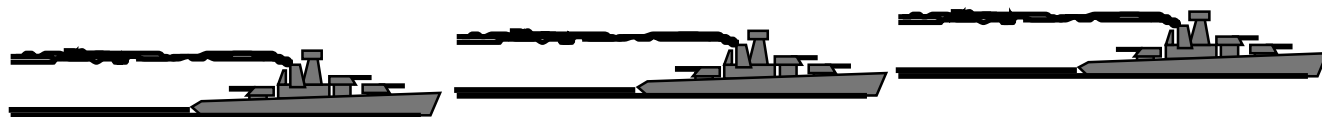


# TASK FORCE 144



The Official Newsletter of Model Warship Combat, Inc.

[www.mwci.org](http://www.mwci.org)

Summer - 2005

## CALENDAR OF MWC EVENTS

Nats came early this year, but you'll have to wait for the next issue of TF144 for the battle reports.

**August 13-14, 2005**  
**August Armada**  
**Sanford, Florida**  
**Site Host:** Rick King. 407-322-7750

**August 27, 2005**  
**Battleship Bash**  
**East Lansing, Michigan**  
**Site Host:** Luis Negron (see BOD page)

**September 3-5, 2005**  
**September Shoot Out**  
**Savannah, Georgia**  
**Site Host:** Brian Koehler  
[bkoehler@georgiasouthern.edu](mailto:bkoehler@georgiasouthern.edu)

**September 10-11, 2005**  
**California Regionals**  
**Greenwood, California**  
**Site Host:** Brandon Smith  
[Seaviper\\_2001@yahoo.com](mailto:Seaviper_2001@yahoo.com)

**September 17-18, 2005**  
**Icebreaker 2005:**  
**Chanhassen, Minnesota**  
**Site Host:** Bob Hoernemann (see BOD page)

**Membership Early Bird Winner:**  
Bata Cvetkovic  
Gainesville FL 32609  
**Nats Early Bird Winner:**  
Bruce Blom  
Laurelville OH 43135

Thanks to Swampworks and Battler's Connection for providing the prizes for these drawings.

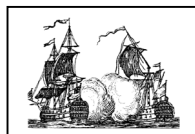


He's got a battlin' heart, but his hat needs adjustment.

Photo supplied by Rick King

## MARCH MESSAROUND Port Authority Pond Sanford, FL March 12, 2005

by Rick King



It was a glorious weekend to battle in Sanford, clear, sunny and calm, temperature in the mid 70's. Five captains answered CD Don Cole's call to war for the Saturday AM Battle. The Flag Fleet was represented by Jim Gariepy-USS Washington; Terry Miller-HMS Lion; and John Craine-USS Colorado. John decided to drop out

just before WAR was called due to loading problems with his stern guns. The No-Flag fleet sortied with Don Cole-USS Alabama; Trevor Norell-Andrea Doria; and Rick King-DKM Scharnhorst. A spirited two sortie battle began. Considering that it was 3 against 2, the score for the morning battle was pretty even: Flag-1,715 No-Flag-1,595 resulting in a close win for the No-Flag team. No sinks, but a lot of fun on our new pond.

Flag Fleet	ABOVE-ON-BELOW	TOTAL
Jim Gariepy-		
USS Washington	54-6-3	840
Terry Miller-		
HMS Lion	40-5-7	875
John Craine-		
USS Colorado	did not sortie	0
		<b>1715</b>



## MWC OFFICERS and Board of Directors

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### Ty Supancic

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Winnetka, CA. 91306  
[tyger@socal.rr.com](mailto:tyger@socal.rr.com)



The Sanford Pond and the pits.

Photo supplied by Rick King

#### ABOVE-ON-BELOW TOTAL

#### No-Flag Fleet

Don Cole-		
USS Alabama	48-4-10	1080
Rick King-		
DKM Scharnhorst	4-2-1	140
Trevor Norell-		
Andrea Doria	30-1-1	375
		<b>1595</b>

The Saturday PM battle saw  
Frank Falango and John Craine join

the action. Flag Fleet added Frank and his USS Arizona, John with his brand new Colorado joined the No-Flag team. With two more ships on the water, there was a lot of "lead" flying with a sink on both fleets. Final score was Flag-6,220 and No-Flag 2,555, giving the No-Flag fleet a considerable victory score wise but the outnumbered Flag Fleet fought well and stood their ground as shown



Here's the Mess-Around part, I guess.

Photo supplied by Rick King





Here's what you get for messing around.



Photos supplied by Rick King

by the damage they took and dished out in return.

#### Flag Fleet

Jim Gariepy	122-1-3	1395
Frank Falango	109-22-23 (sink)	3690
Terry Miller	91-1-4	1135
		<b>6220</b>

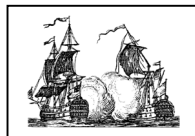
#### No-Flag Fleet

Don Cole	39-0-2	490
Rick King	28-0-1	330
John Craine	57-5-2	795
Trevor Norell	14-0-0 (sink)	940
		<b>2555</b>

Sunday was another beautiful day. Don and Trevor could not make it, so the five remaining captains decided to have a (3) sortie, no patching(except rams), no battery changes, free for all battle. It was a blast! I was the last to launch for the first sortie, I looked out at the pond and saw a strange sight. Instead of two groups of ships separated some distance apart, there were 4 ships scattered to all points of the compass, waiting for WAR to be called. After launching, we all sat in our camp chairs beside the pond and the battle commenced and all the ships seemed to converge at once in front of the seated captains. What a relaxing way to battle! There was plenty of action and several sinks but we didn't keep score, just had great fun. I think that we all agreed that a free for all battle was a great change from team play. So I'm sure that we will be doing it again.



## May 21 2005 Cal-Neva Combat Club by Brandon Smith



The day was warm, sunny, and free of clouds for the first battle at Greenwood Lake.

After a hearty breakfast at Bret's, six captains made it over to the pond including two rookies. Jerry had put a re-fit on the Derfflinger and she was looking good as new. Rob came up from Monterrey with his new boat, the Newport News, which looked great. Both were eager to test their meddle against the other captains of the club.

