



VicSport

Guide to Insurance Cover for Sport & Active Recreation Organisations

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INSURANCE

Some risks, such as flood, fire or theft, are unavoidable. In cases where risks are unavoidable it is common practice to “transfer” the whole or part of the responsibility for the risk to another party via insurance in order to limit the impact on the organisation. It is important to note taking out insurance or indemnity releases does not limit the risk of the incident itself occurring. It simply helps to protect the organisation if an incident does occur. Organisations still have a responsibility to limit in every way possible, the chances of an incident occurring. Insurance is not an excuse for negligence.

It is important organisations have appropriate insurance cover to fully meet all of their insurance needs. Following is an outline of some of the more common types of insurance relevant for sport and recreation organisations.

Public Liability Insurance

Public liability insurance indemnifies the insured against legal liability resulting from damage to property, loss of use of property, and death or bodily injury to members of the general public, where the loss, damage or injury to the property or third party was caused by a negligent act on the part of the insured.

Note: Public liability insurance does not cover breaches of professional duty and is not the same as personal accident injury insurance.

Owners and occupiers of sporting facilities have an obligation to ensure facilities remain in a safe condition so that persons using or visiting them are not injured. It should be remembered you don't necessarily need to be the owner of the facility to be held responsible for its condition if a person was injured while the facility was under your control. Even a short-term hirer of a facility may be regarded as an occupier by the law for the duration of their use of the facility.

Council's will usually insist groups leasing or hiring facilities have appropriate public liability insurance. Council's are well within their rights to require groups to hold such cover, and it is vital your organisation has appropriate public liability cover. It is not however appropriate for council's to require organisations leasing and hiring facilities to provide cover in cases where damage, loss, or injury was caused through the negligence of a person(s) other than the leasing or hiring organisation.

Some lease and hire agreements contained liability clauses, such as joint names, hold harmless and principle indemnity clauses, that can pass on undue responsibility to your organisation as the lessee. It is important you discuss your public liability requirements, and any relevant clauses in lease or hire agreements, with your insurance broker or agent prior to signing.

Professional Indemnity Insurance

Professional indemnity insurance covers the insured against claims for damage and loss resulting from a breach of professional duty. For sport and active recreation organisations, a breach of professional duty may occur when coaches, training staff, referees or medical staff, offer instruction or advice, and there is an error or omission, which results in injury, financial loss or other damage.

As with public liability cover it is important to check with your insurer if your professional indemnity cover protects both your organisation as an entity, as well as the individuals within the organisation.

Directors' & Officers' Liability Insurance

Directors' and officers' insurance protects directors/committee members and professional staff as individuals, against a wrongful act committed in the course of carrying out their respective duties. Wrongful acts include breach of trust, breach of duty, neglect of duties, error and omission. As an example, a director allowing an organisation to continue to trade while insolvent is considered a 'wrongful act'.

Directors and Officers insurance covers claims made against the insured organisation's individual directors and officers. It does not cover claims against the organisation itself, and excludes liability relating to physical injury, death and/or property damage to third parties.

Association Liability Insurance

Association liability insurance policies combine professional indemnity and public liability insurance under one policy document, and are tailored specifically for associations incorporated under the Associations Incorporation Act. Unlike directors and officers insurance alone, association liability insurance provides cover to both the insured individual directors themselves, as well as to the insured organisation as an entity.

Note: Association liability insurance excludes liability arising from death, injury and/or property damage to third parties.

Personal Accident & Injury Insurance

Personal Accident and Injury Insurance provides agreed cover to those insured should they be injured whilst participating in the insured activity. The terms and conditions of cover for personal accident policies vary depending on the level of

cover you purchase. Some of the benefits available include death and permanent disability, loss of income and non-Medicare medical expenses, such as physiotherapy costs for example.

There is an inherent risk of injury any time an individual participates in a sport and active recreation activity, and while most participants acknowledge this is an acceptable risk, knowing the organisation holds personal accident and injury insurance gives participants an added peace of mind.

Sports Participation Risk Exclusions

Various exclusions are included from time to time in insurance policies. Some liability policies do contain exclusion clauses for participation in sporting events, for example many travel insurance policies include this exclusion. Obviously any 'sports participation risk' exclusion is not appropriate for a policy held by a sport or active recreation organisation.

Volunteer Workers' Personal Accident Insurance

Volunteer workers' personal accident insurance covers volunteer workers against accidental injury, disability or death occurring during the course of their duties in situations where no one is legally liable.

Volunteer workers' personal accident insurance usually provides cover for loss of income where the injured worker is unable to work and forced to take time off. Volunteer cover is generally offered because volunteer workers are not covered in the same way paid workers are covered under workers' compensation.

The above-mentioned types of insurance policies are just some of those available to sport and active recreation organisations. To ensure you have the full range of cover required for your operations and activities you should seek expert advice from a reputable insurance broker or agent.

Further information on insurance and, in particular clauses contained in lease and hire agreements can be found in VicSport's Understanding Lease and Hire Agreements – A Guide for Sport & Active Recreation Clubs. To access this document visit the VicSport website at www.vicsport.asn.au