

PCA INSURANCE AND RISK MANAGEMENT

A review of the coverage, procedures and policies that protect the activities of PCA and its chartered regions

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As many of you are already aware, PCA has made some significant changes to its insurance program over the last year. Besides having new carriers for our event liability coverage and new procedures for securing event liability insurance, there have also been some significant substantive changes in our coverages. Additionally, I frequently receive calls and emails inquiring as to whether a particular manner of conducting a moving car event will void coverage for an event. And it seems that recently more and more regions want to conduct events that are not "traditional" PCA moving car events and this brings about questions as to coverage for such events. And, finally I often receive questions from concerned members and non-member volunteers, including region officers and board members, attempting to assess their own personal liability and exposure for directing regional PCA activities. I will attempt to address the above matters, concerns and issues in this article.

PCA now carries event liability insurance with limits of \$10,000,000 per event. The event liability policy is intended to protect PCA and its chartered regions, and their members, event officials, instructors, drivers, crews, sponsors, participants, as well as event site landowners/managers/lessors and event racing vehicle owners and sponsors, and event sponsors from bodily injury, property damage, personal injury or advertising claims arising out of a covered incident at a PCA moving car or non-moving car (meetings, picnics, concours, etc.) event. In order to obtain coverage for a moving car (club race, DE, autocross, rally, tour, etc.) event, the hosting region must electronically submit a properly completed Event Insurance Enrollment form to the PCA national office three weeks prior to the event (and in the case of a club race and DE pay the appropriate fee) and have received back (electronically) from the PCA national office a certificate of insurance prior to the event. In the case of a non-moving car event there is no requirement for notification to the PCA national office as coverage is automatically in effect. You should note that if a car is on a lift during a concours or tech session your event is considered a moving car event for which pre-notification is required.

In order for coverage to be in effect for a moving car event, the region must have in place an effective system for obtaining signatures on Release and Waiver forms from all adults and parents of minors entering the event premises. If the region does not have such a system in place, coverage for the event is excluded. The importance of having everyone present covered by the correct and current Release and Waiver cannot be stressed sufficiently. The procedures for selecting the correct minor waiver forms can be found in the Region

Procedures Manual and on the PCA website. However, the forms should be obtained from the PCA national office or from the PCA website and then copied in color as the red print on the forms is important in some states.

There are certain types of injury and damage that are not covered under the event liability coverage. The policy does not provide coverage for damage to automobiles participating in the events and does not provide coverage for the repair/replacement of structures damaged at the event location during the event. The policy does not provide coverage for "spectator events." PCA only holds non-spectator events. Everyone who enters the premises of a PCA moving car event should be a driver, invited guest of a driver, PCA member, premises official, volunteer worker, etc., and should have signed the appropriate Release and Waiver. This makes them participants and not spectators. You should never charge admission to the public to view a PCA event inasmuch as PCA does not have coverage for such events and losses that may arise during such events.

In addition to event liability insurance, PCA also provides Participant Accident coverage that is in effect at all moving car events. This coverage is higher at club race events than all other moving car events. This coverage provides injured participants with excess medical expense reimbursement, accidental death and dismemberment coverage and loss of income coverage. You should consult the PCA website or Region Procedures Manual for the specific coverage limits. However, please note that you must have signed a Release and Waiver form in order to be eligible for the Participant Accident coverage.

As stated in the introduction, I frequently receive inquiries as to whether a particular manner of conducting a moving car event will void coverage for the event. Such questions invariably bring me to a discussion of the difference between insurance and risk management. Insurance is designed to protect PCA and you from having to pay an award of damages against you when you are found to be at fault for causing injury to another, assuming that you have the right kind of insurance with adequate limits. However, it cannot keep you from being sued. So that is where risk management comes in. Risk management is taking all reasonable steps in conducting our affairs so as to minimize risk and thereby minimize our exposure to legal liability for injuries to others. In short, you need to have both: good risk management to limit exposure, and in the event that an accident occurs even though we have tried our best to act reasonably, the right insurance with adequate limits.

That having been said, it is important to note that there is no language in our policy dealing with issues such as: tops up or tops down during moving car events, clothing required during moving car events, passengers in vehicles during moving car events, proper restraints in vehicles involved in moving car events, or any other similarly related topics. While these are not topics covered under the heading of insurance, they are certainly topics to be discussed under the heading of risk management. Toward that end PCA has established numerous committees designed to help regions manage risk. These committees include the Safety Committee, Driver Education Committee, Club Race Chairman

and his staff, and the list goes on. All of these committees and individuals have as one of their primary functions the establishment of guidelines and procedures to be adopted and followed by the regions so that risk of injury and damage will be minimized. Regional boards should then be ensuring that the national standards are met and also determining whether higher standards are appropriate for that region. Only the region can make that determination.

Involved in the same discussion of risk management are the inquiries I receive from members and regional boards and officers concerning what I will refer to as “nontraditional” events. The inquiries most frequently involve hill climbs, off road events and karting. PCA’s national officers have determined, after weighing the risks, costs and benefits, that hosting such events is not in the best interest of PCA’s long-term objective as a sports car club. While it might technically be possible to obtain insurance for such events, albeit at a significant cost, and while such events may be popular with a small percentage of the club’s overall membership, past experience of other clubs has demonstrated that such events frequently result in significant losses. As we all know from our everyday experience, insurance premiums are directly related to loss experience. That is, the higher the losses, the higher the premiums, and premiums are already up approximately 30 percent just over the last year. This brings us full circle back to risk management. If we don't properly manage our risks and avoid losses, premiums go way up, PCA can no longer afford the premiums, and without adequate insurance coverage PCA would literally cease operations because no one would want to be personally exposed for such risks.

Next, let’s discuss the question often framed by concerned members and non-member volunteers, including region officers and board members, attempting to assess their own personal liability and exposure for directing regional PCA activities. The club has procured the right kinds of insurance for the club and ALL of its members, whether those members are serving as board members or officers (both national and regional) or instructors or in any other capacity. We are all insured for liability arising out of club functions. Of course, the region must do its part to obtain the certificate of insurance for its events and get the waivers properly executed to assure that coverage is in effect for a specific event. But as to decisions that a board member, officer, chief driving instructor, or other official make that are not related to a specific event, coverage exists without having to fill anything out or get any waivers signed.

Finally, if an incident occurs at a PCA event involving either property damage or personal injury, this should be reported as set forth in the Region Procedures Manual. The reporting should be immediate if the incident involves significant bodily injury to a driver or any bodily injury to a non-driver.

Remember, responsibility for maintaining PCA’s excellent history of safe and enjoyable events rests with each member of each region. Have fun and manage those risks.