

Managing

the risks



**Insurance guidelines for sports
organisers, sportsmen and women**

Managing the risks

Running Sport is a Sports Council initiative developed in partnership with the British Institute of National Sports Administration, the British Olympic Association, the National Coaching Foundation and the National Sports Development Centres, the Sports Council for Wales and the Scottish Sports Council. The programme is designed to improve the knowledge and skills of everybody working in sport, both voluntary and professional.

Insurance guidelines for sports organisers, sportsmen and women

An introductory booklet in the Running Sport programme

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The Sports Council was incorporated by Royal Charter in 1972 and its main objectives are to increase participation in sport and physical recreation, to increase the quantity and quality of sports facilities, to raise the standards of performance and to provide information for and about sport.

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Why is insurance important?

We live in a world that is a financial minefield, where the innocent actions of an individual can spell disaster.

Personal injury, for example, can bring financial ruin, either to the victim or, as is happening more often these days, to the person causing the accident.

At a lesser level, the loss of kit or equipment can be a major blow.

For sports clubs and associations the potential problems are even greater, involving not only their own actions but also those of their officers, coaches and officials.

This guide has been produced to assist anyone participating in sport or its administration to minimise the risk.

It must, however, be emphasised that this booklet is a guide only and must not be regarded as a definitive document.

Whenever necessary, professional advice should be obtained either from an insurance company or an insurance broker, intermediary or agent.

Introduction

This booklet has been divided into three sections:

- Insurance for sports organisations – page 5
- Insurance for social clubs – page 14
- Insurance for the individual – page 20

The booklet concentrates on those areas which directly affect the organiser, sportsman or sportswoman. Not included, therefore, are such matters as vehicle insurance, life and pensions or, for that matter, insurance in respect of fund-raising activities such as fetes and jumble sales.

Sums quoted in the booklet offer guideline figures only and reflect those current at the date of publication (1994).

Package policies covering various risks taken out for groups, etc are the most economic arrangement. It therefore follows that the 'best buy' is for the national governing bodies to purchase on behalf of individual members. Insurance cover linked to a membership scheme provides an attractive membership benefit. Some sports insist on insurance as a condition of membership, although it has to be accepted that this places extra responsibility on the association and its officers and committee.

Many national governing bodies of sport, and some clubs, arrange group insurance to provide personal accident cover for members and professional indemnity cover for qualified coaches and officials.

Indeed, the benefit of easy access to good insurance is a strong selling point for governing body or club membership and provides a useful means of both keeping in touch with coaches and ensuring that they re-register and re-qualify. Insurance premiums can be linked to membership fees and, if organised on a block basis, are comparatively inexpensive, easy to arrange and, therefore, more likely to be maintained. The additional administrative workload for membership secretaries can be kept to a minimum through close co-operation with the insurers or their intermediary.

Insurance for sports organisations

This section aims to cover the most common requirements. Obviously needs will vary enormously from the national governing body with a substantial office and other premises and full-time staff down to the smallest association or club with neither premises nor staff, just willing volunteers.



Damage to or loss of property

This may comprise:

- buildings, together with professional fees, removal of debris, and reinstatement (including those premises rented on a fully repairing lease);
- stock and property held in trust;
- fixtures and fittings, office machines and all other contents, including trophies;
- employees' personal effects.

The cover available is against losses caused by some or all of the following:

- fire, lightning, explosion, earthquake;
- riot and malicious damage;
- storm, flood, burst water pipes and impact;
- theft;
- subsidence;
- accidental damage, although, where available, a substantially higher premium could be required.

Where the organisation owns kit and equipment, this should be insured on an 'all risks' basis, as this will include cover at away venues. The policy will, however, exclude damage during play.

For certain claims the insured will be asked to make a contribution, the excess, which will be set out in the policy. Although the amount will vary from company to company it will be in the region of:

- £100 in respect of riot and malicious damage, storm, flood, burst water pipes and impact, and damage to office machines;
- £1,000 in respect of subsidence;
- £25-£50 for 'all risks' cover on kit and equipment.

Alternative accommodation

Where premises are owned or rented it is advisable to include the cost of alternative accommodation should the premises become uninhabitable following the occurrence of one of the insured perils.

