

Municipal Facility Use Risk Assessment and Insurance Requirements

PACIF generally recommends that members take steps to limit the municipality's risk when allowing the general public, or other entities that are not part of the municipality, to use municipal facilities for functions or activities. One of the most important risk management elements is to require general liability coverage for certain third party uses of facilities that will protect the municipality from undue third-party loss and insulate their PACIF coverage. We also understand that some uses pose so little risk that it may be reasonable for members to waive the insurance requirement.

The information provided below can help municipalities decide whether to require non-municipal entities (third-party users) that use municipal facilities for private events to acquire separate insurance – or to waive such an insurance requirement. This document is meant to be used in conjunction with the *Facility Use Policy* and the applicable *Facility Use Agreement* (One Time Event or Recurring Events). Templates for all of these can be found [here on VLCT's website](#). Establishing a policy helps to communicate the requirements to all potential users. We recommend that municipalities work with their municipal attorney to finalize their Facility Use Policy before adopting and/or using it.

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Why Isn't the Current PACIF Coverage Adequate to Cover Private Events?

Several reasons combine to answer this commonly asked question.

- The general liability afforded the town is priced to provide excellent coverage and liability limits to protect the municipality. That said, it does not protect the event organizers. Thus, they could be held personally liable for personal injury or damages to event participants. Furthermore, good risk management suggests that the principle of risk transfer be employed when it is reasonable to do so. Our advice is that this "risk" of loss be transferred to the entity or individual who uses the facility, rather than the municipality itself. While there are some uses that pose such a low level of risk that it is reasonable for the town to assume it, there are many others where it seems more appropriate to transfer the risk to the party benefiting from the facility use. As members of a municipal risk pool, it is important that members work together to manage, and when appropriate, transfer risk. Requiring the general public and other entities to obtain or provide proof of separate liability coverage for use of municipal facilities is a perfect example of risk transfer.

- Privately owned halls & commercial facilities that specialize in events typically have onsite staff for events and have specialized events coverage in place. As a result, they do not charge users for insurance directly, but a portion of these costs are included in the cost to rent the facility. This is, in part, why private facilities charge a higher fee for use.
- **Incurring a large loss because of a non-municipal function would affect not only your municipality's loss history and cost of future coverage, but also the rates of all other PACIF members.** PACIF relies on each member to incorporate good risk management practices. This benefits them by keeping their insurance costs down and benefits every other member municipality.

Every Private Event Deserves A Risk Assessment

Using the criteria explained below will help you identify the property or liability risk level of a particular event. The risk assessment process is not an exact science and PACIF cannot possibly delineate every type of facility use that should require separate liability coverage. Even so, walking through these questions for every requested event will guide you in evaluating several important factors, so you can use your best judgment to determine whether an event poses (a) a low enough risk to waive the insurance requirement, or (b) sufficient risk that the municipality should require event organizers to provide proof of existing coverage or secure separate coverage. When the organizing entity has its own coverage in place, the municipality should ask for a certificate of insurance that lists them as an additional insured for that event. Individuals or entities needing a short-term events policy can either consult with their agent or use a Tenant User Liability Insurance Policy (TULIP) program, such as the one available on [this PACIF webpage](#), to obtain a quote.

For each bolded criterion question listed here, if an event or activity's answer is Yes, use the guidance below it as you consider how much of a risk the specific event poses to the municipality. In general, an event that meets multiple criteria will pose a greater risk to the municipality and increases the risk management benefit of requiring a certificate of insurance.

Criteria for Assessing Facility Use Risk

Will this event have more than 25 attendees?

Although the size of an event as a sole factor may not help determine whether the event is high risk, we recommend using size in conjunction with other factors to determine whether the larger number of attendees will present additional concerns. Consider whether this event is docile in nature or might generate excitement & activity. Determine if there is a need for additional resources such as crowd control and/or emergency responders either on site or on call. A large number of attendees could create congestion that may negatively impact emergency exits. A large crowd could also be difficult for the host to monitor if there are limited resources. Typically, an increase in attendees does increase risk.

Will the event last longer than two hours?

Shorter duration events typically have smaller crowds and limited agendas. Longer duration events may present the opportunity for the number of attendees to increase. Are there specific start and end times? Consider this with other factors to determine the overall anticipated risk.

Will this be a recurring event?

Recurring events could potentially present higher risk. Assess the frequency of the event along with other factors such as number of attendees, nature of the event, nature of the host & attendees, whether minors are involved, etc. If the group using the facility is a separate legal entity, the group should have its own coverage in place and provide the municipality with a certificate of insurance that includes the municipality as an additional insured.

Will the event be held indoors?

Indoor events may present additional factors to consider. Some examples include safe accessibility for all attendees, congestion depending on number of attendees & size of the room or hall, availability of seating, elevator access & use, attendees traversing up & down stairs, necessary fire safety precautions, ensuring a municipal employee is in attendance for oversight and locking of the facility following the event, and ensuring no animals are permitted indoors with the exception of service animals.

Will the event be held outdoors?

Outdoor activities should also be assessed to determine what risk factors might come into play. For example: Are the grounds in safe condition with no potholes or other slip/trip exposure? Are stairs, walkways, handrails, etc. in good working order? Will there be a limit to the number of attendees? Are there ways to monitor the event for alcohol consumption? If children will be present, will there be any oversight to ensure child safety?

