

Non-traditional Products and Coverages



Professional Liability

Exposures arising from the performance of duties by athletic trainers, physicians, and other professionals might be vicariously imputed to promoters, sponsors, events, or teams. To protect themselves, sponsors or teams should ensure these professionals have certificates of insurance, and should obtain their own professional liability coverage. As added protection, promoters, sponsors, or teams should have this cover added to their general liability coverage on an "incident" basis, in case they should be named in litigation or otherwise have a claim made against them.

Spectator Liability

Injuries to spectators are among the most common type of loss faced in the sports field. Spectator liability insurance protects against responsibility for injury or property damage sustained by those who are observing the activity. Coverage is found in the general liability policy. Pre-event loss-control activities and on-site claim services, along with diligent contractual analysis, can be used to help control this exposure.

Loss Of Income

This insurance is designed to protect management companies' financial interest in an athlete/client against financial loss due to death or disability. Frequently, a sponsor, promoter, or team's fortunes are tied to a particular "superstar," without whom an activity may lose its appeal. This coverage is available to compensate the sponsor, promoter, or team when the loss is due to death or disability.

Incentive Bonus

Incentive bonus coverage is common in sponsorship or endorsement and other contracts with professional athletes. If the athlete achieves certain goals in his/her sport, the promotional contract pays bonuses on a specified basis. These bonuses are large additional sums, so the potential contractual liabilities are significant. The incentive bonus policy offers a guaranteed cost and assumes the possible payout of the contract, reimbursing the insured for the sums they are obligated to pay.

Prize/Promotional Indemnity

Games of chance where a prize can be awarded to a winner are commonly insured on a prize indemnity form. The policy "pays on behalf of" the named insured if an eligible individual or contestant wins. It can cover basketball shots, holes-in-one, random number games, or any other advertising promotion. The policy limits can range from \$2,500 to well over \$1,000,000, or the cost to purchase an annuity to pay out the prize over time. Note: Prize indemnity is NOT intended for promotions with a guaranteed winner.

Cancellation Of Events

Events held off corporate premises are not generally covered by business interruption insurance. A cancellation of event policy provides coverage for net incurred expenses only, or gross revenue lost if an event is canceled or postponed for a reason beyond the insured's control.

Non-Appearance

Events that rely on the appearance of a single individual or group are subject to cancellation and lost expenses and/or revenue if that person or persons are unable to appear for reasons beyond their control. Non-appearance policies provide coverage for "all risk" of cancellation or postponement, including medical causes (subject to pre-approved medical report). This cover can be expanded to include revenue loss associated with post-regular season revenue streams, as well as contingent business income due to a player missing playing time.