INSURANCE IMPLICATIONS FOR LEASE, HIRE AND RENTAL AGREEMENTS

(SPECIFIC TO THE SPORTS, LEISURE & RECREATION INDUSTRIES)

Before signing a lease agreement to hire a ground, venue or facility the hirer needs to carefully read and understand the clauses relating to "Insurance", "Indemnity", "Hold Harmless" and noting the landlord as co-insured or additional insured on your liability policy.

WHAT ARE INDEMNITY AND HOLD HARMLESS CLAUSES IN HIRE, LEASE AND RENTAL AGREEMENTS?

Many local Government Councils, Schools, Venue Hirers or landlords will require a sporting club/association to sign an agreement to hire their facility or venue. It is possible that their agreements will contain Indemnity and Hold Harmless clauses that state that the Government Council, School, Venue Hirer or landlord will not be held liable in the event of any type of loss (bodily injury/property damage or financial) arising from or as a result of the use of their venue. These clauses are endeavoring to push any and all liability onto the club/association/body hiring the venue. Some hirers may even ask to include the Government Council, School or Venue Hirer as a co-insured under your Public Liability policy.

This could mean that you, your club, association or whoever is named as the hirer, could be responsible for things that are not your fault and not necessarily covered by insurance.

WHAT SHOULD A SPORTING CLUB OR ASSOCIATION DO BEFORE SIGNING A LEASE, HIRE OR RENTAL AGREEMENT?

1. Thoroughly read any agreement before signing.
2. Contact a qualified legal advisor for advice.
3. Consider the area you are hiring and responsible for. Does it include carparks, playgrounds and other facilities.
4. Are you able to sub lease the facilities, ie.: can you hire out the club house to a third party for birthday parties?
5. If you are not sure whether the Hire Agreement you are being asked to sign contains an Indemnity or Hold Harmless clause or if the agreement has requested that the hirer be included as a co-insured under your policy, please contact V-Insurance Group. We will review the agreement for you. We will then advise you on how the agreement fits in with your insurance program and identify any uninsured exposures you may need to address. Often hire agreements can be changed by negotiation so that you are not indemnifying landlords for losses that are unrelated to your actions and should be the responsibility of the landlord.

Important Note: Unfair Contract Laws

On 12 November 2016, laws were passed to protect small businesses (less than 20 employees) from unfair terms in a standard contract. Essentially the laws help protect small businesses (this includes sports organisations, associations and clubs) when they are "forced" to sign a standard contract and they have little or no other opportunity to negotiate the terms – that is taken on a "take it or leave it" basis. Please refer to the Australian Competition and Consumer Commission for further detail on the Unfair Contract laws.

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V-Insurance Group is an authorised representative of MGA Insurance Brokers. V-Insurance Group is an insurance broker specialising in Sports, Leisure and entertainment industries. V-Insurance Group is a leader in their industry sector with clients based all around the globe.

Rob Veale has been involved with the insurance programs for sports, leisure, recreation and entertainment for over 25 years. Rob is a QPIB through NIBA, member of the Australian Institute of Directors (MAICD), and has a Diploma of Financial Services (Broking). Rob has been involved with the insurance and risk management program for many Australian national sports and leisure programs, including:

SPORTS

- Athletics Australia
- Australian Football League
- Australian Rugby Union
- Australian Rugby League
- Swimming Australia
- Basketball Australia
- Cycling Australia
- Netball Australia
- Rowing Australia
- Football Federation of Australia

LEISURE

- Australian Parachute Federation
- Fitness First
- PADI Asia Pacific
- Scouts Australia

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