Will this be an organized and advertised event?

Advertised events will most likely draw a larger crowd, so we recommend having the host obtain separate coverage for the event. For very small low-risk events with controlled attendance (by invitation only) and no other concerning risk factors, the municipality might consider waiving the insurance requirements.

Will the host (i.e. organizing party or facility user) be a separate legal entity such as a nonprofit or corporation?

If the host is a legally established entity such as a nonprofit or a corporation, there should already be separate coverage in place for their group's interests. Request a certificate of insurance that includes the municipality listed as additional insured with respect to the facility use. Conversely, if the host is an individual and the event/gathering will be small, this may be an example where the municipality agrees to waive the insurance requirements.

Will the host gain a profit from the event by charging or asking for donations?

A host that is gaining a profit from the event should be expected to obtain their own coverage. However, if the event is a fundraiser, there may be times that the municipality opts to waive the insurance requirement if other elements of the risk assessment suggest low risk.

Will any physical activities be involved (e.g., exercise, sports, dance, etc.)?

If the event includes any rigorous or semi-rigorous activities, the attendees are at greater risk of personal injury or causing injury to others. We highly recommend that you obtain proof of other coverage. If the event is a marathon or similar function, ensure that the route will be safely mapped out & marked and that emergency responders will be notified prior to the event.

Will any vehicles be involved (e.g., car shows, parades, tractor shows, etc.)?

Events that include vehicles present a higher risk. All attendees driving their own vehicle or vehicles of others should provide proof of coverage. Municipal employees driving municipal vehicles would not need separate coverage. PACIF has developed parade guidelines which can be provided upon request.

Will any pyrotechnics or open flame be involved?***

Open flames and explosives bring a very high exposure risk and should always require proof of separate coverage. Some events may present more risk than the municipality is comfortable with, and the request may be declined. Pyrotechnics such as fireworks have additional requirements including approval from the Fire Chief. For additional information, see the VLCT Municipal Assistance Center's guidance on fireworks displays at vlct.org/fireworks-regulation-local-level.

Will the event be catered and/or have alcohol served or be "BYOB"?***

Alcohol consumption on municipal property is a very high exposure and should always require proof of separate coverage. Catering companies should always have their own coverage in place. Additionally, events such as wedding receptions or catered parties present such high risk that you may also require the host to provide proof of an event policy covering the day(s) of the event. Alcohol on premises should be forbidden unless there are controls in place such as event oversight, a written agreement in place for the specific event, and a confirmation of separate liquor liability coverage. Be sure to review the applicable [Facility Use Agreement](#) to determine if any changes should be made in accordance with alcohol consumption on municipal property during the event.

Will there be any mechanical rides?***

Rides present extremely high risk and should not fall under the municipality's insurance coverage. These should be fully covered by the host and any contributing parties. This includes inflatables such as bounce houses, slides, etc.

Will there be any animals on the premises?***

Animals present higher risk and often [strict liability](#), but the amount of risk may depend on the type of animals and/or event. For example, a rodeo would be high risk due to the extreme nature, so the entity hosting or organizing the rodeo should always have their own coverage in place. Wildlife shows would most likely be hosted by a group such as a nature conservancy or natural science organization, which should also have existing coverage in place. In these types of scenarios, you should request a certificate showing their existing coverage with the municipality listed as additional insured. If the event will involve domestic pets, the pet owners should have their own personal insurance coverage and always keep pets under close control. For additional risk assessment, determine whether the general public (other than the animal owners) will have access to the animals.

***** These are high-risk exposures for which insurance requirements should not be waived.**

Events and Risk Assessment Examples

Event Type	Risk Category	Comments
Bingo	Low to Medium Exposure	Low activity, no alcohol, consider number of attendees
Children's Birthday Party	High Exposure	Underage attendees, high activity
Business, Group or Club Meeting	Low to Medium Exposure	Low activity, number of attendees dictates low or medium
Dancing	High Exposure	High activity, possible alcohol on premise, crowd congestion
Engagement Party	Medium to High Exposure	Consider number of attendees, food or alcohol, games or other activity
Exercise Class	High Exposure	High activity & exertion, higher potential for injury
Holiday Party	Medium to High Exposure	Consider number of attendees, potential for dancing and/or alcohol
Lecture	Low Exposure	Low activity, consistent, attendees will be seated
Movie Showing	Medium	Consider number of attendees, higher trip/fall hazards in low lighting
Play	Medium Exposure	Consider number of attendees, higher trip/fall hazards in low lighting
Poetry Reading	Low Exposure	Commonly lower attendance, low activity
Prom	High Exposure	High activity, minors, potential for underage drinking, consider number of chaperones
Recital	Medium to High Exposure	Higher activity level, potential for minors, higher trip/fall hazards in low lighting
Wedding Reception	High Exposure	Commonly has food & alcohol served, dancing, higher attendance numbers
Wine Tasting	Medium to High Exposure	Often smaller number of attendees at any given time, alcohol amounts are very small, consider who is hosting

Feel free to contact a member of the PACIF underwriting team with any questions or if you would like our opinion on the risks that particular events pose. We can be reached at underwriting@vlct.org.