

Additional insureds

by Ken Fingler, Risk Manager, HED Insurance

The Municipal General Insurance Program provides \$20,000,000 liability protection for all insured municipal corporations and other organizations named on individual certificates. (These include groups that operate facilities or programs for the benefit of the municipalities, such as recreation commissions, community hall committees, arena boards, etc.)

Throughout the year, and especially during the summer months, municipalities are often requested to have their liability insurance extended to provide coverage for persons/companies who are involved in events sponsored by either the municipality or one of their insured organizations. Examples of such persons/companies include providers/operators of amusement rides, pony rides, horse and carriage rides.

In some cases, the providers/operators feel that, since they are participating in a municipal function, they should be covered under the municipality's insurance.

These providers/operators are not, and cannot be, included under the municipality's insurance coverage!

These operators should carry their own insurance.

While the Municipal General Insurance Program in Manitoba has experienced significant premium increases in the last two years, municipalities in other provinces have seen even larger increases. At the same time, commercial operations have seen their premiums double or triple. Others, with potentially hazardous operations (such as amusement rides) and those with high claims experience, have seen rates increase four to five times – if they are even able to renew their insurance.

Some businesses, especially operations with small receipts and limited assets, have even decided to operate without any insurance at all.

This is a potentially dangerous situation for the operator and the customers.

A serious liability claim could put the operator out of business, leaving the injured party looking for someone else to pay for the damages.

If a claim occurs due to a person/company operating at a municipal function/activity, and that person/company did not carry any liability insurance, the responsibility to pay for the damages would likely fall back onto the municipality.

It is, therefore, recommended that the following be done **prior** to allowing such

persons/companies to be involved in any municipal function/activity:

- Obtain written confirmation from the person/company providing evidence that they carry liability insurance for a minimum limit of \$2,000,000.
- Obtain written confirmation that the municipality has been added to the

person/company's liability insurance as an additional named insured, with respect to the event(s) in question.

Should you or your staff have further questions about this subject please contact **Ken Fingler** at HED Insurance Group at 1-800-265-0314 ext. 279 (or by e-mail at kfingler@hedinc.com). ●

