



Transfer of Risk Guide : Special Events

It is in the best interests of the City of Knoxville to promulgate insurance requirements that balance the protection of the City, and its human and physical assets, with the encouragement of legitimate government and business pursuits, and responsible personal and recreational activities within the City of Knoxville. Insurance requirements exist to protect the City's human and physical assets and to enforce satisfactory financial transfer of risk to third parties.

Requiring insurance offers special advantages. It provides a unified front to plaintiffs in the event of a liability claim. It limits conflicts among potential defendants and minimizes confusion following a claim.

This guide contains standard language for most situations. It also provides guidance for some of the more complicated situations that will be encountered. It will not provide the answers for every situation. There may be special situations, which require more or less restrictive wording, higher or lower liability limits, or the elimination of some requirements. If these samples do not meet your specific situation, contact the City's Risk Manager.

Insurance Requirements for Special Events

Event Insurance – Waiver/Modification

The City's Risk Manager, at his/her discretion, may authorize a greater or lesser amount of coverage or different type of coverage than required by this policy if the special event is of a demonstrated high- or low-risk category, according to recognized insurance and risk management industry standards. High-risk events requiring a greater amount of coverage to be determined by the Risk Manager include, but are not limited to, those with loaded weapons, pyrotechnics, or mechanical or inflatable rides.

Minimum \$1,000,000 per incident/\$2,000,000 aggregate coverage

All events held on City property or in City facilities require a minimum of \$1,000,000 per incident/\$2,000,000 aggregate coverage, with the following exceptions:

1) Events Not Requiring Insurance

The following non-sports events with less than 100 anticipated attendance and without street/road closures, alcohol, loaded weapons, pyrotechnics, mechanical or inflatable rides, the use or display of animals*, or resulting in fundraising or profit do not require insurance:

- Academic related events (such as spelling/math/science)
- Award celebrations
- Banquets
- Bingo/card/board games (not for fundraising)
- Clubs and organizational meetings
- Celebrations (weddings, anniversaries, birthdays)
- Debuts
- Graduations

- Head of state events
- Lectures and reading events (other than product or service promotions)
- Luncheons
- Meetings of a social, academic, business or philosophical nature (other than fundraising)
- Recitals
- Reunions
- Seminars (other than product or service promotions)
- Social Receptions
- Teleconferences

*Exclusion does not apply to participants in events requiring the use of service animals.

2) Events Requiring \$2,000,000 per incident/\$3,000,000 aggregate coverage

The following non-sports events without loaded weapons, pyrotechnics, or mechanical or inflatable rides require a minimum of \$2,000,000 per incident/\$3,000,000 aggregate coverage:

Note: Any serving of alcohol must be with properly licensed and insured bartenders and proof of license and insurance will be required.

- Events involving the use or display of animals or to which participants are encouraged to bring animals (other than service animals)
- Events which involve serving or sale of alcohol
- Events involving closure of roads or streets
- Block parties and street fairs
- Dances and parties outdoors
- Exhibitions outdoors
- Overnight camping
- Waterslides
- Weapons (unloaded) shows

The following sports events without loaded weapons, pyrotechnics, or mechanical or inflatable rides require a minimum of \$2,000,000 per incident/\$3,000,000 aggregate coverage:

Note: Any serving of alcohol must be with properly licensed and insured bartenders and proof of license and insurance will be required.

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| • animal riding | • off-road racing |
| • boxing | • polo |
| • cheerleading | • rodeos |
| • demolition events | • ropes courses |
| • football (contact) | • rugby |
| • golfing events | • skating (open to public) |
| • gymnastics | • skateboarding |
| • ice hockey | • speed skating |
| • in-line hockey | • swimming and diving (unorganized or lessons) |
| • marathons | • triathlons |
| • martial arts (contact) | • weightlifting |
| • motorized racing | • wrestling |

Expressive Activity

“Expressive Activity” is any assembly, the sole or principal purpose of which is the expression, dissemination, or

communication by verbal, visual, literary, or auditory means, of a particular opinion, view or idea, and for which no fee or donation is charged or required as a condition of participation in or attendance at such activity, including public oratory and distribution of literature.

Waiver of the insurance requirement shall be made if the event is solely for expressive activity, provided that the applicant has filed with the Risk Manager a verified statement that the applicant intends the special event purpose to be solely for a First Amendment expressive activity.

