

EVENT INSURANCE

In order for a service provider to supply any type of service to a client, the service provider in question needs to know all the facts pertaining to that particular event. Furthermore, both the service provider and the client should also be aware of what is expected from each other, their respective roles, and the roles of other parties / service providers, who will collectively contribute to the overall success of the event.

10 POINTS, WHICH IF IMPLEMENTED & PRESENTED TO INSURERS WHEN APPLYING FOR COVER, COULD RESULT IN MORE FAVOURABLE PREMIUM RATES.

Bear in mind that most insurance facilities are essentially “*pool schemes*”, where the rating is based on pre-conceived notions of a particular class of risk. If you can provide proof that your organization applies “*best practice procedures*” in managing your risks, most insurers will take cognizance of this and rate your premium accordingly.

1. Indemnity Forms & Disclaimer Notices

While court case studies on liability claim suits have shown that SA courts **do not** look favourably on liability transferal – **they are important to have in place**, as they do prove that you have at least made the plaintiff aware of the risk. The problem that arises is that you cannot legally transfer your liability to “*due and reasonable care*”. This implies that you must have taken every possible action to minimize the risk, failing which you will be deemed to have acted negligently.

It's interesting to note that most liability insurance policies when responding to claims of negligence against the insured, use up a fair chunk of the indemnity limit in legal defense costs.

If you do have indemnity forms in place, ensure that they are individually signed – remember that minors cannot sign on their own behalf – their parents or guardians have to.

Also, in terms of groups, a person cannot assume risk on behalf of other people. The signatory can exclude claims by other persons emanating from his or her personal experience but cannot accept risk on their behalf.

2. Emergency Procedures

If you have an **Emergency or Crises Management Procedure Policy** in place – provide this to your insurance broker. It will influence the way that an underwriter considers and rates the risk.

3. Staff

Understanding that your staff are **appropriately qualified and experienced** in your particular field of service will also influence your risk rating – so provide these details to your broker.

4. Contract Clauses

If you have service contracts in place with any of your suppliers or clients – **disclose these in your insurance application**. The Underwriter will be looking for any “**assumption of liability**” clauses, which if in place, could unfairly jeopardise the insurers position.

5. Sub-contractors

If you are **subcontracting any part** of your event to a **3rd party** – insure that they are **credible & experienced** operators and that they have their **own insurance** in place. If possible, provide copies of these to your broker. Likewise, if you are **hiring a venue** from a conference facility – check if their liability insurance **extends** to cover you as the hirer. **The chances are that it does not!** Most policies only cover the **named insured** against **their own negligence** – not that of 3rd parties.

6. Safety Measures

Your safety policy should be **specific to each activity / risk** that your organization could be exposed to & written to **conform to international safety standards** & linked to a detailed **Crises Management Plan**.

Be Informed

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7. Maintenance Plan

For those event organizers who own vehicles used for transporting delegates or own the venue, a **written policy** that details **good housekeeping procedures**, such as vehicle maintenance & building upkeep, will also instill confidence in an insurer & result in preferential premium rates being awarded.

8. Asset Protection / Salvage Plan

Due to the frequency of occurrence in certain classes of risk, it has become common practice with most insurers to include asset protection clauses in their application forms as a pre-requisite. For example, a vehicle fitted with an alarm, immobiliser & tracking device will be rated as a lower risk than one without.

9. Claims History

While the urge to claim for every occurrence that a policy provides for is strong, this can prove to be **counter productive**. If you can afford to fund smaller claims it may be beneficial to maintain your **no-claims status**. Most insurers will recompense you for this by either awarding a "bonus" at the end of a pre-determined period or by lower premium rates on annual renewal of your policy.

If applying for insurance through a new insurer, ensure that your broker provides your claims history & keep track of this yourself.

10. Self Insurance

There are 3 ways to influence a reduction in premium:

1. **Increased Basic Excess** – where you agree to an increased **first amount payable** for each & every claim.
2. **Deposit Premium or Burning Costs** – where you are charged, say 70% of the actual premium & if any claims exceed an agreed % (say 60%), then you will have to pay in the remaining 30% of the premium.
3. **Aggregate Excess** – where all claims made during the year will accumulate up to an agreed upon aggregate excess – only once your claims exceed this amount – will the insurer indemnify you. You will therefore settle all claims 100% out of your own pocket within the aggregate excess.