### Battle #1

**Team Axis:** SMS Derfflinger, KuK Viribus Unitas

**Team Scapa Flow:** HMS Invincible, USS Newport News, SMS Hindenburg

The first sortie began with the call of "battle" as five ships lurched towards one another. The Hindenburg and Derfflinger crossed very close to one another, guns blazing from both German warships. The two battle cruisers came together and locked for a moment before breaking away to go after other prey. Meanwhile the VU and Invincible circled one another trying to line up for shots. The Newport News stood off and sniped at the action, only to retreat to deeper water when the VU turned for retribution. With every



The I-boat chases the lofty Derfflinger

Photo supplied by Brandon Smith

ship firing madly, the sortie was over quickly as magazines ran dry and CO2 was expended.

The second sortie followed with more of the same action as the first, though now it was the Hindenburg and VU locking together throughout the battle, with the News trying to bait the Derfflinger to chase her sterns. The Invincible was having electrical issues and pulled out of the sortie for repairs. Once again, ammo ran low and the sortie ended with no clear winner. After looking at the damage (or lack there of) it was decided not to patch for the second battle.

## Battle #2

### Team Two-Funnels: SMS

Derfflinger, KuK Viribus Unitas

### Team One, Two, or Three-

Funnels: USS Newport News, HMS Invincible, SMS Hindenburg

The first sortie of the second battle saw the Invincible re-join the fight for her team. Once again the Hindenburg and the Derfflinger sized one another up and fired many rounds at one another. The Newport News began to work a bit more with the Hburg to bait the VU into a trap, but the cruiser ran out of ammo just as the Axis battleship came under her guns. This left the Hindenburg to rampage alone against the VU and Derfflinger as the Invincible waited for one of the other ships to call five. As it turned out, the VU ran up

against the I-boat and got a few rounds in below the waterline causing the British ship to start pumping. The Hindenburg tried in vain to pin down the VU but ran low on ammo and called five along with the News. The boats came off the water with the I-boat looking the worse for wear.

The final sortie of the day saw the Invincible out with more electrical issues, leaving just the cruiser Newport News and the Hindenburg to face the VU and the Derfflinger. This time it was the nearly-black painted Hindenburg that was the aggressor, moving to engage both the

VU and the Derf with some success as the Derfflinger began to pump more than intermittently. Of course the Hburg paid for taking on two ships, pumping some herself after a few engagements. The News once again sniped from range and ran out of ammo, leaving the Hindenburg to outlast both Axis ships and come off the water last. Without a doubt each captain had a great battle and will be looking for some payback next month.

### Scores:

SMS Derfflinger (rookie) 2-1-4 for 245

KuK Viribus Unitas 7-2-2 for 220

HMS Invincible 12-0-3 for 270

SMS Hindenburg 10-3-3 for 325

USS Newport News (rookie) 6-0-2 for 160

Team Axis Two funnels total: 465

Team Scapa Flow 1,2,3 funnels total: 755



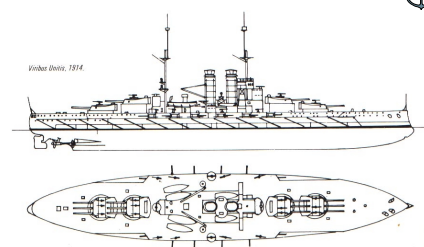
The Newport News baits the Derfflinger during a colorful moment

Photo supplied by Brandon Smith



The Viribus Unitas and the Dark Hindenburg jockey for shots.

Photo supplied by Brandon Smith







## Insurance Products and the MWC

by Steve Reichenbach

### Introduction

As vice president, and club “insurance czar”, I’ve been pouring over insurance information for the past year. Our club’s largest expense each year is insurance, and I feel a responsibility as insurance czar to educate myself on what our insurance does for our club. Fortunately, I’ve had some help from Mark Roe, Kevin Hovis and Tim Krakowski along the way. Together we have learned a lot about insurance. This document is a “brief” for the members of Model Warship Combat, so that together the club can make informed decisions about various insurance products.

Our committee generated a list of questions regarding insurance policy benefits. These questions were designed to help us evaluate what our current policy will, and will not do. In other words, we wanted to make sure we understand the benefits and value of our current insurance policy. The questions we constructed have everything to do with what we perceive to be our most significant risks as individual battlers, and as an organization.

### Risk Analysis

The risks that our organization faces can be described in the following matrix:

1. Battler: Member	2. Battler: Non-Member
3. MWC: Member	4. MWC: Non-Member

1. As individual battlers, we each have a risk that we might be responsible for injury or property damage suffered by another member of the club.

2. As individual battlers, we each have a risk that we might be responsible for injury or property damage suffered by a non-member of the club.

3. As a club, we corporately have a risk that the club might be responsible for injury or property damage suffered by a member of the club.

4. As a club, we corporately have a risk that the club might be responsible for injury or property damage suffered by a non-member of the club.

### Specific Risks

Members of our club, attending an event, have some exposure to many different types of potential accidents. Some of these include:

- Being hit by a BB – worst case, being hit in the eye.
- Being cut by a share prop, or x-acto knife
- Getting hurt building or working on your boat at home
- Car catching on fire because your boat shorts out
- Slipping on shore, and injuring your back – being out of work for several months while you recover.
- Drowning

Some of the above risks represent situations where people feel we should provide insurance benefits. For example, we could debate whether the club should pay the \$500 deductible if a member hurts himself using a drill press at home. I’m guessing that the majority of board members would agree with me, that this situation should NOT be

covered by MWC insurance. In another example, if a person is hit in the eye with a BB, I’m guessing that the majority of members would agree with me, that this situation SHOULD be covered by the MWC insurance.

Please note that each risk listed could apply to a member or non-member. Ask yourself, for each risk you can think of, who came to mind as likely to be at risk? Is a member more likely to sustain one of these risks, or an innocent passer-by?

The club itself also has some exposure to certain risks:

- Being sued by a company which goes out of business as a result of a decision made by the club.
- Being sued by the family of a club member who died at an event.
- Being sued by a site owner for damages related to the death or injury of a family pet.
- Being included in legal action when a child drowns in a pond where MWC has added the site owner to our insurance policy.

### Types of Insurance Policies

Many different types of insurance products are available to give individuals and corporations peace of mind. As a responsible citizen, we each should be interested in providing insurance benefits to pay for the damages we may be responsible for causing in case of an accident. Likewise, we may be interested in providing coverage for ourselves.

