Managing Special Event Risks

Joe Risser
Risk Management Design

Presentation Objectives

• Special Events
• Management of Risk
  ➢ Identifying
  ➢ Controlling
  ➢ Financing
• Planning and Documentation
• Resources

What’s So “Special”

• Event
• Content
• Funding
• Participants
• Sponsor
• Venue
Why Are We Doing This?

- Organizational Mission
  - Role in the immediate and larger communities
- Program Objective
  - Resources expended per objective achieved
- Appropriate Activity
  - [Media Headline: "What were they thinking?"]

Special Event Risks

The Uncommon Activity

<table>
<thead>
<tr>
<th>First Time and/or One Time Event</th>
<th>Inexperienced Organizers and Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex and/or Hazardous Activities</td>
<td>Temporary Site and Services</td>
</tr>
<tr>
<td>Large and Mixed Crowds</td>
<td>Unanticipated Last Minute Decisions</td>
</tr>
</tbody>
</table>

Organizing to Succeed
Management of Risk

- IDENTIFY & ANALYZE
  - Likelihood
  - Consequence
- CONTROLLING
  - Prevent a loss
  - Reduce the effects of a loss
  - Transfer the risk
- PAYING
  - Transfer the cost of loss
  - Pay for the loss

1. Identify and Analyze the Risks

- Who
- What
- Where
- When
- Why
- How

IDENTIFY ACTIVITIES

- Title, Type, Purpose
- Schedule: Day, Time, Duration, Breaks
- Beginning and Ending "Events"
- Activities and Support Services
- Unique Characteristics
- Sanctioning and Sponsoring
- Related Events & Unrelated Events
IDENTIFY ENVIRONMENT

- **Location** (adequacy, access, adjacent, maps and diagrams)
- **Facility** (suitability, additional equipment and services, maps and diagrams)
- **Environment** (history, weather, perils)
- **Regulations and Requirements** (Government, contractual, accrediting, sponsoring)
- **Resources** (facilities, services, materials, emergency response)

IDENTIFY PARTICIPANTS

- **Attendance** — target, estimates, mix, purpose, origin
- **Participants, Spectators, Officials**
- **Special Needs** — animals, children, disabled, seniors, foreign
- **Staff and Volunteers** — selection, assignments — ratios, training, supervision, communications
- **Management** — organization, policies, plans, processes

Comprehensive Proposal

- Activities, Environment, Participants
- Detailed Schedules
- Maps
- Facility, Material, and Service Providers
- Stakeholders
- Requirements
- Responsibilities
EVALUATION

- Why would we do this?
- What are the impacts on our operations?
- What are the impacts on our staff & facility?
- Do we really have the resources needed?
- What are the impacts on our community?
- How does this fulfill the mission of our nonprofit?

1. Identify and Analyze the Risks

- Who can be harmed?
- What can be harmed?
- How can harm occur?
- Maximum Possible Loss – The Worst
- Maximum Probable Loss – The Likely

Risk Analysis Chart

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Insignificant</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
<th>Catastrophic</th>
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</thead>
<tbody>
<tr>
<td>Almost Certain 5</td>
<td>H</td>
<td>H</td>
<td>E</td>
<td>E</td>
<td>EXTREME</td>
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<tr>
<td>Likely 4</td>
<td>M</td>
<td>H</td>
<td>High</td>
<td>E</td>
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</tr>
<tr>
<td>Possible 3</td>
<td>L</td>
<td>Moderate</td>
<td>M</td>
<td>E</td>
<td>E</td>
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<tr>
<td>Unlikely 2</td>
<td>L</td>
<td>L</td>
<td>M</td>
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<td>E</td>
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<tr>
<td>Rare 1</td>
<td>LOW</td>
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</tr>
</tbody>
</table>

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Risk Worksheet

<table>
<thead>
<tr>
<th>No.</th>
<th>Identified Risk</th>
<th>Rating</th>
<th>Prevention &amp; Reduction</th>
<th>Implementation</th>
<th>Supervision</th>
<th>Residual Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Slips &amp; Falls</td>
<td>High (12)</td>
<td>Moderate &amp; Likely</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Food Poisoning</td>
<td>Extreme (12)</td>
<td>Major &amp; Possible</td>
<td></td>
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</tr>
</tbody>
</table>

