

CONTROLLING CLUB INSURANCE COSTS AND EXPOSURES

Find the right insurance partners and implement effective risk management procedures to improve safety, reduce losses and save in the long term

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Golf and country clubs use a wide variety of vendors, each a line item expense they must account for on their profit and loss statement. Insurance, however, should not be treated as just another expense. Why? Because when you treat insurance as a commodity and base your purchasing decisions on insurance as a simple expense, you run the risk of leaving your club without all of the coverage it needs — and lose an opportunity to control your long-term costs.

Instead, take control of your insurance program and manage your coverage, costs and exposures carefully. When clubs find the right insurance partners and implement effective risk management procedures, it's proven that they can make themselves safer, reduce losses and save on insurance in the long term.

Choose Your Partners Wisely

Taking control of your insurance costs and exposures begins with finding the right partners. As a hospitality specialist, you know the value of industry-specific expertise, and insurance professionals also have varying degrees of industry expertise. So don't settle for anything less than an insurance professional who knows clubs and understands your needs.

When evaluating insurance agents and brokers, ask them how many clubs they currently insure and whether or not they

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support the golf business locally or nationally. Look at how your club fits into their current book of business and whether you're a good fit. If you are a small premium account, will there be a real incentive for them to prioritize your business? Conversely, if you are a large, intricate risk, is your account too big for the particular broker/agent?

Most importantly, if your agent has never asked to walk the golf course and grounds and inspect the hazards and buildings on the property, how do they know what they are insuring? How can they be sure they are offering a comprehensive program? Many brokers will simply offer proposals based upon expiring coverages. While it is important to offer an analysis of what they are presenting versus existing coverage, it is equally as important for them to understand all exposures of the program. Often there are buildings on the course (such as rain shelters, halfway houses or bathrooms) or on the grounds or pool area that are not scheduled on the current program. The course and grounds should be fully inspected and reviewed when offering a proposal.

Also, don't be afraid to get quotes. Be careful not to obtain quotes every year because eventually carriers will feel they do not have a fair opportunity to insure the club and may not offer their best terms. However, if the club obtains quotes every two or three years, carriers will be more likely to put their best proposal forth. Also, don't be afraid to ask to see the quotations from the carriers. Your broker should have no problem sharing the actual quote from the carrier with you if you should ask.

Finally, ask your broker/agent about industry results and benchmark your account against what you're hearing. National or regional trends may have implications for you. For example, the many weather-related events of 2011 are having a drastic impact on the quarterly and annual results of many insurance carriers, and may affect your rates and available coverage in the near future.

Club Coverage Options

Club coverage is far from standard. There are multiple concerns that other businesses don't have, and it's important to have the right level of coverage for yours.

Here are some coverage issues to consider:

Property. Choose the "Replacement Value" option over a lower cost "Co-insurance" option.

Business Interruption with Extra Expense. Give your club enough time to get up and running within the specified time limit of the policy (usually 12 months).

Tree Coverage and Debris Removal. Know what limits are available to you for tree coverage and what perils are insured.

Miscellaneous Property. Look for coverage for items typically not handled under a property policy.

Food Contamination. Coverage should also cover expenses and lost revenue due to any potential shutdowns.

Loss of Utilities. This coverage is critical, especially when there are special events involved.

Bailee Responsibility. When covering members' valuables, include valuables stolen from lockers and coat checkrooms.



After you find a trusted broker/agent, ask what carriers they recommend. Like agents and brokers, not all carriers are created equal, so evaluate them carefully. Some are national and others regional in scope. Some offer extensive coverage options and others are more limited. Some offer specialized risk management services, including loss control, safety programs and safety training, and others do not.

Compare their coverage, claims handling history, and review their A.M. Best and Standard & Poor's ratings. Ask how the carrier supports the golf and country club industry, ask your peers for references, and ask to meet with carriers during the presentation process — you will want to know the partner to whom you are entrusting your business.

Understand Your Coverage Options

Club coverage is far from standard. There are multiple concerns that other businesses don't have, and it's impor-

tant to have the right level of coverage for your business. Unfortunately, some carriers offer lower-cost insurance that leaves gaps in your coverage — and your club on the hook when there's a loss.

Here are just some examples of coverage issues you should consider:

Property. When looking at property coverage, choose the "Replacement Value" option over a lower cost "Co-insurance" option. The money you save by choosing coinsurance is usually insignificant, and you could be left with less than whole if you are not insured to full value.

Business Interruption with Extra Expense. When you have a loss that interrupts your normal business operations, it's important not only to cover your losses, but give your club enough time to get up and running within the specified time limit of the policy (usually 12 months). Look for an Extended Period of Indemnity to give you the time.

Key Exposures to Watch For

When looking at your club's exposures and safety issues, first look at your contracts. Too often, clubs sign contracts in which they assume liabilities they shouldn't.

Key exposures clubs should pay special attention to are:

Fire Safety. Many clubs are not adequately protected.

Liquor. Alcohol awareness training should include all servers. Have a written plan in place, enforce it and help employees execute it.

Sexual Abuse. There are a surprising number of incidents where clubs fail to screen the criminal and sexual offender records of their personnel. These background checks are easy, affordable and can prevent a nightmare from occurring at your club.

Pools. Pools are a critical exposure and should be studied seriously.

New Amenities. Many clubs are changing their amenities, but new activities can bring new risks.

Cardiac Arrest. The right programs not only save lives, but also allow you to enjoy protection under Good Samaritan laws and make your facility more attractive.



Tee-to-green. This is an important coverage and it's essential to understand your limits. If you have multiple subjects of insurance sharing your limit, you are reducing your available limit in a large loss. Plus, find out if your perils include things like wind damage, water damage and the weight of ice or snow.