Self Insurance

The City's Risk Manager shall review all certifications of self insurance for appropriateness, including any required documentation demonstrating financial solvency.

TULIP (Tenant User Liability Insurance Policy) Program

The City of Knoxville offers a TULIP Program, which provides for a general liability policy that can be accessed by those using City properties for various events. The policy provides coverage to the user as well as to the City for the specific event. Because the policy is underwritten based on the broad range of events that take place on City properties, it may be more reasonably priced than policies obtained individually. The policy can be easily obtained online and is customized to meet the City's requirements. Users are not required to purchase this policy but may procure their own policy to meet the insurance requirements for events. Follow the instructions below to obtain a quote for your event:

- 1) Go to <https://www.onebeaconentertainment.com/OneBeaconEntertainment/pages/tulip/tulipapp.page>
- 2) For Events requiring \$1,000,000 per occurrence in coverage, please choose code 2495 (City of Knoxville I). For events requiring \$2,000,000 per occurrence in coverage, please choose code 2494 (City of Knoxville II).
- 3) Choose the location of your event in the drop down box.
- 4) Please choose the type of event that will be held on City property. If your event does not fit one of the listed categories, please contact the City's Risk Management Department for further instructions.
- 5) Answer the underwriting questions and press next. Please make sure to include information on liquor service as well as vendors who need coverage as directed.
- 6) After all underwriting questions are answered, you will be provided an insurance quote from for your event. If this quote is satisfactory, please continue to enter policy holder contact information.
- 7) Enter credit card information in order to purchase the policy online. Once the transaction is complete, the policy will be delivered to you electronically and a certificate of insurance will be delivered to the City's Office of Special Events and Risk Management Division. Should there be any issues, someone from the City will be contacting you. Otherwise, you have met the insurance requirement for your event.
- 8) Should you have any questions about the Insurance Requirements for events, please contact the City's Risk Management Division at 865-215-3338. Should you have problems accessing or using the online program, please contact One Beacon Entertainment at 1-800-507-8414. To obtain more information about the policy, users may contact Steven McGhee at the City's insurance broker, Willis of North America, at 865-583-3752.

Certificates of Insurance

Background

The best proof of coverage is a properly executed endorsement to the insurance policy. It is not practical to require the endorsement for every contract so the City allows certificates of insurance to be submitted in most situations. You should keep in mind, however, what an insurance certificate is not. Insurance certificates do not:

- Modify the insurance policy
- Automatically make the City an additional insured
- Provide coverage details
- Guarantee that the coverage limits stated are still available; they may have been exhausted by claims
- Provide the certificate holder any special rights
- Disclose how many other entities are sharing the limits
- Guarantee that coverage is still in place
- Place any obligation on the insurer to provide coverage

What a certificate does provide is information about the insurance in place at the point in time when the certificate was issued.

Most, but not all, certificates will be on an ACORD form. ACORD is an acronym for Agency Company Organized Research and Development, an industry-supported non-profit agency. Some certificates are specifically designed for the broker, insurance company, or insured.

Certificate of Insurance Checklist

The numbers in parenthesis refer to the sample certificate of insurance marked Exhibit A at the end of this section. If you have any questions or problems regarding any particular Certificate of Insurance, contact the City Risk Manager.

A common problem with certificates is that they have the City only listed in the box on the lower left side of the certificate titled *Certificate Holder*. This does not mean that the City is an additional named insured. It only means that the City has possession of the certificate. There must be additional language on the certificate that clearly states that the City is an insured. Sometimes this language is in the description and will say that the certificate holder is also an insured. There should be no special limitation on the additional insured status of the City. For example, a restriction that ties additional insured status only to claims arising out of the sole negligence of Contractor does not confer the required coverage. The most recent standard certificates also include a second page that limits additional insured status and waiver of subrogation. Special attention should be paid to this wording as additional documentation will be required to meet the City's requirements. On certain occasions, it will be necessary to request a copy of the entire policy.

On a large contract it may be advisable to require Contractor to provide a list of exclusions. It is possible that the service being provided is excluded in the liability policy. For example, many policies exclude engineering and architectural services. Other areas that may not be covered are pollution, breach of contract, and employers' liability for personnel actions.

