

Racquet and Fitness Clubs

Update : Monday, August 04, 2008

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Low 1-3, Medium 4-6, High 7-9, Very High 10

SIC CODES AND CLASSIFICATIONS

7997 Membership Sports and Recreation Clubs
7991 Physical Fitness Facilities
7999 Amusement and Recreation Services, Not Elsewhere Classified

NAICS CODES AND CLASSIFICATIONS

611620 Sports and Recreation Instruction
713940 Fitness and Recreational Sports Centers

RELATED CLASSIFICATIONS

Clubs and Organizations - Nonprofit
Gymnastic Facilities
Health Clubs
Personal Trainers
Restaurants
Sporting Goods Stores
Weight Loss Centers

SPECIAL EXPOSURES

Ancillary services
Air-supported structures
Poorly maintained equipment
Repair of racquet equipment
Tournaments and special events

RISK DESCRIPTION

As consumers demand more services from athletic clubs, pure tennis operations are being replaced by racquet and fitness clubs, offering indoor tennis, racquetball, squash, handball, as well as exercise classes, weight-training programs, yoga, and weight reduction clinics. These businesses often are similar to health clubs, and the two classifications may very well overlap.

In addition to tennis, racquetball, handball, and squash, racquet and fitness clubs offer a wide range of services, from exercise facilities (with stationary bikes, treadmills, rowing machines, and stair climbers) to lifestyle management courses (e.g., weight loss and senior health programs). Most clubs offer a variety of aerobic dance classes. Aerobic dance is a form of exercise that has evolved into many different styles of dance-oriented exercise routines. Clubs will offer high and low impact classes, "step" classes, in which one or more steps are added to increase difficulty, and "slide" classes, in which a special mat allows participants to slide from side to side creating a nonimpact workout. Most clubs will also have yoga and Pilates classes available for stress reduction. Many clubs today have "pro shops" where sports equipment and exercise apparel can be purchased and members' racquets can be repaired or re-strung. Larger clubs will offer all the services of their smaller counterparts, but will also have swimming pools and a variety of extra services, such as massage therapy, physical therapy/chiropractic services, beauty salons, and full-service restaurants. These, however, will not be discussed here; for the exposures and loss controls associated with any of these services, please refer to the appropriate classification.

Recently, large facilities have begun offering other sports not previously associated with racquet clubs. Artificial rock climbing walls (simulating natural mountain cliffs), saunas, whirlpools, hot tubs, tanning booths, as well as cardio-vascular and free weight equipment, have become part of many clubs.

Racquet and fitness clubs can be found almost anywhere. Some are attached to hotels or malls, some are part of resorts, while others are large, standalone buildings. Typically, such a club will consist of a reception area; a number of indoor racquet and handball courts; various rooms where aerobics, yoga, and other exercise classes are held; segregated locker rooms and showers for male and female members; a child-care center; a pro shop; a member lounge where vending machines, televisions, and possibly computers for members to access the Internet are located; and restrooms. A growing number of clubs also have a weight training room; indoor and/or outdoor swimming pools; a snack bar or restaurant; saunas, steam rooms, spas, or hot tubs; a gymnasium where basketball, badminton, volleyball, and indoor soccer may be played; and outdoor tennis courts.

Although hours of operation can vary widely, most clubs are open seven days a week, typically opening early in the morning and closing late at night. The average club's hours of operation are from 5:30 a.m. to 11 p.m., though most will have shorter hours on weekends, usually opening around 7 a.m. and closing around 5:00 or 6:00 p.m.. Some clubs are open 24 hours a day, 365 days a year.

The number of employees in a racquet club will vary, depending on the size of the club. An owner/operator may be on the premises for small independent clubs. Small clubs may have up to 20 employees, while larger clubs will hire 100 or more workers. Most insureds will have instructors in exercise, yoga, aerobics, and other sport activities and a small office staff. Larger insureds will also have a general manager; group exercise director; an aquatic director (for those clubs that have a swimming pool on the premises); a sales director; personal trainers; an office manager; and a daycare center director.

Most clubs require a person to be a member before using their facilities. To become a member, the individual must sign a contract that can range in length from monthly to annual or multi-year terms. Thirty-seven states regulate contract lengths and cancellation provisions. Lifetime contracts are illegal in most states.

The International Health, Racquet & Sportsclub Association (IHRSA) recommends that clubs require an examination for prospective members to ascertain their physical fitness and to determine at what level they can participate in an exercise program. Some clubs will have an employee administer a basic cardiovascular fitness test; other clubs may require the customer to obtain a fitness exam from the customer's own health care provider.

The health and racquet club industry is largely self regulated. There are no federal regulations as the government generally does not see these types of clubs as a risk to public health. There are, however, local health regulations, and a few states have codes regarding swimming areas, whirlpools, saunas, steam rooms, racquetball and squash courts, and the sale and distribution of merchandise and food products. Most clubs require their employees to be certified by one of three nationally recognized associations: the American College of Sports Medicine (ACSM, which may be reached at www.ascm.org), American Fitness Professionals & Associates (AFPA, which may be reached at www.afpafitness.com), or the American Council on Exercise (ACE, which may be reached at www.acefitness.org). These organizations offer certification for personal and group instructors and lifestyle management counselors.

The professional trade association for racquet and fitness clubs is the IHRSA (which may be reached at www.ihrsa.org).

MATERIALS AND EQUIPMENT

Sports equipment: tennis, racquet ball racquets; tennis and racquetball balls; nets; net dividers; ball-throwing machines; basketballs; soccer balls.

Weight training and exercise equipment: multi-gym; exercise benches and tables; abdominal boards and racks, butterfly

machines; leg and bench presses; body twist machines; torso gyms; side bend machines; dumbbells and barbells; curl and bench press bars; weight racks; stationary bicycles; treadmills; rowing machines; stair climbing machines; steps and slides for aerobics; boxing equipment (e.g. punching bags, gloves).

Massage equipment: tables, beds.

Tanning salon equipment.

Saunas, steam baths, whirlpools, hot tubs.

Showers, lockers, hair dryers, physician's scales.

Towels, bath soap.

Cleaning and sanitizing compounds, pool chemicals (e.g., hypochlorites, isocyanuric acid, and bromines).

Merchandise in pro shop: T-shirts; leotards; swimming caps, etc.