Business interruption

However, where loss of income will also occur following the happening of an insured peril, then business interruption insurance must be considered, rather than merely the cost of alternative accommodation. The purpose of such a policy is to place the policy holders in the position they would have enjoyed had the insured event not occurred.

Reinstatement of records

Where detailed financial records are maintained which would be costly to replace, an item in respect of the estimated cost of reinstatement of the records should also be covered.

What insurance cover is needed?

Loss of money

Money, in other words cash, is very easily disposed of and, therefore, the most attractive commodity of all to thieves. 'Money' will normally include cheques, luncheon vouchers and postage stamps.

Theft of money is normally covered:

- from the premises during business hours;
- from a locked safe at other times, either at the office or at the home of a specified officer;
- by most policies for up to £250 in cash at any time together with a substantial sum in respect of crossed cheques;
- whilst in transit to or from the bank.

Do not forget to include loss of or damage to a postal franking machine if you have one.

Policies can be extended to include clothing and personal effects damaged during a theft or attempted theft and personal accident cover in respect of any injuries sustained.

Fidelity guarantee – theft by employees or officers

Losses arising from the dishonesty of employees is totally different from an outsider breaking in and stealing and is not included under theft on money policies. Where an employee or officer is regularly handling cash, particularly if reasonably large sums are involved, then fidelity insurance must be considered. This will cover losses arising from the dishonesty of those individuals. Bear in mind that the sort of loss most regularly encountered by an insurance company builds up over a period of time with the offender dipping a hand in on a 'little and often' basis. Insurance should therefore be arranged for an annual sum equal to the maximum possible loss for each person.

Personal accident

National associations, governing bodies or clubs may choose to provide personal accident cover for their representative teams, or as a service paid for by individual members as part of their membership package.

A recent Sports Council survey revealed that Britain's seven million sportsmen and women suffer 29 million accidents every year, resulting in 11 million lost working days. Even quite minor injuries can result in loss of income, and there is the possibility of financial disaster from permanent disablement or death.

Personal accident insurance can easily be arranged for all playing members. Remember that benefits will be designed to provide **financial assistance and not full compensation.**

Average figures might be £30,000 in respect of death or permanent disablement and £60 per week for temporary disablement. Cost will vary depending on the sport and the risk involved. Most policies exclude the first 28 days of disability. The maximum period of benefit is 104 weeks.

Where school children are involved, cover can be provided but will be for a reduced death or permanent disability benefit only.

The cover will usually apply whilst:

- playing or officiating both at home or away fixtures;
- playing at club premises;
- taking part in club or association organised training;
- travelling (other than by air or motorcycle) directly to or directly back from away fixtures as part of an organised party under the direction of the association, national governing body or club.

Soft tissue treatment

A comparatively recent development is what is known as soft tissue treatment insurance. Personal accident policies can be arranged with a number of insurers which will include an item of up to £500 to cover the cost of treatment not immediately available under the National Health Service, including physiotherapy, manipulation, massage and general soft tissue treatment following bodily injury sustained in the UK. Cover is often restricted to accidental injury, and does not cover treatment required for wear and tear.

It is worth noting that the amount of treatment required for an individual to return to work and that required to return to competition may be different. The sum insured should take this into account.

Foreign travel

When anybody travels abroad, a package travel insurance policy should be arranged including the basic essential cover against loss of clothing, kit and medical expenses. Most travel insurance

packages provide a wide range of benefits at competitive prices but may exclude sporting activity – check the policy carefully. When groups or teams travel, a block policy should be arranged on similar lines.

Legal liability

It is a fact of modern life that many people suffering injury or loss as a result of an accident immediately wonder who they can sue! Liability insurance takes care of this by paying the costs of defending the organisation in a court of law. If the case is lost then the policy also pays the damages awarded up to the maximum figure shown in the policy. Do not forget that essential item of all good sporting fixtures – refreshments. These are often prepared and provided by club members. All it takes is an unwashed pair of hands to result in a nasty attack of food poisoning. Clubs are advised that they probably need to comply with the regulations of the Food and Hygiene Act 1991.

Public liability

The sports organisation will need a limit of indemnity of at least £2,000,000 but should bear in mind the possibility of a major catastrophe involving many spectators. Therefore, if the organisation either owns facilities or arranges major sporting events which will involve large crowds of spectators (maybe in a confined space), then a much higher limit must be arranged.

