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# Risky Business

*Insurance premiums for golf courses have been increasing across Canada for the last three years and there appears to be no end in sight to rising rates.*

### WEATHER RELATED LOSSES

The recent increases are largely the result of erratic weather including flooding, ice storms, windstorm damage and wildfires, which have lead to massive financial losses for insurers. So, how can a golf course owner or operator protect their facility?

Let's begin by reviewing the landscape. The average golf course in Canada is situated on about 150 acres of land and is fully exposed when inclement weather hits. Regardless of your opinion on global warming, we can all agree that weather patterns are changing and conditions have become much more volatile over the last decade.

Government of Canada data from a study released in 2014 shows just how dramatic the changes have been.

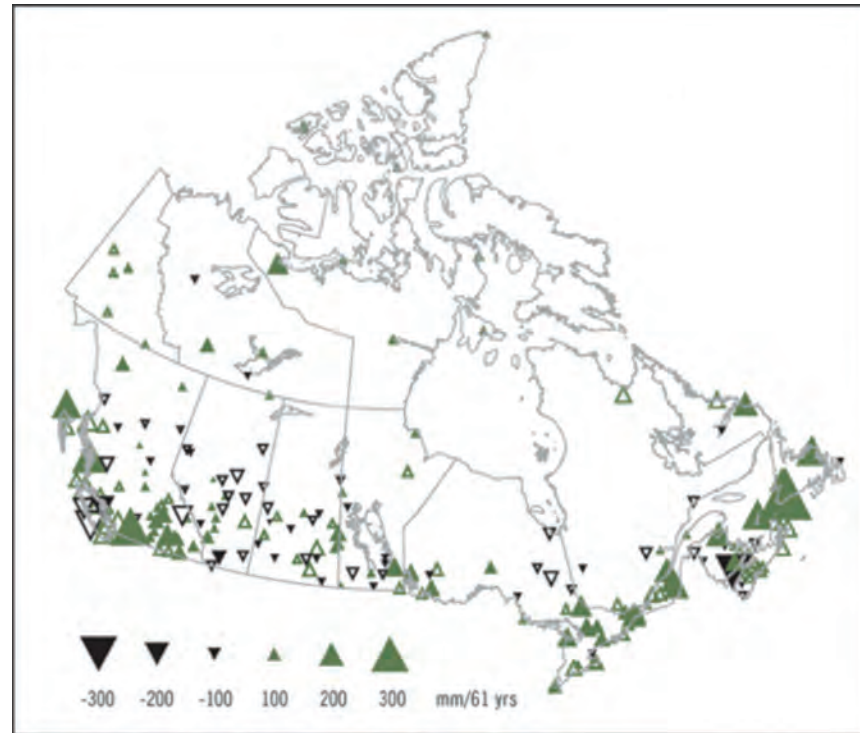
Chart 1 (on the following page) indicates that annual precipitation has increased dramatically on the East and West coasts of Canada while the Prairies have become drier. This increase has lead to rising water levels in the Great Lakes and increased the risk of coastal flooding on both coasts.

## Refining Your Risk Management Plan

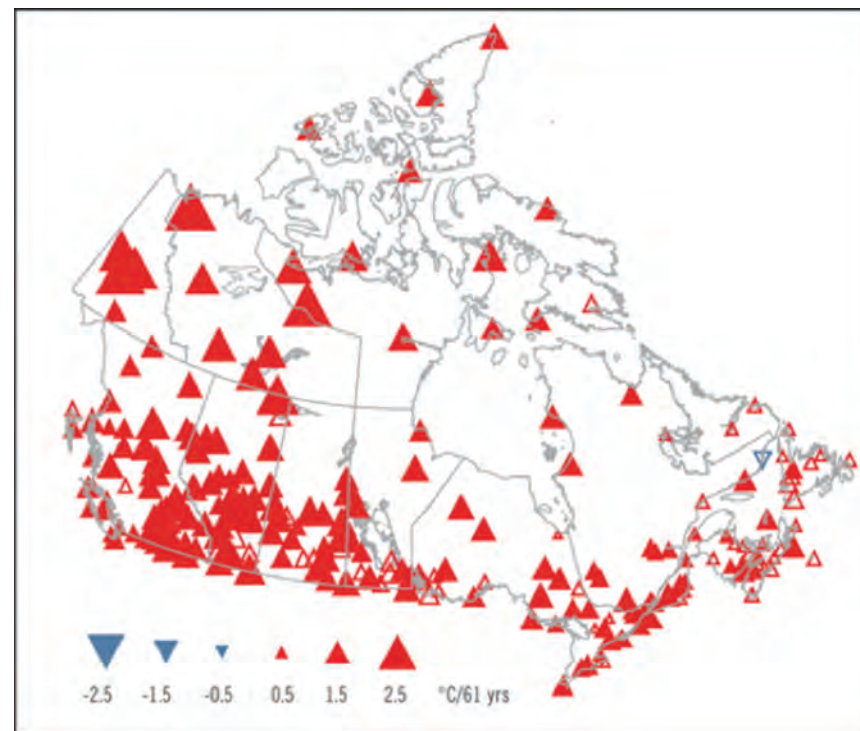
Chart 2 is even more startling and shows the average annual increase in temperatures across Canada. Over the last 60 years the atmosphere has been warming which has lead to rising sea levels and the shrinking of the Arctic Ice Cap.

