

COVERING ALL THE BASES

Amateur Leagues Call On Insurance Pros

Sports injuries and general liability leave athletic organizations exposed to losses

BY MATT BRADY

THE LAST THING ANYONE INVOLVED WITH AN AMATEUR sports league wants to see is a player getting hurt. But with sports injuries—either minor or significant—a virtual certainty at some point, league officials must worry about liability and how an organization can protect itself.

Among the most basic protections is a waiver that would be signed by adults participating in a league—or, if the league is for children, their parents or guardians.

Of course, how useful those waivers are once a case is brought to court remains to be seen, but Drew Smith, senior vice president of amateur sports at American Specialty Insurance and Risk Services in Roanoke, Ind., said that waivers—especially for adult players—can provide some protection.

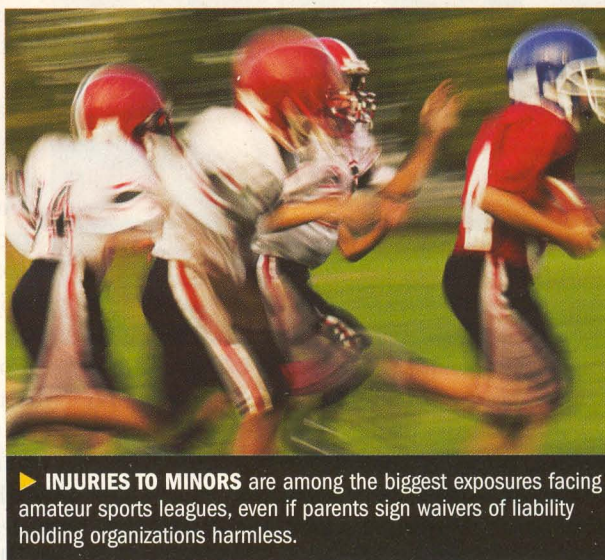
“We feel like those signed by an adult will hold up in court,” he said, adding that an adult signature is more likely to be seen as a statement acknowledging they understand they are accepting the risk.

Injuries to minors, on the other hand, are among the biggest liability concerns, according to Mr. Smith. While American Specialty offers participant accident medical coverage to pay for treatment beyond the health insurance of the player, injuries to minors can create a large degree of uncertainty for the league and its general liability insurer.

Lori Windolf Crispo, senior vice president at Bollinger Inc., a Short Hills, N.J.-based insurance broker, said that even just having enough health coverage can serve as a buffer against more general liability. “If their medical bills are paid, they’re less likely to sue,” she explained.

Mr. Smith also noted that a signed waiver can serve as a psychological defense. By having a parent sign the waiver, he noted, it confirms they were made aware of the risk and accepted it for their child.

The stakes of a lawsuit involving injury



► **INJURIES TO MINORS** are among the biggest exposures facing amateur sports leagues, even if parents sign waivers of liability holding organizations harmless.

to a minor can be high. Generally, Mr. Smith said, minors can file suit for an injury up until their 18th birthday, with many states providing additional time beyond then.

As an example, he said, Indiana allows for a suit to be filed for an additional two years, meaning that a 12-year-old injured during a game could file suit as much as eight years later. The effect, he said, is that youth leagues face “blind suits” in which the injury may never even have led to a claim with the league’s insurer, but they are named in a lawsuit.

“For organizations with just adults,” he said, “it’s a lot easier to predict the final losses.”

A properly constructed waiver, according to Mr. Smith, includes several elements—among them:

- An acknowledgement of the risks of participation.
- A covenant not to sue.
- Wording releasing certain parties from

liability in the event of an injury.

Because minors cannot legally enter into a contract, many courts do not permit the latter two aspects from being entered as part of a lawsuit for a minor. They are useful, however, in defending against a parent’s claim, he noted.

Some waivers have also included language in which the parents agree to indemnify the league or association in the event of a loss resulting from their child filing a lawsuit. However, Mr. Smith said this has been a fairly recent development, and there are no published legal opinions on their validity.

John Sadler, president of Sadler and Company Inc., a specialty lines brokerage in Columbia, S.C., said one of the main factors that make liability issues so important for leagues is that the way they are run doesn’t lend itself to a great deal of insurance knowledge.

“These leagues are administered primarily by moms and dads doing a three-year tour of duty” until

their own children outgrow the league’s age limits, he explained. “It’s difficult for them to appreciate the risk. It’s difficult for them to know what type of policy they need, and it’s difficult for them to know what the coverage gaps are.”

As a result, he noted, “education is an important part” of providing coverage, and Sadler offers a wide array of reports on its Web site aimed at helping league volunteers better understand their insurance exposures.

Adding to the problem, he said, is that for the most part, parents are not well versed in risk management issues for their league.

“They need to understand what they’re up against,” he said, “A lot believe it’s not going to happen to them.”

Significant injuries, he said, tend not to be frequent in sports but can have a high level of severity. Mr. Sadler noted he has heard of children becoming quadriplegics due to head-first slides, or spectators being

electrocuted during a game.

Additionally, he said leagues need to consider the exclusions and coverage gaps within policies. Some policies can exclude or cap coverage for punitive damages in the wake of a lawsuit. Other policies—generally those obtained by moving the league under a municipality's coverage—can even exclude athletic participants, he noted.

Sexual abuse has also become a major issue for youth leagues, and a major liability concern for their insurers, in the past five-to-10 years, he warned.

Mr. Smith said that American Specialty offers resources such as screening programs to sports leagues to help weed out potentially suspect volunteers. These support services are especially important for organizations that don't have the infrastructure to check candidate backgrounds themselves.

"If you have 10,000 volunteer coaches, how do you know that someone hasn't

slipped through the cracks?" he said.

Mr. Sadler also said that screening volunteers, even through criminal background checks, is very important for these leagues, as a sexual abuse case is likely not only to cause severe financial damage but also draw a great deal of negative attention to the league.

From a coverage standpoint, Ms. Crispo said that sexual abuse issues are covered under a separate endorsement, with a separate limit. "The coverage would typically protect the organization itself for negligent behavior," she explained, adding that the coverage specifically "does not cover the person committing the abuse."

On top of injuries and potential abuse, sports leagues also face the wrath of parents whose expectations have not been met. Ms. Crispo said many leagues need to have directors and officers coverage to help defray the costs when an overzealous parent's child doesn't make the team or the "wrong" team wins.

"Everybody's got some kind of issue," she said. **NU**