



Features

Extreme Sports Put Skate parks in the LIABILITY SPOTLIGHT

By Stefani Mingo
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Skateboarding started in the 1950s when two California surfers waiting for the next big swell nailed their roller skates to a 2x4 and discovered they could surf the sidewalk. But it took the urethane wheel in 1973 to get the sport really rolling. The skateboarding boom generated both the building of hundreds of skateparks across North America and Europe and the various liability exposures that came with the territory.

It is estimated that during that era, more than 300 public and private parks were built for skateboarders. However, the threat of liability claims against the private owners of skateparks caused many of those parks to be shut down. As a result, 80 percent of skateparks were bulldozed in 1979, and by the mid-'80s virtually every skatepark in California was closed.

The late 1980s and '90s seemed to reverse the downward spiral, because today, not only are there more than 300 skateparks in the U.S., but there are another 300 under development and/or construction, according to the International Association of Skateboard Companies (IASC).

In an effort to keep up with the growing popularity of skateboarding, K&K Insurance Group Inc., based in Fort Wayne, Ind., began offering its skatepark program about three years ago "and it has been very profitable for us," said Stacy Coolman, K&K account representative for skateparks.

"California is probably the main state [for skateparks]," said Lita Mello, vice president of the venues and gaming division for K&K. "We don't like to give out specific data...because there are a lot of people who would like to be in our shoes and do what we do, but we can tell you that that particular program is a growth area for us."

In communities throughout California as well as other sunshine states, skateboarding is being recognized as a popular form of recreation for today's youth. When polled by Parks & Recreation departments, skateparks ranked as the number one choice of teenagers. In fact, skateboarding is not just for boys. Worldwide there are well over 50 million participants aged 14 to 28 years 74 percent male and 26 percent female.

Creating a more insurable environment

"There are lots of different ways to insure skateparks and skating types of operations...from private to public, indoors to outdoors, short-term to year-round," said Pat O'Connor, executive vice president of Indianapolis-based City Securities Corporation. "Our program was specifically created for a liability and accident combination coverage to work together for the best benefit of skateparks themselves."

City Securities Corporation started its skate insurance programs back in 1990-91 with the International Inline Skating

Association (IISA). "We started working with them, and then a spinner group within them—a competitive segment called the Aggressive Skaters Association was spawned and we've been working with them ever since," O'Connor said. "So we've been working with skateparks in a variety of ways for more than 10 years."

According to O'Connor, premiums for skateparks are relatively high due to the perception that they are unsafe.

But skateparks which could include boards, blades and bikes or any combination thereof are actually much safer than people believe. "We've put some rather strict requirements [on the parks], such as requiring protective equipment, waivers and releases and even skate guards [like lifeguards at the beach]," O'Connor said.

Basically, the skate guards monitor the protective equipment, supervise the activities to provide separation of space and time and offer participants some basic skill instruction. "All of this keeps some sanity to the activities within the park," O'Connor said.

It's all about safety

For K&K, the typical policy for skateparks covers property and liability, Coolman said. "Some of our most common claims that we've had...from what I've experienced...have been property claims," she said. "And I believe that's because we exclude medical. If we did cover medical, I think the loss ratio would go through the roof."

According to the U.S. Consumer Products Safety Commission, half of the reported skateboarding accidents do not occur in skateparks, but instead occur in unsafe areas where the skater strikes an irregularity in the riding surface.

"The primary concern of underwriters who get into this fast-growing business, I think, is the permanency [of the facility]," Coolman said. "Also, there is an age requirement—no one under the age of seven can participate."

Another requirement of K&K is that all participants wear the proper protective gear—elbow pads, knee pads and a helmet. And whether indoor or outdoor, the skateparks that K&K insures all need to be supervised. "If they are outdoor facilities, we like them to be fenced in or have some sort of procedure in place for after hours," Coolman said.

"And all of these things are specifically [designed] to make the account more insurable," Mello added.

Benefits of joining forces

The SkatePark Association of the United States of America (SPA USA) is a relatively new nonprofit association. Started three years ago in Santa Monica by Heidi Lemmon and a group of skaters, today its members include corporate sponsors, businesses, skate schools, cities and churches, as well as the participating skateparks and riders.

SPA USA's original goal was to get a local skatepark. In the beginning, the biggest problem that the association kept running into was the insurance and liability issue. Lemmon found the insurance that was available was not only expensive but also had high deductibles.

She then noticed that the inline hockey and dirt track racers—both "extreme" sports—were able to get coverage. Eventually, SPA USA was able to get a membership-based policy with excess medical benefits similar to their programs.

For the past year, K&K has been the carrier for SPA USA's insurance program. "They [SPA USA] cover the participants, basically, but not the spectators—unless the event is SPA sanctioned," Coolman said. "So in the event of the loss, SPA would be primary if it were a participant and then we [K&K] would be excess over that."

The SPA USA program has a higher medical benefit. Basically, the program is for excess medical coverage, therefore the skateboarder's regular insurance would be in place first and K&K would pick up the difference.

"We cover a lot [of venues]—whether it's skateparks or the ice rinks or sports complexes—where associations are involved in the business," Mello said. "It really makes a difference and can be beneficial if the association is strong."

As more and more of the "extreme" sports continue to interact with one another, Coolman said she is finding a lot of facilities that are combining several different sports. "And usually, here at K&K, if there's not a program within a division,

there's another division [within K&K] that may write part of it," she said.

For example, K&K covers health clubs in its venues and gaming division, and many of today's clubs are adding rock climbing walls. "That is done in another division here at K&K, so we get together and are able to write it all on one policy," Coolman said.

"And it's kind of the same thing with the skateparks and BMX tracks," Mello explained. Whether the skatepark has activities for skateboarding only, or includes inline skates and/or BMX bikes, K&K can provide a policy that will meet the needs of the park.

Extreme sports gain momentum

In the mid-'90s, skateboarding was deemed as America's sixth largest participant sport. American Sports Data estimates there are 9.3 million skateboarders in the U.S., with more than 40 percent—nearly 3.6 million—in California.

Skateboarding is a \$3-billion-a-year industry. The industry reported sales of \$720 million last year. From San Diego to Eureka, IASC estimates that skateboarding brings more than 15,000 Californians to work each and every business day, as more than 100,000 skateboards are being manufactured every month in California alone.

"This is an established industry—this is not a fad," O'Connor said. "There is a specific segment of society and it's getting a little older even...Everybody thinks this is strictly a teen-related sport or strictly a rebellion, renegade-type of sport, but it's not at all."

For the insurance industry, skateboarding's expanding universe is a good thing. "It's done very well loss-ratio wise, so you can look for us to be in the business and to continue wanting to write more business," Mello said. "As long as the market is there, we'll be there."

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