NARRATIVE LINES OF LIABILITY

Automobile Liability

The Automobile Liability exposure for racquet and fitness clubs will be slight. Staff members typically will use their own vehicles to travel to promotional or educational events or to run errands, and therefore, a nonowned vehicle exposure will exist. In a few cases, large clubs may own a van or car for such business-related purposes, especially if the insured club is part of a regional chain of clubs. Though unlikely, a few insureds may occasionally transport clients to the club, which will increase this exposure.

What are the number, age, type, and condition of the insured's vehicles? Generally, only insureds that operate larger clubs, or are part of a regional or national chain will use company-owned vehicles, such as SUVs or vans. Are personal vehicles ever used for company business? In most cases, the insured's employees will use their own vehicles for business-related travel. If this is the case, then a nonowned vehicle exposure will exist. Confirm the existence of underlying personal insurance at acceptable limits, as well as an MVR review.

What are the frequency of travel and radius of operations? In most cases, employees will run errands within a 10-mile radius once or twice a week. Does the insured operate more than one club, or is the insured part of a regional chain? If so, employees may travel between facilities in the course of a typical work day. Do the insured's employees ever attend seminars or conventions? Doing so will necessitate additional travel over a longer distance. Though unlikely, some clubs associated with resorts, operating within urban areas, or catering to a nondriving clientele may offer transportation to and from the racquet and fitness club. Does the insured offer such a service? If so, the Automobile Liability exposure will be increased. For more information, please refer to the Automobile Liability section of the Bus Charter Services classification.

What are the hazards of typical routes? Common driving hazards include inclement weather (e.g., fog, rain, snow, etc.), road construction, and traffic congestion. Since the peak season for many racquet and fitness clubs is from January through March, wintry weather may be experienced by the insured's drivers. Are drivers instructed to turn on their vehicles' headlights and use extra caution when traveling in inclement weather? All company-owned vehicles should be outfitted with snow tires during the winter months in areas where weather conditions warrant such precautions. Are drivers ever required to operate vehicles during hours of darkness? Aside from lowered visibility, driving at such times could lead to fatigue. Another concern may be driving during heavy traffic, particularly in urban settings. Does the insured operate in an urban setting?

What are the number, age, training, and experience of the insured's drivers? Are any drivers under the age of 25? If so, a youthful driver exposure will exist. Obtain evidence of insurance and MVRs on all drivers. Since the Fair Credit Reporting Act requires written permission from the driver to obtain MVRs, the insured should make obtaining this permission part of the hiring process.

Does the insured have a vehicle maintenance program in place? All vehicle maintenance and repair services should be performed by licensed, professional mechanics, never by the insured's staff. It is a positive underwriting sign if the insured's mechanics are automotive service excellence (ASE) certified.

General Liability: Premises and Operations

Racquet and fitness clubs will have a significant General Liability: Premises and Operations exposure because of the number of people who visit these sites daily. Slips, trips, and falls are the most common. Claims of serious or fatal injuries may also arise from the improper use of equipment and facilities (i.e., pool, hot tub, saunas), or from the use of inferior or deteriorated equipment which is not designed and tested for everyday use. There is also the potential for slips and falls in wet areas, such as showers and pool sides. Members may also be injured while attempting to participate in classes that are advanced beyond their ability, working out without proper supervision, or working with heavy weights without a spotter. If the insured has climbing walls, then patrons could fall while climbing these walls. Injuries can range from sprains and broken bones to paralysis or death. Since a gray area may exist between General Liability: Premises and Operations and Professional Liability coverage, it is recommended that these policies be written by the same company in order to minimize possible disputes over claims coverage.

What is the layout of the premises? Typically, a racquet and fitness club will include: a reception area; a number of

indoor racquet and handball courts; various rooms where aerobics, yoga, and other exercise classes are held; segregated locker rooms and showers for male and female members; a child-care center; a pro shop; a member lounge where vending machines, televisions, and possibly computers for members to access the Internet are located; an office, and restrooms. A growing number of clubs also have a weight training room; indoor and/or outdoor swimming pools; a snack bar or restaurant; saunas, steam rooms, spas, or hot tubs; a gymnasium where basketball, badminton, volleyball, and indoor soccer may be played, and outdoor tennis courts.

What are the insured's hours of operation? Although hours of operation can vary widely, most clubs are open seven days a week, typically opening early in the morning and closing late at night. The average racquet club's hours of operation are from 5:30 a.m. to 11 p.m., though most will have shorter hours on weekends, usually opening around 7 a.m. and closing around 5:00 or 6:00 p.m.. Some clubs are open 24 hours a day, 365 days a year.

What are the average and maximum number of visitors to the insured's premises on a daily and weekly basis? Most visitors to a racquet club will consist of members and occasionally delivery personnel. Members may also bring guests into the club. In most clubs, potential members will often tour the facilities to determine if they wish to join. An average racquet and fitness club may have 200 to 300 visitors on a typical day. Smaller clubs may have only 50 to 150 visitors daily. Racquet and fitness clubs may be busy at any time of the day, but tend to be busiest during the evenings and on weekends.

Claims frequently arise from injuries caused by slips and falls inside and outside the premises. These can be prevented by good housekeeping. What is the level of housekeeping on the insured's premises? All areas that are accessible to the public should be kept free of debris and clutter. Is all trash collected and removed from the premises daily? Electrical wires and telephone cords should not be stretched across aisles or walkways. Torn, worn, or improperly anchored carpets, rugs, and specialty exercise flooring materials (e.g., rubber mats, wood flooring) may cause falls. What is the condition of all floors and floor coverings? Worn, torn, or loose floor coverings should be repaired or replaced promptly. Floors should be swept or vacuumed daily. On any given day, visitors will be coming in and out of the racquet club, possibly tracking water over the floors in the event of snow or rain. Wet spots on the floor could lead to slipping accidents. Have rubber-backed doormats been placed just inside club entrances and exits to help prevent water from being tracked over the floors? Puddles and spills should be cleaned up immediately and "Caution - Wet Floor" signs posted in affected areas. If the insured contracts out its maintenance service, determine the reputation and loss history of the maintenance service company.

Because racquet and fitness clubs will have a large number of visitors daily, does the insured have hallways wide enough to accommodate traffic flow during standard peak business hours? Are hallways and waiting areas free from obstructions, including packing boxes and telephone and electrical cords, which might cause a customer to trip and fall? If the insured's operations are located on more than one floor or are located in a second floor occupancy, are all stairs equipped with sturdy handrails? Are stair treads covered with nonslip material? An adequate number of properly marked and easily accessible exits should be located throughout the premises.

