

Risk management considerations for special events: strategies and solutions



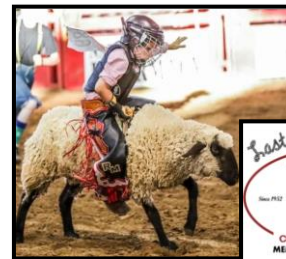
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Henry Dietz, AWC RMSA Risk Management Coordinator
October 10, 2024

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Special event characteristics

- Scheduled in and outside of normal business hours.
- Held/sponsored by public entities and private organizations.
- Public facilities, land, and services utilized.
- Impact to the event site and surrounding area (visual, noise, traffic, parking, environment, etc.).
- Involves third party participants/attendees.
- May involve or create unanticipated legal issues that do not exist in the normal course of municipal business.



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Special event examples

- Air/car shows
 - Art exhibits
 - Carnivals/fairs/festivals
 - Concerts
 - Haunted houses/hayrides
 - Farmer's Markets
 - Firework displays
 - Film production
 - Parades
 - Sport tournaments
 - Walks/races
- **High-risk events**
 - Obstacle courses/runs
 - Circus/carnivals w/ rides and animals
 - Motorized sporting events
 - Truck/tractor pull
 - Rodeos
 - Aircraft/balloon/flying events
 - Inflatables



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Special event claim examples

Property damage

- Fireworks display has stray fireworks ignite nearby buildings and fields leading to fires and property damage.

Liquor liability

- Concert in the park includes a beer garden where an intoxicated attendee causes a disturbance and injures another attendee. The injured party files claims against both the event organizer and public entity for negligent sale and consumption of alcohol.

Slip, trip, and falls

- Visitor attending city-organized event slips on a wet surface due to inadequate signage and floor maintenance. Resulting injuries lead to a claim for medical expenses, lost wages, pain/suffering.

Crowd control

- Parade lacks crowd control measures and spacing between those in the parade and spectators, leading to a stampede or trampling incident injuring several attendees who file claims against the city for negligence.



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Why have risk management for special events?

- Special events bring special, unforeseen risks.
- Some special events may be excluded from your liability coverage
- Your liability coverage only insures your entity – there is no liability coverage for other entities/co-sponsors (i.e., Chamber of Commerce) or vendors who participate in the event.
 - All vendors, event-holders, and co-sponsors should be notified of this and provide their own proof of insurance, naming your entity as an Additional Insured.
- Prevent claims and help keep rates low for all members.
- Mitigating risks helps keep attendees and participants safe!



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RMSA Liability coverage exclusions

PART II: GENERAL LIABILITY COVERAGE

7. EXCLUSIONS

This "Coverage Agreement" **does not cover**, and the Pool shall not be obligated to make any payment or defend any "suit" in connection with or relating to:

EE. Any "claim," "suit," or liability of a "covered party," any person or entity contracting with a "covered party," or any person or entity for whom a "covered party" may under any circumstances be responsible arising out of:

- i. Causing or contributing to the intoxication of any person;
- ii. The furnishing of **alcoholic** beverages to a person under the legal drinking age or under the influence of alcohol;
- iii. Any statute, ordinance, or regulation relating to the sale, gift, distribution, or use of alcoholic beverages; or
- iv. The ownership or leasing of any premises used for the manufacture, distribution, sale, or service of alcoholic beverages.

FF. "Bodily injury" or "property damage" arising out of the use, handling, storage, transportation, sale, or provision of **fireworks** by a "covered party," or any person or entity contracting with a "covered party," or any person or entity for whom a "covered party" may under any circumstances be responsible.

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Whose risk is it anyway?

Is the event hosted on municipal property?

Is the municipality contributing money in sponsorship?

Is municipal staff coordinating vendors and timing?

Is a municipality facility going to be used for the event?

Who asked to host this event?

Does it benefit the chamber, a private group, or the municipality?

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The best risk management is risk transfer



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Risk transfer: strong ordinance and policy



A special events ordinance should consider:

- What is considered a special event.
- What events are exempted from permitting.
- What is required to obtain a permit, the application process, fees, denials, etc.
- Insurance requirements and Hold harmless clause.
- Vendor, food and alcohol sale/consumption.
- Rules, conditions, or violations that would get a permit revoked.
- Animals
- Road detours and tents/temporary structures
- Noise ordinances.

Special event policy/ordinances can also include:

- Cleaning and damage deposit and other rental or facility fees.
- Rules against using your entity's name, logo, and other promotional material without approval.
- How other departments (Police/security, Fire/EMS, Parks, Transportation, and Public Works) are involved.

