Sports organizations typically should purchase 5 different insurance policies:

1. **Accident Insurance** pays for medical bills of injured participants. This policy assures that your members and volunteers will receive the type of medical treatment that they deserve. The threat of a lawsuit being filed by an injured member is minimized if their medical bills are covered by Accident Insurance. Many people don’t have medical insurance Rising health insurance costs have resulted in higher deductibles and coinsurance than in the past, which results in more out-of-pocket expenses on moderate injuries. The end result is that unpaid medical bills attract lawyers who file lawsuits.
2. **General Liability Insurance** covers lawsuits alleging that a spectator or player suffered bodily injury or property damage due to league negligence. This policy provides you with a defense attorney and pays for costs of settlement or adverse jury verdict. The policy should cover the sports organization and its directors, officers, employees and volunteers. Lawsuits are filed every day for injuries that occur at games/practices and during off-premises non-sport activities. Even if you prove that you were not negligent, your attorney’s fees must be paid, and those fees can easily run upwards of $50,000.
3. **Directors & Officers Liability** covers lawsuits alleging that your sports organization’s mismanagement resulted in economic injury to another party or that another party’s rights under state or federal law were violated. Typical examples include discrimination, violation of the Americans with Disabilities Act, wrongful termination or suspension of your league personnel or players, and failure to follow your own rules or bylaws. This policy also provides an attorney for your defense and pays for costs of settlement or adverse jury verdict. The policy should cover the sports organization and its directors, officers, employees and volunteers. Again, even if you are proven innocent, the attorney’s fees must be paid.
4. **Crime Insurance** covers financial losses suffered as a result of embezzlement by your own employees or volunteers. This policy should also cover theft of money by outsiders. It’s hard to think that your own volunteers would steal but it happens. Who pays the bills if the money is gone?
5. **Equipment Insurance** covers loss of your sports equipment (ex: uniforms, playing equipment, concession equipment, scoreboards, fences, bleachers, and small buildings) as a result of fire, lightning, wind, theft and vandalism.

Failure to purchase any of these policies could lead to you being sued for managerial negligence if a significant claim is not covered. Some sports organizations may need additional policies, such as Property, Auto, or Workers’ Compensation. For purposes of this discussion, we will focus on Accident and General Liability Insurance.

**Buying inadequate Accident Insurance**

* + **Maximum Medical Limit:** Avoid any policy with a limit less than $25,000 as it won’t be enough to pay the medical bills for a moderate to serious injury. Given the cost of medical care, consider raising your limit to $100,000 or more because doing so is incredibly inexpensive.
  + **Internal Payout Schedules:** Avoid any policy that limits surgeon fees, hospital room and board, doctor visits, etc. under a separate schedule as they often result in an underpayment of medical bills.
  + **Excess vs. Primary:** *Primary insurance* pays whether or not there is any existing coverage (such as parent’s health insurance) and may even allow a double recovery. On the other hand, Excess insurance only pays what medical bills aren’t already covered by existing coverage. When there is no existing insurance in force, Excess Insurance becomes Primary and pays up to the policy limit. If existing insurance is in force that does not pay for all of the bills, Excess Insurance will fill in the gaps and pay for the deductible or coinsurance. *Excess insurance is better because it allows a league to purchase affordable coverage with a limit high enough to cover a moderate to serious injury*. Primary insurance is so expensive that it results in a Maximum Medical Limit that is either too low or that is eroded by restrictive internal payout schedules.
  + **Deductible:** A deductible is the amount the injured person pays out of pocket before insurance kicks in. In other words, if there is a $100 deductible and $1,000 in medical bills, the injured party pays $100 and the insurance company pays $900.

In amateur sports, deductibles commonly range from $0 to $1000 per claim and can result in substantial premium reductions. A *Corridor Deductible* applies when there is existing insurance in force (parent’s health coverage) and when there is no existing insurance. On the other hand, a *Disappearing Deductible* only applies when there is no existing insurance in force.

* **Covered Persons:** Your policy should cover all athletes and staff whether paid or unpaid. Avoid policies that limit coverage only to players and coaches as there are other volunteers and league officials who deserve protection.
* **Covers While:** Your policy should cover while participating in all organization authorized activities under adult supervision including games, practice, tournaments, non-sport activities, and group travel. Avoid policies that limit coverage to games and practice as most amateur teams engage in group travel and other non-sport activities such as awards banquets, picnics, cookouts, and outings.

**Buying Inadequate General Liability Insurance**

* **Limits —** Your policy should contain the following limits for bodily injury and property damage liability:

|  |  |
| --- | --- |
| Each Occurrence Limit | $1,000,000 |
| General Aggregate Limit | $2,000,000 or None |
| Products / Completed Operations Aggregate Limit | $1,000,000 |
| Personal / Advertising Injury Limit | $1,000,000 |
| Damage To Premises Rented To You Limit | $100,000 |
| Medical Expense Limit | $5,000 |
| Non Owned And Hired Auto Liability Limit | $1,000,000 |

* **Occurrence vs. Claims Made:** The distinction is important because it is possible that a child who is injured at age 6 could wait until age 20 before filing a lawsuit. If your league purchased an *Occurrence* policy during the year of the injury, you would have protection even if the policy is not renewed in later years. On the other hand, avoid a *Claims Made* policy that may only protect if the same policy or a renewal was in force both when the injury occurred and when the claim or lawsuit was filed (which could be 14 years later).
* **Participant Injury Liability:** Believe it or not, some policies only cover lawsuits arising out of injuries to spectators. Beware the Athletic Participant Exclusion and avoid policies that don’t cover lawsuits arising out of injury to your sports participants.
* **Punitive Damages:** Almost any lawsuit filed will allege that your volunteers engaged in “grossly negligent behavior that is willful, wanton, and reckless” and will ask for punitive damages inflict extra punishment (not to mention extra fees for the plaintiff’s attorney). Avoid policies that don’t cover punitive damages.
* **Abuse/Molestation:** Most sports liability policies now exclude abuse/molestation or offer ridiculously low sublimits. You should request a policy that does not specifically exclude or limit coverage for abuse/molestation. These types of lawsuits usually result in settlements or jury verdicts in excess of $500,000. Even the innocent board members are usually sued for failure to screen out sexual offenders with a criminal background.
* **Brain Injury:** Some policies have an exclusion or limitation for lawsuits arising out of brain injury whether concussions or long term memory loss. If your policy has such an exclusion, you need to seek alternate quotes.
* **Financial Strength:** Your insurance company is no good if it’s no longer in business when it comes time to pay a claim. Avoid any insurance company that has a rating of less than A- and that is not licensed in your state.
* **Covered Persons:** Your policy should cover your sports organization, its directors, officers, employees, and all volunteers. You should also be able to provide Additional Insured status for field owners and sponsors if they request it. Avoid policies that don’t cover all persons and entities mentioned above.
* **Special Coverage for Owned/Leased Facilities:** Sports organizations that own or have a long-term lease on a facility are responsible for what occurs there 24/7, 365 days a year. Most General Liability policies only cover lawsuits arising out of sanctioned and supervised activities. They wouldn’t cover lawsuits arising out of injuries occurring after hours or during the off-season. Close this loophole by paying

an additional charge to add this coverage to your policy.

**Other considerations:**

Event Cancellation Insurance

Business Interruption Insurance

Sports Facility Lease Agreements

Certificates of Insurance from Vendors

Multi-Media coverage

Sex Abuse / Molestation

Waivers

Bylaws

Photographs