

MEMORANDUM

TO: Mayor Kathy Coffey and City Council Members
Cliff Moore, City Manager
FROM: Sara Watkins, Senior Assistant City Attorney
DATE: July 5, 2019
SUBJ: Insurance Questions about Cruising Events

Dear Mayor Coffey and City Council Members:

This memo serves as information from our insurance agent, Jeff Widdows, of Payne West insurance company. We met with him July 1st to discuss the special event permit insurance requirements in light of the comments made by community members regarding obtaining insurance for cruise events.

1. Special Event Insurance is Necessary

Pursuant to YMC 9.70.160, all special events are required to carry their own insurance. This includes not only cruise events, but also other events such as the Fresh Hop Ale Festival, the Yakima Mile, and Cinco de Mayo. Each of these special events is required to obtain the insurance outlined in the ordinance. The insurance protects the City from claims for injuries or damages caused by the event's organizers or participants. In all cases the insurance policies cannot exclude coverage for participants or assault and battery. This is to further protect the City from a broad range of potential claims against event organizers and participants, as well as to protect the City from injury claims associated with fights or other intentional violence at events.

In discussing the coverage with Mr. Widdows, he indicated that he did not believe that the limits or coverage should be changed. Further, he indicated that the City should continue requiring insurance for cruise events.

2. Insurance is Obtainable and Affordable

Mr. Widdows made contact with an insurance company in Spokane and explained the situation. That company will insure groups wishing to organize a cruise night for approximately \$500.00--\$750.00 per event, depending on the number of participants. It should be noted that the number of participants is determined based on the number of participants in the actual cruise event, not spectators. Further, the insurance is per event and is date and location specific. Since the City determines the dates of the cruise nights prior to summer, that helps in obtaining insurance as the dates and location are already set. Mr. Widdows indicated that this insurance could be obtained by contacting Rachel Cook (509-853-4223).

He noted that it might be possible to buy the coverage in bulk—i.e. all of the events purchase together would result in a cheaper per-event cost (perhaps \$300.00 to \$600.00 depending on the number of participants).

3. The City Should Not Sponsor and Insure These Events

Councilmember White indicated at the Economic Development Committee meeting that one option he would consider would be to have the City insure the cruise night events under its insurance policy. As you know, the City's insurance covers City activities, not activities of third party groups putting on events, conferences, concerts, or conducting other activities that are not conducted by the City. So the City's insurance covers the City's property, parks, park equipment, the pools, City employee actions in the course of their employment, automobile accidents in City vehicles on City business, police department action, water back-up situations, and a multitude of other instances that occur as a result of City action or on City property.

The City allows non-City organizations and individuals to use City property, such as by special event permit or right-of-way permit, for example. However, to use the City's property the applicant is required to obtain insurance that names the City as an insured party. This means that if a third party is injured at the event or during the use of the right-of-way, the injured party can bring a suit against the applicant's insurance and that policy also covers any claims against the City.

In contrast, if claims are made against the City's policy, the City first has to meet the deductible before insurance pays the claims. Further, the City's insurance rates can be tied to the number of claims it receives, as well as the risk associated with the City's activities. As such, adding special events to the City's policies could increase the City's insurance rates. Claims made from special events would likely also require out-of-pocket expenses from the City to meet its deductible. Finally, if the City allows one type of special event to occur under its policy, it will get many more requests from organizations to avoid the cost of insurance, further increasing the City's risk.

4. Groups May Wish to Organize for Better Rates and Easier Administration

One suggestion made at the meeting with Mr. Widdows was that the car clubs could form one organization under which all cruises would occur, and be insured. This way, the organization could apply for all of the special event permits, and provide insurance for all of them, at one time. This could reduce the per-event insurance costs, and there would be one entity administering the permits and insurance, as well as organizing, running and marketing the events. This would completely be up to the car clubs and other cruise event organizers.

Colleda Monick also followed up with Downtown Association of Yakima (DAY) to see if they were interested in reviving their organization of the events. DAY at one point did organize the cruise events, but DAY indicated that it was no longer interested in being the sponsor and/or organizer of the events. DAY did indicate that it was open to speaking with any organization or person interested in doing so and is willing to discuss the matter further.