



Navigating Your Insurance Program During & After COVID-19 Adventure & Entertainment Industries #reopenadventure

The impact of COVID-19 has been significant to the Adventure & Entertainment industries. As of May, Arival stated the industry was down 85% in bookings in 2020 compared to 2019. However, if you've made it this far, that's great news! Right now you are beginning to prepare for the reopening of your facility; but it will look different than it ever has before. In this article, the Adventure & Entertainment team from Granite Insurance focuses on three key areas regarding how your insurance program should be changing throughout the lifecycle of COVID-19. The 3 stages we will discuss are:

- **Survival & Cost Reduction**
- **Reopening Your Facility**
- **Insurance Post COVID**

Survival & Cost Reduction

As your business has literally been turned upside down over the past 3 months, you should also be doing the same to your insurance program; putting it in "survival mode" to reduce costs. Here are our top 5 recommendations on where to adjust your insurance program during COVID-19:

1. **Reduce Annual Sales Projections for General Liability.** Your General Liability insurance is based on Gross Sales. This number should be revisited and revised. The result will be a reduction to your General Liability premiums accordingly. (Ex: Adjusting revenues from \$2M to \$1.5M should reduce premium 25%). You also may be able to use that 25% refund and apply that credit to the next several months premium so that there is no premium due for a couple months
2. **Reduce Annual Payroll Projections for Workers Compensation.** Just like your General Liability is based on sales, your Workers Compensation is based directly on payroll. You should look at your payrolls on your Workers Compensation policy and revise those to more accurate projections. Subsequently, your Workers Compensation premium should reduce accordingly.
3. **Payroll Protection Program (PPP) & Workers Compensation.** Depending on your state, you most likely are going to be allowed to code PPP payroll (payroll for non-working employees) so that you are NOT being charged Workers Compensation premiums for that payroll. For the Adventure & Entertainment industry, that is huge! Some of your class codes' rates are in the 5-10% of payroll range. **You should adjust this and track this payroll separately under class code 0122.** This will notify your Workers Compensation Company to EXCLUDE this payroll from premium calculations.
4. **Change Class Codes for Employees Working at Home.** Some of your employees prior to COVID had a job function that may have been a higher risk (guides, amusement, etc.). However, these employees may be working from home right now. By changing their class code to clerical (8810) you will be able to change their Workers Compensation rates from 5-10% of payroll if in the Amusement or Guide class code to 0.15% in the Clerical class code. A huge difference!



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Adventure & Entertainment Industries #reopenadventure

5. **Autos on Lay-Up.** Most insurance companies are allowing you to put your vehicles on “lay-up” which essentially removes the premium for those vehicles for a designated time period (30-90 days). The agreement is that these vehicles are stored and not operating, and their battery has been disconnected. For operations that are very vehicle dependent, this could save you \$200 per vehicle per month.

Reopening Your Facility

If there is one thing that is certain, it’s that our industry and guest interactions *will* change, even if temporarily. The Adventure & Entertainment industry is a broad industry, and for the most part different stokes work for different folks! That being said, the following isn’t meant to be the end all be all for solutions, but questions and areas that each operator should be focusing on. Let’s get those brains turning!

Focus Area	Possible Solutions
Waivers	<p>Move to 100% advanced waivers or QR codes to scan on site for completion of waiver on participant’s smartphone.</p> <p>Should we insert COVID-19 language into our waivers? In our opinion, yes! Language should be incorporated into your waiver, however don’t limit it to just COVID-19 being the only communicable disease the waiver addresses.</p> <p>There is also an opinion that incorporating COVID-19 could be considered an “overreach” making the waiver null and void. However this is an opinion from one attorney we have heard, and does not have past legal precedence.</p> <p>*Please consult your attorney on this language and strategy as Granite Insurance is not licensed to practice law.</p>
Gathering Spots at Facility	Free standing hand sanitizer machines and/or specific “zones” for different groups as they wait/gather.
Contactless Payment Systems	How do we allow guests to complete payments without contact? How can we implement a post experience method for tipping, instead of cash?
Personal Protection Equipment	Cleaning methods will be critical to your PPE. Consult with your manufacturer. It will be critical to communicate this information to your employees <u>and guests</u> in a formal procedures and signage. Your operation is only as clean as guests think it is. 😊
Masks	We recommend that currently all staff and participants be required to wear masks, unless social distancing can be practiced throughout your tour. The only exceptions would be in an outdoor environment where social distancing



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Adventure & Entertainment Industries #reopenadventure