### Liability Insurance

General liability insurance is the type of insurance designed to cover you when you cause injury or property damage to some other person. This type of insurance is most commonly used to provide coverage for damages caused if you are in an automobile accident. Your auto liability policy does not pay to

fix your own car – you need a comprehensive policy to pay for collision or theft protection. The liability coverage only provides benefits to fix the other guy's car, and to pay for his hospital bills.

General liability insurance is also very commonly sold to small businesses. For example, if a hobby shop is sued by a customer who slips and falls, the general liability policy is there to pay the customer's medical bills. This coverage does not apply to the small business employees – they would need a separate workers compensation policy to pay for their medical bills if they are hurt on the job.

Many of us likely have a general liability benefit associated with our home owners insurance. If someone is on our property, and they suffer an injury, our home owner's policy provides us with some protection.

### **Medical, Disability and Accidental Death Insurance**

Many different kinds of medical and disability insurance policies are available. A medical policy, unlike a liability policy, only provides benefits to the insured.

The type of insurance most commonly purchased by small companies is workers compensation insurance. In fact, my home state of Texas is the only state I know of that does not require worker's compensation. This insurance provides benefits to the employees of a company, to take care of medical bills and other expenses related to an injury which is sustained while "on the job".

Another types of insurance commonly purchased include health insurance, short term disability, long term disability and life insurance. These policies are designed to provide specific benefits in specific circumstances. For example, a health insurance policy is usually designed to pay the majority of any major medical costs which may arise for an individual, or their family.

While many of our members are likely covered by one or more of these types of insurance, it is possible that several members of MWC have no personal health or disability or life insurance coverage for them or their family.

### **What type of insurance policy does MWC have?**

After review by an independent party, and by our insurance agent, the insurance committee is convinced that we definitely have a general liability policy. Our policy is designed to provide benefits only to those who are not insured and not family members of any insured person.

Our policy does NOT provide any benefits to members, or any site owners that we add, except to pay for injury or property damage we cause to an innocent bystander.

Our policy DOES provide liability protection to the club, and to each individual member, and can be extended to cover designated site owners.

Our policy provides general liability for the board of directors only in the case we cause damages to a non-member or to a site owner who is NOT covered by our site insurance policy.

### **Is the cost of the MWC policy reasonable?**

Our policy does seem to be reasonably priced. One of the factors is our "company" history. The more years of experience we have as an insured company, the lower risk we are to cover, and the more competitive our rate should become. Another factor is the type of company, a small non-profit hobby organization. Many insurance agents we talked with do offer small business liability insurance, but are not interested in selling insurance to us because of the relatively low cost of the coverage.

### **What other types of insurance products should the MWC consider?**

Because our club only has a general liability policy, at least two other insurance products should be considered:

Directors and officers (D&O) coverage could provide liability protection for individual board members, in case one or more club members decide to sue the board members. Because our club has a cash flow of about \$5000, and D&O insurance will cost at least \$2000 a year, the size of our organization makes this type of coverage less necessary. If we did a "risk analysis", this coverage would make more sense for organizations which are responsible for managing a larger cash flow.

An insurance product could be purchased by MWC to provide medical, disability, and accidental death benefits to uninsured members. This type of coverage is NOT available from JA Price, and will be more expensive than our liability policy. This type of policy would be designed to only provide benefits after the member's primary health insurance, or disability insurance. For example, if a member slips and hurts his back, our current liability policy would provide no benefits. If we purchased an accident policy, the member could receive benefits. If their policy provided 40% of their salary for 6 months while they are unable to work, our policy could pay additional benefits, up to whatever limits are specified.

### **What about NAMBA?**

NAMBA has purchased two different insurance products, both provided by the Travelers insurance company. NAMBA members are covered by a general liability policy which is very similar to the current MWC policy. In addition, NAMBA provides an accident policy for medical, disability, and accidental death.

NAMBA insurance is provided to each NAMBA member.

Membership fees for 2005 are:

\$45 – membership receives newsletter by mail

\$40 – membership receives newsletter electronically

\$35 – 2<sup>nd</sup> adult member at same address (only 1 newsletter)

\$25 – junior member

NAMBA has filed at least one claim using their liability policy. The claim involved a dog which was retrieving a stick that its owner had thrown into the water. While in the water, a speed boat hit the dog. The liability policy was used to pay the dog's vet bill, as "property damage" suffered by the dog owner, an innocent bystander.

NAMBA's insurance underwriter HAS defended itself against a claim made regarding a site they had insured, in a case not involving a NAMBA event. NAMBA is currently reviewing its site insurance policy, to only provide insurance coverage during a NAMBA event, so the club insurance is not "raided" if an accident happens on the insured site which is unrelated to any NAMBA activities.

NAMBA has also filed 3 claims during their 10 year history using their medical policy for members who were injured during an event at lakeside.

### Recommendations

A. Regardless of what insurance policy we have, our members should be encouraged to NOT add a site owner to the policy unless we are certain they understand the coverage will only apply to MWC activities. Each site owner we add represents a risk to the club.

B. We should consider D&O insurance.

Our current policy offers no protection for board members who are sued by a club member or covered site owner. The primary disadvantage to D&O insurance is the relatively high cost compared to the low cash flow we manage.

C. We should clarify what "MWC activities" are covered by our liability policy. The last thing we need is for a person to join the club, host a meeting in his home, and then have a neighbor file a claim so they can remodel their garage. The MWC should reserve the right to not file a claim in certain circumstances, for example perhaps we do not cover any injury at a member's home, except during a sanctioned event if part of the home is being used as a pit area.

D. We should inform the members what our insurance does and does not do.. The points which should be emphasized include:

1. Our policy is liability only
2. Our policy is secondary insurance coverage, so your home owner policy should be reviewed, especially if you will host events on your own property.
3. Discourage adding site owners to our policy.

Explain the additional risk of adding "additional insureds".

4. Publish the MWC guidelines regarding how will we decide to file a claim?
5. Publish the MWC guidelines regarding how we will pay the deductible, or reimburse members if we file a claim?
6. Urge members to "take care of" any situation under \$500 as soon as possible. For matters over \$500, exchange information with the injured party, and contact the MWC vice president as soon as possible with information regarding the incident.
7. Urge site hosts to assume responsibility to gather necessary information if an incident occurs which might result in a claim being filed.

