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Magazine

Drive your insureds to golf course coverage

Like golfers, agents want to avoid being stuck in the hazards. Agents must navigate market conditions and economic challenges to keep their golf course clients protected with coverage that's accessible and affordable in today's economy.

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Insurers can look at the tough economy as an opportunity to lower their property-casualty insurance premiums for their golf insureds, or they may increase their coverage to stay active in the industry. On the other hand, companies that were attracted to high premiums and invested in the stock market are now parting from the market and discontinuing services, leaving golf facilities hunting to get new carriers or to re-evaluate existing policies.

Because agencies must keep acquiring new business to keep their businesses afloat, the challenge is not only to retain existing golf course business, but to review a customer's losses and liabilities to suggest additional coverage—to both further protect the clients and tie them in more closely with the agency.

The big challenge, of course, is to achieve these goals in both a soft insurance market and in the midst of a recession that has severely cut into the average American's disposable income for luxuries such as golf.

In the ongoing soft insurance market, too many carriers continue to decrease pricing when the cost should be at least stable or increasing, said David Hatlem, senior executive vice president of golf club programs at Bollinger Insurance, Short Hills, N.J. As a result, many golf facilities are sacrificing coverages to reduce costs. "Most club business has been marketed heavily during the past few years," he said. "There is little premium reduction available at this point if the club or agent is interested in maintaining adequate coverage, or at least similar coverage."



Besides the harsh realities of high unemployment and long-term economic uncertainty, the glut of existing golf courses is another problem, Hatlem added. Facilities acquire fewer memberships and members play fewer rounds. There are an abundance of golf courses that have been built in the last 10 to 12 years that just cannot be supported. The housing communities developed around golf facilities are also facing anxiety due to the lack of new home construction or purchases.

The market has been down even prior to Tiger Wood's scandal, and the down trend continues, Hatlem said, who states that some facilities may not be experiencing the downward trend as golf is not played nationwide in all demographics and requires a disposable income that few people might have available.

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"With unemployment rates increasing and average household income levels decreasing, membership to a golf course no longer becomes a priority," said Carol Gonzalez, vice president of sales for Unisource Program Administrators (UPA) Oklahoma City, Okla. "As a result, golf courses are likely to make internal adjustments, such as reducing personnel. This directly affects insurance lines, such as workers' compensation and health insurance, in which premiums are based on annual payrolls and the number of employees."

Losses

In this segment of business, approximately 50 percent of losses are related to property damage and are typically weather-related. Catastrophic perils are always a severe risk, especially considering the location of the golf facility.

"Customers need to be particularly concerned with properly covering their facilities; the extensive amount of mobile equipment, such as golf carts and the course itself, from tee-to-green to all of the playing surfaces and hazard surfaces in between," said Paul Clauss, vice president and technical underwriter director for Zurich North America commercial programs and direct markets business unit in New York, N.Y. "They may also consider pollution exposure coverage."

Tee-to-green insurance covers direct damage to playing surfaces on the course from covered perils. If the insured has above-ground or underground storage tanks on its premises, the golf facility may also need herbicide, pesticide or full pollution protection.

Property losses may be caused by freezing pipes, hurricanes, heavy rain and wind, along with vandalism and theft of the course. Other losses may include damage from errant golf balls, and even damage to a single hole can be expensive to repair or replace.

Liability

Casualty liabilities also need to be considered for coverage on the golf course. The most severe cause of loss would be injuries as a result of alcohol, said Mike DeMarco, executive vice president of Venture's Preferred Club Program, West Chester, Pa. "You wouldn't expect this from a frequency perspective," said DeMarco, "but they can be catastrophic."

Also, if a facility has aquatic amenities, such as pools or water parks, drowning may be another disastrous loss. Injuries such as trips, slips and falls, which are usually the most preventable, are considered another common liability.

Recreational activities such as skeet shooting, ice skating, sailing and curling also may take place on a course. With access to restaurants, members or guests may be exposed to food-related injuries including choking, food poisoning and allergies. Risks also can include injuries associated with the operational misuse of mobile equipment like golf carts. Additionally, liability exposures exist for clubs specifically in areas that include work out and spa conveniences, camp activities, and day-care operations, if offered.

Golf courses and clubs are subjected to casualty liability of around 25 to 30 percent of the total losses.

The risk of heart attack

According to the American Heart Assn., golf courses are among the five most likely locations for a sudden cardiac arrest situation, which outnumbers all cancers in cause of death and is the No. 1 cause of death on golf courses. Although a sudden cardiac arrest is not preventable, death from sudden cardiac arrest is if an Automated External Defibrillator (AED) is used within 3 to 5 minutes.

Within the last year, Venture began its CardioReady Certification, a proprietary program exclusively offered through the Preferred Club Program for golf and country clubs throughout the country, according to Richard Look, president of Vertibrands, West Chester, Pa. The program has been slow-going because clubs and agents assumed there would be additional costs, but today, more than 200 clubs have pursued the certification, at the Preferred Club's expense.