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Risk transfer: hold harmless/indemnification



When another entity or organization is holding an event, or when a municipal-sponsored event brings in vendors, you should be requesting Hold Harmless agreement or indemnity language.

"This form shall contain a requirement that the applicant shall indemnify, defend and hold (Entity Name), its officials, officers and employees harmless from and against any and all claims, damages, losses, demands, actions, causes of action or liabilities of any nature or kind whatsoever (including reasonable attorneys' fees) arising out of the applicant's, and applicant's invitees', use of the facility, including the service and consumption of alcohol".

"Prior to the issuance of a special event permit, the permit applicant and authorized officer of the sponsoring organization, if any, must sign an agreement to defend (Entity Name) against, and indemnify and hold (Entity Name), its officers, employees and agents, where such claim arises in whole or in part out of the activities for which such permit is issued; except any claims arising solely out of the negligent acts or omissions of the city, its officers, employees and agents.

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Risk transfer: insurance requirements

When another entity is holding an event, or when a municipal-sponsored event brings in vendors, you should be requesting a **Certificate of Insurance (COI)** from vendors and event organizers



- Specific coverage limits:
 - Auto Liability, combined single limit for bodily injury and property damage of \$1,000,000 per accident.
 - Commercial General Liability, limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
 - Employer's Liability, \$1,000,000
 - Professional Liability, no less than \$1,000,000 per claim.
 - Products Liability, \$1,000,000 per occurrence (if food or beverage vending)
 - Liquor Liability, minimum of \$2,000,000 per occurrence.
- Additional insured on their COI **and** Additional Insured Endorsement
 - Your entity listed as additional insured extends their liability coverage to you.



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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

CONTACT NAME: _____ PHONE: _____ FAX: _____
 E-MAIL: _____
 ADDRESS: _____

INSURER(S) AFFORDING COVERAGE

INSURER A: _____ NAIC # _____
 INSURER B: _____
 INSURER C: _____
 INSURER D: _____
 INSURER E: _____
 INSURER F: _____

INSURED

Vendor, event holder, contractor

CERTIFICATE NUMBER: _____ REVISION NUMBER: _____

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE	CERTIFICATE NUMBER	REVISION NUMBER	LIMITS
GENERAL LIABILITY			EACH OCCURRENCE \$1,000,000
COMMERCIAL GENERAL LIABILITY			AGGREGATE \$2,000,000
CLAIMS-MADE			
GENERAL AGGREGATE			
PRODUCTS - COMP/OP AGG			
LIQUOR LIABILITY			
EMPLOYER'S LIABILITY			
WORKERS COMPENSATION			
ADDITIONAL INSURED			

GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PERIOD

ACORD 25 (2010/05)

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POLICY / TYPE / LIMIT

ANY AUTO
ALL OWNED
AUTOS
SCHEDULED
AUTOS
HIRER AUTOS

UMBRELLA LIAB
EXCESS LIAB

WORKERS COMPENSATION
AND EMPLOYER LIABILITY
ANY FRODOEN COVERAGE/EXEMPTION
OFFICER/NUMBER EXCLUDED?
REASON IN WH
DESCRIPTION OF OPERATIONS below

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Construction and or traffic control in the public right of way. Include location & description of work.

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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Insurance carrier

Vendor, event holder, contractor

Occur only, if possible. More on this soon.

\$1,000,000 each occurrence
\$2,000,000 General Aggregate

Auto: \$1,000,000 combined single limit

Your entity named here to partly satisfy additional insured

Event description. Noting your entity be named as Additional Insured, coverage is primary and non-contributory and waiver of subrogation applies per the attached forms/endorsements.



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Risk transfer: insurance requirements

Special event applications and contracts should also include a waiver of subrogation (recovery)



"(Entity Name) will not waive its right to subrogation against the (Applicant, Vendor, Contractor). The (Applicant, Vendor, Contractor)'s insurance shall be endorsed acknowledging that the City will not waive its right to subrogation. The (Applicant, Vendor, Contractor)'s insurance shall be endorsed to waive the right of subrogation against the (Entity Name), or any self-insurance, or insurance pool coverage maintained by the (Entity Name)".