It is also important that the policy should be extended to include what is known as **member-to-member liability**. It means that if, whilst participating in the sport, one member injures another and is subsequently adjudged to have been negligent, then their liability will be covered by the policy.

When the sports organisation arranges a special event, it should always advise the insurers so that, if necessary, cover can be extended to include it.

The sports organisation could be held liable for negligent first aid treatment provided by the sports trainer. It is essential, therefore, that sports trainers are included in the organisation's insurance policy.

Employer's liability

If the sports organisation employs anybody, even through a casual, friendly arrangement such as a cash payment for a few hours' work on an irregular basis, it is required by law to hold employer's liability insurance. This policy will cover liability to all 'employees' who suffer injury, illness or disease in the course of, or in connection with their employment where you have been held negligent.

Legal expenses

There are, however, many other ways in which a sports organisation can become involved in expensive litigation. Examples are property damage and nuisance actions by or against third parties, or claims of unfair dismissal by an employee. The list is almost endless!

Legal expenses insurance can cover the costs involved in both defending and prosecuting the necessary action through the courts.

Policies may also provide for free advice to be available, via a 'helpline'.

Professional indemnity

It is quite possible for a coach to introduce incorrect training methods or, worse, cause injury or disablement to an athlete. Such liability is covered by professional indemnity insurance.

Where a coach is employed it is advisable that such cover be arranged. It may also be considered prudent to extend the policy

to include officers and committee members in respect of their official duties.

However, this in turn places an additional responsibility upon the sports organisations who may assume a duty of care in ensuring safe practices throughout the sport. A regular revalidation programme for coaches is one way in which the association/national governing body can fulfil this responsibility.

Other covers

Motor insurance – use of personal cars on association business

Even if a sports organisation does not own any motor vehicles, employees or voluntary officials may use their cars on association business. They should make sure that their motor insurance includes business use but the sports organisation may wish to arrange additional cover for the occasion where the employee has forgotten to do this.

Problems have arisen where members of an association have used their cars on a voluntary basis for association use and are paid some form of expenses. In order to avoid any problems it is recommended that where such an arrangement exists, for example for coaching, the individual concerned should contact the insurance company in writing and explain exactly what is involved. In this way there can be no misunderstanding.

In addition, a policy can also be taken out to reimburse employees for loss of no claims discount should an accident occur whilst on association business.

Major or special events – cancellation or curtailment

Where major or special events have been arranged, particularly those that have involved substantial financial investment, cancellation can be very costly. Insurance is available for this and should

be arranged well in advance and include sufficient cover to allow for any commitment made to event sponsors. Similar considerations apply to outdoor events which are 'rained off' on the day and here again special cover can be taken out known as pluvius insurance.

Summary

Sports organisations should consider whether they need insurance cover for:

- damage to or loss of property;
- alternative accommodation;
- business interruption;
- reinstatement of records;
- loss of money;
- fidelity guarantee;
- personal accident;
- soft tissue treatment;
- travel insurance;
- legal liability:
 - public liability
 - member-to-member liability
 - employer's liability;
- legal expenses;
- professional indemnity;
- motor insurance;
- cancellation or curtailment of events;
- pluvius insurance.

Insurance for social clubs

Many sports clubs run a social club alongside their main sporting activities.

For many it is an essential source of regular income without which the club would not survive.

It is of paramount importance therefore that, where such a club exists, full and satisfactory insurance is arranged. Being a member of a social club committee is, in many ways, a thankless task. One of the responsibilities of the committee is to balance the books so wild spending is out! However, it is equally important that an adequate sum insured, with appropriate scope of cover, is maintained at all times. If a loss occurs, it is the committee that is responsible and this could result in personal financial loss for individual committee members.

Many insurers offer a flexible package specifically designed to provide all the special cover necessary for such a venture.



What insurance cover is needed?

Damage to or loss of property

The club may own or be responsible for all or some of the following:

- buildings, to include professional fees, debris removal and reinstatement (including properties rented on a fully repairing lease);
- stock in trade (most policies automatically increase sums insured by say 50% during December and January and immediately before bank holidays);
- organs, televisions and video equipment, gaming and amusement machines and sound reproduction equipment;
- all fixtures and fittings and other contents;
- personal effects of employees, members and guests.