Supervision of members is a crucial part of avoiding accidents in the club. The insured should instruct all new members on the proper use of equipment and proper exercise techniques. Instructors and/or staff should supervise all members - especially new members - using exercise and gym equipment and machines. Are enough staff members on duty to actively monitor club activities? Employees trained in proper techniques for the use of exercise equipment will reduce the chance of injury. Are staff members adequately trained in the proper use of equipment and exercise techniques?

Adequate supervision should be available in nonweight training and exercising areas (e.g., pools, saunas, whirlpools, and hot tubs). A lifeguard should always be present in pool, sauna, and hot tub areas. Exercise has increased in popularity among senior citizens as a way of maintaining a quality level of health. Seniors are unlikely to use weight rooms but may use other facilities, such as pools and cardiovascular equipment. Some clubs also may allow children to use the pool or have a separate pool for children. Is there adequate supervision of children and seniors in these areas?

Many clubs have facilities that present a greater hazard than other activities, such as rock climbing walls and tanning booths. Rock-climbing has become a popular activity prompting many large racquet clubs to install rock-climbing walls, which simulate natural mountain cliffs. Members could fall from great heights while using rock-climbing walls, and should be instructed in the safe and proper use of this facility. Proper harnesses and safety equipment (e.g., helmets, pads) should be required, and employees should monitor the use of rock climbing walls at all times. Severe burns may occur from improper use of tanning equipment. Instructions for proper use of equipment should be clearly posted and employees should monitor use of tanning equipment. Does the insured require adequate supervision and control of all risky activities; and is the insured in compliance with all federal, state, and local ordinances covering such activities? For more information regarding the exposures involving tanning beds please refer to the General Liability: Premises and Operations section of the Tanning Salons classification.

Clients should sign documents stating that they are aware of dangers inherent in the use of exercise and weight training equipment and in the type of exercise program they elect to participate in. They should also be advised to see a physician to determine if or at what level they can participate; some clubs may have physicians on the premises. Some organizations recommend that members have programs designed to fit their individual needs to reduce the chance of injury. Has the insured advised members to undergo a physical examination?

Instructions should be posted concerning the proper use of all equipment and facilities. What are the state and local codes regarding signage to alert members to the risks and potential hazards of using swimming pools, hot tubs, saunas, steam rooms, and tanning booths? Does the insured comply with these standards? Has the insured developed a set of safety regulations and procedures for all activities occurring on premises? Safety rules should be prominently posted throughout

the premises; all rules should be consistently enforced. Are any penalties assessed for members who do not comply with these rules?

Weights can cause injuries if they fall on the person using them or on another member exercising nearby. In the weight room, all lifters should have a capable assistant available to assist in "spotting" them (i.e., assisting in lifting off weights and responding to any emergency situations that may arise). Free weights should be stored properly where members will not trip over them or knock them over.

What are the number, types, and ages of the exercise equipment (e.g., treadmills, stationary bikes, rowing machines, weight machines) owned by the insured? Assess the quality and condition of each piece of equipment. Deteriorated or poorly maintained equipment can be extremely dangerous; cables could snap causing weights to fall on users. Exercise machines that run on electricity, such as treadmills, or that have nip points, weights, or springs can potentially cause shock, laceration, strain, or sprain. Are all electrically powered machines properly grounded and NRTL-listed? Who are the manufacturers of the insured's equipment, and what are their reputations and loss histories? Are manufacturers foreign or domestic? All equipment should be installed, maintained, and used in accordance with the manufacturers' instructions and recommendations.

Assess the insured's inspection and maintenance program for the equipment. Is the equipment examined at least once a day and given frequent, thorough inspections regularly? Does the insured practice preventive maintenance? Exercise equipment can cause serious injury if it malfunctions. Does the insured have a policy of visually inspecting equipment while it is in use to determine whether it remains stable and is working properly? Special attention should be given to the stress and weight-bearing parts of the equipment, such as screws, bolts, and cables attached to weights. The use of a checklist is advisable to ensure that the equipment is thoroughly inspected. What are the qualifications of the personnel responsible for conducting maintenance and repair activities? Is the insured's equipment inspected at least once a year by manufacturers' representatives? There are currently no regulations regarding the inspection of fitness club equipment (such as weight machines, treadmills), though it is a positive underwriting sign if the insured inspects equipment frequently to ensure that it is in proper working order.

Are members required to remove all jewelry before using the equipment to prevent cuts and scratches, and to avoid entanglement in the equipment? Unsecured long hair and loose fitting clothing could become caught in exercise machines; tight, restrictive clothing may inhibit a member's movements. Determine whether the insured has a dress code prescribing acceptable attire for exercise activity. How is this policy enforced?

What type of cleaning and maintenance plan does the insured practice? Racquet and fitness clubs tend to be busiest during winter months, when colds and flu are more prevalent. Keeping the fitness facility as clean as possible is a year-round job, but it is made tougher during cold and flu season. Research from the University of Arizona found that some viruses can survive on surfaces for as long as 72 hours. To help avoid contamination from those members who have a cold or a virus, some clubs require members to sanitize and clean parts and equipment (e.g., weight benches, seats) after each use. The insured may make cleaning and sanitizing chemicals and cleaning cloths available for members to use. Does the insured offer such provisions? Are employees required to clean locker rooms immediately before and after prime-time traffic periods? Employees should also periodically inspect and wipe down equipment with disinfecting wipes or a bleach spray. If the insured provides towels for members, is laundry service contracted out, or do the insured's employees wash the towels? To reduce the risk of spreading disease-causing bacteria, towels should be washed in the hottest water possible using a bleach mixture. What is the insured's practice?

Restrooms and shower rooms should be well maintained with all faucets and showerheads in good working order. Are ceramic bathroom fixtures and toilet stalls in good condition, and are any of them handicapped accessible? The temperature of the water in showers should be kept at a comfortable level to avoid scalding incidents, particularly since young children can be more sensitive to temperature extremes. Who is responsible for setting and checking the temperature of the water in the insured's showers? What is that person's level of experience at dealing with heating units?