2. Prevent or Reduce Loss

- Avoid the Activity
- Risk Control
- Loss Reduction
- Separation and Duplication
- Transfer Risk

Risk Controls (Prevent Loss)

- Compliance with laws, regulations, obligations, and “industry” standards – “Prudent Person”
- Inspection, Monitoring, Reporting, and Correction procedures
- WRITTEN PLANS
  - Health and Safety
  - Participant behavior and control
  - Security
  - Parking, transportation, and traffic
  - EMERGENCY PROCEDURES
Health and Safety

- Facilities
- Fire
- Fireworks
- Firearms
- Medical services
- Food
- Concessions
- Drugs
- Sanitation
- Maintenance
- Equipment
- Decorations
- Animals
- Alcohol
- Weapons

Participant Behavior

- Attendee
  - Communication
  - Ushers
  - Movement
  - Seating
  - Noise
  - Lost and Found
- Special
  - Disabled
  - Senior
  - Children
- Crowds
  - Individuals
  - Spectators
  - Revelers
  - Demonstrators
  - Hostile
- Mobs
  - Panic
  - Rushing/looting
  - Aggressive

Security

- Security and Law Enforcement
- Security Plan and Contract
- Security Training and Briefing
- Security Command and Control
- Reporting and Response
  - Incidents
  - Injuries
  - Damage
- Admission
- Access
- Participant Control
Parking, Transportation, Traffic

• Traffic
  – Regular traffic
  – Vehicles
  – Pedestrians
  – Street Events
  – Emergencies

• Parking
  – Participants and media
  – Staff and service
  – Bus, taxi, limousine
  – Recreation vehicle
  – Emergency vehicle
  – Security and traffic

• Transportation
  – Scheduling and routing
  – Loading and unloading
  – Equipment
  – Staffing
  – Communication
  – Accidents

EMERGENCY PROCEDURES

• EVACUATION
  – Communication
  – Staffing
  – Routes
  – Destinations
  – Support

• Cancellation
  – Criteria
  – Authority
  – Crowd Management

Loss Reduction

• Supervising, Monitoring, and Reporting
  ➢ Separate personnel, information/aid locations, observation posts

• Communication and Decisions
  ➢ Public address, authority to act, central control

• Emergency Procedures and Resources
  ➢ Injury, damage, riot, fire, bomb, hostage, assault, robbery, rape, terrorism
  ➢ Police, Fire and Rescue, Medical, and Event Teams

• Response Plans and Practice
Separation and Duplication

- **Separation**: Multiple sections and locations
  - Activities
  - Equipment
  - Facilities
  - Materials
  - Services

- **Duplication**: Backup sources
  - Equipment
  - Facilities
  - Materials
  - Services
  - Staff

Transfer the Risk

- **Contract**
  - Expertise and Responsibility
    - Expertise
    - Facilities
    - Materials
    - Services
  - Avoid development and support of limited use resources

Risk Worksheet

<table>
<thead>
<tr>
<th>No</th>
<th>Risk</th>
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<th>Prevention, Reduction &amp; Transfer</th>
<th>Implement</th>
<th>Supervision</th>
<th>Residual Rating</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Slip &amp; Falls</td>
<td>High (12) Moderate &amp; Likely</td>
<td>Prevent, reduce, report, First Aid</td>
<td>Inspection, reporting, First Aid</td>
<td>Organization / Positions / Names</td>
<td>![ ]</td>
</tr>
<tr>
<td>2</td>
<td>Food Poisoning</td>
<td>Extreme (12), Major &amp; Possible</td>
<td>Prevent, response, Vendor Contract</td>
<td>Food Safety Plan, Inspection &amp; enforcement, First aid</td>
<td>Organization / Positions / Names</td>
<td>![ ]</td>
</tr>
<tr>
<td>3</td>
<td></td>
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<td>![ ]</td>
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3. Finance ("PAY FOR") Loss
• Transfer the responsibility to pay to others through Contracts
  ➢ Indemnification
  ➢ Insurance (funding of indemnification)
• Insurance
• Retain the Loss (Residual Risk)
  (YOU PAY – YOUR $ RESOURCES)

Contracts
• Contracts for Equipment, Facilities, Materials, and Services for your special events
• Contracts for use of your facilities for special events of others
• Contracts for Equipment, Materials, and Services for their special event on your property

