



**Specialty Vehicle Association  
of Alberta**

**General Liability Cover**



The SVAA insurance program is in place to protect the SVAA, its member clubs including volunteers, involved in SVAA and member club sanctioned events, against third party liability claims.

The SVAA general liability program is intended to minimize the potential financial burden members may face in the event that they are involved in a civil action arising from a SVAA or member club event.

Cover responds to the negligent acts of the SVAA or member clubs. Negligence is a legal concept of fault and basically means that someone failed to do something he or she should have done or did something he or she should not have done.

The General Liability form covers four types of exposure:

1. Bodily injury and property damage
2. Personal injury liability
3. Medical payments
4. Tenants' legal liability

Coverage includes products and completed operations. A product loss arises after a product has been sold, is away from your premises, malfunctions and causes damage. e.g., a part is sold at an SVAA sanctioned event, does not perform as intended causing property damage or bodily injury to a third party, a t-shirt for example.

Your policy is subject to an aggregate limit – the most the policy will pay in one term is \$5,000,000. This could be, for example, one claim of \$5,000,000 or ten claims of \$500,000 each. Subject to the aggregate limit, your occurrence limit is the maximum payable for any one occurrence of bodily injury and property damage. Again, the aggregate limit on the SVAA policy is \$5,000,000.

Personal injury means injury arising out of false arrest, detention, malicious prosecution, wrongful eviction, any oral or written publication that slanders or libels a person or organization or disparages a person's or organizations goods, products or services. All claims are subject to the aggregate limit.

Medical Expense payments may be made by your insurer, regardless of fault, to a limit of \$10,000 per person. Coverage is intended to pay immediate first aid costs, necessary medical, surgical, x-ray and dental services, ambulance and hospital expenses. Coverage includes your volunteer workers.

Tenants' Legal Liability covers the SVAA (and member clubs) against liability claims for damage to property leased to or rented by the SVAA (and member clubs) where the damage is caused by the SVAA (or member clubs) operations and the SVAA is held legally liable for the damage. Your limit is \$500,000. This coverage applies to any meeting where the SVAA (or member clubs) occupies a third party provider's space.

The general liability policy also contains some very common exclusion found in all general liability policies such as abuse, asbestos, nuclear energy liability, pollution and war.

Your coverage provides cover for compensatory damage only and excludes punitive damages. The insurer includes defense and settlement costs in addition to the limits of liability stated in your policy.

### Frequently Asked Question

**1. When and how should a claim be made?**

If a claim is presented to a club or there is knowledge of a potential claim, the club should forward any information to both the SVAA office and us at Thomson Schindle Green Insurance at the earliest opportunity. We will then report directly to the Insurance Company.

**2. When a club is taking part in an event with other organizations, do they need to consider whether the other groups are insured?**

An important item to pass on to the clubs whether they are dealing with a large show or a small one is to acquire proof of insurance by way of asking for a Certificate of Insurance from any other organizations, vendors or sub-contractors that become involved the event that the club is hosting. The club could be held liable for the actions of a subcontractor if the subcontractor doesn't have its own coverage.

**3. Do we have coverage for space we rent, such as for a club meeting?**

The policy doesn't pay for damage to property of a third party that is in the care, custody or control of the insured. This property has to be insured on another policy. An example of this is when the club rents a premises in order to hold an event or a meeting. This premises is deemed to be in the insured's care, custody or control. We have separate coverage for this under your Tenant's Legal Liability Section of the policy.

**4. What happens if tent blows over and damages a parked classic?**

The tent, if the club was liable somehow for the tent coming down, say by way of not erecting it correctly, the policy would respond. If it was erected by a subcontractor or was erected correctly

but the wind was just so strong that it blew it down, the club still has to be found liable in law in order for the policy to pay the resulting property damage. I'm sure the clubs and the SVAA wouldn't want the policy to pay if they are not legally liable. Hopefully the owner of the damaged car has comprehensive insurance coverage.

5. For a Club activity - Cruisers cruise to ice cream shop - Cruiser car parked and gets damaged. SVAA insurance covers? The event may be a spur of the moment thing.

If a participant's car is damaged at a club cruise event, the club still has to have done something wrong in the eyes of the law in order for the policy to respond.

6. For a multi-tiered event, for example a St. Albert Cruisers at the Century Casino evening, a parked classic car is damaged. What does the SVAA insurance package cover?

This Commercial General Liability Policy only covers claims against the SVAA and the member clubs. The Casino would have coverage for claims against the Casino and there should be a separate policy arranged to cover the (Rock'n'August) if it is a separate legal entity or society. I would recommend one.

7. What is the exclusion on bodily injury and property damage arising out of the ownership, use, or operation by or on behalf of the insured of any automobile?