	<p>can be complied with without question; or if the group is a related group and signs an opt out form.</p>
Vehicles & Group Transportation	<p>All guests and employees in vehicles should be required to wear masks with no exceptions. This should become just as common of a practice as wearing seatbelts!</p> <p>Hand sanitization stations should be placed outside the vehicles and required to use each time a guest/employee leaves and/or enters the vehicle.</p> <p>Here comes the tough one....practice social distancing as much as possible. This may limit the vehicle capacity significantly. People sitting in the same row/adjacent seats should ONLY be for related guests. Communication of the reality of social distancing limitations should be posted via signage. Also, if a guest requests to be transported separately (especially for operators with short transportation rides i.e. ziplines) your organization should have a plan on how to comply with this accommodation, even for an extra fee as a “private tour.”</p>
Employee Safety	<p>Consider having at least an A Team and B Team. Both should be equipped with experienced team members. The two teams should never come in contact with each other or share any equipment, space, etc. without being cleaned first. This ensures business continuity and manages the risk of your entire workforce contracting COVID-19 and you being unable to operate.</p>
Capacity Management	<p>How do you manage capacity? If you are a ticketed/time slotted tour then this is a little easier for you (however definitely not financially desired). Operations who are more of a “free flow” attraction should look at having specific attendees to control capacity in a “one in, one out” manner. There are also some great software companies out there who offer RFID wristbands that only allow participants to advance into a specific section if there is capacity.</p>
COMMUNICATION!	<p>“Failure to Warn” is a common legal argument from plaintiffs in the Adventure & Entertainment industries. COVID and communicable diseases are certainly possible to contract in many of our tours. We should not hide from this reality. In fact, we should communicate this! Have signage around the fact that Social Distancing is practiced, but may not be possible in all scenarios. Possible signs for your facility should be:</p> <ul style="list-style-type: none"> • 100% of employees AND GUESTS must wash hands upon arrival. No exceptions! • Social Distancing is encouraged and practiced, but not possible in all situations. Proceed and participate at your own risk.



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Adventure & Entertainment Industries #reopenadventure

	<ul style="list-style-type: none">• Sanitization is a key focus for our organization! Please utilize the hand sanitization stations as frequent as possible.• Sanitization is a key focus for our organization! Here is how we are keeping our facility clean: “Insert steps of cleaning and PPE cleaning”• If you are feeling the following symptoms please DO NOT ENTER our facility: “Insert symptoms per CDC guidelines” <p>Communicating your employee plan AND participant/guest plan to staff is essential. Communicating the employee plan is vital to the team understanding logistics and expectations. Communicating the guest plan is essential so that when team members are asked questions from guests about COVID response, then your team member can communicate effectively.</p>
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Insurance Post COVID-19

To begin with, 95% of all Adventure & Entertainment operators’ General Liability policies exclude “communicable diseases”. That means if a participant or guest contracts COVID at your facility, and names you in a lawsuit then your insurance company will deny the claim. The insurance companies have not charged premium to cover this and did not intend to cover this exposure. In our opinion, claims from this will be very hard to pursue and validate in the future. The burden of proof to evidence that the virus was contracted at your facility will be on the participant and it will be a tall order to prove this. For example, how many of you have been sued for someone contracting the flu at your facility? I bet the answer is zero.

A key question in the insurance industry is, “**Will we be able to purchase coverage for Communicable Diseases in the future?**” In our opinion, the answer to the question is “Yes!” and here is why.

Any new risk has a very common path when it comes to insuring it. The insurance companies: 1) Excluded coverage (and exclude on top of exclusions!); 2) Gather Data; 3) Quantify the risk once the crisis has passed; and 4) Develop insurance products for the new risk. Just as you cannot purchase Homeowners Insurance when your house is on fire, we don’t expect coverage to be readily available in the next 4-6 months. However, insurance will be needed and desired for these types of risks in the future and we expect the insurance industry to respond, possibly with a Federal backstop (similar to Terrorism coverage).

At Granite Insurance, our focus is to help you be successful even during difficult times. This comes through a partnership, not a transaction. Please let us know how we can help you and your operation be successful, even if it’s just a review or analysis of your current insurance and risk management program. Let’s get reopened and focus on the future! **#reopenadventure**



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About Granite Insurance



Ruthie Lile
Adventure & Entertainment Risk Consultant
Granite Insurance
rlile@graniteinsurance.com

Ruthie Lile is an Adventure and Entertainment Risk Consultant on the Granite Insurance team. Ruthie graduated from Appalachian State University with a major in Hospitality and Tourism Management. After graduation, Ruthie worked in management for an Adventure & Entertainment related tour operator. She serves clients throughout the United States and specializes in providing tailored risk management solutions to the adventure and entertainment industries including, among others, whitewater rafting outfitters and climbing gyms. She volunteers on a handful of industry-related committees and workgroups and outside of work she spends as much time as she can attempting to appease her insatiable curiosity in the outdoor world.



Cameron Annas
National Practice Leader, Adventure & Entertainment
Granite Insurance
cannas@graniteinsurance.com

Cameron Annas is a nationally recognized expert dealing with insurance and risk management solutions in the Adventure & Entertainment industries and is active in many industry associations, including a board member for the Association for Challenge Course Technology (ACCT). Cameron has been focusing on developing unique insurance & risk management programs targeting elite operations in the Adventure & Entertainment industries since 2013. Cameron holds the professional designations of Certified Insurance Counselor (CIC), Certified Risk Manager (CRM) & Certified Workers Compensation Advisor (CWCA). Outside of work, you can find Cameron at his local CrossFit gym or enjoying the beautiful outdoors on the lake or hiking.