E. We should complete and document our club's risk analysis, to help the club to make informed decisions about what insurance products would be most valuable to our club, and its members.

Respectfully submitted,  
Steve Reichenbach



There are some roads we don't want to travel

Subject	Scottsdale	NAMBA	Comments
Liability coverage, amount	\$ 1million	\$ 2 million	Scottsdale \$1 Million per occurrence and \$2 Million aggregate per year
Property Damage coverage, amt	\$ 1million	\$ 2 million	
Medical coverage, amt	\$ 5000	\$ 1million	
deductible	\$500	\$500	
Does MWC club receive Liability coverage benefit?	Yes	No	
Do MWC officers receive D & O coverage benefit?	No	No	(D&O is Directors and Officers)
Does MWC member receive Liability coverage benefit from external lawsuit?	Yes	Yes	Scottsdale liability coverage = secondary NAMBA liability coverage = primary
Does MWC member receive Liability coverage benefit from internal lawsuit?	No	Yes	NAMBA liability coverage = primary
Does MWC member receive Property Damage coverage benefit?	No	Yes	NAMBA PD coverage = primary
Does MWC member receive Medical coverage benefit?	No	Yes	NAMBA medical coverage = secondary medical coverage is not available from our present insurance agency, J.A. Price.
Does MWC member family receive Liability coverage benefit?	No	Yes	
Does MWC member family receive Property Damage coverage benefit?	No	Yes	NAMBA PD coverage = primary
Does MWC member family receive Medical coverage benefit?	No	Yes	NAMBA medical coverage = secondary medical coverage is not available from our present insurance agency, J.A. Price.
Are MWC benefits reduced if someone else files a claim?	No	Yes	Scottsdale policy is solely for the MWC. NAMBA policy is spread across all the NAMBA participants. A claim by a model speed boat reduces and/or eliminates the remaining insurance for everyone else.
Does insurance offer additional site insurance?	Yes	Yes	Scottsdale cost is \$105. NAMBA cost is \$45 or \$40 (newsletter option)
Is the site insurance primary?	No	Yes	NAMBA PD coverage = primary NAMBA medical coverage = secondary
Is the insurance valid at non sanctioned events?	Yes	Yes	
Is the insurance valid away from the waters edge?	No	No	Only activities at the event site are covered.
Pricing Method	Variable Cost Per Member	Fixed Cost Per Member	
Cost for 200 members	\$4000	\$8000	Equal value – half the coverage at half the cost. Could add accident policy.
Cost for 150 members	\$4000	\$6000	
Cost for 100 members	\$4000	\$4000	
Cost for 75 members	\$4000	\$3000	
Cost for 50 members	\$4000	\$2000	





## MWC Insurance Review: 46 questions

**Review of MWC Insurance  
purchased from Scottsdale  
Insurance Co.**

Scottsdale Home Office:  
One Nationwide Plaza  
Columbus, OH 43215

Scottsdale Administrative Office  
8877 N. Gainey Center Dr.  
Scottsdale, AZ 85258

Phone: 1800-423-7675

Policy CLS1000894, the 2004 policy, effective date 05/01/2004 to 05/01/2005, 38 pages. The Policy Premium plus fees and taxes was \$4082 in 2004.

This policy was reviewed by three independent reviewers. The BOD Insurance questions and their answers are what follows. First however, some info on the reviewers.

**Reviewer 1** is the Price Agency LLC, Rochester Hills, MI., Mr H. Wayne Price Jr, principle agent. Mr. Price represents Nationwide Insurance Co. which owns the Scottsdale Co. Mr. Price has 26 years experience in the insurance field. (Mr. Price has no relation to the J.A. Price Agency, Inc of Eden Prairie, MN) reviewed questions 1 – 40. This review took place during a one hour and fifteen minute meeting with Mark Roe on Feb. 16, 2005.

**Reviewer 2** is the J.A. Price Agency, Eden Prairie, MN., Mr. Bob Blomster. Mr. Blomster is a Vice President at J.A. Price Agency, an independent insurance agency representing Scottsdale and other insurance companies. Mr. Blomster reviewed question 1 – 40 and returned his answers in a Word document on March 1, 2005.

**Reviewer 3** is Mr. Michael Hale of Cambridge Underwriters, LTD., Michael Hale J.D., CPCU, CIC, AAI, and is the President & CEO of Cambridge Underwriters. He is a lawyer and certified insurance consular. Mr. Hale reviewed question 1 – 46 during a one hour meeting with Mark Roe on Apr. 28, 2005.

*Form # CLS-SD-1L (8-01)  
Commercial General Liability  
Coverage part (1 page)*

Coverage A and Coverage B set at \$1 Million “any one occurrence or one person”

**Question 1:** At \$1 Million “any one occurrence or person” are we under insured?

Reviewer 1: No. \$1 Million is very common for general liability. Same as most small businesses.

Reviewer 2: Based on the activities of the club the premiums charged are very reasonable. 1,000,000 liability limits are normally the biggest limit you can carry without adding umbrella insurance layers of \$1,000,000 each. Normally organizations buy as much as they believe they can afford. You have a very decent limit based on what he shows as the MWC assets.

Reviewer 3: \$1M is typical for organizations and individuals without significant assets. NAMBA offers \$2M. May not be a bad idea to get a quote through them as the main exposure appears to be liability of the members, whereas the club itself has no assets to speak of. Also, use the release I drafted on the back of the membership form to further

limit the liability of the members and the MWC.

*Form # UTS-246s (9-03)*

*Amendatory Endorsements (8 pages)*  
Pg5. Punitive or Exemplary Damage Exclusion

Mark Roe opinion: MWC insurance does **not** pay for punitive or exemplary damages.

**Question 2:** How common are punitive damages?

Reviewer 1: Not very common.

Reviewer 2: I am not an attorney so I am not getting into punitive damages with you guys. I would just strongly suggest you have a very good safety policy and strictly adhere to it and you should be fine. Even if that exclusion was not in this policy, many states will not allow insurance to cover punitive damages.

Reviewer 3: Not recognized in Michigan but is recognized in other states such as Ohio. Would only apply to punish a Defendant for extremely egregious conduct.

**Question 3:** Are punitive or exemplary damages levied against the defendant simply because the original coverage value of the policy was not sufficient to satisfy the plaintiff?

Reviewer 1: No.

Reviewer 2: No. Speak to an attorney about punitive damages.

