

Collect Certificate Of Insurance From Your Vendors (John M. Sadler, 3-10-06)

Sports Organizations frequently enter into contracts with vendors that provide essential services such as security and broadcasting. Other vendors sell products to patrons such as food & drinks, sporting goods, team identity items, photography, etc. Vendors provide these services and products during both the regular season and during tournaments.

It is possible that the operations of these vendors or the sales of their services and products could result in injuries to patrons either on the premises or away from the premises. The types of injuries that are possible include bodily injury, property damage, personal injury, and advertising injury. Any resulting lawsuit would likely name the sports organization as a co-defendant resulting in significant legal defense costs and settlement or adverse jury verdict damage payments.

Actual Claims Caused By Vendors

Examples of claims alleging **bodily injury** are as follows: food poisoning from concessions, a broken tooth from biting a hard object in food, collapse of a display booth, an electrical cord that is not properly secured causes a slip/trip/fall injury, a small child chokes on a team spirit item after it is taken home, sale of alcoholic beverages to intoxicated patron results in auto accident, a player collides with a photographer who is inappropriately placed resulting in an injury to the player, etc.

Examples of claims alleging **property damage** are as follows: vendor's electrical equipment has a short circuit resulting in a fire that burns down a building, security officer directing parking gives improper instructions resulting in damage to an auto, etc.

Examples of claims alleging **personal injury** include the following: security officer arrests a patron who was wrongfully accused of starting a fight, security officer holds accused shoplifter for questioning and is accused of false imprisonment, one vendor makes a slanderous statement about another vendor resulting in a lawsuit, etc.

General Liability Insurance Requirement

Because of the many potential liabilities that can arise out of the various vendor activities, sports organizations should require all vendors to provide evidence of General Liability insurance. Vendors should be required to provide a Certificate Of Insurance evidencing current General Liability insurance with an insurance carrier that has at least an A- rating in Best's Key Rating Guide. Such General Liability policy should have an Each Occurrence limit of at least \$1,000,000 combined single limits and with a General Aggregate of at least \$2,000,000 and Products-Completed Operations Aggregate of at least \$2,000,000. Furthermore, such policy should name the hosting sports organization and the facility owner as "Additional Insured". Coverage should be continuous throughout the dates of service.

Additional Insurance Requirements

Certain vendors with additional elements of risk should provide the following additional insurance policies:

Vendors With Three Or More Employees should provide evidence of Workers' Compensation insurance with statutory benefits coverage for the state where work is being performed and Employers' Liability Limits in the amount of \$100,000 Each Accident / \$500,000 Disease- Policy Limit/ \$100,000 Disease- Each Employee.

Vendors Serving Alcoholic Beverages should provide evidence of Liquor Legal Liability with a limit of at least \$1,000,000.

Vendors Using Their Vehicles As Part Of Their Display should provide evidence of Auto Liability for all owned, nonowned, and hired autos with a combined single limit of at least \$300,000.