

**M E M O R A N D U M**

TO: Commodore William G. Gunther  
FROM: J. Philip Smyth  
DATE: October 27, 1995  
RE: Off Soundings Insurance Coverage.

Conclusion - The Off Soundings insurance coverage appears to be adequate and at a reasonable cost.

Recommendation - If cost is a concern the U.S. Sailing Insurance Program is less expensive, but there must be differential entry fees for U.S. Sailing Members. Also, a slight change should be made to the General Liability Policy concerning Host Liquor Liability.

Discussion - The Off Soundings insurance policies are purchased from Carter Gowrie at Gowrie, Barden & Brett, Inc. I reviewed the policies and discussed them with Carter. It appears that coverage is adequate and that no additional insurance is needed at this time.

The insurance coverage for Off Soundings is contained in four separate policies which for the most part cover the club, its officers, directors and even the members.

I. General Liability

Premium \$1496.00

This is a typical general liability policy which provides one million dollars of coverage for the members, officers and directors in addition to the club. According to Carter it provides coverage if there is a claim based on the serving of alcoholic beverages. It is assumed that a liquor license is not needed. Attached to this memorandum is a letter from the insurer on this issue. We should request a change to Endorsement 2151. This Endorsement provides coverage even if a liquor license is required at little or no additional premium. This policy specifically excludes liability associated with the racing

events. This was done purposefully because the coverage is picked up under the Marine Liability policy.

II. Car Insurance

Premium \$142.00

This is a liability policy providing one million dollars in coverage in the event someone is injured on club business while riding in an automobile and in some instances coverage for the automobile itself.

III. Marine Liability

Premium \$500

This is a liability policy for one million dollars covering the club, its officers, directors and members for liability at the racing events or if any one is hurt while on the docks or a boat used by the club. In addition, there is coverage for the various boats used by the club at the racing events. This is a so called "Club Plan Plus Policy."

IV. Excess

Premium \$1,000

This policy provides an additional 2 million dollars of coverage over and above the three other insurance policies. The Club Plan Plus Policy was originally omitted, but this may have been an oversight by the insurance company and corrected by Carter. If it was not an oversight but requires an additional premium, the premium should be paid because the Club Plan Plus Policy is the most important part of the club's coverage package. This insurance covers the club, officers and directors. It does not appear to extend to the members.

As stated above the above described insurance coverage appears to be adequate for the club's operations. In addition, the club is an existing Massachusetts corporation; hence additional protection is afforded the officers and directors by this corporate entity as long as they are acting in good faith in the performance of their duties.

**ITT HARTFORD**

Carol - FYI

September 8, 1994

Gowrie, Barden & Brett, Inc.  
(023257)

Attn: Carter Gowrie

Re: Liquor Liability

Hartford Regional Office  
55 Farmington Avenue  
Hartford, CT 06105  
Telephone (203) 520-1600  
1 (800) 243-6185  
Mailing Address: P.O. Box 2908  
Hartford, CT 06104

Dear Carter,

Yesterday I received clarification on the Amendment of Liquor Liability Exclusion, CG 2150. This has been a matter of concern for us as it appeared to muddy the waters regarding Host Liquor Liability. The specific wording on CG 2150 causing the worry was "serving or furnishing alcoholic beverages for a charge". That exclusion would apply if the club charged specifically for the alcoholic beverage. It does not apply for an event where a "per plate" charge was made and the alcoholic beverage was included in that charge. The Amendment does go on to specify that the exclusion applies "if a license is required for such an activity". In those hopefully isolated cases and depending upon the specific circumstances of the event, we have two options. If we determine that the exposure is most similar to full Liquor Liability, we would require Liquor Liability coverage with the appropriate charge. If we determine the exposure is most similar to Host Liquor Liability we can then attach Amendment of Liquor Liability Exclusion-Exception for Scheduled Events, CG 2151. This form is very similar to CG2150 however it includes coverage for specifically described events where a liquor license is required. This appears to cover all the known liquor exposures to date.


Our position on Liquor Liability coverage remains unchanged. We will entertain those risks located in states we have designated as "A" and "B" states. Carol Bastain has a copy of our list. In "C" states we would treat each submission on a case by case basis with no guarantee that we would write the exposure. In addition, any request for \$1,000,000 limits would require reinsurance which would affect the final premium. I strongly urge you and the co-brokers to seek alternate markets for this coverage in "C" states. Until such time as the litigious climate in those states changes our position on Liquor Liability will not change.

RECEIVED SEP 13 1994

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If you have any further questions on this matter, just give me a call.

Sincerely,

A handwritten signature in cursive script, reading "Betsy Chase", followed by a horizontal line extending to the right.

Betsy Chase  
Senior Commercial Underwriter

cc: Carol Bastian, G. B. B.  
Mike Conery, CBU Mgr  
John Yulo, Key Accounts