

Commercial General Liability Policy

SUMMARY OF POLICY

The following is a brief summary of the Commercial General Liability Policy currently in place for the Sport Manitoba Group Associations currently enrolled in the Sport Manitoba (All Sport Insurance) Program.

Named Insured: Sport Manitoba Group Associations
(As Named in Policy)

Covering: Players, Coaches, Executives, Directors, Officers, Employees, Members, Referees and Volunteers while acting within the scope of their duties as such with respect to the Sport Manitoba Group Associations and the Association Clubs.

Limits:

1. a) Commercial General Liability - \$5,000,000
- b) Directors & Officers (Wrongful Acts/Errors & Omissions) Liability - \$5,000,000
- c) Legal Defense Coverage - \$25,000

Including: Volunteers as Additional Named Insured
Employees as Additional Named Insured
Employers Liability
Contingent Employers Liability
Occurrence Property Damage
Personal Injury
Non-Owned Automobile (\$5,000,000)
Blanket Contractual
Broad Form Automobile
Broad Form Property Damage
Medical Payments (\$2,500/\$25,000)
Incidental Malpractice
Broad Intentional Injury Endorsement
Advertising Liability (\$25,000 Limit)
60 Days Notice of Cancellation
Employee Benefits Errors & Omissions (\$1,000,000/\$1,000,000)
Directors & Officers (Wrongful Acts/Errors & Omissions) Liability (\$5,000,000)

Deductible: \$500 Self-Insured Retention
\$500 Wrongful Acts
\$500 Legal Defence Coverage
\$1,000 Employee Benefits Errors & Omissions

2. Tenant's All Risk Legal Liability - \$500,000

Deductible: \$250

Explanation of Coverage:

1) Third Party Bodily Injury and Property Damage:

Should a third party (spectator, etc.) sue a member association or member club for bodily injury or damage to their property where they allege the member association or club was negligent, the policy would respond on your behalf and defend you, and pay all compensatory damages you become legally obligated to pay as a result of bodily injury, personal injury or property damage to a third party.

2) The Tenant's All Risk Legal Liability

This section provides coverage for damage to any location rented to or leased by member associations or member clubs for which the member association or a member club is legally liable.

3) Participant Coverage:

The policy includes coverage for injury to participants. This means should an athlete, referee or official be injured while involved in a game, event or practice and choose to sue the coaches, executives, member club or the member association (or all 4) due to the injuries he/she sustained because he/she felt they were negligent, the policy would respond in the same way as (1) above.

This is a major feature of the coverage provided by this policy, as this is a significant exposure each member association has. Any lawsuit, whether frivolous or not, would be very costly to anyone involved.

4) Wrongful Acts:

Should a Director or Officer of a member association or member club be sued for an alleged wrongful act, the policy would respond to an aggregate limit of \$5,000,000. However, for the policy to respond, the statement of claim must seek damages (monetary sum) in a civil suit. A suit seeking an injunction to either prevent you or cause you to do a specific act would not constitute damages.

Some examples of the above where coverage would be afforded are:

- i) A coach/player is suspended or dismissed by an association for alleged misconduct or performance detrimental to their organization. The coach/player sues the directors of the association for alleged discrimination against them.
- ii) A coach/player is left off a team and sues because they feel it is due to age, race or sex.
- iii) The directors of an organization are given trust funds by the government or a private source for a specific use or purpose. The funds are not used as originally intended. The source who supplied the funds sues for misuse of funds.
- iv) An association in an effort to attract new members prints misleading reports. The new members, not getting what they allege was promised when they joined the association, sue as a result.
- v) The board of directors exceeds the boundaries of the constitution in the running of the association.
- vi) Insufficient administration or supervision causes financial decline of the organization.
- vii) Directors are personally liable for the payment of wages under the Corporations Act. If the association is unable to pay them due to financial insolvency, and the directors are sued accordingly, the policy will respond.

Wrongful Acts coverage is very important to the directors and officers of all member organizations as all are faced with the possibility of these situations happening to them. As most directors and officers are volunteers, without this coverage defence of these potential suits could come out of the individual's own pocket. If organizations indemnify the individuals, the organization is then out of pocket. The insurance protects the individuals, and the organizations for their responsibility to indemnify the individual.

Please note that Wrongful Acts coverage does not include insufficient severance pay to a terminated employee of an organization. This is a responsibility of each organization should they choose to terminate an employee.

1)

Legal Defense Expenses Coverage:

This insurance is designed to cover Dispute Resolutions, where a sport organization is involved in a "Proceeding" that does not involve monetary sum being requested by a third party. Examples include:

- a) A coach or player takes legal action to be re-instated to a sport, after that sport has expelled them with just cause.
- b) Human Rights action taken requesting females be allowed to play with males in certain sports.
- c) Territorial boundaries are challenged, with a player or coach demanding to be allowed to play/coach in a certain area that is not their designated territory.

None of these above examples involves monetary compensation (which would be responded to under the Wrongful Acts section of the main policy), but demand certain actions be taken which go against the rules and regulations of the particular sport. The Legal Expense Insurance is designed to pay the legal and other expenses incurred with respect to defending this type of action. It will allow the sports to uphold their rules and regulations without incurring the legal costs to do so. A letter from a third party solicitor to the sport group demanding action will trigger this action.

6) Special/Social Activities:

Social events of fundraising (bingos, etc.) activities organized by the provincial association or member clubs are also part of the coverage provided that such events and/or activities are in accordance with accepted standard procedures.