Contractual Indemnification
• Indemnification – Other party promises to pay for your losses related to their services and/or materials they provide and/or their use of your facilities.
  ➢ Contractors you hire for your event
  ➢ Others who hire your facilities
  ➢ Others who hire contractors to work on your property for their event
Sample Contract Indemnification

- ______ [them] ______ shall defend, indemnify, hold harmless and protect the Nonprofit Name and its directors, officers, officials, employees, representatives, agents, and volunteers (the "Nonprofit")
- from and against any and all liability, loss, damage, expense, cost (including without limitation to costs and fees of litigation) of every nature arising out of or in connection with ______ [them] ______ (any subcontractor, anyone directly or indirectly employed by anyone for whose acts any of them may be liable) ______ performance of work, use of the facility, etc.] ______ hereunder or failure to comply with any of its obligations contained in the agreement,
- except such loss or damage which was caused by the sole negligence or willful misconduct of Nonprofit Name.

Facilities Contract Indemnification

- Owner, Operator of Facility
  Contract Indemnification Clause
- Any and All Losses?
- Losses for which you have control & responsibility
- Mutual or Shared Indemnification

Contracts and Insurance

- Insurance – A contract with an insurance company or program to pay for claims against the insured
  - Contractors you hire
  - Others who hire your facilities
  - Others who hire contractors to work on your property
- FUNDING THEIR PROMISE to indemnify
Insurance Requirements

<table>
<thead>
<tr>
<th>Type</th>
<th>Coverage</th>
<th>Limits (minimum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Liability</td>
<td>Bodily injury, property damage, and contractual liability from their “work”</td>
<td>$1 (2) Million/occurrence $2 Million aggregate</td>
</tr>
<tr>
<td>Automobile Liability</td>
<td>Injury and damage from their operation of autos</td>
<td>$1 Million combined single limit per accident</td>
</tr>
<tr>
<td>Workers’ Comp and Employer’s Liability</td>
<td>Work related injury or illness for their employees</td>
<td>Statutory and $1 Million per illness and injury</td>
</tr>
</tbody>
</table>

ESSENTIAL INSURANCE DETAILS

- A Certificate of Insurance alone is not sufficient!
- EACH POLICY ENDORSED. Require contractor to provide 30 DAYS written notice to Nonprofit if policy is cancelled
- General and Automobile Liability Policies ENDORSED: Nonprofit Name is an ADDITIONAL INSURED and the policy coverage is PRIMARY as respects any coverage of the Nonprofit which is NON CONTRIBUTORY
- Workers’ Comp and Employer’s Liability Policy ENDORSED: Insurer WAVES RIGHTS OF SUBROGATION against Nonprofit

Risk Worksheet

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<tr>
<td>1</td>
<td>Slip &amp; Falls</td>
<td>High (12) Unlikely &amp; Likely</td>
<td>Prevent, reduce, facility contract</td>
<td>Inspector, reporting, First Aid Facility Insurance</td>
<td>Organization Positions / Names</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td></td>
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Facility Insurance

- Existing Policies or Programs to pay for typical claims of injury and/or damage –
  - Negligence of employees
  - Deficiencies of facilities
  - Risks of activities, programs, services
- Usual Activities and Operations
  - Facility Opening, Demonstration/March, Athletic Events, Performing Arts, Ceremonies, Concerts, Community Service Projects, Craft Faire, “Fun Run”, etc.
- Deductible – “self insured” [UNFUNDED]

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Facility Arranged

Special Event Insurance Program

- Tenants and Users Liability Insurance Program (TULIP) - Affordable general liability coverage for third party users of your facilities.
- Special Liability Insurance Programs - Contractors doing work for your Nonprofit, with insufficient insurance.

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Nonprofit Arranged

Special Event Insurance

- Provide event or project specific coverage
- Provide Primary Coverage for event or project
- Include Facility as Additional Insured
- DOES NOT cover Facility Negligence
Special Event Insurance Options

- “Buy down deductible” for specific event exposures on existing policy or program
  - Insurer or program may be resistant to cover
  - Cost prohibitive: Increase in losses = higher premium rate
- Special Event Insurance Programs
  - Associations or Brokers may offer coverage for special events in established Nominee programs
  - Insurers offer direct or through brokers Special Event Coverage

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Unusual Activities

- Separate Insurance Coverage
  - Carve out exposures
  - Shield regular insurance program
  - Isolate loss history
  - Specialized coverage
  - For Profit or Fundraising Event (part of full cost)
  - Funding Sources (sponsor or participants)