Aerobic dance classes have become a very popular form of exercise, and most clubs will offer them. Aerobics classes can be dangerous if overcrowded. The International Association of Fitness Professionals (formerly known as the International Dance-Exercise Association), recommends 35 square feet per dancer in regular choreography classes (e.g., high, low, and mixed impact classes), and 45 square feet per dancer in classes that use equipment such as step aerobics and slide aerobics. There are many different floor types available for aerobics rooms, including impact-absorbing flooring, which lessens the shock on a dancer's legs and reduces the risk of injury. These floor types are preferable, but if unavailable, floors should be padded and have a soft, slip-resistant surface. If the floor is carpeted, carpets should be free of wear and tear.

What are the qualifications of the insured's personal trainers? At the time of this writing, personal trainers have become a popular means of staying on course with one's exercise program. Personal trainers work one-on-one with individual clients and provide a specific exercise regimen for each one based on that person's health status and goals. Trainers may not always work with individuals alone, however. Some may also lead exercise sessions for groups. Personal trainers must be certified through a professional organization that recognizes that they have received adequate training at a workshop, seminar, or home study course. Some associations that offer certification are the American Council on Exercise (ACE), the American College of Sports Medicine (ACSM), the American Fitness Professionals and Associates (AFPA), International Sports and Sciences Association (ISSA), and the National Federation of Professional Trainers (NFPT). Often, personal trainers must be 18 years old and certified in CPR.

Racquet and fitness club members frequently perform warm-up exercises (e.g., stretches or calisthenics) to prepare their bodies for the exertion of exercise. When correctly performed, warm-up exercises can reduce the chance of injury. Does the insured advise members to perform warm-up exercises before exercising? Do aerobics instructors require their classes to warm-up before each session?

Instructors and trainers should not permit members to workout when fatigued. An exhausted member may lack concentration and strength; this can lead to injuries from incorrect use of the equipment.

Many racquet and fitness clubs have swimming pools available for their members to use. Slips, trips, and falls may be the source of frequent and serious injuries. Since most areas around swimming pools will either have concrete or tiled flooring, even a minor fall could lead to back, neck, or head injuries. Due to the nature of their operations, wet walking surfaces will be unavoidable in many parts of the pool and shower facility. Have nonslip treads been built into areas that are prone to wetness, such as along pool sides and in changing areas? Where this is not possible, nonslip tread should be applied directly onto the walking surface itself, such as in tiled showers or on diving platforms.

Springboards for diving may be part of the basic setup for some swimming pools. According to government statistics, diving accidents are the fourth leading cause of spinal cord injuries in the United States, resulting in more than 13,000 trips to hospital emergency rooms every year. Resulting head trauma and spinal cord damage can lead to lifelong paraplegia, quadriplegia, or even death. The Consumer Products Safety Commission (CPSC) warns that "one of the major accident patterns associated with swimming pools [is] striking the bottom or sides of the pool because of insufficient depth for diving or sliding."

The CPSC recommends that diving be strictly prohibited in shallow water, unless it is for a preauthorized swim meet where competitors have been specifically coached and trained ahead of time in what is commonly known as a shallow water "racing dive." Has the insured marked walking surfaces surrounding shallow areas with "No Diving" warnings? Ideally, such signage should appear in both written and nonverbal form. If the insured offers swimming lessons, instructors should be advised to place a strong emphasis on teaching all students safe diving practices, regardless of their ages or ability levels. Some safe diving principles, as recommended by Lifesaving Resources, Inc. include: knowing the water depth before you dive; planning your dive path; testing a diving board's "spring" before using it; not diving alone or after having consumed alcohol; and never diving off retaining walls, ladders, or other pool equipment.

In most states, there is no legislation that regulates safe diving practices or mandates certain setups, so it is in the insured's best interests to follow common sense safety protocols. Lifesaving Resources, Inc. recommends that diving boards be set up in a pool that is separate from the main recreational swimming pool. Where this is not possible, the deep water designated diving area should be separated from the rest of the pool by a buoyed line. A minimum of 12 feet in depth is required for safe diving from competitive-style diving boards, which are normally 16 feet long and situated from 1 to 3 meters above the water's surface. Recreational diving boards are generally 12 to 14 feet long and only require a landing depth of 10 feet. The maximum water depth should extend no less than 10 feet to either side of the landing area and at least 16 feet beyond the landing area before the pool floor begins to slope upward.

The insured may wish to post a list of safe diving rules close to the diving board (e.g., no running into dives, only one person on the board at a time, etc.). If the insured's spring diving board has an adjustable fulcrum, it should be kept in a locked position, preferably in its most forward position to minimize the board's spring. During evening hours, adequate overhead and underwater lighting must be in place in all diving areas so swimmers can see the pool's bottom and adjust their dive accordingly; however, it is important that such lights be properly placed to help minimize, rather than exacerbate, any surface glare on the water. Having some type of highly visible marks on the pool floor's surface can also provide a good visual reference for divers. It is essential that a lifeguard who is experienced and knowledgeable about handling swimmers with possible head or neck injuries be posted in the diving area at all times. He or she should be completely focused on watching swimmers who are engaged in diving activities rather than dividing his or her attention between divers and swimmers in other parts of the pool. The lifeguard should also make certain that any swimmers who have already landed in the water have completely cleared the landing area before the next person leaves the board. What is the insured's practice?

What are the qualifications of the insured's lifeguards? Have they been certified by a reputable training program, such as those provided by the American Red Cross or the United States Lifesaving Association? Because of the requirements of their job, lifeguards should be experienced swimmers who are in peak physical condition. It is imperative that pool managers familiarize all new lifeguards with the features that make their facility unique and that they also take the time to discuss specific areas of concern, such as kiddie pools or diving areas. The National Safety Council stresses lifeguards must be able to scan the water area in 10 seconds and reach the person in distress within 20 seconds. Most states have laws in place that require insureds to have an emergency response protocol in place and to thoroughly review these procedures, both verbally and in writing, with all lifeguards, conducting frequent practice drills (both announced and unannounced). Does the insured comply with all regulations concerning lifesaving protocols?

Spas and hot tubs also present a drowning hazard. Suction drains on the floors or lower part of the basin wall have caused a majority of these deaths. Hair entanglement, finger entrapment, and body entrapment have occurred when victims have come too close to the drain of a pool or spa, often resulting in death due to drowning or evisceration. Spas actually present the greatest risk of suction-related accidents due to the fact that they are small and shallow; therefore, their drains are more easily accessible to users. One such incident happened on June 15, 2002, when Virginia Graeme Baker, the 7-year-old granddaughter of former Secretary of State James Baker, died shortly after being suctioned down on top of a hot tub's drain cover while at a neighborhood pool party. As a result of this tragedy, the victim's mother, Nancy Baker, began a

lobbying campaign to have federal legislation enacted that would require all public pools and spas to install certain safety features – namely, safety drain covers and safety vacuum release systems (SVRSs) – which could have easily prevented this accident. Safety drain covers are designed in such a way that it is virtually impossible for a swimmer's hair or fingers to get stuck inside them, and an SVRS is "a system or device capable of providing vacuum release at a suction outlet" in the event of "a high vacuum occurrence due to a suction outlet flow blockage."

