

What type of insurance should my club consider when purchasing a drone?

Drones, also known as Unmanned Aerial Systems (UAS) or Unmanned Aerial Vehicles (UAV), are becoming increasingly mainstream. During the 2015 holiday season, the U.S. government estimated that more than one million were sold, with the market projected to grow exponentially, particularly for commercial and personal use. While drones may be fun to fly, they are considered aircraft by the Federal Aviation Administration (FAA), and as such, are excluded from liability coverage under most General Liability policies. Common policy language would exclude coverage for both bodily injury or property damage arising out of the ownership, maintenance, use or entrustment to others of any "aircraft" owned or operated by or rented or loaned to any insured. Their FAA regulation pertains

to rules and guidelines that apply when drones are flying over crowds, etc.

The use of drones at golf and country clubs continues to grow. It is now fairly common to use drones to film the golf course, country club grounds, golf tournaments, junior activities and various social events. While the likelihood of either bodily injury or property damage from drone use at clubs may seem minor, the exposures will only grow as they become more widely used.

If a club decides to purchase a drone for these any of these types of uses, it should investigate and procure separate specialty insurance for liability and physical damage. Fortunately, both of these coverages are available without being too expensive. Premiums range from \$800 to \$1,500 for most of the types of activities that clubs will be

involved with, and broader options will be available as this market expands.

If a club hires any outside parties that use drones on their premises, it should ensure that proper indemnification language is included in the contract along with stipulations that the vendor has proper liability insurance naming the club as an additional insured. In addition, make sure the vendors are following all necessary rules that may be required by the FAA. This information can be located by visiting faa.gov/uas.



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Where has all the talent gone, or, where is it going?

Club management selection committees have incredibly clear, deep and diverse expectations when it comes to the skills, attributes and traits expected when considering a slate of candidates. Many clubs create incredibly high standards and expect a range of candidates to exceed those expectations. Some of those clubs are willing to pay for talent and others truly feel it would be a privilege for any manager to serve them. Conversely, many clubs have clear expectations about skill sets that are reasonable—yet finding talent to provide those comprehensive skills is an escalating challenge.

A baseline trait for hospitality talent is the clear presence of the hospitality gene—the "DNA of service" where one enjoys making members and guests happy. The majority of club managers is incredibly friendly, engaging and warm and wants to serve. Yet, today, the business skills required to run a club are both deep and diverse and becoming more so daily. Unlike organizations such as Disney or Ritz Carl-

ton where there are well-defined processes and systems that are applied to entire business units, individual club managers are challenged to create HR infrastructure, internal control systems, standards of service, marketing plans and financial reporting systems that are a value to the management team and the board—two very different consumers. Oh, and by the way, you have to communicate and manage a group of invested, smart volunteers that frequently apply their own business paradigms to operating a private club, which is a very different business model.

Beyond the technical skills required to run what on average is an \$8 million business, the best club managers must have political skills to handle the many viewpoints expressed by club leaders coupled with the traits of an entrepreneur. Not a usual combination.

As a result, the advancement of management companies in the private club industry is growing. Long established, traditional clubs that have historically been

driven by the committee system and competent management are turning to regional and national management companies in increasing numbers. Scale in business is critical for sustainability and profitability (I know, a word I'm not supposed to use) but management company's scale is their secret sauce—applying membership marketing strategies, aggregating accounting under one roof, applying broad reaching recruiting and onboarding staff techniques and standards of service to name a few.

It seems the private club industry is approaching a crossroad that will require rethinking, which may be a discussion more comfortable for some than others. I think I know where the talent is going.



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