1) to eliminate the exposure all together, 2) to transfer the exposure to some one else, or 3) to assume the exposure.

An entity should effectively address and seek to eliminate every exposure which can adversely impact the financial strength of the liability program. If you do not effectively identify and transfer potential exposures, then daily business transactions or simply allowing some group to use your property may result in a claim against you. For these and numerous other possibilities, it is important that Hold Harmless Agreements and Certificates of Insurance are obtained from contractors, vendors, groups, organizations, and individuals that deal with you or use your property regardless of whether it is a contractual or gratuitous arrangement. Each time another party becomes involved, they change your exposure, and in most instances, that exposure may be greater than you anticipated.

Consider establishing procedures for Insuring Event Holders, obtaining Certificates of Insurance and obtaining Hold Harmless Agreements. Contractors, vendors, organizations, or groups doing business with you or using your facilities or property should be required to provide you with a Certificate of Insurance and a Hold Harmless Agreement, and/or obtain Special Event insurance from you **without exception**.

INSURING THE EVENT HOLDER

In order to protect the entity from potential claims and lawsuits, the entity should ensure that the event holder is insured. There are several options one can consider. 1) The event holder may be large enough to already carry liability insurance. If this is the case, then the entity may want to receive proof of insurance, such as a certificate of insurance from the event holder naming the entity as an additional insured. 2) If the event holder does not have their own liability insurance, then there are other things to consider. Typically, an entity may know approximately how many and what types of events are held during the year and can pre-purchase Special Event Coverage. An entity may schedule fees for Special Event Coverage and charge the event holder for the insurance. The fees can be broken down and charged by type and size of event. This is beneficial in that an event holder can obtain the insurance from the entity rather quickly and without the ordeal of creating a special policy for a single event.

Trident Insurance Services provides the above program information in order to reduce the risk of insurance loss and claims. The information provided is not intended to include all potential controls or address any insured specifically. Trident also does not warrant that all loss and/or claims will be avoided if the program information is followed. By providing this information, Trident in no way intends to relieve the insured of its own duties and obligations, nor is Trident undertaking, on behalf of or for the benefit of the insured or others, that the insured's property or operations are safe, healthful, or in compliance with any law, rule or regulation. Insureds remain responsible for their own efforts to reduce risks and should consult their own legal counsel for appropriate guidance.

Certificates of Insurance and Hold Harmless Agreements

A Hold Harmless Agreement is needed to provide the contractual arrangement between the member and another party, to insure that the other party accepts their legal obligations, and to protect you from any claims arising out of their actions. A Certificate of Insurance should also be requested, to provide proof of coverage. You should be named as an “additional insured.”

A sample of a Hold Harmless Agreement is provided below. The use of the term “Second Party” refers to the person, group, association, or corporation which contracts with you.

“(Second Party) agrees to indemnify and hold harmless (The Title of Public Entity) from any and all liability, defense costs, including other fees, loss or damage that (The Title of Public Entity) may suffer as a result of claims, demands, costs, or judgments against it, arising from (describe the activity contemplated by the parties, e.g., leasing land to a rodeo association, contracting for concessions at a swimming pool, or renting a municipal building, etc.)

In addition, (Second Party) agrees to provide (The Title of Public Entity) a Certificate of Insurance naming (The Title of Public Entity) as an Additional Insured in an amount of not less than the maximum exposure of (The Title of Public Entity).”

Both documents, the Hold Harmless Agreement and Certificate of Insurance, are required since the certificate is merely evidence that the other party has insurance. This is not a legal contract. Without these documents, you might find yourself financially responsible for the acts of others.

The certificate may only protect the named insured and additional named insureds for the conditions and limits provided in the insurance policy obtained by the “Second Party”. You may not be protected if the limits are not sufficient, the coverage is inadequate, the coverage is excluded under their contract, or for some reason, their policy of insurance was canceled. In that event, you may have to rely on the Hold Harmless Agreement. But without the Hold Harmless Agreement, you may then have to defend and pay any possible judgments.

The importance of the Certificate of Insurance, naming you as an additional insured, cannot be over-emphasized. Not only is it important to request the Certificate of Insurance, but it is also important to establish certain procedures to follow-up and monitor the receipt and content of the Certificates.

It is recommended that the following procedures for Hold Harmless Agreements and Certificates of Insurance be established:

1. Contracts should have an insurance clause built in to it. The insuring agreements should provide a Hold Harmless Agreement protecting you from any claims, and requiring the other party to provide you with a Certificate of Insurance, naming you as an “Additional Insured.”
2. Before any contract is signed, the contract should be reviewed by your attorney.
3. After the contract is signed, you should set up a diary system to make sure that the Certificate of Insurance is received within a reasonable amount of time; usually not longer than 30 days.
4. After the Certificate is received, it should be reviewed for the following:
 - a) The named insured is the same as the name on the contract.
 - b) The coverages are sufficient to cover the exposure.

- c) The policy limits are adequate. In most cases, the limits should be no less than \$1 million, and if an exposure dictates, the limits should be increased.
- d) Check the policy expiration dates to make sure they cover the contract period. If the policy expires before the contract terminates, there should be a diary system to follow-up. Approximately 30 days before the expiration date should be sufficient time to request an updated certificate.
- e) Check to make sure the member is named as an "Additional Insured" on the Certificate. The wording "Additional Insured" must appear on the Certificate. Having your name appear in the box "Certificate Holder" is not sufficient.
- f) Make sure the person signing the certificate has the authority to do so. You can require such evidence.
- g) The Certificates of Insurance should be maintained until the statute of limitations expires. In most cases, four years should be adequate.
- h) If you determine the possible exposure is severe, then request a copy of the policy. Normally this would be the exception, not the rule.

The event holder should either obtain Special Event Liability Coverage from the entity, or should provide a Certificate of Insurance with the entity named as an additional insured. A Hold Harmless Agreement should be obtained from the event holder as well.