

INSURANCE AND RISK MANAGEMENT: 2016-2017

Risk management is a proactive and ongoing process of putting in to place policies and procedures to limit the risk of a loss or injury.

In assessing risks, the board looks at the activities of the club and identifies the possible exposures. Once the list is generated, the group looks at ways to reduce or eliminate the risks. If it is not feasible to reduce or eliminate the risk, the group may adopt a strategy to better educate its members, and/or transfer some of the risks by purchasing insurance to help pay for the potential costs of the risk.

As an example, field collecting trips include the risk of someone getting injured. The only way to completely eliminate this risk is to cancel all future field trips. Requiring members and non-members to sign liability releases or waivers for all field trips is a good idea. Be aware that a waiver **MAY** reduce the financial risk to the club but these do not always stand up in court.

Safety training for participants can help to reduce the risk of injuries. Having someone trained in first aid on the field trip as a first responder may help to minimize the severity of injuries.

Finally, an insurance policy can transfer the costs of medical treatment to a third party if a claim or suit is brought against the club.

A comprehensive risk management plan includes reduction of risk, safety education and appropriate insurance.

Federation Insurance – Liability

Federation insurance is designed to protect third parties. An example is a land owner/operator who allows club members to have access to his property – there is coverage for damage to his property by the club and offers some assistance to non-member individuals who may be on the trip and are injured. Many clubs do not allow non-members to participate in field trips to further reduce the chance of an insurance claim.

The MWF insurance policy may also respond to an injury sustained by a visitor at a club show. If the club was negligent, the policy will respond to an injury claim. A property/venue manager will typically ask for a certificate of insurance showing this coverage. The Federation insurance policy **does not** provide accident or medical insurance for club members.

Employer Issues

Hiring staff, either directly or indirectly, can introduce risks to the employer. Any club that is considering hiring staff, even for just a few hours, needs to obtain separate coverage for employer liabilities and for mandated employee benefits. To proceed in hiring without adequate coverage will result in major risks, even if the person is never injured.

Reasonably prudent behavior

How many times have you heard the phrase, “they can’t sue us if we don’t have any insurance.” While there is some truth to the idea that a person suing for damages can not get any money if there is none to be had, it is also true that the assets of the individuals who failed to make a reasonably prudent decision, basic on the typical behaviors of similar organizations, may be used to pay an injured person. Failure to have adequate insurance does not meet the test of reasonably prudent behavior.