



**CORPORATE
EXPOSURE:
It's a
Party...Or
Worse**

Harry P. Mirijanian

Most people who attend company parties, picnics, or similar events may get so caught up in having a good time that they fail to realize the potential liability risks to the company. Fortunately, most of these risks can be transferred to an insurance carrier under a special events insurance policy. These policies cover many of the liability exposures to which the company would normally be subjected.

One risk that is not covered under special events policies, however, is workers compensation. We do not wish to devote a significant amount of time to this exposure other than to say that if the company sponsors the event, and if employee attendance is mandatory or perceived to be required, workers compensation is likely to apply to any injury the employee sustains while participating. Certain worker compensation exposures may be limited by restricting the number of activities employees are permitted to participate in while attending a particular event.

Public parks, auditoriums, stadiums, and similar gathering places all require the sponsor/promoter to execute various forms of indemnification, hold harmless agreements, posting certificates of insurance, and such—all aimed to protect the host location. Often these blanket agreements are far too broad, requiring the renter to assume all the risks. Therefore, the first place to begin the planning process is in the careful review of the

contract between both parties. Each principal has a certain obligation that cannot be transferred to the other. Example: We are aware of a liability claim that occurred at a public park one of our clients rented through the local government. The proper permits were filed and an appropriate special events policy was secured. In addition, the park's employees monitored swimming activities, releasing paddle boats as well as overseeing other activities that had been made available. A severe loss occurred during a boating accident—for which the park sought protection under our policy, also citing the various hold-harmless agreements. We believe that the circumstances of the loss clearly point to a park employee's failure to supervise recreational activities as part of the rental agreement. We also believe that our client will ultimately not be held liable. Nevertheless, our client will most likely have to pay the workers compensation loss in this case because a valid argument could be made that attendance was mandatory, even though this was not specifically stated in writing. We intend to argue that if the attendance was mandatory, the employees and park rangers still assumed all liability on the boating incident that occurred, since no one insisted the employees take boats out on the pond.

Many host facilities will purchase special events insurance and merely pass the cost along to the renter. If this happens, you should be sure you know what you are getting. Most special events policies exclude, for example, any protection or coverage for events at which alcohol is served. If you anticipate serving alcoholic beverages, assume that there is no coverage under any of your policies unless specifically endorsed to the policy. In addition, should your event involve food and security, these exposures must also be added onto the policy. Typically, it is

not difficult to endorse these coverages provided the contractors you have hired are insured and can post a valid certificate of insurance. If you are having the event catered, be certain that the catering operation has insurance and meets your insurance requirements.

It is also important to have a contingency plan in the event of such occurrences as weather. Inclement weather can dampen an event, but extreme weather conditions such as hail, lightning, or tornadoes can cause life-threatening exposures. As if this were not enough, some contracts require the promoter to pay for the rental use of the facility regardless of cancellations, weather-related or other. This exposure can also be covered under your policy, but must be specifically requested.

What party could be complete without cleaning up? Contract language on clean-up concerns can be quite broad. Be certain that you and the host clearly define this section of the contract. Should your employees pollute a lake, stream, or pond, or should they leave behind any debris that results in a loss, your liability can increase exponentially. Clean-up cost, as well as pollution liability exposures can be covered under your policy through specific policy language.

In summary, it is not enough merely to prepare the invitations and select the site. Carefully plan for the "what ifs" and be certain any potential risks are properly insured, so that everyone can enjoy the event you have planned. ■

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