



Right now, approximately 10,500 athletes from 204 countries have descended upon London to take part in a time-honored tradition dating back to 776 B.C. People from around the world will gather in front of televisions, radios, computers, and smart phones to cheer their countrymen on. Anyone tuning in will be treated to the magnetic drama of victory and loss. They'll witness the culmination of thousands of hours of hard work. They'll see records set and dreams dashed. What they won't see however, are insurance underwriters. And, thankfully so.



Nobody wants to watch a bean counter inputting data into a computer program. There aren't now, nor will there ever be a medal ceremony for the actuaries who calculated the expected loss ratio of the Olympics, nor the underwriters that got all of their paperwork in on time. Nobody wants to watch Bob Costas report on anything like that (not even the underwriters). Yet, without the insurance industry there would surely be no Olympics. In the age of terrorism and lawyers (the latter sometimes referred to as financial terrorists) no country would be willing to take on the burden of such a gigantic financial risk without transferring some of that risk to insurers. The insurance industry is not only willing, but capable of calculating the formidable risk exposures an event such as The Olympics entails. Some of the risks they face include health insurance for the athletes/attendees/volunteers, cancellation coverage, terrorism, kidnap and ransom, travel insurance, property coverage, liability exposures, and much more.

With the threat of terrorism ever-present, the largest exposure an event such as the Olympics faces is the threat of cancellation. The International Olympic Committee, who are the brand owners and maintain the TV rights for the Olympics, invariably hold the largest insurable interest, as it is the television rights that are the largest driver of revenue. Cancellation of the games would be disastrous for them. It would also be disastrous for sponsors, athletes, fans, workers, investors, and many others who all have an insurable interest in the games.

Some experts estimated that had the 2010 World Cup been cancelled in South Africa, the insured exposure would have been close to \$5 Billion. With so much money at stake, and the potential for disaster ever growing with the threat of terrorism, it's no wonder that the insurance industry may just be the unsung heroes of the 2012 Olympics.



While we may never place those bean counters on a podium and play their national anthem, we may want to silently thank them for their hard work in helping to make such an enormous event a reality.

## Special Events at your Association

Just as London has prepared to host the crowds that have flocked into the city to attend the Summer Games, Associations should prepare for special events scheduled to occur on their premises. The major difference here is that while London is indeed the proud host of the Olympics, and will sportingly bear the cost to insure their exposure accordingly, many of the events that occur at your HOA might not be Association-sponsored. Individual unit owners often have the option of renting out the clubhouse or pool area to host private parties or gatherings, and in these instances, the Association should be diligent about transferring the responsibility to insure these get-togethers to the hosting party – and requiring that they indemnify the HOA by naming the Association as “Additional Insured.”

Individual unit owners can obtain special event insurance specifically tailored to these situations in a few different ways:

1. The most cost-effective means of insuring these relatively small-scale events is usually to endorse them onto an existing homeowners policy. If the hosting unit owner (or tenant) has insurance on his or her home or condo unit (in the form of an HO-3, HO-4 or HO-6 policy), it's possible that their carrier may be willing to endorse the event onto this policy and have the venue (in this case, the Association) named as “Additional Insured” for around \$50 total. (This is a great solution for weddings, too!) Not all carriers are willing or able to do this, but if they are it's certainly the most cost effective route.

2. There are online insurance providers that will allow people to quote, pay and print a 1-day event liability policy in minutes. Because their

systems are so automated, they can charge very low rates for this coverage, but since it is a stand-alone policy, this will be more expensive than the endorsement described in #1.

3. Finally, if all else fails (for very large events, or those with particularly unusual exposures), an owner may need to contact an independent insurance broker for a quote, but this would be the most expensive option. It's extremely uncommon that this solution would be needed, though, as most if not all events that would be permitted at your HOA can be covered by means of #1 or 2, above.

On the other hand, if the event in question IS being hosted by the HOA (an annual picnic, holiday social, etc.), you should check with your insurance agent or broker to make sure the event will be entitled to coverage under the master policy. Keep in mind that some activities (pony rides, fireworks) may be excluded from your insurance or might require an endorsement subject to an additional premium.



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**Timothy Cline Insurance Agency, Inc.**



This letter contains only a general description of coverage and is not a statement of contract. For a more detailed description of the policy conditions and exclusions, please consult the policy itself.

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