CardioReady provides clubs with properly placed AEDs, and offers training, maintenance and communication with emergency responders. Every Preferred Club Program insured will first complete a self-assessment test measuring their abilities to respond to a cardiac arrest emergency, and once completed, a Cardio Ready representative will evaluate their responses and provide feedback.

"Feedback usually centers on the number of AEDs required based on the size of the facility, adequacy of their current equipment and whether or not employees are properly trained," DeMarco said. "If during the evaluation it is determined that the insured requires additional equipment or training, the insured can choose to purchase the equipment or training for discounted prices using CardioReady's national vendor relationships; however, this is not a requirement of the program."

Once the equipment is purchased, CardioReady assists the insured to ascertain the equipment is stored correctly and helps track preventive maintenance and replacement for critical components of the AED devices. Once the steps are completed to prepare the insureds, they receive the CardioReady Certification, which displays the insured's facility is properly prepared to respond to a sudden cardiac emergency.

Tips and tricks to land new golf business

Here are some ideas from the experts quoted in this article for agents to find new golf course business during these hard times. These include:

- Participating in local events sponsored by the National Golf Course Owners Assn. Club Managers Assn. of America or other golf and country club associations. Agents can seek the exclusive endorsement of these associations or participate in local events, magazines or meetings for important networking opportunities.
- Offering price as the primary reason to move or obtain new business from competition.
- Expanding product lines to offer other lines of insurance for existing clients.
- Cross-selling different products, such as P&C insurance, payroll, HR management services, risk management, health insurance and retirement plans.
- Use social networking tools such as blogs, LinkedIn, Facebook and Twitter to promote business and reach out to business owners by industry.
- Placing golf and country club coverage with insurers that specialize within that niche segment.
- Using insurer-provided marketing materials and sell sheets to help them learn about the golf-specific coverages it offers.

"The final and probably most critical advantage to the CardioReady program is the ability for the club and its employees to save the lives of their members and guests," DeMarco said. "The chances of survival [from sudden cardiac arrest] increases from less than 5 percent to more than 70 percent if an AED is used within 3 to 5 minutes of collapse. An added benefit to the club is that in most cases, a club properly engaged in the program will enjoy the benefits of state Good Samaritan laws, which provide protection for any act or omission, not constituting gross negligence, in the course of emergency care or assistance."

Zurich has joined Venture's Preferred Club Program team, not only to create a larger list of property and liability offerings, such as underground storage tanks and assistance with extra expenses incurred in replacing key employees and personal effects, but to offer additional coverage for the course to help with historic preservation, tees, greens, hazard areas and blanketing the smaller structures.

"Venture spearheaded the CardioReady Certification program in clubs, and we want to help Venture raise awareness to clubs and their members of this potentially life-saving program," Clauss said.

Zurich also offers unique coverage additional to the Preferred Club Program, including an enhancement of liability coverage to better address the needs of a club's staff, errors and omissions exposure and medical payment protection for members and guests.

Additional coverage

After an agent in Atlanta approached Travelers in 1987 to provide a suitable coverage program for the PGA Tour, the insurer created its Eagle 3 program to offer a wider range of insurance products and services needed to help golf facilities manage their potential exposures.

"Our customers appreciate the history and stability of the Eagle 3 program," said Ric Sirmans, underwriting manager for Travelers' golf programs. "We understand the coverages golf facilities need, and offer the risk control and claims services by company employees that support the facilities we insure. Customers feel secure in knowing that Travelers Eagle 3 program lets them address their coverage and risk control needs with one insurer."

The Eagle 3 program is endorsed by the PGA TOUR and offers specialized workers' compensation, property and liability coverage, golf range program, golf shop program and the PGA Tour tournament program. The program also provides on-site inspections, safety materials, webinars and other resources to inform and help its customers to manage possible exposure to common risks and reduce hazards.

To stay active in the competitive market, Bollinger provides an expanded coverage, knowledgeable underwriting and service teams, superior service that responds to broker's needs and requests as quickly as possible. Its unique coverage includes:

- Hole in one reimbursement expense
- Club professional replacement expense
- Errant golf ball property damage
- Debris coverage

Business income and extra expense (limits available on actual loss sustained basis).

Bollinger is a program administrator that underwrites its golf programs approximately 10 to 15 percent of its total market for Chartis Inc. and Lexington, and offers other coverages additional to the above list.

Finally, UPA helps other independent agents by identifying products that would make more sense to its existing clients. The current market conditions have forced agencies to offer more attractive solutions to existing clients in order to maintain average retentions, Gonzalez said. "Business owners and decision makers are moving from doing business based on seasoned relationships with carriers and agents, to buying services based strictly on pricing," he added.

UPA's solution, UPAY-As-You-Go, is its innovative way of paying workers' compensation based on payrolls reported instead of estimated annual reports, and its method to offer a product that will improve its existing clients' cash flow.

UPAY-As-You-Go offers owners and country club operators:

- Worker's comp payments based on actual payrolls reported to the payroll company
- Simplified audits at the end of the policy period
- Significant reduction in overall claims cost.

