

Insurance: Points to Ponder

by Ken Roberts



Hired/Non-Owned Auto Liability – Who Needs It!?!?

Very few of the nonprofit community theatres across the country own their own vehicles, and therefore can't justify the need for auto liability. Many theatres, when they want to take a show on the road, either borrow a faithful volunteer's vehicle, or rent a truck and/or trailer when they hit the highway. Even when a theatre doesn't perform any productions outside of their own space, they often have employees or volunteers who are running errands on their behalf during the course of day-to-day operations. Many theatres don't own their own facility, so they're not able to produce any shows without transporting their sets, props, costumes and equipment to the performance venue. These are among the many exposures that our theatres have in the arena of auto liability, and the simple solution to make sure our theatre's assets are not at risk in the event of an accident is HNOA, or hired/non-owned auto liability.

What makes this coverage so essential is that if we are driving our personal vehicle for the theatre's benefit, and we have an accident that is *our fault*, the theatre can be sued for the recovery of any expenses that the other party incurs for bodily injuries or property damages. Our personal auto insurance is always the primary coverage, but if the damages exceed our personal limits, the theatre would be responsible for the excess, and if the HNOA is not in place, that excess must come from our theatre's assets. Unless we have reserves stashed away to cover that sort of claim, we'll be dedicating funds that we needed for operations, and if there aren't enough operating funds to cover it, we're reduced to liquidating valuable assets to pay the bills. A catastrophic auto claim could literally close our theatre without this valuable coverage.

HNOA can be purchased either as an endorsement to the general

liability, or on its own as part of a commercial auto policy, depending on how each particular insurance company prefers to address the issue. It's usually less expensive as an endorsement to your general liability, and when written this way, it extends the "per occurrence" limit on our general liability to cover any auto liability exposure that develops when we either rent or borrow any vehicle for theatre purposes. This even includes the use of personal vehicles for theatre business by theatre employees and volunteers. The requirements to purchase this coverage are usually fairly minor, and vary from company to company, but in any case, the small expense will far outweigh the potential for economic disaster. As careful as we try to be, one accident can have a tremendous impact, so when considering who needs HNOA, the answer is simple: *We all do!*

For more information about the AACT Insurance Program, contact:

USI Southwest • Ken Roberts, Program Manager
800.749.5646 • fax 325.658.4519
<kenneth.roberts@usi.biz> • or check out the program at theatre.mysgp.com



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American Association of Community Theatre • 8402 BriarWood Circle, Lago Vista TX 78645
866.Our.AACT (687.2228) • info@aact.org • www.aact.org
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