

Private club survival strategies **34** | Asian development boom slows **40**

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Indian Wells Golf Resort

Falling premiums

OPERATIONS UPDATE

Golf operators find that insurance costs are going down, though coverage still at a premium in hurricane zones

Insurance premiums have become increasingly affordable for most golf clubs, except in coastal areas.

"In the last year to 18 months, we've really seen prices head downward," said Brian Tomlinson, program manager of LRA Insurance in Orlando.

"If clubs have had the same insurer for two to three years, they'd be well-advised to talk to an agent and get three to four quotes," Tomlinson said. "It's possible to get premiums to come down by at least 5 percent."

Those in the industry noted, however, that some insurance companies that have diversified have had losses that might eventually lead to higher prices for customers.

"Insurance companies have been dipping into many other businesses, and if profits drop, they could have to raise rates," said Richard Look, president of Vertibrands, a marketing firm representing the Preferred Club Program, based in Pennsylvania. "But you can probably expect prices to remain low for two years at the very least."

Meanwhile all insurance specialists say it remains difficult for clubs in coastal areas, particularly on the Gulf of Mexico and throughout Florida, to insure for storm damage.

"Florida can get the basics on fire, theft and liability, but the big challenge is getting insurance on wind, except from somewhere like Lloyds of London,"

Tomlinson said. "If we get through a couple more years without hurricanes, we'll see what happens."

One reason for softer prices is due to more companies getting into the act.

"There are many more companies now insuring golf clubs than there were six to eight years ago," said David Barnes, vice president of Haylor, Freyer & Coon of Syracuse, N.Y.

Among the new firms is Signature Risk Partners Inc. of Toronto, run by CEO and president James Grant. Grant and partners spent two years studying the golf industry before launching products for golf clubs last year.

Although other firms insure golf courses in Canada, he said, "Courses were



Gulf-region clubs like High Meadow Ranch Golf Club in Magnolia, Texas, which sustained moderate damage when Hurricane Ike roared ashore in September, may find it difficult to obtain insurance.

being pooled together simply because they were golf courses. There was virtually no recognition for leading operators with a track record of superb risk management, and we couldn't believe it. We created Signature Golf to reward leading operators by providing the best coverage available at competitive rates.

"We've created policies that are just for golf. We offer custom policy wording that is user-friendly and meaningful to golf course owners and operators," Grant said.

For example, Signature will give a 10 percent discount to courses certified as an Audubon Cooperative Sanctuary golf course.

"Firstly, they (the certified clubs) have physically reduced the amount of chemicals that they use in their operations, but

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RICHARD LOOK, PRESIDENT, VERTIBRANDS

more importantly it is their commitment to excellence that plays the bigger role," Grant said. Certification means that a golf club is managing the other areas of their facility at a higher level, he said.

Although the company is now mainly soliciting Canadian clients, it will not ignore the United States.

"After all there are 2,300 courses in Canada and 17,000 in the U.S. We're in discussion with U.S. groups," Grant said.

Another company, the Preferred Club

Program, is offering discounts to clubs who join a new program sponsored by CardioReady, a non-profit group run by cardiologists. CardioReady works to reduce deaths from sudden heart attacks by promoting proper use nationwide of automated external defibrillators or AEDs.

Golf courses that become cardio-certified and install call boxes on tee boxes to summon staff with defibrillators can see liability premiums come down, Look said.

CardioReady will assist in arranging installation of call boxes. Club staff, of course, have to be trained and certified in how to use defibrillators.

—Rebecca Larsen



10 of the top 18 golf management firms rely on The PREFERRED CLUB PROGRAM for their insurance. It may be our exclusive access to Chubb¹ and OneBeacon², our club expertise, our online risk management tools, our competitive pricing, or our highest client satisfaction for claim resolution³. The reasons vary, but we're glad to be the leading insurance provider to the Golf Management industry.

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¹Chubb Group of Insurance Companies ²OneBeacon Insurance Company ³Source: Goldman Sachs P&C Survey of Risk Managers, March 2007