10 POINTS TO CHECK AGAINST YOUR CURRENT INSURANCE POLICIES**1. Sub-contractors Clause**

Check if your **Public Liability** policy **extends** to cover individuals or companies that you have sub-contracted part or your responsibility to. If not, you could find that you become liable for **their negligence**, which you had nothing to do with, and your policy will not respond.

2. Jurisdictions

Pay particular attention to this clause – you don't want to be paying premiums only to find that because your client requested a venue or part of an event to take place in a neighbouring country, that your insurance policy excludes any incidents that may occur outside of our borders.

Does your Public or Passenger Liability policy conform to the requirements of the **European Community Directive on Travel Trade**? This extension is a **major consideration** of Business Tourism Brokers in the EU as the directive makes the **principle accountable** for all & any negligence encountered by sub-contractors down the line. The broker is therefore, understandably anxious to protect himself and may not be keen to place business with providers whose insurance does not comply.

It is therefore important to check that a policy includes an **All Sub-contractors** extension clause.

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3. Accuracy

Contrary to popular belief, insurance brokers are human too – and they do make mistakes! So **check that all the “i’s” are dotted and “t’s” are crossed.**

4. Exclusions

This is probably the most important check – if you can establish what **is not** covered – it is easier to determine what is!

5. Private, Business or Commercial?

With specific relevance to motor vehicle policies & those delegates who provide a shuttle service, check that the type of insurance policy is appropriate.

For instance, a policy, which is normally issued where the vehicle is to be used for business purposes, specifically **excludes the carriage of ‘Fare-paying Passengers’**. If part of your fee includes transportation, this type of policy would not be appropriate. Beware of this!

6. Proposal Forms

When applying for insurance cover, take particular care in **declaring all relevant information**. Insurers may repudiate claims on the basis that the insurer was “unfairly prejudiced” by not knowing a pertinent fact in advance of underwriting the risk – you don’t want to be paying a premium for something that does not deliver when you need it most!

7. Disclosure

Ensure that your broker is deemed **“fit and proper”** and that you are provided with sufficient information to enable you to make an **“informed decision”**. The insurance industry is regulated, but check credentials never the less.

8. Rates

Don’t be apathetic & deal with a broker just because he or she is an **“old family friend”** – get comparative quotes but, to be fair, ensure that you compare **“apples with apples”**.

You’ll be amazed how your broker will jump when he finds out that you know more than he thought you did! Rates & excesses are always negotiable – so press the issue!

9. Warranties

Warranties can be a mine-field if not complied with, so make sure that you understand & implement them. If a warranty is listed in your schedule and you are not aware of it being there, any claims can be repudiated.

For example, the **“bush clearing”** warranty listed in some fire policies is a prime example – imagine a bush lodge with a 5 or 10 meter bare strip cut around it – hardly appropriate to its aesthetic appeal & conservation ethics!

10. Add Ons / Value Added

Most insurers have an appetite for certain classes of risk where the “pool” of contributors is sufficiently large that they can afford to “dilute” the premium & throw these in as add-ons to other classes of risk. Look for these, they are cheaper than trying to get them individually.

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PROUD SAACI MEMBERS PROVIDING A RANGE OF EVENT INSURANCE SERVICES

Although a Member is listed under a specific Branch, in the absence of Members in specific geographic areas, you are encouraged to contact service providers from other Branches who are likely to provide a National-based service.

Eastern Cape Branch

Kwa-Zulu Natal Branch

Safari & Tourism Insurance Brokers

Mr Des Langkilde

Tel: +27 31 562 1880

Cell:

E-mail: des@satib.co.za

NTB Branch

Confex Insurance Brokers

Mr Ray Howell

Tel: +27 11 326 2446

Cell: 083 455 4578

E-mail: ray@confexbrokers.co.za

Western Cape Branch

You are encouraged to view the SAACI web site (www.saaci.co.za) for up to-date information SAACI Members and the services that they can provide.

Members of the SAACI Service Provider Chapter pledge to act with professionalism and integrity in all dealings with clients and colleagues within the MICE Industry and throughout, to maintain the highest possible standards in the best interest of all concerned and to uphold the SAACI Articles of Association, the Service provider Code, and the By-laws.

SAACI cannot endorse or warrant the services or products of any of its members

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