The Virginia Graeme Baker Pool & Spa Safety Act was signed into federal law on December 19, 2007, and all swimming pool facilities must be compliant with the new safety regulations by December 20, 2008 or face fines of up to \$1.3 million. The new law requires operators of all indoor or outdoor "public" pools or spas, including hot tubs and wading pools (i.e., "kiddie pools"), to install safety drain covers and SVRSs in each pool or spa on their premises. Compliance will be enforced at the state level by designated agencies, and any facilities that fail to meet the new safety regulations will not be permitted to open. According to the law, the term "public" refers to any swimming or recreational water facility that is open to: the general public (such as those run by municipalities, public schools, county or state parks, and water parks); members of nonprofit organizations and private clubs (e.g., health clubs, country clubs, swim clubs, YMCAs, recreational youth programs, camps, private schools, etc.); guests of the facility (e.g., hotels and motels, resorts, camps, and campgrounds); or permanent residents and their guests (for example, residents who use pools at apartment or condominium complexes, mobile home parks, gated residential communities, etc.). The law also specifies that these new safety regulations are applicable whether or not a facility charges swimmers an admission fee. (Note: Similar pool safety regulations also exist in many Canadian provinces.)

Are all of the insured's pools, spas, and/or hot tubs equipped with the required safety features that help prevent entrapment incidents? How often are these devices checked for proper functioning? For example, anti-entrapment safety covers on drains could gradually come loose over time, so they should be checked periodically to ensure that they are securely in place. Are all safety drain covers compliant with ASME/ANSI A112.19.8? If the required safety features were installed after the insured's pools or spas were already in use, determine who performed the installation. Was the job handled by reputable pool service contractors, or did the insured's workers install the devices themselves? How much training and experience did the installers have at performing this kind of work? If the devices were put in by an outside contractor, evaluate the reputation and loss history of the contracted firm. Has the insured ever failed a pool and spa safety inspection conducted by a state-authorized agency? If so, what was the nature of the cited infraction, and what steps were taken to correct the problem?

What is the possibility that the insured may have a new pool added or a new hot tub or spa installed on the premises at some point in the future? If there is a good possibility that this may happen, then all planned pools and/or hot tub and spa units must be designed and equipped with a dual drain system, and each of the drain outlets must also have an anti-entrapment safety drain cover. A dual drain system helps to prevent suction-related entrapment incidents in pools, hot tubs, and spas by having at least two drain outlets in place for every filtration pump. If one of the drain outlets becomes blocked, the "vacuum" effect described earlier does not occur as long as any one of the alternate drains remains clear and unblocked. Moreover, each drain outlet must be situated at a pre-determined safe distance from the other(s), although the exact separation distance will vary, depending on the configuration and dimensions of the planned pool or spa. Is the insured aware of the federal requirement that any future pool or spa installations must be designed with a dual drain system?

Drain covers in pools, spas, and hot tubs should be inspected regularly to make sure they are not cracked or missing; spas and tubs should not be used if those covers are damaged or missing. A locked safety cover should be in place whenever the spa is not in use, or the room where the spas or tubs are located should be locked. An attendant should be on hand at all times when the equipment is in use. Employees should know where the cut-off switch for the pump is in case of an emergency. Ideally, an emergency cut-off switch should be located near the hot tub, which will afford quick response in the event of an emergency. Members using hot tubs and spas should not submerge their heads under the water. Instructions for the proper use of hot tubs and spas should be posted prominently in areas where members using those facilities can readily see them.

Water temperature should not exceed 104° F, as spa and hot tub heat can cause unconsciousness and hyperthermia at temperatures above that level. Pregnant women and people with known cardiovascular problems should not be permitted in the spa or hot tub. The use of alcoholic beverages in or near spas and hot tubs should be prohibited, and glass containers and bottles should not be allowed in the spa, hot tub, and swimming pool areas.

The heating elements for saunas, steam rooms, and hot tubs should be guarded, and thermostats should not be accessible to clients. Hot tubs, saunas, and pools should be cleaned and disinfected regularly to reduce the spread of any contagious diseases that may be emitted into the water. Water should be tested frequently and cleaned at least once a day with the appropriate amount and type of chemicals. For more information about the exposures presented by swimming pools and spas, please refer to the General Liability: Premises and Operations section of the Swim Clubs and Swimming Pools classification.

Many clubs have on-site restaurants or snack bars. Restaurants present burn and slip and fall hazards. Visitors could be burned when near kitchen equipment, such as stoves, ovens, grills, and toasters. They also could receive shocks or electrical burns from malfunctioning kitchen appliances. Spills are frequent in kitchen and food preparation areas, and visitors could be injured if they slip and fall. Are spills promptly cleaned up? Are visitors restricted from kitchen areas? Though rare, racquet clubs may have on-site restaurants that serve alcohol. Is there a liquor liability? For more information see the General Liability section of the Restaurants classification.

Some insureds may rent their facilities to outside groups for special events or social occasions. Other clubs may open the outdoor pool to nonmembers during the summer months. They may host special parties or other events (e.g., live bands, weddings) to use the club's facilities. Does the insured conduct such activities? If so, there will be a greater likelihood of attracting large crowds during these events. Provisions should be made for crowd control during these events, and emergency evacuation plans should be established. Determine the average and maximum occupancy limits for the facility. Does the insured comply with these limits? Have employees been trained in crowd control measures and emergency evacuation procedures? Is the insured in compliance with NFPA Code 101, Life Safety Code and NFPA Code 102, Assembly Seating, Tents, and Air-Supported Structures? Air-supported structures have limited means of egress, primarily revolving doors and air-locks. In the event of an emergency, the exits may become blocked by panicked visitors. Does the facility have an adequate number of exits? Emergency exits should be clearly marked and well lit. Doors should be equipped with panic hardware. Are instructions for fire emergencies clearly posted, and are employees trained how to respond to a fire emergency?

