

Insurance: Points to Ponder

by Ken Roberts



Employee Dishonesty: With No Employees?

Our last article explored the importance of protecting your theatre revenue by purchasing Business Income coverage, but there are other risks to your income that don't involve fire or an act of nature. Theft is a common cause of loss that is typically covered by any insurance policy or package that is written on the "special" form. However, even if a policy includes theft protection, *theft by employees is excluded from coverage*. What all of this means is, if there happens to be a less than honest person involved in your theatre who may have access to your box office receipts, the disappearance of any or all of those receipts would not be covered by your property policy. This is where Crime coverage, or more specifically *Employee Dishonesty* coverage, comes into play.

Employee Dishonesty coverage can be tricky, regardless of how theatres are staffed. Most policy lan-

guage includes partners, members, officers, managers, directors, trustees and employees in the theft exclusion, but what about volunteers? As we all know, most of our theatres are manned by our dutiful volunteers, and the same is true of almost all other types of nonprofit organizations. The insurance companies that protect nonprofit organizations are keenly aware of this, and they usually eliminate this gap by including volunteers as employees, which makes exploring Employee Dishonesty coverage all the more important.

Another vital point to remember concerning Employee Dishonesty coverage is that the policy will be very specific regarding the premises to be covered. Protecting the box office receipts at the theatre seems easy enough, but it gets complicated when theatres have local merchants or other entities selling tickets for them. While this makes it much more con-

venient for the ticket-buying public, Employee Dishonesty coverage won't protect you against a theft by someone else's employees, so you need to be very careful about who is handling your money.

While there are some insurance companies that include a minimal amount of Employee Dishonesty coverage in their commercial package policies, usually it's not enough to do you any good, and the companies that insure nonprofit organizations do not typically include it at all. It is available for an extra charge, and it is generally not that expensive. The average theft by someone on the inside can run well into the thousands, and often takes weeks, months or even years to discover. So whether you have employees or volunteers, the investment in Employee Dishonesty coverage will more than pay for itself if you should ever have to use it.

For more information about the AACT Insurance Program, contact:

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