

Facility rentals - when to require insurance

By Tanya Crites

One of the most pondered and asked questions concerning the use of public facilities is: When should a public agency require a facility renter to have liability insurance during the exclusive use of the agency's facility? These days, requiring insurance seems to have become the rule, rather than the exception...and there's nothing wrong with that!

WCIA members who allow the public to use member owned facilities should have criteria for determining when to require renters to obtain liability insurance. Members should apply the criteria consistently to all renters and avoid making exceptions for any individual or group. Some members have created a list of the specific types of uses that are exempt from the insurance requirement. Some of those uses could include, but are not limited to:

- A. Senior citizen card games during the day
- B. Birthday parties for children less than 10 years old, with a limited number of attendees
- C. Book fairs
- D. Business meetings
- E. Receptions with no alcohol (i.e. rehearsal dinner, wedding, retirement, baby shower)
- F. Political or religious activities intended primarily for the communication or expression of ideas are constitutionally protected events. Renters protected by the First and Fourteenth Amendments must not be charged a fee for facility use or be required to obtain insurance.

When determining the criteria for uses that require the renter to have liability insurance, consider the following questions, including but not limited to:

- A. Is the proposed renter an organization or business?
- B. Does the use involve people other than the renter's family and close friends?
- C. Will the event be open to the public?
- D. Will admission be charged or will there be a fee for anything provided at the event (i.e. goods, dues, food, donations)?
- E. Could the expected number of attendees, or the proposed type of use, fall outside of the facility's design?
- F. Is law enforcement/security personnel required for security or traffic/crowd control?
- G. Does the use involve amplified music on a stage?
- H. Does the use involve an athletic event or athletic participation?
- I. Will the use in any way involve alcohol (i.e. selling, consuming)?*
- J. Will food be catered or prepared on site?

If the answer to any of the questions is “yes,” the member should require the renter to obtain liability insurance, naming the member as an additional insured.

*If the renter, or the supplier or server of alcohol, is in the business of manufacturing, distributing, selling, serving or furnishing alcohol, that entity must also provide Liquor Liability insurance with the member named as an additional insured, in addition to general liability insurance, that names the member as an additional insured. If no one involved with the alcohol is in the business of manufacturing, distributing, selling, serving or furnish alcohol, the renter’s general liability insurance “host liquor liability” coverage may be substituted.

This information is intended as general guidance. Please contact your WCIA Risk Management Representative for more information.