Many large clubs offer daycare or baby-sitting services for members with children. Are children adequately supervised in these on-site facilities? These facilities should have adequately trained employees attending the children. What are the training and qualifications of the child care workers? All workers' backgrounds should be checked and cleared for any child abuse or criminal records. Inadequate supervision is a frequent cause of injury. Does the club conform to state recommended child-to-adult ratios? Toys also can be a source of injury. Materials used in their construction may be toxic or flammable, and some may have sharp edges or points that can cause injury. Some have parts that can pinch fingers, toes, or catch hair, or that can work loose and be swallowed by young children. Have all toys received a certification from a third-party product safety and certification organization? Juvenile furniture, such as chairs, tables, and benches, should be certified by the Juvenile Products Manufacturers Association (JPMA), which tests the safety of such furnishings. Does all juvenile furniture in the insured's facility have the JPMA seal of approval? For more information on the hazards presented by baby-sitting services, see the General Liability section of the Daycare Centers classification.

Some racquet clubs have outdoor play areas for children. Does the insured have an outdoor playground? If so, other exposures will exist. Falls - either from equipment or on the ground - constitute the majority of playground injuries. Half of these accidents involve head injuries, ranging from minor scalp bruises to skull fractures, concussion, and death. The surfacing material used to cover the ground beneath the equipment, therefore, is a critical loss prevention and control factor. Concrete has the worst shock-absorption properties and should never be used as surface material beneath or around equipment. Rubber mats and synthetic turf also are poor shock absorbers. Ideally, no equipment should be installed over these surfaces. Loose materials, such as pine bark nuggets, blue stone dust, sand, shredded tires and shredded hardwood bark, are safest, provided that the proper thickness of material is used. For example, there should be at least 12 inches of sand beneath swings. Loose surface covers require frequent maintenance to retain effectiveness, since running and jumping activities can decrease the thickness of the material. If soft materials are used, the underwriter should determine how often they are replaced or replenished. In addition, the area around each piece of equipment should be free of rocks, sticks, bottles, cans or other debris on which children can injure themselves. How often is the playground cleaned up? For more information, please refer to the General Liability: Premises and Operations section of the Playgrounds classification.

If the insured operates a pro shop on the premises, visitors will face such exposures as slips, trips, and falls. There should be adequate aisle space between tables, counters, and display cases, and customer areas should be kept clean and free of debris. For more information on retail exposures and loss controls, please refer to the General Liability: Premises and Operations section of the Gift or Souvenir Shops classification.

Racquet and fitness clubs are targets for identity thieves. By using personal information (e.g., name, address, credit card numbers) found on customers' membership applications, thieves can open new credit card accounts, establish cellular telephone service, and do much more to wreak havoc on a club member's credit. In 2002, the Department of Justice identified and filed charges against an Algerian national who stole the identities of 21 members of a fitness club. He then transferred these identities to one of the men convicted in the failed bombing plot of Los Angeles International Airport in 1999. While this is an extreme example, identity theft has become a major concern for the health and fitness club industry. The insured should have an established privacy policy in writing that is provided to members at the time they are applying. Does the insured inform customers in writing of its privacy policies? Instead of social security numbers, does the insured use randomly assigned numbers on membership cards? How and where is confidential information stored? If the insured stores such data in hard copy form, determine which employees have access to these files. Are filing cabinets kept locked, and is access restricted to authorized personnel only?

Confidential information that is stored on computer files should be password protected with access strictly limited to employees whose duties require access to it. As an added precaution, the insured may wish to employ encryption technology for protecting information that is of a particularly sensitive nature, such as credit card numbers. Passwords of workers who leave the insured's employ should be changed immediately to prevent them from obtaining unauthorized access to confidential customer information. The importance of being stringent with regard to these loss control measures cannot be overemphasized, since hacking and the subsequent dissemination of confidential information can often be traced to disgruntled employees or ex-employees. What is the insured's practice?

Many racquet and fitness clubs will generate printed brochures or maintain a website to promote their business. Consequently, an advertising exposure is likely to exist. Examine the insured's promotional materials, particularly with regard to any claims of medical and/or health benefits from enrolling in the club's programs. Are qualifying statements, such

as "Individual results may vary," included in all promotional materials?

Because of the potential for life-threatening injuries, it is important that medical assistance be readily available. Have all instructors received Red Cross or equivalent training in first aid and CPR? IHRSA recommends that at least one staff member trained in CPR be present at all times. Employees should be required to participate in follow-up training or refresher courses to keep abreast of appropriate emergency procedures. It is a positive underwriting sign if at least one of the insured's employees has been trained and certified as an emergency medical technician (EMT). Does the insured have a well-stocked, easily accessible first aid kit on the premises?

What is the condition of the insured's exterior premises? Parking lots and sidewalks should be free of cracks and potholes, and all outdoor areas should be kept clear of debris. Are the outside premises well lit during hours of darkness?

Product Liability and Completed Operations

Racquet and fitness clubs will face a slight Product Liability exposure. A variety of claims may arise from improper repairs of racquets, faulty merchandise sold, or tainted food sold by the insured's food operations. Claims for defective products will be the responsibility of the manufacturer or supplier, but the insured may also be named in the suit. It is a good underwriting practice that the insured requests that it be protected via a Vendor's Endorsement on the manufacturers' liability policy. If the insured contracts out its food service, then this exposure will be reduced since liability would be shared with the contractor.

What types of products does the insured sell? Many racquet and fitness centers operate a "pro shop" where sports equipment and accessories (e.g., tennis and racquetball racquets, tennis balls, hand grips, headbands, etc.), apparel (e.g., T-shirts, sweatshirts, tennis outfits), footwear (e.g., tennis shoes, aerobics shoes, sneakers), and personal care products (e.g., shampoo, deodorant) are sold. The store may also perform minor repairs on racquets and sell pre-packaged food and food supplements. A growing number of clubs also have a snack bar, a restaurant and/or vending machines for members.

Typically, any product liability claims would be the responsibility of the manufacturer. In recent years, however, due to the current litigious climate, retailers have been named in a growing number of suits. Because of this, the dealer should be listed under a Vendor's Liability Endorsement on the manufacturer's liability policy as an additional insured. The insured may also carry a few items that may be manufactured specifically for the insured and labeled as store or private labels. The production of such items is often subcontracted out to an outside manufacturer, though in some cases they may be produced in house. Determine the amounts of products (if any) made by the insured that are private labels. Such items may increase this exposure because if a claim arises, the insured may bear the brunt of the claim. What percentage of the items that the insured carries belongs to other manufacturers and what percentage are store brands? Has the insured ever been named in a Product Liability lawsuit for a product sold under its name?

