

TULIPs help you avoid risk!

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Many cities and towns have civic centers or recreation halls they occasionally rent to the public for functions such as family reunions, wedding receptions or birthday parties. Thankfully, most have some form of rental agreement outlining the rules and responsibilities for renting the facility. Even so, how many of you consider the insurance coverage necessary for special events held at your facilities?

Fortunately, under your General Liability policy the municipality is covered should something unfortunate happen during the special event. However, the coverage only applies to the municipality, **NOT** the person who rented the facility for the event. So let's imagine Jane is getting married and she rents a room at your city's civic center for the reception. During that reception a guest gets hurt and subsequently files a lawsuit. The good news for the city is that their normal liability policy will cover the municipality. However, if a suit is also filed against Jane, who covers her? Unfortunately, she probably (mistakenly) thinks the city's insurance covers her as well. **Wrong!** *It only covers the municipality.* Her next hope is that her personal homeowner's policy will cover the unfortunate incident. It may; however, that depends on her homeowner's policy. If her homeowner's policy doesn't offer coverage, poor Jane will be left on her own with no coverage at all!

Thankfully, it's not all bad news. There are special insurance policies available designed specifically for people like Jane. Often called "special events policies" or TULIPs (Tenant Users Liability Insurance Programs), these policies are designed to cover a single event or function. Unfortunately, however, insurance is probably the last thing on Jane's mind while she's planning her wedding.

Now you may be thinking to yourself, why are we worried

about Jane if we, the municipality, already has coverage? Well, first of all consider it a free service you are offering to people like Jane by informing them that they need special insurance for a special event. Second, your city should probably be added as an additional insured on the special events policy. That way if something unfortunate and unforeseen does happen, the special events policy pays out first to cover all claims – including the city's – related to the event, and the city's normal liability policy will only be required to pay if the claim exceeds the special events policy limits.

What does that mean? Well, it means your premiums will not go up due to claims paid arising from special events that really had nothing to do with you. So, in a nut shell, Jane pays a small premium for the special events policy; she gets *personal* protection during the event; and the city gets coverage for free and might not even have to use its own insurance. Also, consider how much confusion, arguments and ill feeling the purchase of a TULIP could potentially avoid should something happen. It's a win-win situation.

So how do these special events policies work? The most important thing to remember is these policies should be *required* and should be purchased when the event is booked. Before the event is booked, you should contact your local agent or AMIC directly to find out what policy options are available. That way when Jane comes in to book the civic center for her wedding reception, you will have all the necessary information and details ready for her. In fact most TULIPs are preset by the city and all Jane would have to do is go online to answer a few simple questions about the particular event and then pay for the policy with a credit card. The system would then automatically send out certificates of insurance to both the municipality and to Jane. It's a simple, hassle-free endeavor for everyone.