

Property Casualty 360

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Insuring 3 Amenities to Boost Golf Revenue

Country club amenities boost both revenues and risk. Learn how to protect three of the most common add-ons.

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August 21, 2013 • Reprints



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Over the past several years, golf and country clubs have looked to boost falling revenue by adding extra amenities, from water parks and children's activities to new food and beverage events. Although these amenities can offset the financial impact of declining membership and fewer rounds on the golf course, they also carry additional risks.

Without proper guidance, clubs may face losses that outweigh any gains they see in revenue. Agents and brokers should help their clubs assess these risks, educate them in proper risk management and update insurance policies when appropriate.

Read on to learn more about the amenities:

1. Children's activities

Some clubs are appealing to members who have children by offering babysitting services, day camps, junior golf camps or similar amenities. Unfortunately, children's activities carry the liability risks that go beyond serious injury or even death. The risk of physical and sexual abuse exists wherever adults are caring for children and can not only result in extremely large claims, but also damage a club's reputation.

Risk management practices should be implemented to avoid abuse and molestation and reduce the severity of claims:

- All staff members who work with children must get recommended background checks
- Clubs should institute a "two-adult rule" for these activities so no child is ever alone with a staff member, as well as proper child-to-adult ratios
- Define for staff what constitutes acceptable interaction with a minor and provide training
- Implement reporting procedures that protect victims and ensure any incident is reported properly.

If offering children's activities, clubs also need abuse and molestation coverage. If the club is offering stand-alone children's activities for the first time, they may lack this coverage or have insufficient limits. Even meritless claims can be costly to defend and take months to resolve, so proper coverage is essential.

2. Splash pads and water parks

Pools have long been a huge exposure at clubs, but new features like splash pads, lazy rivers and slides hold a different set of dangers, including increased risk of slips, falls and infectious disease. Risk management practices and insurance coverage need to be updated to account for these amenities:

- Drains must comply with federally mandated Virginia Graeme Baker Pool and Spa Safety Act
- Diving boards, slides and other pool equipment should be separated from the rest of the pool, meet the manufacturer's depth requirements and always be monitored by lifeguards
- Traffic in and out of water parks and pools should be controlled with self-latching gates
- Cryptosporidium (a parasite) is a concern in splash pads, so water quality must be tested and monitored regularly. Advise clubs considering a splash pad to avoid the types that re-circulate water.
- Lifeguards should be available, but when they are not, "use-at-your-own-risk" language must be prominently displayed; when the pool is closed, it should be locked for children's safety
- Rescue equipment should be readily available and well maintained.

Finally, the club's coverage should be sufficient for new water amenities—limits may need to be increased. Plus, agents should discuss with the carrier any changes being considered to ensure the new exposures can be properly covered.

3. Alcohol-based activities

Food and beverage services with alcohol have always been a major component of club revenue, but many clubs now are adding special dinners, family nights and other events that feature alcohol or make alcohol available more often. When alcohol becomes more prevalent, a club’s training and risk management practices should be assessed and improved, if necessary.

Of course, the best risk management tactic is to reduce alcohol-based activities, but many clubs depend on alcohol sales for revenue and to attract guests. Creating a safe environment for guests to enjoy alcohol is key. Clubs should have written procedures, cut-off guidelines and a call-a-cab program for intoxicated members, as well as training for valets.

Many clubs also benefit from an established training program, such as Training for Intervention Procedures (TIPS). Every staff member involved in alcohol sales should be trained.

If a club increases alcohol sales or changes when and where alcohol is served, their insurance coverage may also need to change. As with the water- and children-related risks, assess current coverage to ensure limits are high enough.

Risk transfer

Some clubs secure new amenities, including food, beverage and childcare, through contractors. In these cases, risk transfer tactics are important to ensure the club is not held liable for the errors of a contractor. Contracts should clearly state who is responsible for what by including “hold harmless” and “indemnity” wording that favors the club. Plus, the club should be listed as additional insured, and the contractor’s policy must respond on a primary, non-contributory basis.

Golf and country clubs will continue to add amenities in response to changing tastes and economic pressures. For agents and brokers, it pays to be proactive in advising them about their risks and insurance options. By anticipating their needs, you can build a long-term relationship that benefits both parties.

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