Reviewer 3: No. Not related to coverage.

**Question 4 :** Because our hobby fires projectiles are we more likely to get hit with a punitive or exemplary damages?

Reviewer 1: Yes

Reviewer 2: Not responding.

Reviewer 3: Not necessarily – would need some egregious or wanton conduct or failure to act to prevent same.

*Form # CG00 01 10 01 Commercial  
General Liability Coverage Form  
(16 pages)*

**Coverage A** Bodily Injury and  
Property Damage Liability:

Pg. 3. Section 2 Exclusions, Item f: Pollution; and Pg. 7. Section 2 Exclusions, Item M: Pollution. Mark Roe opinion: MWC uses many lead acid batteries, and is not covered for spill of battery acid or lubricating oil or anything known as "pollutants".

**Question 5:** Do you agree?

Reviewer 1: Technically yes. Practically no. Environmental spill requires several gallons of spilled material. A pint of clean lubricating oil or the acid from one model boat battery does not qualify as a hazard spill. A spill inside a hotel room is the responsibility of the guest, just like any other damage to a hotel room.

Reviewer 2: This is a standard exclusion to all liability policies. If you truly believe you are bringing large levels of pollutants, and possibly requiring cleanup methods, to these sites, then a pollution policy is necessary. (At roughly \$10,000 minimum premiums.)

Reviewer 3: As we discussed, probably not a large exposure given that the batteries are disposed of by the individuals and not in mass.

Pg 4. Section 2. Exclusions item g: Aircraft, Auto or Watercraft: This exclusion does not apply to: (1) and (2).

Mark Roe opinion: MWC model boats appear to be insured if sitting on shore, but **not** insured if in the water.

**Question 6:** Do you agree?

Reviewer 1: No. Your models are not covered at all.

Reviewer 2: Look at the You/Your issue here. Exclusion does not apply to a watercraft the MWC organization does not own that is...

1. Less than 26 feet long and
2. Not being used to carry persons or property for a charge.

Are these watercraft not owned by the members themselves and not the organization?

Reviewer 3: Could create an argument given this unusual set of facts. There are good arguments that watercraft does not include a toy boat. However, is a good idea to get Scottsdale underwriter to confirm their understanding of this in writing.

Pg 4. section 2. Exclusions g. Aircraft, Auto or Watercraft: "Bodily injury" or "property damage" arising out of the ownership, maintenance, use, or entrustment to others of **any** aircraft, "auto" or **watercraft** owned or operated by or rented or loaned to any insured. This includes operation and "loading or unloading" Mark Roe opinion: The words "any" and "watercraft" form together to include MWC toy boats.

**Question 7:** Do you agree?

Reviewer 1: No. the word "any" applies to people carrying craft.

Reviewer 2: No

Reviewer 3: There are strong arguments contrary to this. However, you should get a written confirmation from the underwriter to avoid issues at the time of any claim.

Mark Roe opinion: The words "use", "any" and "watercraft" form together to mean this insurance company is not willing to take the liability risk associated with water ie. boats, drowning, back injuries.

**Question 8:** Do you agree?

Reviewer 1: No. It means Scottsdale is not competing with other insurance companies who specialize in car & boat insurance.

Reviewer 2: Only certain boats

Reviewer 3: See above.

Mark Roe opinion: **MWC HAS NO BODILY INJURY OR PROPERTY DAMAGE INSURANCE!!!**

**Question 9 :** Do you agree?

Reviewer 1: No. Your club is insured for injury and damage arising from club activities at club activity sites.

Reviewer 2: No

Reviewer 3: See above.

Pg 4. Section 2. Exclusions, item j: Damage to Property

"Property damage" to: (1) property you own, rent or occupy"

Mark Roe opinion: MWC insurance does **not** cover damage to your model boat, damage to your personal car, or damage to your house caused by model boat activities.

**Question 10:** Do you agree?

Reviewer 1: yes

Reviewer 2: Please re-read applying "You and Your" issue. (And what "property" of club members are we looking to cover? Explain the loss scenario? Hopefully he is not alluding to the club member's model boats.

Reviewer 3: Since MWC itself does not own ,rent or occupy property that it could damage, this does not appear to be an issue.

**POSSIBLE BIG ISSUE HERE.**

**Club members who think this insurance is protecting their property are going to be unhappy.** Mark Roe opinion: When the MWC adds site owners / locations to this policy those people / places become part of the "property you own, rent or occupy" and therefore are bound by this exclusion and are **not** covered by the property damage portion of this insurance.

**Question 11:** Do you agree?

Reviewer 1: Yes. For home owners who do this hobby on their property I recommend \$500K personal liability. The normal is \$100K to \$300K. Also recommend P.U.L. (personal umbrella policy) of \$1 million. Homeowner policy kicks in regardless of who caused the injury. If it happens on your property then your homeowners policy is primary.

Reviewer 2: What property is he concerned about?

Reviewer 3: As mentioned, the addition of club members as additional insureds does not make them a "you": under the policy. Thus, they should have coverage.

**Coverage C Medical Payments:**  
Pg. 7 Section 2. Exclusions, item a:  
Any Insured  
Mark Roe opinion: This insurance will **not** pay for bodily injury medical expenses to any club members.

**Question 12:** Do you agree?

Reviewer 1: Yes

Reviewer 2: Yes. This is not meant to be a medical policy for your members. Medical Payments coverage, in a general liability policy, is often referred to as a "good will" payment for a third party suffering some sort of minor injury due to your organization. (Like a cut finger being pinched in a door or possibly a slip and fall on a wet floor.) Typically there is no attempt to even prove the MWC was at fault for this coverage to apply. Some businesses actually want this coverage removed, or lowered to a very small level, so it only covers the smallest medical issues. You still have the bodily injury coverage applicable in Section A of the policy.

Reviewer 3: Yes

Mark Roe opinion: Only persons not insured by this policy are covered by Coverage C.

**Question 13:** Do you agree?

Reviewer 1: Yes

Reviewer 2: Yes

Reviewer 3: Yes

Pg 11. Section 4. Other Insurance:  
Appears to be replaced by form UTS-246s (9-03) page 7 (last page of package).

**Question 14:** Do you agree?

Reviewer 1: Yes

Reviewer 2: Yes

Reviewer 3: Yes

Form UTS-246s (9-03) page 7 says this insurance is excess over **any** other insurance.