The majority of pro shops will sell such athletic apparel as tennis outfits, swim suits, and sweatshirts. The most frequent claims may arise from injuries caused by pins, tags, or staples that are hidden in the garment. Hidden pins in garments may cause punctures or lacerations, and a poorly sewn hem may cause the customer to trip and fall. Does the insured inspect all garments before they are sold? A customer may also charge that an allergic reaction was caused by spot removing or waterproofing chemicals sometimes used to treat fabric. For more information, please refer to the Product Liability section of the Clothing Stores classification.

Does the insured perform repairs? Some racquet and fitness club pro shops repair or restring racquets. However, most claims will be "nuisance claims" for relatively minor injuries; for example, strings that are improperly strung on racquets could snap and injure a customer's eye. What is the training and qualifications of the insured's repair workers?

A number of racquet and fitness clubs will have a snack bar where workers will prepare and serve food and beverages, such as frozen yogurt, frozen yogurt shakes, protein shakes, sandwiches, and salads. Food poisoning is a possibility in any sale of food products. The insured must be in compliance with local and state Board of Health regulations as well as U.S. Food and Drug Administration (FDA) regulations for cleanliness in the food preparation area. Is the food preparation area cleaned after each use? Food is subject to spoilage if the temperature on the refrigeration equipment is set incorrectly, or if the equipment malfunctions. Workers must be instructed to inspect all food items daily to ensure they are not spoiled or rotten. Food that is spoiled or rotten must be discarded immediately. Spoilage may also result from power failure.

This exposure may be increased if the club operates a full-service restaurant that sells prepared foods, such as grilled chicken, pork, and beef. The Centers for Disease Control (CDC) reports that every year in the United States, harmful foodborne bacteria cause millions of illnesses and thousands of deaths; most of these infections go undiagnosed and unreported. Proper food controls are important to prevent foodborne illnesses, such as E.coli or salmonella. These diseases are caused when bacteria that live in the intestinal tracts of animals pass into meat and poultry when the animal is slaughtered; both cause severe diarrhea, fever, and abdominal cramps. The CDC, along with the FDA, have published strict guidelines regarding the storage and handling of poultry, meat, and shellfish products. All meat should be delivered and stored at 40°F or below. Raw foods should be separated from other food items and stored on a clean shelf space in the refrigerator. For more information on exposures and loss control measures for insureds that prepare and sell food, please refer to the Product Liability and Completed Operations sections of the Restaurants and Health Food Stores classifications. Many insureds will sell a variety of pre-packaged food items out of vending machines. Are such goods purchased only from reputable suppliers? Does the insured have any refrigerated cases or vending machines on the premises? If so, who is responsible for checking the temperature settings and inspecting these units for proper functioning? Are food products that

have passed their expiration date discarded or returned to vendors for credit?

Professional Liability

The overall Professional Liability exposure for racquet and fitness clubs will be minor. Injuries as a result of improper instruction are usually sprains and strains, but there is also a possibility of serious injuries. This exposure will be higher for those clubs that hire their own personal trainers, rather than allow independent contractors to work on the racquet club's premises. A gray area exists between General Liability and Professional Liability exposures; it may be desirable for both coverages to be written by the same carrier for the same amounts.

What are the training and experience of all instructors, counselors, and lifeguards? Currently, there is no mandatory certification or training for aerobics instructors or personal trainers. Ideally, the insured's instructors and trainers will be certified by a nationally recognized organization. The racquet and health club industry is self-regulated, and most clubs will require their employees to be certified by one of three organizations - the American Council on Exercise (ACE), the American College of Sports Medicine (ACSM), and American Fitness Professionals & Associates (AFPA). The underwriter should assess the insured's employment requirements for trainers and instructors, and determine how job candidates are screened. How are new or inexperienced workers supervised?

Does the club offer sport instruction or personal trainers? If so, determine whether these instructors are employees or professionals who function as independent contractors. Do instructors and personal trainers advise members to stop exercising if they become overheated, dizzy, or if they experience shortness of breath or pain?

Aerobics classes are often determined by type (i.e., high or low impact, step, or slide), age, and ability. How many classes does the insured offer? Who instructs the classes? Ideally, aerobics classes should be taught only by certified instructors. Class sizes vary, but class size should be limited by the instructor according to guidelines set by the International Association of Fitness Professionals (formerly known as the International Dance-Exercise Association) to help prevent injuries. Instructors should be aware of the space requirements for dance classes. Overcrowded classes may cause collisions between dancers, trips, and other accidents, which may result in serious injuries. What are the average and maximum class sizes at the insured's facility? Warm-up exercises (e.g., stretches or calisthenics) prepare the body for the exertion of exercise and can reduce the chance of injury. Do aerobics instructors require their classes to warm-up before each session?

Racquet and fitness clubs can become members of the International Health, Racquet & Sportsclub Association (IHRSA), which publishes guidelines for clubs and have strict membership requirements. Does the insured belong to the IHRSA or a similar organization?

Injuries can occur when members attempt to perform beyond their ability (e.g., lifting too much weight). It is essential that the member be physically prepared (i.e., having reached proficiency in an exercise or lifting a weight) before moving to the next level of difficulty. Does the insured periodically test members to measure their ability and performance levels and assess their progress? How frequently are these tests conducted? Determine who evaluates the members and what criteria are used. How are these assessments documented?

Exercise can be physically demanding and should be approached in stages based on the participant's level of physical fitness. Many clubs require new members to have a physical examination to determine their level of fitness and then design a workout plan based on that information. Does the insured require all members to complete a medical form listing any conditions, such as physical handicaps or chronic ailments (e.g., diabetes, epilepsy, heart disease, allergies, asthma) that might affect their ability to safely participate? Such forms should include the name and phone number of the member's physician and relatives to be notified in an emergency. How frequently is this information updated? Is all data easily accessible? It is a positive underwriting sign if the insured requires that members have forms signed by their physicians.

The insured should maintain detailed records of all accidents which occur on the premises, including the date, the names of the persons involved, a description of the events leading to the accident, and the names and phone numbers of all witnesses. Such records may be invaluable to the defense of a lawsuit. The underwriter should determine the length of time for which records are maintained. In most states, people who are injured as children have several years after reaching the legal age of adulthood to sue the responsible party. In such states, records must be maintained until the time set by the statute of limitations has expired. What is the law in the insured's state? What is the insured's loss history?