The name of the insurance company providing coverage is usually on the top right side of the certificate. The basic insurance requirements call for an insurance company with an A.M. Best Company rating of no less than A. The A.M. Best's Key Rating Guide® is available in Risk Management. This guide provides an independent evaluation of companies' financial strength and operating performance. The basic insurance requirements are for a company with A.M. Best Company ratings of no less than A.

The producer should be clearly marked on the certificate. In the event a claim occurs and the insurance company

refuses to honor the certificate, the City may have a course of action against the errors and omissions (E & O) coverage of the producer (broker or agent).

The job or operation to which a certificate applies should be identified on the certificate. In the event of a claim there should be no confusion that the described insurance applies to the activity, which is the subject of the contract.

The *Cancellation* box on the lower right side of the certificate should be modified. The standard wording on the ACORD form and other certificate of insurance forms include language that the insurance company will endeavor to notify the certificate holder if the insurance is cancelled; i.e., the insurance company has no obligation to notify the City if the insurance is cancelled. This requirement may meet strong resistance from some insurance companies. The most recent ACORD form has changed this box, so special attention should be paid to make sure that notice of cancellation will be provided to the City. Endorsement or policy wording may be required to insure that the City is given 30 days notice of cancellation for anything other than non-payment.

The policy effective date and policy expiration date should be checked for compliance with the beginning date of the contract. Insurance policies will often expire before the end of the contract period. Risk Management will contact Contractor two months prior to the expiration of the insurance policy to get an updated certificate. If an updated certificate of insurance has not been received two weeks before the current insurance expires, Risk Management will notify the attorney who prepared the contract. No contract should be allowed to remain in force without evidence of coverage.

The aggregate limits shown on the certificate are the total limits available for all losses from all operations of Contractor (or other named insured) during the policy term unless there are special policy endorsements to the policy. The limits apply to losses from other projects of the named insured, all premises rented or owned by the insured, and liability coverage contractually provided to other certificate holders. The limits for each occurrence must be at least as much as required by the contract unless there is excess liability insurance to bring the coverage up to the required limits.

Some liability insurance coverage may be on a claims-made basis, not occurrence. Most of the insurance requirements in this guide require insurance to be on an *occurrence* form. *Claims-made* insurance can present coverage problems for the City. Claims-made insurance only covers claims that are made during the policy period regardless of when the claims occurred. Professional liability and pollution liability are two examples of coverage that are usually on a claims-made basis. In both examples, the occurrence that gives rise to the ultimate claim might not be discovered until years after the contract has expired. For some exposures, however, claims-made is the only coverage available. If the policy is written on a claims-made basis, the certificate should contain the “retro date.” This is the earliest date a claim could occur and be covered by the policy. If you have questions about the appropriate coverage in a particular contract, contact Risk Management.

Some contractors may want to substitute owners and contractors protective insurance for naming the City as an additional insured. These requests should be evaluated on a case-by-case basis.

A policy number or binder number must be indicated.

“Any auto” may be marked and is acceptable. If “any auto” is not marked, “hired autos” and “non-owned autos” must be indicated.

If other coverages such as builders’ risk are included, they will be indicated in the “other” section.

The second page of the latest ACORD Certificate of Insurance limits the additional insured and waiver of subrogation language presented on the certificate. Because of this limitation, endorsements and/or policy wording should be required to verify that contract provisions have been met. The endorsements or policies can be written on a blanket (each additional insured is not named) or specified (each additional insured is named) basis. Both are acceptable to meet the City’s contractual requirements. An additional insured status or waiver of subrogation will include language that entities are included in coverage as required by a written contract. Specified endorsements or policy language will name the City of Knoxville, its officials, officers, employees, and volunteers specifically for

both additional insured status and waiver of subrogation.

References

- Alliant Insurance Services. (2013). *Insurance Requirements In Contracts: A Procedure Manual*. Retrieved January 1, 2014, from http://alliantinsurance.com/_layouts/download.aspx?SourceUrl=/Industry-Solutions/Public-Entity/Documents/IRIC.docx
- Risk and Insurance Management Society, Inc. (2012). *Certificates of Insurance: Where They Fit Into the Risk Management Process* [Kindle Edition]. Retrieved from amazon.com
- Wielinski, P.J., Gibson, J.P., & Woodward, W.J. (2005). *Contractual Risk Transfer: Strategies for Contract Indemnity and Insurance Provisions*. Dallas, TX: International Risk Management Institute, Inc.