

# INSURANCE FOR YOUTH SPORTS LEAGUES



The following information has been provided by SafeSport, a program of The United States Olympic Committee. SafeSport aims to create a healthy, supportive environment for all participants of sports through education, resources and training. The overall goal is to help members of the sports community recognize, reduce and respond to misconduct in sports. For more information, please visit [www.safesport.org](http://www.safesport.org).

The purchase of quality sports insurance policies, including Excess Accident, General Liability, Directors & Officers Liability, Crime and Equipment, is an essential element of a broader-based risk management program. Purchase of these policies has become the standard in youth sports. Failure to do so subjects the entity and its directors, officers, employees, volunteers and other stakeholders to uncovered liability and property losses. By purchasing quality insurance, the board of directors fulfills its fiduciary responsibility to act in the best interests of the

organization and those who serve the organization, as well as the members who are benefitted.

Quality sports insurance policies are now widely available in the marketplace from many different sources. They may be obtained through the sanctioning body or association to which a league belongs, if any, or from an independent source. Policies are available through local insurance agents or insurance agencies that specialize in sports insurance that operate on a national basis. However, there can be a wide discrepancy in the quality of coverages, and some programs and carriers may offer substandard limits or unacceptable exclusions that can result in unexpected claim denial.

When comparing competing insurance plans, most decision makers tend to concentrate on price as the major differentiating factor. However, the quality of coverage is much more important. It is often difficult for decision makers to compare the coverages of one policy to another to determine which one offers the broadest protection. Insurance agent marketing materials, such as proposals, brochures and web page descriptions, often don't include complete information about all policy coverages and exclusions. The only way to really know what is offered is to enlist the assistance of an experienced business insurance professional to review the actual policy forms.

Below is a brief summary of the most essential sports insurance policies, with an overview of important coverage considerations.

## **EXCESS ACCIDENT**

Pays medical bills on behalf of injured participants (players and staff) to the extent that such bills are not already covered by existing family health insurance, if any. This policy is usually required by General Liability carriers as a pre-condition of General Liability coverage. An Excess Accident policy

should have a medical limit of at least \$25,000, and higher limits should be strongly considered.

## **GENERAL LIABILITY**

Responds to certain claims or lawsuits alleging that the negligence of the sports organization resulted in bodily injury, property damage, personal injury (i.e. slander, libel, invasion of privacy) or advertising injury (disparaging statement made about a competitor in advertising materials) to a third party. The typical claim is bodily injury to a spectator or athletic participant. The "each occurrence" limit should be at least \$1,000,000 and coverage enhancements should be considered for sex abuse and molestation and non-owned and hired auto liability.

Dangerous exclusions to avoid include athletic participants' exclusion, punitive damages exclusion, assault and battery exclusion, contractual liability limitation & collapse of a temporary structure.

## **DIRECTORS AND OFFICERS LIABILITY**

Responds to certain lawsuits that are not covered by a General Liability policy involving managerial negligence or employment practices violations. Examples include financial mismanagement; violation of rights under state, federal or constitutional law; failure to follow own rules or bylaws when making a decision; wrongful suspension, termination or discipline of staff/players; & discrimination based on race, sex, age or disability. The "each claim" limit should be at least \$1,000,000. An important coverage extension to consider is Cyber Risk coverage to protect against losses resulting from data breaches of confidential

information by hackers, and for libelous statements posted on websites or social media.

## **CRIME**

Employee Dishonesty covers a financial loss due to embezzlement, theft of property or unauthorized personal charges by an inside officer, director or staff member. Coverage extensions should be added for forgery & alteration, as well as theft of money & securities. Sports organizations should implement financial controls to make such occurrences less likely to occur. Policy should be endorsed to extend Employee Dishonesty coverage to non-compensated officers/volunteers.

## **EQUIPMENT**

Covers a financial loss from damage to sports organization equipment (i.e. sports equipment, field maintenance equipment, concession equipment, etc.) and small structures, such as bleachers, fences and scoreboards from perils such as fire, wind, theft and vandalism. Coverage should be purchased on a replacement cost basis with equipment valued at 100 percent of replacement cost to avoid any co-insurance penalties in the event of a partial loss.

## **OTHER POLICIES**

Larger sports organizations with more complex operations may require the following additional policies: Workers' Compensation to meet requirements of state law pertaining to injured workers; Commercial Property to cover permanent structures such as larger buildings and their contents; and Commercial Auto to cover owned vehicles.