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Special Event Insurance

- Injury or Damage
- Products and Completed Operations
- Personal and Advertising Injury
- Fire Damage (property of others)
- Medical Payments (without fault)
- Liquor Liability (serving or providing)

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Special Event Insurance Details

- Coverage Period: From move in - set up, event, tear down, and clean up - to move out
- Locations: Include premises owned, rented, occupied
- Basis: OCCURRENCE (claim may be reported any time)
- Limits: Maximum possible/probable loss (multiple claims)
- Insured: University (if off site, owner may require additional insured status)
- Deductible: The lower the deductible, the higher the premium!

Event Cancellation Insurance

- Fiscal Importance to organization
- Expenditures due to unforeseen (relocation)
- What it typically covers:
  - Inclement weather and natural catastrophe, such as earthquake, flood, fire
  - Extra expenses
  - Power failure
  - TV transmission failure
  - Public transport failure or denial of access
  - Failure to vacate the event venue
  - Strike risks
  - Terrorism or threat of terrorism
  - The inability of any person(s) to appear at your event, e.g. speakers, teams, or performers

What Isn't Covered:

- Financial failure, insolvency, or default; support or withdrawal of support by any party
- Lack of sales, response, or attendance
- Variations in exchange rates or currency stability
- Radioactive contamination
- Use of pathogenic or poisonous biological or chemical materials
- War and civil commotion
- National mourning
- Communicable diseases
Claim Examples

- Fire destroyed exhibition center
- Forest fires cancel football match
- Boat show curtailed following partial collapse of temporary pool structure
- Roof collapse causes cancellation of motor show
- Assembly of marquee structure is hindered causing delay in event opening
- Power grid supply failure causes shut down of theatres
- Water supply failure causes shut down of exhibition
- Denial of access to event location resulting from a gas leak
- Performer attacked by audience member
- Jet crash kills pop star resulting in cancellation of tour
- Murder on 4th green causes police to restrict access to golf course
- Stage hydraulic failure cause the stage to collapse at rock concert
- Sprinkler leakage causes flooding and damage to exhibits and venue

Coverage Example

- In 2004, the International Olympic Committee (IOC) purchased event cancellation insurance for the first time (for the Games in Athens). The IOC bought $170 million of cover for a premium of around $6.8 million.
  ➢ Not covered: Cancellation of events caused by the facilities being unfinished due to construction delays.

Special Event Processes

- Established processes may be effective tools in reducing the costs of special event insurance as well as reducing risks and losses.
- The risks that you can’t transfer to others, you assume and will need to be prepared to reduce the losses through control, response, and payment for the losses.
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<td>Inspection, First Aid, facility insurance</td>
<td>Organization Positions / Names</td>
<td>Low (4) Unlikely and Minor</td>
</tr>
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<td>Food Poisoning</td>
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<td>Major &amp; Possible</td>
<td>Prevent, response, Vendor Contract, Special Event Insurance</td>
<td>Food Safety Plan, Inspection &amp; enforcement, First aid, contractor insurance</td>
<td>Moderate (6) Unlikely and Moderate</td>
</tr>
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Documentation

• “What will you say when they ask ‘What Happened?’” [Marsh Risk Consulting]
• How will you demonstrate the management of risk?
• Written Special Event Process
  ➢ Identification and Analysis of Risks
  ➢ Prevention and Reduction of Losses
  ➢ Financing of Losses

Ultimately...

• Is the value of the special event greater than the cost of prevention and reduction of losses?
• Is the value of the special event worth the cost of the transfer to others through contracts and insurance?
• Is the value of the special event worth the exposure to loss that cannot be controlled or transferred to others through contracts and insurance?
Managing Special Events Risks

1. Identify and Analyze Risks
2. Control Loss
   - Prevent loss
   - Reduce the effects of loss
   - Transfer the risk of loss
3. Pay for Loss
   - Transfer the cost of loss
   - Pay for loss

Resources - Books


Web-Based Training

http://www.training.fema.gov/EMIWeb/IS/IS15a.asp
- Special Events Contingency Planning – Job Aids Manual, forms, check lists, hazard analysis, and ICS organization for management.
- Five-hour, web-based course, exam, and certificate.
Questions

To follow up on this presentation:

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Education, Nonprofits, Public Entities

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