

# Equine Association Club Insurance - Frequently Asked Questions

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Q Is there a problem with the insurance if we let someone participate in a show who is not a club member and/or not a member of an equestrian association?

A No. The insurance allows for non-club members and non-equine association members to participate in your activities or shows (Remember, the insurance covers you not them). It is however, a good risk management strategy and a recommendation that wherever practical you should confirm that people participating in your events have their own insurance. It is also essential that your own club members also be members of your provincial equestrian association (see next question).

Q Will our insurance be affected if it is found that not all of our participating club members are provincial association members?

A Possibly. It is a condition of this insurance that all your club members who are active riding (or driving) members will also be provincial association members. This does not apply to social or honorary members who no longer ride (or drive) in club associated activities. If a loss occurs involving one of your active riding (or driving) club members and it is found that they are not also a member of your provincial equestrian association, then your insurance may become null and void. Clubs can submit membership rosters to their provincial equestrian association office to obtain confirmation of their member's status.

Q Our club is allowed to use municipal properties to hold events from time to time, but we are asked to add the municipality to our insurance. Can we do this and does it cost extra?

A These groups are automatically added to your policy at no additional premium. The policy states that owners of private or public land are added as additional insureds with respect to losses arising out of the activities of the club on those lands.

Q Is there any exclusion or restriction if our club sells or serves alcohol at a club function or activity?

A The sale or service of alcohol at any event requires special attention. Please contact our office to discuss the appropriate coverage.

Q Clubs can conduct clinics using an instructor who is not formally certified. How do you determine if the instructor's competence or experience is sufficient to satisfy the insurance program requirements?

A The instructor used by clubs to conduct a clinic must meet the following criteria to enable the club to be covered for the clinic exposure. The instructor should have conducted similar clinics in the past or be recognized in the equestrian industry for his or her expertise on the topic of the clinic. Generally clubs have some discretion in this area to assist them and it is recognized there would be little value in conducting a clinic using an instructor who had little to offer. Also the clinic setting is usually of short duration and in a controlled setting allowing for this discretionary benefit.

Q I have been told that liability insurance for clubs covers directors. Why then is Director's & Officer's coverage discussed so much and sold separately? What is this all about?

A The club's Commercial General Liability policy responds to law suits which result from a bodily injury or a property damage in which it is felt the club bears some responsibility. Your policy covers this and also covers directors and others associated with hosting club activities for these types of claims. However there are other things for which a director or officer may be sued which have nothing to do with a bodily injury or a property damage. Typically these law suits are the result of a wrongful act by a director and are filed by another director, club member or a financial institution. Director's and Officer's policies are separate policies with specialized wordings to deal with these situations.

(Jan 1/09)

## YOU NOW HAVE ACCESS TO SAVINGS ON OTHER INSURANCE OF INTEREST TO MEMBERS:

Farm Property and Liability - Equine Mortality - Commercial Equine Liability,  
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# Director's & Officer's Liability - Frequently Asked Questions

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- Q I have been told that liability insurance for clubs covers directors. Why then is Director's & Officer's coverage discussed so much and sold separately? What is this all about?
- A Commercial General Liability policies respond to law suits which result from a bodily injury or a property damage in which it is felt the club bears some responsibility. Your policy covers this and also covers directors and others associated with hosting club activities for these types of claims. However there are other things for which a director or officer may be sued which have nothing to do with a bodily injury or a property damage. Typically these law suits are the result of a wrongful act by a director and are filed by another director, club member or a financial institution. Director's and Officer's Liability coverage deals with these situations.
- Q What is a wrongful act?
- A It is an actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by the Directors and Officers, individually or collectively, in the discharge of their legal duties solely in their capacity as Directors and Officers of the society.
- Q Why buy D&O Liability insurance?
- A The purpose of a D&O liability insurance policy is to provide coverage for damages, judgments, costs and defense of legal actions, claims or proceedings. The coverage provides the following protection:
1. Protection of personal assets, as well as spouse's,
  2. Defense regardless of whether or not allegations are true
  3. Resources for defending the claim
  4. Reduction in reliance on the society:  
Bylaws contain indemnification provisions to protect the Directors & Officers. Despite these provisions, circumstances could exist where indemnification may not occur (the society is financially impaired, becomes insolvent or is not capable of providing funds for defense or resulting damages).
- Q What are my legal responsibilities under the law?
- A Under the law, Directors & Officers must (1) act in good faith and in the best interest of the society (2) act with a duty of care as a reasonably prudent person (3) perform duties in accordance with applicable statutes and your own charter.
- Q Under what statutes can a director or officer be liable under?
- A The following are Federal and Provincial Statutes a Director or Officer can be liable under:
- 1) Income Tax Act
  - 2) Employment Standards Act
  - 3) Bankruptcy Act
  - 4) Pension Benefits Act
  - 5) Competitions Act
  - 6) Unemployment Insurance Act
  - 7) Discrimination Act
  - 8) and more
- Q What are some examples of claims?
- A
1. Negligence of account procedures and mishandling of funds;
  2. Personal benefit by a Director;
  3. Jeopardizing tax-exempt status;
  4. Interest that should have been collected and distributed;
  5. Failure to adopt and implement appropriate safety and operational procedures at a facility causing the facility to be shut down by regulators.
- Q Our club is interested in Directors & Officers Liability insurance to protect our directors. This coverage is an option on the insurance program and we are wondering about the need and the expense.
- A The protection provided to directors under most Society Acts has weakened over the past few years as cases are tested in the courts. We are able to arrange Director's & Officer's liability insurance for your club. Often directors are reluctant to vote for the expense of buying this coverage for the board because they feel it may be considered somewhat selfish. The members of a club on the other hand should support this purchase and protect the people who freely offer their time to the running of club affairs.

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