



“Special Events” Liability

From an insurance perspective, “special events” are activities not contemplated by the underwriting process, nor considered in the rates charged by the insurance company. Examples of “special events” could include hot air balloon rides, demolition derbies, tractor pulls, air shows, car shows, antique shows, bicycle races, swap meets, art festivals, fire department competitions, etc. These events are not held often, and therefore estimating losses arising out these high severity/low frequency exposures is difficult, if not impossible; and since the number of times they occur is low relative to usual Technical College activities, there is little or no credibility associated with the estimate. That is why many insurance companies, including DMI, exclude coverage for “special events” like the ones mentioned above.

There are two ways in which a District may be associated with a special event; the College sponsors the event, or an outside entity sponsors it and uses the Technical College facilities or premises in the process. If the Technical College is sponsoring and managing the event, the Technical College should obtain the proper insurance for the event which may include a special events policy. As the event planning occurs, contact with DMI early in the process would be beneficial. A risk assessment can be performed to evaluate the exposure and decide on the appropriate risk management technique. Note the District may be able to invoke the statutory caps on liability or use recreational immunity as a potential defense.

The District should ask a number of questions regarding the intended “special event”:

- * What are the potential exposures presented?
- * Who will attend?
- * What are the crowd control and security requirements (life safety code/egress)?
- * Is the proposed venue suitable for the event?
- * Are premise liability issues resolved?
- * Is adequate seating capacity/occupancy limits observed?
- * What inspection/documentation/record keeping is planned?

If an outside entity is sponsoring the event and using Technical College property in the process, the outside entity should obtain insurance for the event and name the Technical College as an “additional insured”. The suggested minimum limits of coverage would be \$1,000,000/occurrence \$3,000,000 aggregate.

This is not to suggest the Technical College does not have coverage for its liability associated with the event; however, from a risk management perspective it is in the Technical College’s best interest to have the other party’s insurance apply on a primary basis. This will reduce the likelihood of the College’s insurance responding to losses, and therefore not impact future premium calculations based on loss experience. (Please note: beginning in 2007, loss experience is planned to be reflected in a Technical College’s premium calculation).

I would suggest that it is unlikely that DMI would agree to add an entity or organization holding a special event on Technical College premises as an additional insured.