The changes to average temperature and precipitation are largely to blame for the massive damage that water has inflicted on golf courses across Canada. Water is now the number one peril eclipsing the previous high set after the Montreal Ice Storm in 1998 (see Chart 3).

**Chart 1 – Changes in Annual Total Precipitation 1950-2010**



**Chart 2 – Changes in Average Annual Temperature 1950-2010**



As a result of past weather related losses, insurers have either stopped insuring golf courses, reduced coverage, raised prices or a combination of all three.

In the insurance world it is not uncommon for the markets to move like a pendulum. One day, they are aggressively seeking massive participation and the next day they are leaving the space all together. The commercial insurance sector and golf courses must recognize this reality.

**THE RISE OF PERSONAL INJURY LAWYERS**

Of course, weather and natural disasters are only part of the story. Claims are also on the rise due to theft, slip and fall and vandalism.

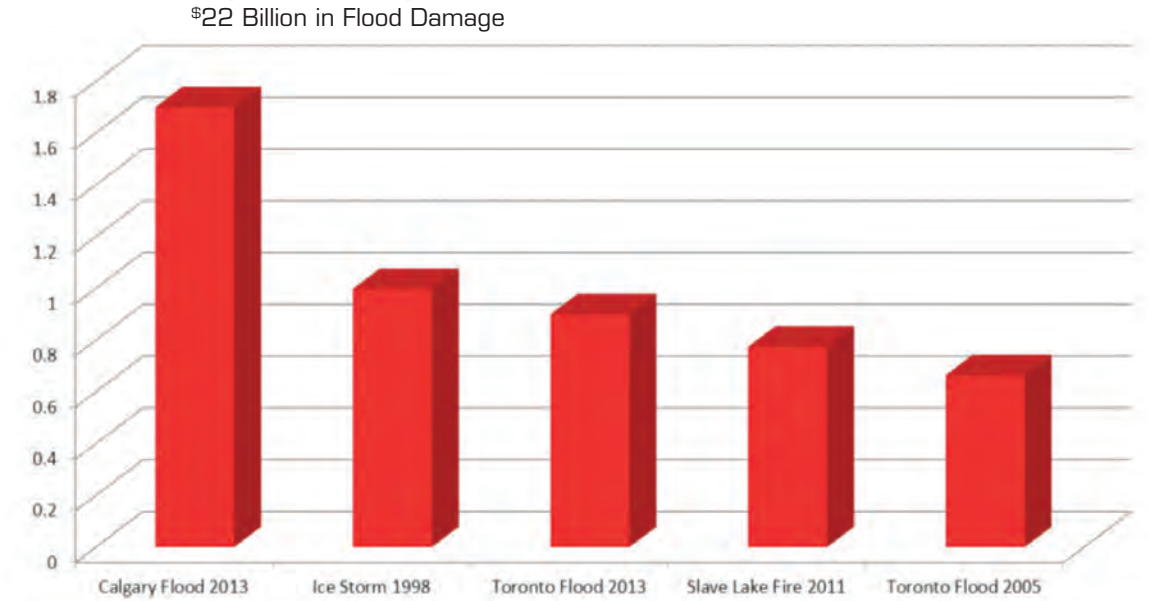
One of the most disturbing trends to emerge over the last few years, particularly in Ontario and British Columbia, is the rise of slip and fall lawsuits against golf courses.

Canada is becoming more litigious and unfortunately, golf courses have become a primary target for personal injury lawyers. Slip & fall and bodily injury claims now account for over 30% of all insured liability losses and this number will likely continue to rise.

Interestingly, private golf clubs have not been immune from these often frivolous lawsuits. We are aware of many members who have pursued legal action against their own Club.

In many of these cases there is nothing a golf course could have done to reduce or eliminate the exposure. At one club, a member slipped while trying to retrieve her golf ball from a creek. In another, a member tripped over the parking curb and fell into a light post while texting on her way back to her car. In both cases the injured parties felt that the golf club was responsible for their injuries and pursued legal action.