Tree Coverage and Debris Removal. What limits are available to you for tree coverage and what perils are insured? Is there a sub-limit that applies and is the limit adequate for your needs? These are questions you'll want to have answered.

Miscellaneous Property. Look for coverage for items typically not handled under a property policy (e.g., bridges, cart paths, docks, etc.) and understand how these values are captured on your statement of values.

Building Ordinance. If you have an older facility, make certain you have the proper coverage in place to cover your loss to the undamaged portion of

your building and to bring the building up to today's construction code.

Food Contamination. Coverage should not only include your clean up and the purchase of new food due to a contamination, but also expenses and lost revenue due to any potential shutdowns.

Loss of Utilities. This coverage is critical, especially when there are special events involved. Ask if you have adequate limits and find out the length of your waiting period.

Bailee Responsibility. When covering members' golf clubs, furs and other valuables, include valuables stolen from lockers and coat checkrooms.

Umbrella. Ask what coverages your umbrella will sit atop. Does it include herbicide and pesticide and/or Directors & Officers (D&O)/Employer Practice Liability insurance? And ask if multiple coverages will erode the limits you have available to you.

Workers' Compensation. When it comes to workers' compensa-

tion, insurers rely on an "Experience Modification (Ex Mod) Factor" when evaluating you as a risk. This measures your club's claims experience compared to your peers. To control your Ex Mod, adopt a formalized safety program, incorporate safety training and implement a Light Duty and Return-to-Work Program. This helps you get workers back to work, even if it is not at their original capacity. And it helps avoid lost time claims, which adversely affect your Ex Mod Factor, invite potential litigation and encourage similar claims by other employees.

Know Your Exposures

When looking at your club's exposures and safety issues, first look at your contracts. Too often, clubs sign contracts in which they are assuming liabilities they should not be. This can invalidate the ability of their insurance carrier to bring action against the responsible party in the event of an accident. Contractual issues also are very important when hosting special events, so have your attorney and carriers review your contracts.

Other key exposures clubs should pay special attention to are:

Fire Safety. Many clubs are not adequately protected. Did you know that the difference in rating between a sprinklered building and a non-sprinklered building without central station smoke/heat detection can be thousands of dollars annually?

Liquor. Liquor-related deaths or injuries are the most severe form of liability loss. Alcohol awareness training should include all servers including beverage cart attendants, and even extra or temporary staff used for large-scale events. Have a written plan in place, enforce it and help employees execute it.

Sexual Abuse. There are a surprising number of incidents where clubs fail to screen the criminal and sexual offender records of their personnel. These background checks are easy, affordable and can prevent a nightmare from occurring at your club. In addition, policies need to be established,

such as prohibiting one-on-one contact between counselors and children of a certain age.

Pools. Pools are a critical exposure and should be studied seriously. Do you have proper controls in place for lifeguards or pool attendants? Do you have warning signs posted that are clear and easy to understand? Is the equipment safe and installed properly? Have water entry restrictions been adhered to?

New Amenities. Many clubs are changing their amenities to attract and retain younger members and their families. But new activities can bring new risks, so talk to your insurance partners for guidance.

Cardiac Arrest. Consider a program that uses Automatic External Defibrillators (AEDs) to treat victims of cardiac arrest. The right programs not only save lives, but also allow you to enjoy protection under Good Samaritan laws and make your facility more attractive for large-scale events and tournaments.

Create a Culture of Safety

From your clubhouse to your course, from members to your employees, develop a culture of safety throughout your organization. What is a culture of safety? It's when safety permeates

every part of your operations and the day-to-day activities of every employee. Here are some suggestions:

- Empower your employees to make a difference in safety and reward them for their efforts. Employee buy-in is crucial.
- Maintain your facility. Don't skimp on security cameras, smoke and heat detection and code adherence.

- Consider a wellness program for your employees, demonstrating you care about their health and well-being — while driving down workers' compensation costs.

After you have taken these proactive measures, reduce costs even further by sharing in the risk. Talk to your insurance partners about structuring

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- Develop a safety committee with regular meetings and collaboration with an equal mix of management and department representatives.
- Encourage up-to-date training within your organization and invite your insurance partners to assist.
- Formalize a disaster recovery program. If you do not have one, work with your carrier to develop one.

your program so that you participate in the risk and gain premium savings.

With the right culture, the right partners and the right insurance program, you can be in control of costs and exposures at your club. Educate yourself on the options available to you in today's market, create a culture of safety and make the best decisions for your club — today and in the future. ■

 <h2 style="margin: 0;">HFTP CALENDAR</h2>	<p>For more information about HFTP events visit www.hftp.org.</p>	
<p>Mid-South Atlantic Regional Conference February 23 – 25, 2012 Grove Park Inn Resort & Spa Asheville, N.C.</p> <p>Knowledge Exchange March 21 – 22, 2012 Dallas, Texas</p> <p>CHAE & CHTP Reviews and Exams June 25, 2012 Baltimore Convention Center Baltimore, Md.</p>	<p>HITEC 2012 June 25 – 28, 2012 Baltimore Convention Center Baltimore, Md.</p> <p>Club and Hotel Controllers Conference June 25 – 27, 2012 Baltimore Convention Center Baltimore, Md.</p> <p>CHAE & CHTP Reviews and Exams October 17, 2012 Rosen Shingle Creek Resort Orlando, Fla.</p>	<p>2012 HFTP Annual Convention & Tradeshow October 17 – 20, 2012 Rosen Shingle Creek Resort Orlando, Fla.</p> <p>AHTEC 2012 November 14 – 15, 2012 Shanghai New International Expo Centre Pu Dong, China</p> <p>HITEC 2013 June 24 – 27, 2013 Minneapolis Convention Center Minneapolis, Minn.</p>