

5 Steps to Easier Insurance Buying by Joy Jackson

If you find buying insurance coverage for your event or business difficult and frustrating, this article is for you.

One of the first things you learn as an event organizer is the need to satisfy venue owners, regulatory bodies and bankers. The right type, and amount, of insurance coverage is one detail you cannot avoid. This makes insurance an essential product that coincidentally, also ensures your business' financial survival in a world full of opportunity and risk.

While researching my new book "Special Events are Special Risks", I was struck by the incredible number of details that event organizers must supervise to ensure a successful event. To manage such a large number of items truly does require 'organizing'. Each detail can become a problem, leading to an insurable claim, if not handled properly.

There are three basic categories of risk:

1. risk of injury or property damage to anyone at the event, including attendees, volunteers and contracted workers,
2. financial risks include theft of goods or money at the event, while being taken to a place for safe deposit and loss of sponsors or clients due to problems, and
3. damage to your firm's reputation or that of your sponsor.

Make insurance buying simpler with just 5 easy steps.

When buying insurance, discuss with your insurance representative all 3 risk types and ask for his/her suggestions for the 'most correct' insurance policies for your operations. If you have been in business for several years, you already have insurance in place. When was the last time you reviewed the coverage to decide if it was the 'best' for your operations? If it hasn't been reviewed in 2 years or more – now is the time!

Choosing the right types of insurance policies is similar to choosing the right jigsaw puzzle pieces. Placing what looks like the right piece in the wrong location will leave you with gaps. Buying the wrong types, or too few, insurance policies can leave critical gaps in insurance coverage. Conversely, buying inappropriate coverage will cost money that could have been better used to promote and run your event.

Step 1 – Choose the right insurance advisor. This may be an insurance broker or agent. (A broker deals with many insurers; an agent deals with only one.) Under Ontario law, an insurance broker represents you, the client – not the insurance company. You need a broker who understands business insurance. The nice man or woman who provides your car and house insurance may not have sufficient expertise to assess the risks inherent in your business. They also may not have business contacts with commercial insurers to obtain quotations for your business.

Step 2 – Take sufficient time to educate your insurance broker. Be sure that they understand your business. Explain the type(s) of events you run. Are they held indoors, in the open air or a combination of both? Do you run sports events just for fun – or are they serious competitions? Your events may be a combination of entertainment and education or coaching. Will there be food and (especially alcoholic) beverages provided? Specific details of the event(s) you run affect the degree of risk inherent in the activities. Your broker is your representative to the insurer. The better the broker knows and understands your business, the better their chance of getting you the most appropriate coverage and pricing.

Step 3 – Maintain good documentation. Do you have available documents that describe the length of

time you have been running events? When your business is new, be prepared to explain the previous event experience of yourself and your workers. If there have been accidental losses (e.g. attendee injuries, damage to property, thefts) be prepared to provide a record of them.

Even if the losses were not insured, insurers consider them an important record of that event. In particular, describe what you learned from that incident and what actions you have taken to prevent it from recurring. Also, financial records, copies of supplier contracts and venue lease agreements are all valuable sources of information for insurers and brokers.

Step 4 – Practice “risk management”. There is a huge variety of risks that face event holders. This is one reason why insurers are so cautious about insuring them. Virtually every event brings with it different challenges, in part because of event organizers desire to make their event unique, interesting and attractive to their target audience. In advance, analyze your event activities and be ready to identify the most likely things to go wrong and explain how you are treating these hazards.

Generally speaking, risk management is the process of identifying what can go wrong, prioritizing those problems and deciding what you can do about them. For example, establish policies and procedures to prevent incidents and minimize the consequences of those instances that do occur. Ensure that your broker and insurer are informed of these risk reduction activities. Using a risk management process makes you appear more conscientious and a better risk.

Step 5 – Protect your reputation. It takes years to establish a good reputation. It only takes 1 serious incident to destroy it. Insurance brokers and underwriters pay attention to news, just as everyone else does. Negative reports on your event can impact your ability to obtain and keep appropriate insurance coverage at a reasonable price.

Buying business insurance can be a simple process. However, the complexity and variety of event operations and the specialized nature of business insurance means that a buyer can easily make poor choices – especially if price is the only factor being used. The best value in an insurance purchase is not always the cheapest. By using these five steps you can obtain (and keep in place) insurance that brings you, your sponsors, regulatory bodies and bankers the greatest degree of financial comfort.

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