

INSURANCE INFORMATION ALERT

TO: ALL CFSA MEMBER FAIRS

FROM: Charlie Mitchell, Risk Manager

SUBJECT: INSURANCE REQUIREMENTS FOR MECHANICAL BULLS

DATE: May 7, 2004

Current CFSA insurance requirements specify \$2 million per occurrence as the minimum general liability insurance limits for Mechanical Bulls. These same limits are required for all extreme attractions which require a Cal-OSHA permit to operate. Like the orbitron and simulator, mechanical bulls require a Cal-OSHA permit to operate.

Last November, CFSA's Risk Advisory Committee was presented an update on the limited availability of excess liability coverage for operators of mechanical bulls. The only carrier for excess liability coverage had discontinued writing the excess coverage and had reduced their existing coverage to only \$100,000 per person. CFSA staff presented a proposed recommendation to accept, on a conditional basis, liability insurance of only \$1 million per occurrence for the 2004 fair season. After much discussion centered around the safety issues related to the mechanical bull ride, it was the Risk Advisory Committee's consensus that the minimum liability limits for mechanical bulls should remain at \$2 million per occurrence due to the nature of the ride and its risk of injury to a rider.

CFSA has been in contact with several mechanical bull operators over the past several months who want to operate on fairgrounds. To date, no operator has been able to obtain the required limits of \$2 million per occurrence. They have been unable to obtain the excess coverage.

On May 5, 2004, the CFSA Board of Directors considered a request to change the minimum liability limits for mechanical bulls to \$1 million per occurrence with a \$2 million annual aggregate from the current \$2 million per occurrence. This request was based on non availability of excess coverage. After discussion and consideration of the Risk Advisory Committee's recommendation for no change from the required \$2 million per occurrence, the Board took no action to change the current minimum liability limits for mechanical bulls.

We recognize the popularity of this ride for fair patrons and the revenue stream derived from its operation. In CFSA's view, however, this interest must be balanced with the potential risk of injury to the rider of a mechanical bull and the exposure this could create to the liability pool if adequate insurance limits are not maintained. We will continue to monitor this situation and keep you informed of any developments concerning insurance coverage for mechanical bulls.

Please don't hesitate to call me or Lianne Lewellen, CFSA's Risk Analyst at (916) 263-6150 if you have questions regarding your fair and a mechanical bull ride.

NOTE: Please file this ALERT under General Liability Section 3, General Liability Memorandum, in your Claims & Loss Reporting Guide - 3rd Edition (The CFSA "Red Book").