

## Property Insurance Issues for Ice Arenas

by Joan Rice, CIC

All insurance coverages are important, but perhaps none are more so for ice arenas than property insurance. Basically, most property policies available today include coverage for losses arising from fire, theft, weight of ice and snow, vandalism and so on. Some of the more important and often overlooked coverages include:

**Loss of Business Income:** This coverage will pay for the actual loss of business income sustained due to necessary suspension of operations. Loss of net income, usually defined as net profit or loss before income taxes, that would have been earned or incurred and continuing normal operating expenses incurred are covered, up to a selected limit. This coverage can be limited to the period of restoration, which means the period of time after direct physical loss or damage caused by or resulting from a covered cause of loss, such as fire, theft, vandalism, etc. This critical coverage is designed to put you back where you were financially, had the loss not occurred. Quite often, the coverage can include payments for extra expenses, which pay for reasonable and necessary costs that exceed the normal operating expenses. If your ice melts, you may lose income for a few days or weeks, depending on the cause. This coverage will reimburse you in that situation.

**Boiler and Machinery/Equipment Breakdown:** This option extends coverage for losses due to mechanical breakdown. In an ice arena, this may possibly be the most important coverage to have, due to the large amount of refrigeration equipment needed to make ice. As many rinks can confirm, age of equipment is not necessarily an indicator of how well it will perform.

**Off Premises Power/Utility Interruption:** This optional coverage will pay for losses caused by failure of power or other utility services. This is a very crucial coverage for ice arenas that rely on outside power sources to keep the refrigeration systems up and running.

**Crime:** Coverage for cash and securities is excluded under the standard property policy. There are many options under crime coverage, some of which include: employee dishonesty, theft, disappearance and destruction of money and securities, robbery and safe burglary, and others.

**Flood:** Coverage for loss from flooding is always excluded from property policies but can be purchased at various limits. If your ice arena is located in a flood zone, it can be more expensive but well worth it.

**Sewer Back-Up:** Sometimes covered separately, this coverage is designed to cover the back-up of sewers and drains, technically not considered a flood in insurance terms.

**Earthquake:** Coverage for loss from earthquake is always excluded from property policies but can be purchased at various limits. If your ice arena is located in a moderate to hazardous earthquake zone, it will be more expensive.

**Ordinance or Law:** Policies usually exclude the additional cost you incur due to enforcement of an ordinance or law. You can be assessed these additional costs when a loss to your building requires the demolition of property not damaged or the increased cost to rebuild to comply with current ordinances. Although there may be some limitations, this coverage is extremely important for older rinks.

The aforementioned coverages are not standard on all policies. Usually available by endorsement for

an additional charge, they are extremely worthwhile. Make sure you are fully covered by discussing these crucial issues with your agent.

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