

# Be Prepared to Protect Your Facility If/When Insurance Companies Flee



Many clubs faced with placing property coverage in state windstorm pools are losing valuable coverage that should not be ignored

By Ray Irvin

It is no secret that over the past 10 years insurance companies have been taking a more conservative stance on insuring property that is subject to windstorms and other catastrophes. Our insurance carriers tell us the reasons for this are twofold.

First, all hurricane forecasting models seem to agree on one thing: Hurricanes will be increasing in both frequency and severity.

Second, based on this data, reinsurance companies, those companies that help absorb catastrophic losses, are increasing the rates they charge primary insurance carriers. In addition, many reinsurance carriers have pulled out of the market or can't find capital so capacity shrinks. Remember Economics 101? Reduced supply and increased demand dictate that rates rise.

As a result of these circumstances, many insurance companies are reducing their risk exposures for property insurance primarily in coastal areas. However, this trend also includes areas prone to brush fires and other natural disasters. When a carrier makes a policy decision to not renew all or a portion of an insurance package policy based on catastrophe exposure, many times the only alternative left for insureds is the state's windstorm pool.

What is alarming about this trend is the fact that package policies typically include broad coverage that the state wind pools do not offer.

On a recent tour of some Southeastern courses we have seen several coverage gaps for golf courses that include:

- **Tee to green coverage:** Provides coverage for damage to fairways, ornamental shrubs, and signature trees.
- **Pollution:** Usually a course needs herbicide and pesticide application coverage, but clubs often need a full pollution policy which extends coverage to both above ground and below ground storage tanks.
- **Boiler and Machinery:** This coverage is not just for boilers; in fact it is more commonly used to provide coverage for air conditioning units.
- **Directors and Officers Coverage:** If you have a board of directors and officers then you should have this coverage! It is important to provide coverage for those serving their facility in a

voluntary capacity.

- **Employee Benefits Coverage:** Protects you for errors and your exposure in the administration of your employee's benefit plan.
- **Employment Practices Liability Insurance (EPLI):** Provides coverage for a hostile work environment, sexual harassment, discrimination and ideally should include third party exposures.

Over the past 10 years **insurance companies have been taking a more conservative stance on insuring property** that is subject to windstorms and other catastrophes.

So if an insurance company "breaks up with you," remember it will hurt less if you have the proper guidance and coverage options to replace your insurance program so that you are not left vulnerable.

At Bouvier Beckwith and Lennox we can assist you with a professional evaluation of your insurance exposures and develop a customized program to suit your facility's needs. As the endorsed property and casualty insurance agency for The PGA of America, we look forward to working with you. Please feel free to call us at 1-800-888-GOLF. Also, please look for us in January at the PGA Member Business Center and the PGA Sponsor and Licensee Area at the PGA Merchandise Show in Orlando. ■

**Ray Irvin** is the Director of National Sales for Bouvier Beckwith & Lennox, Inc. The foregoing is intended as a summary of exposures for illustration purposes only and is not intended in any way to serve as a specific coverage plan for your facility. Please contact us at 1-800-888-GOLF to request a review of your program.