Mark Roe opinion: This insurance is secondary if the claimant has any other primary insurance.

**Question 15:** Do you agree?

Reviewer 1: Yes. You can be assured Scottsdale will investigate if other insurance is available to act as primary.

Reviewer 2: Not exactly... See <http://www.claimrep.com/CoverTerms.htm>

Reviewer 3: Yes

Mark Roe opinion: MWC insurance summary document that states this insurance is primary is misleading at best, and for the most part false. False because most members have personal auto, home and medical insurance. Those other insurances are primary in the eyes of this MWC policy.

**Question 16:** Do you agree?

Reviewer 1: Yes

Reviewer 2: Possibly. Unless their owned personal coverage also has "other insurance" provisions. I think you all would agree that this activity is still a personal hobby and hopefully each individual member takes their own personal liability serious and secures decent personal liability insurance. The MWC is doing a great thing in providing this member, additional insured extension to the MWC policy. (It could be either an excess 1,000,000 layer or possibly even primary.) We can delete the member additional insured protection if you do not like it? Leaving each member with only what they possibly have personally and subject to exclusions in their own personal liability policies...

Reviewer 3: Yes. You should redraft.

Exclusion page, CG 21 01 11 85:

Exclusion – Athletic or Sports

Participants:

"This insurance does **not** apply to "bodily injury" to **any** person while practicing for or participating in **any** sports or athletic contest or **exhibition** that you sponsor"  
Mark Roe opinion: No one is covered by bodily injury who participates in a MWC battle.

**Question 17:** Do you agree?

Reviewer 1: No. The key word is sponsor. The example is your club

sponsors a little league baseball team. Your club name is on the back of the kids shirts. One of the kids gets hurt. This MWC insurance does not cover the team athletes. The little league association insurance covers the athletes.

Reviewer 2: I'm going to address this one with the underwriters, as this is normally included in situations involving baseball games or athletic events. I think this one could be backed out as it is confusing at best. (Hard to call these sporting or athletic contests and they would not be able to get by with excluding 100% of what they are charging premiums for on the policy.)

Reviewer 3: As mentioned, coverage would be illusory if the carrier were permitted to rely upon this exclusion. However, you should ask the underwriter to confirm the understanding that your activities are not sports or athletic in nature.

**Question 18:** Would this exclusion apply to any person you invited to watch an MWC exhibition?

Reviewer 1: Does not apply.

Reviewer 2: Practicing for or participating in any contest. (Meant for players)

Reviewer 3: No as not "practicing for or participating in"

**Question 19:** Would this exclusion apply to any innocent who happened to be walking by?

Reviewer 1: Does not apply.

Reviewer 2: See 18

Reviewer 3: Same answer as 18 above.

On 04MAR04 Kevin H. wrote in an email answer to Rick K's. question about renewing Trotwood's site insurance each year: "It is my understanding that site insurance has to be renewed every year. It expires the same as our policy expires. The "additional insured" that the site



owners become don't carry over to the next policy period when we renew.

Mark Roe opinion: What makes me nervous about this answer is the "additional insured". As I read this policy if you are an "insured" you become bound by all the exclusions of the policy. There are so many exclusions here I think the site owner received very little coverage from this policy, and must tap his other insurance if some MWC accident happened.

**Question 20:** Do you agree?

Reviewer 1: Yes, site owners most likely will have to tap into their own insurance. There is a more important issue here. Never add an "additional insured" unless requested by the city, etc. Just show them you have insurance to cover yourself. If a good lawyer finds out the other insurance is covering the property you may find the MWC insurance paying for a parking lot accident that happened when your club wasn't there. If you must add a site as "additional insured" officially remove it as soon as you are finished with the site.

Reviewer 2: Site Owners listed as Additional Insured would be need to be renewed from year to year. Yes these people are subject to many of the same exclusions as the MWC themselves, however adding these site owners as additional insured does give them more potential coverage for most situations. Otherwise landlords across the country would stop asking to be named on their tenant's liability policies as additional insureds.

Reviewer 3: Yes – additional insureds actually have less coverage than the named insureds (the "you" under the policy).

Some BOD members argue that "the insurance company has a copy of our rules; therefore they know what we are about, and have agreed to cover us". Other BOD members argue that "the insurance personnel are sitting

in their office laughing, saying if those model boat guys are foolish enough to pay the premium we'll take their money and we have 3 or 4 ways to deny any claim".

**Question 21:** Which do you believe is correct?

Reviewer 1: The first part.

Reviewer 2: Nice BOD

members you have. If they believe the latter they may as well get rid of all of their own insurance coverage.

Reviewer 3: Scottsdale is a solid insurer and really does not typically practice this kind of philosophy. Any argument of this type would mean coverage is illusory. However, as mentioned above, it is a good idea to confirm the understanding that toy boats are not watercrafts and that your hobby is a hobby and not a sport or athletic event.

**Question 22:** If an innocent bystander is shot in the eye with a BB, does MWC insurance cover *any portion of the injured persons medical expenses*?

Reviewer 1: Yes

Reviewer 2: Yes it should.

However one should hope your safety policies are such that this should be a very remote exposure.

Reviewer 3: Up to limit and subject to policy exclusions / conditions.

**Question 23:** If an innocent bystander is shot in the eye with a BB, does MWC insurance cover the MWC and its members from liability from lawsuits initiated by the injured person?

Reviewer 1: Yes

Reviewer 2: Yes it should.

Normally members are not included, but we have added them as additional insureds

Reviewer 3: Same answer as 22.

**Question 24:** If a family member of a MWC member is shot in the eye with a BB at a MWC sanctioned event, does MWC insurance cover

*any portion of the injured persons medical expenses*?

Reviewer 1: No

Reviewer 2: Yes it should.

However one should hope your safety policies are such that this should be a very remote exposure.

Reviewer 3: Did not answer.

**Question 25:** If a family member of a MWC member is shot in the eye with a BB at a non-sanctioned event or at the members home, does MWC insurance cover *any portion of the injured persons medical expenses*?

Reviewer 1: No

Reviewer 2: Yes it should.

However one should hope your safety policies are such that this should be a very remote exposure.

Reviewer 3: Same answer as 22.

**Question 26:** If a fellow MWC member shot in the eye with a BB, does MWC insurance cover *any portion of the injured person's medical expenses*?

