

ClubPac News

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Are Golf Courses Risky ?

It is a fact that people are generally more afraid of things that they do not know or understand than of familiar things.

It therefore naturally follows that people within any particular industry group do not tend to see their own industry as "risky" compared to others.

Golf is no exception. Ask any golf course owner or manager if golf courses are "dangerous" or "high risk" places and he or she will likely say: "...of course not..."

We've all heard the old statistical joke that heart attacks occur more frequently on golf courses than anywhere else, and it is true. What most Owners / Managers / Boards of Directors do not understand however, is that statistically, golf courses are relatively high risk businesses.

The golf club industry in Canada is really not large enough to develop highly accurate statistics of its own, but the numbers are available in the USA and there is no reason to believe that they are any different in Canada.

Here are some factual numbers that every course Owner, Manager and Director should be aware of:

- United States statistics indicate that there are approximately 16,000. golf clubs in the USA (roughly 1,800 in Canada); 14 million golfers; and 40 million rounds of golf each year.
- The National Electronic Injury Surveillance System of the U.S. Consumer Product Safety Commission notes that for the past 10 years the average number of injuries at golf courses was 45,725 per year. (The highest and lowest years only differ by 18% so the number is quite stable.)

Even at only 1/10th of the size, that would still be equivalent to over 4,500 injuries per year in Canada.

The Travelers is a leading insurer of golf clubs in the United States. They have gathered and analyzed statistical data from 1,400 insured golf clubs for the past 18 years. Here are some of their findings:

- Total claims paid – 21,000+. Average number of claims per year – 1,166.

- Quick math tells us that this means that 4 out of 5 golf clubs will suffer an “Insured Loss” every year. This compares to 1 in 10 commercial businesses; 1 in 13 automobiles and 1 in 20 residences.

Golf clubs have a VERY high FREQUENCY of losses.

- The highest dollar COST of losses at golf clubs is a result of FIRES. They account for 21% of the claims dollars. This is followed by WINDSTORMS (including Lightning and Hail) at 17.1%. and then SLIP, TRIP & FALLS at 15.9%.

These three “causes” plus their related claims settlement expenses account for over 65% of your annual premium dollars. Obviously every thing that you do to minimize these causes of loss will help to reduce your (and every golf club’s) insurance costs.

- Interestingly the two most FREQUENT causes of loss at golf clubs are; SLIP, TRIP & FALL followed by WINDSTORM.

It’s important to note that both of the most frequent types of loss are also in the top three most expensive type of losses. It is also important to note that SLIP, TRIP & FALL losses could be virtually eliminated by loss control maintenance and signed waivers.

While statistical data for Canada is not as broadbased, ClubPac insures almost 600 golf clubs and has been doing so for 30 years so our numbers are statistically credible. Rates have remained unchanged for the past 6 years, but the story is not the same for claims:

- Over the past 5 years, ClubPac has paid out over **\$19.8 million** in property losses and **\$2.8 million** in liability claims .
- In 2008 alone ClubPac has paid out, or reserved for outstanding claims, in excess of **\$3.5 million** and that does not include the injuries that have already occurred but will only be formally served to the club over the next 24 months.
- The number of Liability claims against golf clubs in the past 5 years is greater than the total number of liability claims against golf clubs in the previous 25 years combined.

We are of course in a “soft” insurance market cycle and there is lots of price competition from new underwriters who have NEVER paid a claim at a golf club. Insurance is different from other industries in that its “cost of goods sold” is not realized until after the sale. Cheap pricing is easy if you don’t know your costs. It will be interesting to see how much “staying power” these newcomers have when the claims start to roll in.