**Chart 3 – Top 5 Catastrophic Events In Canada In The Past 10 Years**



We seriously doubt that brighter lights could have reduced the risk for someone walking with their head down staring at a cell phone screen. Similarly, warning a long time golfer that wet rocks might be slippery seems ridiculous given the inherent risks associated with stepping in a creek while wearing golf spikes. However, in both cases the golfers refused to accept any personal responsibility and they pursued legal action, which can be costly even if the judgment is in the course's favour. These are two great examples which demonstrate why waivers must be signed by all members and guests.

In order to protect your club, management must be ready to respond quickly and effectively no matter how small the accident may seem. Incident Reporting Forms and Witness Statements must be collected together with Employee Reports and as many photographs as you can take. This information must be kept for a minimum of two years since that is the statute of limitations for bodily injury lawsuits and in many cases the lawyers will

wait till the last minute to file their case in the hopes that the club has lost or destroyed their notes.

**PROTECT YOUR FACILITY**

As a starting point, golf course owners and operators must make a renewed commitment to be present at their facilities. This means walking the course, riding the cart paths, checking the stairways, ramps and all entry points. Get out and play the course and pay attention when walking up to a tee block or riding down a hill in a cart.

While reviewing your property take notice of building locations. If your club has flood exposure it is only a matter of time before low-lying areas will be affected. Most golf clubs choose the highest elevation for the clubhouse, however maintenance and storage buildings are often located out of sight and this can mean they are at risk.

**GOLF CARTS**

Golf cart related accidents are on the rise and there have been some serious injuries as a result of rollovers and collisions.

There have also been several fires that reportedly started as a result of electric cars being improperly stored. The new battery technology appears to be very sensitive to cold temperatures and manufacturers guidelines for charging and long-term storage must be followed very closely.

**CENTRAL MONITORING**

The advancement in monitoring technology has greatly improved over the last few years. Golf courses in even the most remote locations can actively monitor their facilities from a cell phone. Video, temperature, water, and alarm systems can be easily and affordably installed in every building.

A centrally monitored alarm system is a good idea for every golf course owner. The systems are affordable and apart from the peace of mind that comes with the protection, you will also receive a significant credit on your annual insurance renewal.

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### CHARITY TOURNAMENTS AND ALCOHOL

Charity and corporate golf events are a significant source of revenue for many golf courses across Canada. However, these events bring real risk exposure to owners and operators, particularly in this increasingly litigious environment.

These events attract large numbers of golfers who likely have no affiliation with your course, may be entirely new to the sport, have never driven a golf cart and, in many instances, may be carrying alcohol purchased offsite. All of these ingredients can, and have, added up to eight figure lawsuits against course owners.

Ensuring all guests sign waivers and checking golf bags at the bag drop are basic requirements for any course hosting an event. Additionally, we recommend that golf courses ask the tournament sponsors to secure their own liability insurance coverage for the event. The cost is minimal and this will ensure that you are protected.

### OUTSIDE CONSULTANTS

Just as you would hire a contractor to build an addition to your clubhouse or a licensed plumber to renovate a bathroom, all golf owners and operators should be using an outside health and safety consultant.

The employment laws continue to evolve and golf courses have become a priority for inspectors who have a renewed focus on protecting young workers. Golf course head counts can grow from under 10 in the winter to over 125 in the summer and this massive increase demands standardized training, forms and signage, in order to maintain compliance and keep your team safe.

The right consultant will be in touch with Ministry officials and inspectors regularly and will provide you with all the necessary

tools. Outside experts also bring a fresh set of eyes and outside perspective to your facility and operations. You and your staff could walk by an uncharged fire extinguisher or AED box for weeks without noticing it. A loose hand rail on a seldom used stairway may not be noticed before it is too late.

At Signature Golf, we also rely heavily on restoration specialists who will complete pre-loss inspections for our customers. These inspections include a site visit to map out and locate critical systems including water shut off valves, electrical panels and fire suppression systems so that in the event of a fire or flood they can respond quickly and efficiently.

### PRIORITIZE RISK MANAGEMENT

Rising insurance rates indicate that it is critical for every golf course owner to be as vigilant as possible about risk management. While natural disasters are unavoidable, recurring claims and loss frequency can be largely avoided. It is more important than ever to reduce your risk exposure in order to keep your insurance costs down.

Insurance claims are a reality in the business world and insurance is here to help get you back in business as quickly as possible.

The right insurance partner will work with your independent insurance broker to help you take these steps and we encourage every golf course owner and operator to use the winter months to refine your risk management plan in order to be prepared for the upcoming season.

Chart 1 & 2 - Source: Government of Canada, Canada in a Changing Climate: Sector Perspectives on Impacts and Adaptation, 2014.

Chart 3 - Source: IBC with data from Facts Book, PCS



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