

Best Practice #013, Liability Insurance

Heading: Chapter Structure

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The AAW has supplied all its chapters and members with a great liability insurance policy with an excellent rating.

The coverage in the policy is extremely broad and is written on forms copyrighted by the Insurance Services Office, Inc., and commonly used by most large insurance companies. Each year, Certificates of Liability Insurance are regularly produced for each Chapter of the AAW identifying the Chapter as an additional insured under the policy that provides both Commercial General Liability and Tenant Legal Liability. The certificate is a one page 'ACORD' form that is the type that would usually be acceptable to an organization or public or private facility that might let a Chapter enter for a meeting or some other event.

Although the policy contains the usual definitions and exclusions that one would anticipate in an insurance policy of any kind, it includes an endorsement that expands the scope of its coverage to all AAW members. The precise language of the endorsement adds to the definition of an insured: "any of your members, but only with respect to that member's liability for your activities, or activities performed by that member on your behalf." To put this in plain language, each chapter and each AAW member is covered as an insured, under the policy, so long as they are performing chapter approved activities. Members are not covered for their own private activities. Note that chapter members, who are not AAW members, are neither covered nor protected by the policy. For residents of the United States, Puerto Rico, Guam, and Canada, the activities can be anywhere in the world. For members whose residence is outside the United States, Puerto Rico, Guam, and Canada, the activities covered are limited to those activities in the United States, Puerto Rico, Guam, and Canada.

Whenever a member or group of members are conducting an activity other than a normal chapter meeting, (E.g. a demonstration in a mall, etc.), it is a good idea to create a paper trail where a letter or email is sent between the members involved and the chapter, confirming that the event is a chapter sponsored activity. If asked by a landlord of a mall, or the owner of your meeting place, to furnish a certificate of insurance, give them a copy of the Certificate of Liability Insurance that is regularly produced for each Chapter of the AAW identifying the Chapter as an additional insured. If the landlord requires that they also be named for a specific event, contact the AAW office and give them the exact name that the landlord wishes to have added. Also give them the address of the event and the dates covered.

The AAW policy has two parts. The first, as aforementioned is the Commercial General Liability, which insures and protects the chapters and AAW members in the event that a person is hurt or killed as a result of the actions of a chapter or AAW member. The limits of this liability are \$1,000,000 per occurrence and \$2,000,000 aggregate total per year.

The second part is Tenant Legal Liability, which is liability coverage for damage to property you are using for your meetings whether leased or donated. The coverage applies only to the number of square feet you use and only if you are legally liable for a fire, for instance. The limit of this coverage is \$100,000. There is no deductible. In addition, the policy provides \$5,000 for incidental medical and is paid without determining liability so as to discourage lawsuits. The policy does not insure for personal injury, which is injury other than bodily injury and includes libel, slander, etc.

Many members have asked a myriad of hypothetical questions about, what if this or that happened. In replying to these questions, the agent reminds us that each situation presents unique circumstances and that the answers he provides merely give us a general overview of the coverage. Needless to say, the language of the policy is controlling.

Regarding mini-symposiums, if they are functions of chapters, they are covered. If they are put on by a separate organization, they are not. Likewise, with “hands-on” workshops. It makes no difference if it is a demo or hands-on, if they are chapter functions they are covered.

The AAW Liability policy has been reviewed by the AAW Liability Insurance Advisory Committee, which is composed of three AAW members who are attorneys specializing in insurance litigation matters. They have concluded and have advised the Board of Directors that our policy is very appropriate for our organization.

Always remember the importance of exercising the highest safety practices during association activities. An appreciation of the risks involved in woodturning and a few steps taken to protect ourselves as well as our spectators, combine to provide the best insurance against injury.

This liability insurance is furnished as a service to the members of the AAW and to its chapters. If each chapter had to negotiate its own insurance policy, the time and cost would be substantial. Though not required, many chapters make contributions to the AAW to help defer the cost of the premium for this valuable policy. Most chapters contribute \$1.00 per member.

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