The cover available is against losses caused by:

- fire, lightning, aircraft, explosion and earthquake;
- riot and malicious damage;
- storm, flood, burst water pipes and impact;
- theft;
- sprinkler leakage;
- subsidence, where buildings are insured for such a risk;
- accidental damage which can also be included in addition to the above;
- accidental breakage of fixed glass, sanitary earthenware and accidental damage to neon signs.

Business interruption

Loss or damage to club property by any of these perils could lead to loss of income and much extra expense arising during the break in normal operations.

The purpose of this policy is to put the club back in the financial position it would have enjoyed had the damage not taken place.

Most policies also cover closure of the club following infectious diseases, food poisoning, murder, suicide or defective sanitation at the premises.

Legal liability

An employer is required by law to insure against liability to pay damages to an employee who suffers injury, illness or disease whilst at work. A club should also ensure that it holds **public liability insurance** in respect of responsibility to club members and the general public, with a limit of indemnity of not less than £2,000,000.

It is also important that the policy should be extended to include what is known as **member-to-member liability**. It means that, if whilst participating in the club's activities one member injures another and is subsequently adjudged to have been negligent, then that liability will be covered by the policy.

Employer's liability

If the club employs anybody, even through a casual, friendly arrangement such as a cash payment for a few hours' work on an irregular basis, it is required by law to hold **employer's liability insurance**. This policy will cover liability to all 'employees' who suffer injury, illness or disease in the course of, or in connection with their employment where the club has been held negligent.

Loss of money

Money, in other words cash, is very easily disposed of and, therefore, the most attractive commodity of all to thieves. 'Money' will also normally include cheques, luncheon vouchers, postage stamps, etc.

Theft of money is normally covered:

- from the premises during business hours;
- from a locked safe at other times, either at the office or at the home of a specified officer;
- by most policies, for up to £250 in cash at any time together with a substantial sum in respect of crossed cheques;
- whilst in transit to or from the bank.

Do not forget to include loss of or damage to a postal franking machine if you have one.

Policies can be extended to include clothing and personal effects damaged during a theft or attempted theft and personal accident cover in respect of any injuries sustained.

Theft by employees or officers

Fidelity guarantee insurance is totally different from an outsider breaking in and stealing and is not included under theft or money policies. Where the steward, treasurer or any other employee or officer is regularly handling cash, particularly if reasonably large sums are involved, then fidelity insurance must be considered. This will cover losses arising from the dishonesty of those individuals. Bear in mind that the sort of loss most regularly encountered by social clubs builds up over a period of time with the offender dipping in a hand on a 'little and often' basis. Insurance should therefore be arranged of an amount equal to the maximum possible loss for each person, during any one period of insurance.

The insurance company will normally require set procedures to be followed, that is regular banking, which should be checked by the secretary or treasurer, all invoices and statements to be posted to the home of the treasurer and, of course, immediate suspension if a discrepancy is even suspected.

Deterioration of stock

Cover should be considered against loss of frozen foodstuffs in freezer cabinets following breakdown or accidental interruption of the power supply.

The policy covers loss following putrefaction (thawing) of frozen foods in the cabinet. It is normal for the insurer to request a condemnation certificate from the local environmental health officer. This policy does not cover breakdown of the cabinet itself, which should be the subject of separate engineering insurance.

Loss of registration certificate

Without a drinks licence most social clubs would have to cease trading.

This policy would provide compensation for loss of income following temporary suspension of a licence.

Personal accident

It can happen that a social club member is injured on the club premises but without the social club having been negligent in any way.

This policy provides both a weekly benefit for partial or total disablement from the member's usual occupation and a capital sum for death or loss of limbs or eyes. The policy gives the club the opportunity to provide members with financial support at low cost.

Because of the additional responsibilities of committee members some clubs arrange increased benefits for them.

Legal expenses

There are, however, many other ways in which a club can become involved in expensive litigation. Examples are property damage

and nuisance actions against third parties, or claims of unfair dismissal by an employee. The list is almost endless!

Legal expenses insurance can cover the costs involved of both defending and prosecuting the necessary action through the courts.

Policies may also provide for free advice to be available, via a 'helpline'.

Engineering

Cover can be provided for damage or breakdown to boilers, refrigerators, plant, beer pump, etc.