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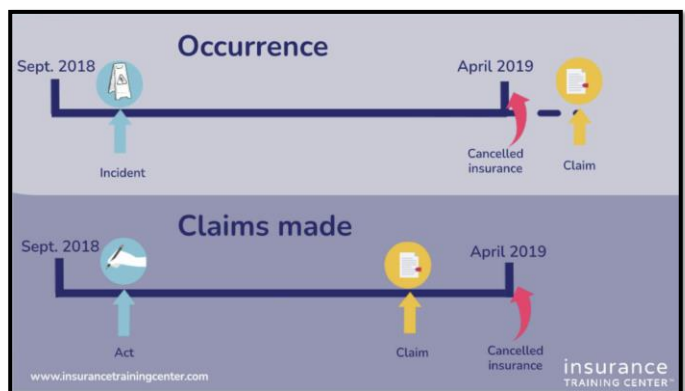


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Risk transfer: insurance requirements (cont.)

Special event applications and contracts should also include:

- Occurrence vs Claims made coverage
 - Occurrence: protection during the policy period, regardless when the claim is made.
 - Claims made: protection provided for claims made and reported during the policy period timeframe only.
 - "If any coverage is written on a "claims made" basis, then a minimum of a three (3) year extended reporting period shall be included with the claims made policy, and proof of this extended reporting period provided to the (Entity Name)".



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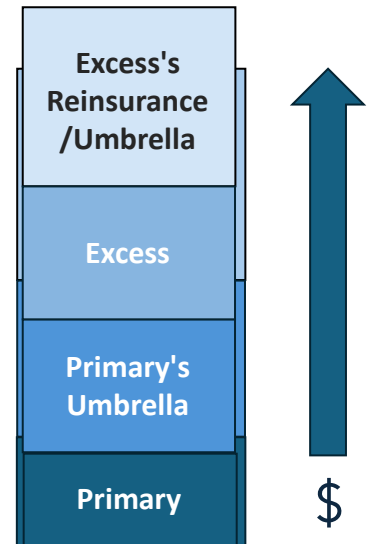


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Risk transfer: insurance requirements

Special event applications and contracts should also include:

- Primary coverage vs Excess coverage. Non-contributory
 - Event holder/vendor's policy should be primary, and your coverage should not issue payment until their coverage is exhausted.
 - *"The (Applicant, Vendor, Contractor)'s insurance coverage shall be primary insurance as respect to (Entity Name). Any insurance, self-insurance, or insurance pool coverage maintained by (Entity Name) shall be excess of the (Applicant, Vendor, Contractor)'s insurance and shall not contribute to it".*



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Risk transfer: other considerations

- Is the activity/event appropriate?
- How much experience does the host/sponsor have with this type of event?
- Are they equipped to handle the event?
- Does the event type match the facility or location requested?
- Can the event have unintended impacts on the neighboring properties and environment – such as hazardous materials/pollution.
- Does this event need to be discussed with legal counsel?
- Do you need to communicate with your insurance carrier for a specific event? Is it an acceptable risk? Is there coverage?



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Risk management recommendations

- Determine your entity's role in the event.
- Special event ordinances and policies.
- Review contracts and permit applications.
- Weigh the risk of special hazards (carnivals, fireworks, animals, motor vehicles, races, etc.)
- Inspect premises for trip hazards, occupancy standards, electrical, concessions, parking, ADA compliance, lighting, etc.
- Keep good documentation throughout.
- Develop intentional fee schedules.
- Develop a strong volunteer policy.
- Require proof of insurance from all sponsors and vendors.



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Special Event Insurance

- One-time insurance policy for private entities – typically not available for events held by public or professional entities.
 - Ex: Weddings, birthday parties, seminar, baby shower, Chamber of Commerce event, Prom, etc.
- Can provide coverage for liability and cancellations.
- Lower cost, reflective of the size and scope of event, including liquor liability.
- Exclusions still exist - fireworks, inflatables, rodeos, events with many attendees (5,000+).
- GatherGuard: online special event policy procurement
 - For RMSA members: we can set up specific buildings, parks, or locations creating:
 - Venue ID Codes: private event holders can purchase a policy on their website.
 - Referral Link: members can input directly into the special event application process that takes private event holders to GatherGuard for that specific location.
 - Emails you and RMSA a copy of the policy
 - Names your entity as an Additional Insured

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Resources

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360.972.6639

RMSA email: RMSA@awcnet.org

- General special event inquiries
- GatherGuard event insurance access

RMSA documents (available on our website):

- Event permit application sample
- Event vendor application sample
- Farmers markets guide
- Inflatables model policy template checklist
- Parades guide
- Special events checklist
- Special events guide



Questions?

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