

# Insurance: Points to Ponder

by Ken Roberts



## Surprise! Do you know where your coverage is?

In the theatre world, you always have more important things to focus on than your insurance, unless you experience a loss, in which case your insurance quickly becomes your primary focus. When things are “normal,” you go through the annual tedium of paperwork to get your policies renewed so you can put them in a drawer and forget about them for a year until it’s time to start all over again. Insurance is one of life’s necessary evils, and this fact is only made worse when the insurance companies change their “appetite,” or what they’re willing to insure, because of catastrophic claims. This makes it all the more important to review your policy, meaning *actually read it every year*, so that there are no surprises.

One example of how catastrophic claims impact the appetite of insurance companies is how the industry has modified its policies to deal with

hurricane damage. Hurricanes Katrina and Rita set new records for insured storm damage in the U.S. in 2005, and as a result, many major insurers have now either excluded windstorms from their coverage, or they have increased deductibles to force their policy holders to share more of the burden. How many community theatres in Florida and the rest of the gulf coast can afford to have a windstorm exclusion on their insurance policies? How important do you think it would be for a theatre to know that their deductible for wind damage had increased from \$10,000 to \$25,000 or even higher?

Your relationship with your agent or broker is crucial in this area. You must be able to trust them, and know that they are constantly looking out for your theatre’s best interests by evaluating your coverage regularly and alerting you to changes that could potentially leave your theatre

exposed and potentially uninsured if calamity strikes. If you don’t already have that type of relationship with your insurance representative, you need to either establish one or go find another agent. *That’s what you pay us for!*

When you have your annual renewal review with your agent or broker, take a good look at the declarations pages of your policies, and if you don’t have the time or don’t understand what is in front of you, just ask them how your renewal coverage compares to your expiring coverage. Ask specifically if any endorsements and/or exclusions have been added to the policy, and then follow up by asking for detailed explanations if any have been added. The key is to avoid surprises at all cost. Once you know exactly what you’ve renewed, *then* you can put the policy in your drawer for another year.

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For more information about the AACT Insurance Program, contact:

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