Reviewer 1: No

Reviewer 2: Possibly excluded under Medical Payments coverage section.

Reviewer 3: No.

**Question 27:** If a fellow MWC member is shot in the eye with a BB, does MWC insurance cover the MWC and its members from liability from lawsuits initiated by the injured person?

Reviewer 1: No

Reviewer 2: So this would involve a member attempting to sue his/her own organization for an injury he/she incurred because he/she was not following the strict safety codes of the organization, which helps give him/her the means to practice his/her own personal hobby? I would decline to comment on the outcome of this scenario.

Reviewer 3: Yes, subject to policy limits, exclusions and conditions. There is no cross suits exclusion to bar coverage for suits between members. However, use the

release form I suggest as a good risk management tool to help limit liability of MWC and its members.

**Question 28:** If an innocent bystander drowns in the pond during one of our events, does MWC insurance cover the site owner from liability from lawsuits initiated by the victim's family? Should the MWC provide insurance coverage in such cases, or should the site owner assume responsibility (warning signs, waivers?) to prevent others from drowning in their pond?

Reviewer 1: No. They could bring the club into the suit, but the site owner is first in line.

Reviewer 2: Why would a bystander drown and how would the MWC or landowner be legally liable for them falling in the pond? Facts of the case here would be important. I'm not going to attempt to answer this one.

Reviewer 3: Yes, if added as additional insured. Not automatic.

**Question 29:** Our club provides web sites for members to use to promote the hobby. Should our club consider purchasing "internet liability insurance"? What is the average cost of an internet liability lawsuit?

Reviewer 1: Good luck finding internet liability insurance. Only very large companies can afford it. Your club does not collect credit card information or personal information. You don't need this insurance.

Reviewer 2: If you want to pay approximately another \$1500 minimum you could look into one. (I do not know what average lawsuits are in this area. If there were one it would probably be in excess of \$25,000.)

Reviewer 3: As we discussed, probably not cost effective. You are not hosting chat rooms or bulletin boards

and only use it as a brochure and for e-mails. Use our consent section of the membership application to help limit this liability re: e-mail distributions. (his estimate was \$2500 premium)

**Question 30:** Our insurance agent recently suggested we purchase Directors and Officers insurance. As a Georgia corporation, with about 150 members, what is the exposure of our members should the club be sued? What is the exposure of our BOD members? What is the exposure of our BOD officers?

Reviewer 1: Normally I recommend BOD member purchase directors and officers insurance. Business and home owners associations have troubles over handling or collecting money. This is where most of the lawsuit stem. Your club has little money transfer and the members are willing to pay the dues. I can't think of a scenario where your members are likely to sue the BOD.

Reviewer 2: Directors & Officers would help personally

protect those MWC officers who are volunteering their personal time for "wrongful acts" in managing the organization. Premiums for a small non-profit would be approx. \$1000 per year for a 1,000,000 D&O limit. (\$1,000 is usually the minimum for these types of policies and the MWC should be small enough to qualify.

Reviewer 3: Available for probably between \$1,000 – \$2,500 per year. Would cover board member liability for making mistakes in managing the club. Not for bodily injuries or property damage, however.

**Question 31:** Our club assets are under \$10,000. Based on the size of our organization, how much money should we plan to spend on liability insurance?

Reviewer 1: No response.

Reviewer 2: Up to you

Reviewer 3: \$3,500 or less. Of course, it depends on the kind of coverage you want.

**Question 32:** Does our organization have the necessary



**Dirty Rumor Department:** British Fleet captains collecting the payoff after suing the BOD and the MWC.

paperwork to prove we are a corporation?

Reviewer 1: No response.

Reviewer 2: Not Answering.

Reviewer 3: Unknown. If you have articles of incorporation, bylaws, and keep minutes, you are doing well.

**Question 33:** Do we lose any benefits of incorporating when our club does business in other states?

Reviewer 1: No response.

Reviewer 2: Not Answering.

Reviewer 3: None that I am aware of. You are incorporated in GA and benefit from that. This does not limit liability of the MWC or its members for bodily injury or property damage / personal injury type claims.

**Question 34:** Is our organization the correct type of corporation, or would a different type of corporation status provide us with additional benefits?

Reviewer 1: No response.

Reviewer 2: Not Answering.

Reviewer 3: Appears to be best as nonprofit corporation. Ask your CPA for further guidance in this area.

**Question 35:** Does our organization need to file a tax return to the IRS or to the state of Georgia each year?

Reviewer 1: Ask an attorney or accountant.

Reviewer 2: Not Answering.

Reviewer 3: I believe so. However, confer with your CPA as well.

**Question 36:** Does the membership card we provide members include the correct wording to indicate that person is covered by the MWC insurance policy?

Reviewer 1: Yes (reviewer saw the MWC membership card.)

Reviewer 2: ????? (reviewer did not see the MWC membership card.)

Reviewer 3: See the changes I made when Mark Roe was in my office. (change is delete "has liability insurance in the amount" add "is covered under a commercial general liability policy with limits")

**Question 37:** Are there any additional records we should keep regarding who is / is not insured?

Reviewer 1: No. Your list of paid members is all that's required.

Reviewer 2: ????? Only those parties requesting to be named as additional insured for sites. Then the MWC needs to order those at renewal each year.

Reviewer 3: Not except membership applications and copies of membership checks paid in.

**Question 38:** Our insurance policy includes a number of "exclusions" (for example, watercraft exclusion). Is there a particular type of legal counselor who would specialize in interpreting these exclusions, and helping us to understand the legal terms of the policy?

Reviewer 1: Ask an attorney or accountant.

Reviewer 2: Independent Risk Manager... However they will come at a cost.

Reviewer 3: No answer needed here.

## CONCLUSIONS

1. This is a liability policy protecting the MWC club against lawsuits arising from club activities.

2. Additional insured include MWC members.

3. Additional insured include site owners if they are added in name as additional insured's, and the \$100 paperwork fee is paid.

4. All insureds have **no** Bodily Injury & Property Damage protection insurance from the MWC insurance.

5. All insureds have **no** medical insurance from the MWC insurance.

6. Non-insureds **do** have Bodily Injury & Property Damage, and medical coverage from the MWC insurance.

7. MWC insurance is secondary if insured's or non-insured's have any other Bodily Injury & Property Damage, or medical insurance available to them.

