



by J.D. Linn

The Importance of a Broker

All too often, the perception of an insurance broker has been diluted down to the idea that their sole purpose is to obtain quotes and obtain the lowest price. But, the services you receive from your broker should go far beyond checking the insurance markets for better pricing. The following are things that a quality broker will do to properly service your event.

Finding the Right Insurance Program

- **Risk Analysis** - One of the most important parts of a broker's job is having a thorough understanding of your organization's operations. And while the amount of information collected during the application and underwriting process can seem excessive, a broker cannot responsibly create an insurance program to protect your assets without it. So even though it might be convenient, beware of brokers that are not collecting the amount of info necessary to understand your event's operations and exposures.
- **Risk Tolerance Assessment** - Once there is a firm understanding of your organization's liability exposures, the broker should assess how many of those exposures you want to insure. Do you want rain insurance for your concerts? Do you want to insure your rented equipment? Do you want medical coverage for your volunteers? Etc. This assessment can usually be done during the application processes.
- **Policy Analysis** - The broker now has the task of approaching the insurance companies that are best suited to handle each type of coverage you require. He/she must then analyze the policy forms and make sure you understand any of the exclusions in your proposed policies. These can drastically change the coverage offered, and generally vary from one carrier to the next, especially in the event industry. The

broker may need to negotiate with the carrier to remove any exclusions that are unacceptable.

Risk Management Consultation

- **Contractual Analysis** - The contracts you have in place with your vendors, performers, amusement ride companies, and other contractors can contain language that holds your organization liable for the activities and negligence of those contractors. Your broker should be willing to review these contracts and suggest any reasonable changes that can better protect you from the operations of your contractors. The broker should also be willing to review sponsorship contracts to make sure that the insurance program he/she has in place for your event is in compliance with the requirements of the sponsor's contract. After all the work you put into getting those sponsors, make sure you don't lose one over an insurance issue. Also, you should have any of these contracts in question reviewed by your broker before the contracts are signed.
- **Certificates of Insurance** - Your broker should make sure you understand the importance of collecting certificates of insurance and what being named an "additional insured" means. If needed, he/she should also show you how to review certificates for accuracy and be willing to review any certificate you are unsure of. Having correct certificates of insurance from all of your vendors, exhibitors and contractors can

significantly reduce your chances of having a claim.

- **Loss Control** - Depending on the size and scope of your event you may or may not have a need for onsite loss control services, or claims management services. These services should be discussed during the broker's presentation of your insurance program.
- **Accessibility** - Once all of the above tasks have been performed, the broker and/or account manager should be accessible and timely in getting back to you when you need something or have questions.

There are a limited number of insurance brokers in the event industry and finding the right one for your organization shouldn't be done just by looking at who can get the lowest pricing. Your insurance and risk management shouldn't be viewed as a commodity, but rather a valued business partner, protecting your assets and financial life, much as your accountant or lawyer would. When faced with a potential legal battle, you wouldn't choose an attorney based on price alone. If you're currently choosing your broker this way, you may regret it when faced with a claim.

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