

Risk transfer for large special events

By Eric Larson

During the process to place the liability reinsurance for 2017, a liability reinsurance underwriter questioned the transfer of risks associated with large attendance special events on a member's property. These special events, e.g. festivals, concerts and celebrations have varied and significant liability exposures that we sometimes overlook. Where possible, WCIA and its members need to adopt good risk management practices, including contractual risk transfer to minimize the large special event exposures.

When the special events are run by others such as by non-profits, business associations or firms specializing in providing special event services, members have the ability and should transfer the risk contractually with good indemnification clauses and insurance requirements that include sufficient liability insurance limits commensurate with the exposure of the event.

We learned that for some large special events with thousands of attendees the WCIA member only required a \$1 million in liability insurance. This may be fine for small events but is inadequate for large festivals, concerts and celebrations. WCIA provides insurance requirement guidelines and samples for contractors, consultants, special events and permits. Most of the requirements specify a \$1 million liability insurance requirement, however this is a minimum limit and greater exposures need higher limits.

The good news is that review of special events is available as part of the COMPACT for 2017. In addition, your Risk Management Representative is always available to assist in risk transfer contract wording and determining the amount of liability insurance to require.