



by Andrew Vandepopulier

Contracts and Insurance Language

When you think about all the hazards at your festival it can be overwhelming. Did we get certificates from all the contractors? Do we have contracts and insurance from our vendors? Who is responsible for the big claims? Are we covered?

These items can be addressed by a risk management plan that includes your entire team and your insurance agent. Festival planners should begin the risk management plan months from the event. This plan should include the CEO, Board and your insurance agent.

The best risk management plans include compilation of contract negotiation, certificate reviews, and last but not least, having the correct coverages in place for the event. First, make sure the person reading and signing the contracts understands what they are trying to accomplish. One of the most frequent mistakes is when events don't require the contractors and vendors to indemnify them in the contract. A typical indemnification states:

"Vendor agrees to indemnify, save and hold harmless "Festival" from and against all liability, loss, damages, claims, costs and expenses arising from incidents relating to the performance of the vendor."

This states that you are transferring the risk away from the event and back to the vendor. Anytime that you work with a contractor you will want to include this language in the contract, it will help minimize your risk. If a vendor or contractor requests you sign a contract for your group indemnifying them or their operations you should discuss this with your insurance professional before proceeding.

As an example, consider a vendor selling E-coli contaminated hamburgers at your event. Who is responsible for paying the damages and the cost to defend the festival. If your vendor contract contains language similar to that above, their insurance becomes primary. If you don't have this language the vendors insurance would not apply. If you have good contract language you should be protected in the event of a claim. If not you are facing either a large legal bill or a large loss on your record come next renewal. This type

of claim will affect how the account is priced in the coming years.

The next part of the plan is requiring the certificates of insurance from the vendor's before the event. This gives you and your agent time to review them and request changes if necessary. One team member needs to be reviewing certificates for accuracy of coverages, dates and Additional Insured status. Vendors failing to provide Additional Insured status have become a problem recently. These certificates simply state the vendor has insurance but do not provide coverage to your organization. Your agent will be happy to review these for you as well. If a vendor fails to provide you a corrected cert there is one other way to handle this.

Some event insurance companies will offer a policy called a Users/Tulip policy that will allow a vendor to be added for a fee. This does not apply to all vendors but does cover a broad range of operations. This can be added to the policy and would provide your group appropriate risk transfer.

This approach to contracts and the collection of certificates will put your event in a much better position to handle a claim. Your risk management plan is only as good as the person reviewing the contracts and certificates for you. While this can be an extremely tedious task, it can be the difference between an accident at your festival and an accident that could end your festival.



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