**Question 39:** Do you agree with the conclusions?

Reviewer 1: Yes. Insureds are members and members family. Non-insureds are general public and spectators. I would not add additional insureds unless asked.

Reviewer 2: Site owners are added when you advise us. Then we bill you the cost and it needs to be sent in as soon as possible. (If you collect it up front that is up to you. If the insurance company is not paid the additional insured premium on time the policy will be potentially canceled for non payment of premiums.

4.) Possibly not true. That would need to be excluded.

5.) Possibly true.

6.) Possibly true

7.) Too vague. Possibly true.

Reviewer 3: See answers to 1-38 above.

**Question 40:** After reviewing the MWC insurance policy and hearing an explanation of our hobby, do you believe we have too much or too little insurance coverage?

Reviewer 1: It's fine.

Reviewer 2: I believe you have a very good limit of liability. If safety measures are managed properly you should control most of your exposures well. However you do have a unique exposure to BB's, water, and potential hard objects and I believe you should carry at least the \$1,000,00 level you currently maintain.

Reviewer 3: I would recommend getting NAMBA quote for further information. Also, if you are going to stay with Scottsdale, have the



underwriter confirm the issues mentioned above re: watercraft and sports exclusions. I would also recommend suggesting to the owners that they maintain and review their own homeowners insurance for applicable coverage and limits as the limits you now have are shared limits and do not apply per member.

**Question 41:** Are we making a mistake by dropping our \$1 million general liability insurance (Scottsdale) policy that specifically covers our club (and its members as additional insureds) in favor of \$2 million general liability insurance (NAMBA) policy that covers the person (who paid the premium) as an individual.

Risk is our model battleships shoot BB's. The object is to sink your opponent.

Reviewer 3: I suggest getting quote through NAMBA to officially compare.

**Question 42:** A member says there is a legal principle called Joint and Several liability (J&S). He contends this is very important and we are protected from this by the Scottsdale liability insurance because this insurance covers the club. He believes we are giving up a large benefit if we drop Scottsdale and go to NAMBA. See: <http://www.namba.com/web2001/insurance.htm>  
Do you agree?

Reviewer 3: Perhaps NAMBA would add the club as an additional insured. The main exposure here appears to be assets of the members which could be exposed. The club has limited assets.

Postscript Reviewer 3: On 05MAY05 I asked this question again to Mr. Hale. I also asked for a percentage number of how often does J&S arise in liability lawsuits. His answer "I understand that NAMBA rejected you based upon your prior e-mail from yesterday. Let me know on your response to

new agent I am proposing. They can do much better!"

**Question 43:** Does the \$35 incorporation fee we pay to the state of Georgia protect the MWC members from this Joint and Several liability (J&S)?

Do you agree?

Reviewer 3: No

**Question 44:** Most of the injuries and damage from our hobby has been to the members. Members falling while carrying a 30lbs ship, cracks in our own car windshield, one member had a tooth broken off. To date no injury or damage to a non club member.

How big a "weight factor" would you put on Joint and Several liability (J&S)?

Reviewer 3: See 42.

**Question 45:** If the MWC does not offer property damage and / or medical insurance benefit payable to the membership, should the MWC require its members to sign a waiver holding the MWC club harmless?

Proposed Hold Harmless statement:

I understand that my participation in this activity is purely voluntary and I agree to hold the MWC harmless for any and all liability for any injuries including death which I might sustain while participating in this activity. This release will not affect any benefits to which I am entitled under the MWC insurance plan."

DO you agree?

Reviewer 3: See sample I drafted.

**Question 46:** 05APR05 Kevin H wrote: The simple question to ask a lawyer: Who'll end up paying the bills if the club as a corporation is sued and there's no insurance to cover it?

Reviewer 3: The members would likely be sued as well. Otherwise, they can get a judgment

all day long against MWC and you could walk away from it as long as it is properly filed, maintained and treated like a nonprofit corporation under Georgia law.

### **Additional Comments**

Reviewer 1: (1)Scottsdale is an Excess & Surplus company. They deal in very small niche markets the big companies don't want to bother with. Pricing for the coverage is basically a guess. (2)Property damage done by a member outside the event is NOT covered. If a club member shoots out a motel room window or damages the carpet with battery acid this is not covered. It is outside your club's main business of battleship fights on the water. (3) At a battle you bust a window in a car you are covered, but your deductible is \$500 per claim. To avoid legal grief you should step up and pay the owners glass repair cost. Even if the owner has low or no deductible on his glass.

Reviewer 2: You may also want to review "recreational use statutes" in various states. Your property owners may get the best protection of all if these apply to your club activities and they are not charging you fees to use their land. Here is an example of one in Georgia. These are normally extremely powerful measures to protect landowners for situations where they have allowed people to use their land.!

[http://www.americanwhitewater.org/resources/repository/Georgia\\_Recreational\\_Use\\_Statute.htm](http://www.americanwhitewater.org/resources/repository/Georgia_Recreational_Use_Statute.htm)

Reviewer 3: None from the reviewer. Mark Roe comment: Even though Mr. Hale's company is an agent for other insurance companies he did not respond to the Request for Quote portion of this document. A second request for quote also went unanswered.

Ediot's note: I did not include the Request for Quote table because I did not see any actual quotes.

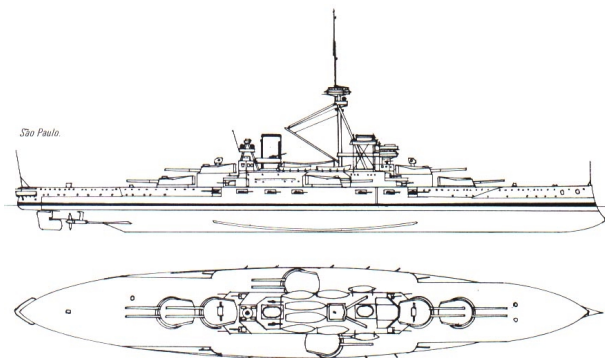




**A Tough Day:** Beached, Bombed, and a ticket for illegal parking. Hope they have insurance!

## **TASK FORCE 144**

1486 Oakdale Ave.  
West St. Paul, MN 55118



"All warfare is based on deception."  
-Sun Tzu, 500 BC