Summary

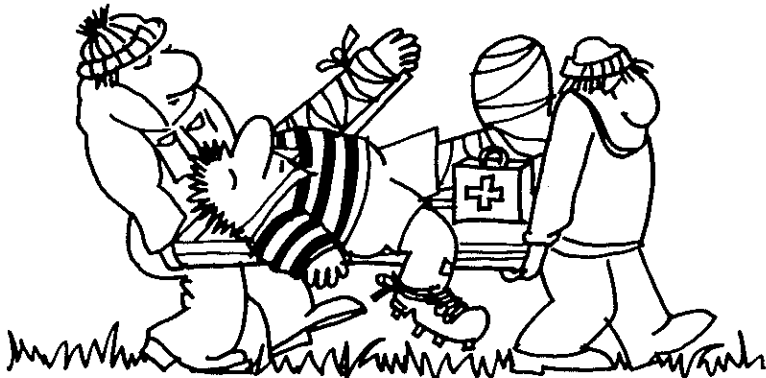
Social clubs should consider whether they need insurance cover for:

- damage to or loss of property;
- business interruption;
- liability:
 - public liability
 - member-to-member liability
 - employer's liability;
- loss of money;
- theft by employees or officers;
- deterioration of stock;
- loss of registration certificate;
- personal accident;
- legal expenses;
- engineering.

Insurance for the individual

Not surprisingly, arranging insurance for the individual is very much simpler and more straightforward than the other areas covered in this booklet. It centres around the normal household contents package. Most such policies either automatically include the cover, such as for sports equipment and personal liability, or can have it added. The standard policy covers the policy holder and spouse and any member of the insured's family permanently living with them, so that an offspring who has left home must make separate arrangements.

In order to avoid the unnecessary expense of duplication of insurance, it is worth checking to see what insurance cover is provided through governing body or club membership.



What insurance cover is needed?

Sports equipment

It is important that the household policy includes an 'all risks' section to cover loss of or damage to sports equipment taken from the home. Otherwise a separate policy can be arranged. Note, however, that equipment is not covered whilst being used. Any equipment installed in the house for purely private use would not need special cover but make sure that the total sum insured is adequate.

Personal liability

Here again, this cover is included in most household contents policies. Check with the insurance company to make sure. Because the unit cost of such insurance is low, cover is normally only available as part of a house contents package.

Personal accident

The most advantageous way of arranging personal accident cover is through the type of group policy described elsewhere in this booklet. It is not available on an individual basis. Full personal accident cover is, however, relatively cheap and the policy can be extended to include specific sporting activities.

A comparatively recent development is what is known as **soft tissue treatment insurance**. Personal accident policies can be arranged with a number of insurers which will include an item of up to £500 to cover cost of treatment not immediately available under the National Health Service, including physiotherapy, manipulative massage and general soft tissue treatment following bodily injury sustained within the UK. It is worth noting that the amount of treatment required for an individual to return to work and that required to return to competition may be different. The level of insurance cover should take this into account.

Private medical insurance

This type of cover has been available for many years both to individuals and groups. It is beyond the scope or intention of this booklet to describe the cover available in any detail.

Suffice to say that some associations have such schemes in place.

Costs and benefits vary enormously depending on a range of factors.

It is recommended that professional advice be obtained before entering such a scheme.

Professional indemnity

Where coaches, trainers and officials are concerned, special considerations apply where such a person is either professional or semi-professional. This is determined by the coaches or officials receiving payment for their services. **Professional indemnity** cover should be considered in case such a person might be held negligent in a professional capacity, however unlikely that might appear to be.

Legal liability

It is important that a coach/trainer should have **public liability** insurance. Personal liability only covers the individual as a private person. When acting professionally (receiving payment for their services) there is a much greater potential liability which should be insured against. For the voluntary coach or trainer the best way of approaching a problem is to ensure that he/she is included in the club or association's cover.

Motor insurance – use of personal cars on association business

Problems have arisen where members of an association have used their cars on a voluntary basis for association use and are

paid some form of expenses. In order to avoid any problems it is recommended that where such an arrangement exists, for example for coaching, the individual concerned should contact the insurance company in writing and explain exactly what is involved. In this way there can be no misunderstanding.