The policy also excludes the Bodily Injury and Property Damage arising out of the ownership, use or operation by or on behalf of the insured of any automobile. This means that the owner of the automobile should have Liability coverage on an Automobile Policy. I've enclosed that portion of the policy wording and you'll see it is mentioned even further in the last two pages of the wording.

8. A volunteer is directing a classic owner to park and the car is damaged (hidden culvert scrapes bottom and damages the oil pan).

If a participant's car is damaged at a club cruise event, the club still has to have done something wrong in the eyes of the law in order for the policy to respond.

9. What is the deductible?

Commercial General Liability

General Aggregate	\$1,000
Each Occurrence	\$1,000
Tenants Legal Liability	\$1,000
Non-owned automobile	\$2,500



**Specialty Vehicle Association of  
Alberta**

**Directors & Officers Liability**



Directors' & Officers' liability is quite different from the usual general liability insurance that almost all businesses purchase. General liability responds to claims alleging that “*negligence*” on the part of the policyholder has caused bodily injury or property damage. Directors' & Officers' liability, on the other hand, covers what is described as “*wrongful act*”. Injury and damage are specifically excluded to avoid overlapping coverage.

The Directors' & Officers' liability policy defends individual board members if they are sued. It also reimburses the corporation when the bylaws of the organization require it to indemnify the board members.

In addition to the any pieces of legislation that govern the actions of the Directors & Officers of an organization, there are also civil obligations.

The expectations of a Board member are many, including but not limited to:

- Acting with prudence and discretion
- Using skill and care
- Being diligent in attending meetings and keeping informed about corporate matters
- Acting honestly, in good faith, and in the best interests of the corporation
- Using power properly
- Disclosing personal interests

Failing to act properly can lead to allegations of financial loss. These allegations may originate from:

- |                          |                       |
|--------------------------|-----------------------|
| ➤ Employees              | ➤ Customers           |
| ➤ Shareholders           | ➤ Government agencies |
| ➤ Business partners      | ➤ Suppliers           |
| ➤ Contractors            | ➤ Association members |
| ➤ Public activist groups | ➤ Regulatory bodies   |
| ➤ Financial partners     | ➤ Competitors         |

The range of potential claims is limited only by the imagination of the plaintiffs and their solicitors. Examples include:

- Acquiescing in the conduct of fellow directors in involved in improper self-dealing
- Allowing violations in loan covenants
- Authorizing excessive spending
- Bankruptcy-related claims – unpaid wages, unremitted source deductions such as GST
- Board disputes
- Breach of confidentiality
- Breach of contract
- Breach of duty of care
- Breach of promise
- Causing the organization to incur unnecessary tax obligations
- Compensation arrangements
- Conflict of interest
- Corporate debt and delinquencies
- Corporate gifts and contributions
- Declaration of dividends (too much and too little)
- Discrimination
- Dissemination of misleading information
- Employment practices
- Examination of reports and documents before signing
- Exceeding authority
- Failure to attend Board meetings
- Failure to maintain corporation's non-profit status
- Failure to maintain licenses, permits, etc., necessary to conduct business
- Failure to record dissent from the wrongful act(s) of other board members
- Failure to stop embezzlement of corporate funds
- Failure to supervise corporate affairs properly.
- Failure to supervise employees
- Failure to withhold income tax
- Failure to withhold pension contributions
- Ignorance of company books and records
- Improper advice
- Improper loans
- Improper mergers, demerger or acquisition activity
- Incorrect minutes of meetings
- Inducing breach of contract
- Inducing or committing the organization to breach a tort
- Inducing or abetting wrongdoing by corporation or employee(s)
- Ineffective financial controls
- Infringement of copyright, trademark or patent
- Libel or slander, defamation
- Liquidation
- Misrepresentation
- Non-disclosure of material facts
- Permitting corporation to make improper guarantees
- Premature commencement of business
- Rejection or acceptance of purchase offers

- Sale of assets at an improper price
- Tortious conspiracy
- Unauthorized borrowing
- Unfair competition
- Unwarranted extension of credit
- Waste or mismanagement of assets

A Directors' & Officers' liability policy will cover many –but not necessarily all – of these situations.

You cannot prevent someone from thinking that you have wronged him or her – even though you have not. Even the most frivolous claims can be extremely expensive to defend. The best defense is a two-part one. First, the organization should have an indemnification clause that transfers the potential financial obligation to the corporation. Second, the organization should purchase Directors' & Officers' liability insurance to ensure that funds are available to fulfil that obligation. Non-profit entities are less likely to have easy access to cash to fulfil these requirements and thus may have a greater need for this coverage.

Accepting a position on a Board of Directors exposes an individual's personal assets to an increasingly hostile and sophisticated litigation environment; Directors' & Officers' liability protects the individuals who oversee the affairs of the enterprise. Without their direction, often voluntary, the organization would not survive or thrive.