Social activities or fundraising events that are unusual or out of the norm (beer gardens to raise money, inner tub rafting, etc.) are not intended to be part of this coverage. Should you want coverage for events like these, they must first be submitted to the insurance company prior to the event for approval before liability coverage is afforded to the event.

To avoid confusion, if there is any doubt as to whether your event falls under the latter category, please contact Sport Manitoba at 925-5604 or Jack Scott at Aon Reed Stenhouse Insurance at 956-1070.

Exclusions: As per the insurer's wording.

Note: This is a brief review of the Liability Insurance coverage available to the Sport Manitoba Group Associations, but is not to be construed as a legal document. The actual policy outlines in its wording the actual coverage in force.

GENERAL QUESTIONS ASKED REGARDING COMMERCIAL GENERAL LIABILITY INSURANCE

1. HOW IS THE NUMBER OF MEMBERS OF THE ASSOCIATION DETERMINED?

The membership count should include all athletes, officials, coaches/managers, volunteers and anyone else associated with your sport association on a regular basis. In many cases an estimate must be given as the membership count regularly changes. This number should be a sum total of the sport association and its entire member clubs.

Many associations have "associate members". These would be people who take part in some of the sport association's activities but are not official members. A percentage of these people (based on the % of involvement in your association) should be included in your number count.

2. ARE NON-MEMBERS COVERED?

Many sport associations allow non-members who wish to "try-out" their sport to take part in sanctioned events. Should one of these non-members be injured or cause injury to someone else and the sport association and/or the non-member is sued, the liability insurance policy would respond to cover both the sport association and the non-member.

Note: See definition of "Associated Non-Member".

3. ARE ALL ACTIVITIES OF MEMBER CLUBS COVERED BY THE SPORT ASSOCIATION'S LIABILITY INSURANCE COVERAGE?

The member clubs of the Provincial Sport Organization are covered by the PSO's liability insurance as long as the member clubs' sport events and related training activities are sanctioned and authorized by the PSO and follow generally accepted standard procedures of the PSO. This would include fundraising and social activities.

If a member club chooses to break away from the PSO and get involved in activities that are not generally accepted standard procedures or are not sanctioned, the liability insurance would not extend to cover this type of activity. The program was set up on the understanding the member clubs followed basic guidelines set by the PSO, and all activities must be sanctioned by PSOs.

4. IS THE COVERAGE WORLDWIDE?

Coverage under this program is worldwide. However, for the policy to respond, the suit must be brought in a Canadian or U.S. Court.

5. ARE WAIVERS A GOOD IDEA?

Waivers are a very good idea and strongly recommended. However, they are not fail-safe and do not eliminate the need for liability insurance. They are very helpful in discouraging small claims against an association and help reduce the size of larger claims. A large lawsuit is still possible, though, and the waiver will not be sufficient to dismiss it and may in fact not hold up in court at all.

6. HOW DOES THE NON-OWNED AUTOMOBILE COVERAGE COVER THE ASSOCIATION WHEN TRAVELING AS A GROUP TO AN EVENT?

Non-owned automobile covers your association when someone is driving a vehicle not owned by the association (their own, a rented van, etc.) on behalf of the association to a sanctioned event (game, practice, etc.) It does not cover situations where one parent picks up another parent's child and delivers both to a designated meeting area of the association (the club). It would cover the association if that same car then left the designated meeting area (with possibly one or two additional people) and was traveling to an association event. The non-owned automobile liability insurance coverage afforded this car would be in excess of the amount of insurance carried by the car. An example would be as follows:

A parent and child pick up three additional team members at the team's club and are traveling to a game. A serious accident occurs and the parent driving the car is deemed responsible. A lawsuit follows and damages are awarded to \$1,500,000. The car is insured for only \$1,000,000 Third Party Liability. The association is made liable for the remaining \$500,000. The non-owned automobile section would cover this.

When a team rents a van to go to a game or event it is strongly suggested the team take out \$5,000,000 Third Party Liability coverage through the van rental agency. This is particularly important when going out of province.

Note: No Fault Insurance instituted by the Manitoba Public Insurance Corporation changes much of the above. However, for any out of Province travel this would still apply.

7. HOW DOES THE MEDICAL PAYMENTS WORK?

This area of coverage only applies to third parties (non-association members). This is to cover situations where a third party (i.e. spectator) is injured by an activity of the association (an athlete or ball going out of bounds and striking a spectator) and the third party requires medical attention not covered by Medicare (i.e. ambulance, dental costs). This helps to eliminate the need for the third party to actually sue the association for these out of pocket costs.

It is not there to cover the association members. This should be covered through Accident Insurance.

8. ARE PROFESSIONALS (DOCTORS) ATTENDING ASSOCIATION EVENTS COVERED BY THE ASSOCIATION'S INSURANCE?

Any professional care administered by professionals is not covered. They would normally carry their own professional malpractice insurance coverage.

ASSOCIATED NON-MEMBER DEFINITION

Many member clubs of Provincial Sport Organizations have "try-out" periods where they allow non-members to try out their sport in hopes of attracting new members. From the perspective of the All Sport Insurance Program, these non-members are given member status during the try-out period under the category of associate non-member. All insurance coverage afforded full members applies to the associate non-member while trying out the sport.

When giving your membership count for April 1 renewal, you should include a percentage of your member count to cover these associate non-members. An example would be if you have 100 associate non-members who participate in 25% of your yearly activities, you should add 25 people to your membership number to account for this. The reason for this, as explained previously, is these non-members are given full member status during the trial period.