Summary

The individual should consider whether they need insurance cover for:

- sports equipment;
- personal liability;
- personal accident;
- soft tissue treatment;
- private medical insurance;
- professional indemnity;
- public liability;
- motor insurance.

A few words of advice

Tell all! When taking out insurance the only person who knows all the facts is the proposer. Trouble will always occur if the insurance company finds that information which has a material effect on the risk has been withheld, either innocently or otherwise. It is wrong and a false economy to try to save money by omitting facts because the insurance company might rightly be able to refuse to pay the claim.

Read your policy document. Most policy documents are now written in plain English and are much easier to read and understand, although they still have to be written in legal terms. If, having read the document, there is something with which you disagree or which you do not understand then ask either the company or the intermediary who arranged the policy. Sort the problem out straight away and not when the loss occurs.

Check the insurances at least once a year and, where necessary, revise both the cover and the sum insured.

Where to go, who to see

Most insurance companies are able to provide a wide range of the covers described in this booklet often on a package basis. They also have sales staff who will be happy to see you and to discuss your needs in full. Alternatively, consult an insurance broker, independent intermediary or company agent. If you decide to 'shop around', make sure you are comparing like with like.

There are a number of insurance companies and brokers who specialise in insurance for national sports associations, governing bodies and clubs.



Glossary of terms

- Excess** – An amount of money which the policyholder has to pay towards the cost of each and every claim, for example the first £50.
- Fidelity guarantee** – A policy covering the risk of dishonesty on the part of an employee who holds a position of trust, for example a wages clerk or club steward.
- Indemnity** – The principle by which policyholders are put in the same financial position after a loss as they were immediately before it.
- Insurable interest** – A principle of insurance which states that someone may only take out insurance if he/she stands to suffer a financial loss from an event covered by the policy. Individuals have an unlimited insurable interest in their own life and that of their spouse.
- Intermediary** – Person or organisation that offers advice and arranges policies for clients. Intermediaries may be either 'tied' – representing one company in the case of life business or
- All risks** – Wider cover than given under a normal property insurance policy. Covers any loss or damage apart from exclusions stated in the policy.
- Average** – A policy condition that requires the amount of a claim payment to be reduced if the policyholder has not insured his/her property for the full amount of its value or replacement cost.
- Broker** – A person or company, registered with the Insurance Brokers' Registration Council, who advises clients on insurance matters and arranges cover on their behalf. Brokers usually receive a commission from the companies whose policies they sell, although in some circumstances they may charge clients a fee.
- Certificate** – Document issued by insurers as evidence that insurance is in force to meet the requirements of the law.

a limited number of companies for non-life business – or 'independent' with no limit on the number of companies with which they can deal.

Loss adjuster – A person, independent or an insurance company but engaged and paid by it, who negotiates with the policyholder the amount payable for a claim.

Proposal form – A form completed by the proposer which provides the insurance company with the necessary information to assess the risk. The proposal forms the basis of the legal contract between the proposer and the insurers. It is, therefore, of the utmost importance that all relevant

information is disclosed. Any omission or, worse, deliberate concealment or alteration of the facts, could mean that there is no cover.

Policy – The document providing full details of the contract between the insurer and the policyholder.

Schedule – The section of the policy document that provides the specific details of the particular risk to be insured.

Utmost good faith – The principle of insurance which requires proposers to give all relevant information to the insurer. Most insurers now give a warning of this requirement on the proposal form.

Running Sport

This is one of a series of introductory level advisory booklets published as part of the Running Sport programme. Booklets in the series include:

- Running meetings – The role of the chairperson
- Running a club – The role of the secretary
- Getting things done – Recruiting and training volunteers
- Raising money – Marketing and fund-raising
- Looking after the money – Guidelines for treasurers
- Making a match – Organising sports teams and competitions
- Getting it right – Sports ethics, discipline and appeals
- Making your point – Presenting your views
- Managing the risks – Insurance guidelines for sports organisers, sportsmen and sportswomen

If you found this booklet useful and would like to learn more then you should consider attending a Running Sport short training course in your area. Courses are available or are being developed in the following subjects:

- Working with people
- Personal effectiveness and time management
- Money matters
- Marketing and sponsorship
- Networking in sport
- Sport and the law
- Planning, monitoring and evaluation
- Information technology for sport

For further information or additional booklets please contact:
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