If the insured conducts a weight reduction program that includes suggesting diets, determine if the diet has been approved by a physician for general use. The insured should advise customers to consult their own physicians before beginning any weight reduction program. Does the insured make any promises about weight loss in its advertising? For more information on this exposure, see the Professional Liability section of the Weight Loss Centers classification.

Many racquet and fitness clubs have child care facilities on the premises. If this is the case, the possibility of child molestation claims will exist. Any claims of physical or sexual abuse must be taken seriously. The employee against whom any allegation is made must be suspended from any contact with children until a thorough, impartial investigation has been performed, and the employee has been cleared. If the investigation uncovers any proof of wrongdoing, that employee should be dismissed immediately. For more information, please refer to the Professional Liability section of the Daycare Centers classification.

Workers' Compensation

Racquet and fitness clubs will have a moderate Workers' Compensation exposure. Claims may arise from strains and sprains that come from lifting, bending, and stretching. Slips, trips, and falls as well as accidents from improper use of equipment may also exist for instructors and personal trainers. Also, employees may be injured when "spotting" (i.e., assisting others who are using the exercise equipment). Exercise-related injuries can range in severity from cuts, scrapes, and sprains to paralysis and death. "Pro shop" workers will experience typical retail exposures, such as slips, trips, and falls, and back injuries from improper lifting. Office workers will face such exposures as repetitive motion injuries (RMIs) from working at computers, as well as slips, trips, and falls.

How many workers does the insured employ, and what are their duties? The number of employees in a racquet and fitness club will vary, depending on the size of the club. An owner/operator may be on the premises for small independent clubs and may have up to 20 employees. Larger clubs will hire 100 or more workers. Most insureds will have instructors in exercise, yoga, aerobics, and other sport activities and a small office staff. Larger insureds will also have a general manager; group exercise director; an aquatic director (for those clubs that have a swimming pool on the premises); a sales director; personal trainers; an office manager; and a daycare center director.

Employee duties will range from reception work, giving tours of the facilities to potential members, to monitoring use of equipment and progress of members. The insured will also have instructors and possibly personal trainers in sports, exercise, and aerobics. Do the insured's employees work full- or part-time? How are workers trained and supervised? Are part-time personnel adequately supervised by experienced workers?

Only one state, Wisconsin, has a law regarding equipment maintenance and adequate staff training. There are no other state or federal regulations regarding certification of fitness club members; however, most clubs are self-regulated and follow standards recommended by associations such as the American Council on Exercise (ACE) and the International Health, Racquet & Sportsclub Association (IHRSA). Certification can be attained in one of three general categories: personal fitness instructor (e.g. personal trainers), group fitness instructors (e.g. aerobics and dance instructors), and lifestyle management consultants (e.g. weight-loss counselors and smoking cessation counselors). Though there are many organizations that certify fitness club employees, there are three nationally recognized certification agencies: the American College of Sports Medicine (ACSM), the American Fitness Professionals & Associates (AFPA), and ACE. How many of the insured's employees are certified by a nationally recognized organization? What is the insured's policy on the retraining and recertification of employees? Ideally, the insured should require employees to retrain or recertify on a periodic basis.

What is the layout of the premises? Typically, a racquet sport club will consist of a reception area; a number of indoor racquet and handball courts; various rooms where aerobics, yoga, and other exercise classes are held; segregated locker rooms and showers for male and female members; a child-care center; a pro shop; a member lounge where vending machines, televisions, and possibly computers for members to access the Internet, are located; an office, and restrooms. A growing number of clubs also have a weight training room; indoor and/or outdoor swimming pools; a snack bar or restaurant; saunas, steam rooms, spas, or hot tubs; a gymnasium where basketball, badminton, volleyball, and indoor soccer may be played, and outdoor tennis courts.

What are the insured's hours of operation? Although hours of operation can vary widely, most racquet and fitness clubs are open seven days a week, typically opening early in the morning and closing late at night. The average racquet club's hours of operation are from 5:30 a.m. to 11 p.m., though most will have shorter hours on weekends, usually opening around 7 a.m. and closing around 5:00 or 6:00 p.m.. Some clubs are open 24 hours a day, 365 days a year.

Instructors, office workers, and pro shop employees may experience various types of injuries resulting from slips, trips, and falls. Good housekeeping can be an effective loss control measure. What is the level of housekeeping? The premises should be cleaned on a daily basis. Floors and floor coverings should be in good condition and securely anchored. Spills should be mopped up immediately. Trash should be properly disposed of and removed daily. Telephone and electrical cords should be routed along walls and baseboards and not stretched across walkways. If the insured has stairs, are they in good condition, covered with a nonskid material, and equipped with sturdy handrails? Insureds that operate out of multi-story facilities may have elevators on the premises. Are all elevators regularly inspected and serviced by a qualified professional?

Determine how classes are scheduled. Are employees given adequate time to rest between classes? Instructors are more likely to be injured when fatigued. Aerobics instructors will be required to perform high-impact exercises typically more than once a day, several times a week. This can result in serious knee and leg injuries. What safety measures does the insured take to mitigate such injuries?

Determine the experience and qualifications of all instructors, professional trainers, and assistants. How are candidates screened to ensure that only physically fit, qualified personnel are hired?

Employees often will be required to lift heavy weights; back injuries could result from improper lifting. Employees may lift weights while assisting members in weight training exercises or while performing daily housekeeping of the weight lifting areas. Have employees been trained in proper lifting procedures? Claims can also arise from the improper use of exercise equipment such as weight machines, motorized treadmills, and stationary bikes. Employees should be instructed in the proper use of all equipment. Does the insured train all new employees how to use the exercise equipment on the premises? Employees may sustain back injuries from lifting and moving heavy weights and other heavy items. Are workers provided with and required to use appropriate materials-handling devices? Are they instructed in correct lifting techniques?

Workers may fall from heights or suffer sprains, strains, cuts, or scrapes when installing, repairing, or moving exercise

equipment and machines or when performing routine maintenance on such equipment. Do employees ever have to work at heights, such as when installing or moving equipment (e.g., rock-climbing walls, televisions for cardiovascular training rooms)? Determine how they gain access to high places. What are the age, type, and condition of the insured's ladders? How often are they inspected? Is the insured in compliance with OSHA standard 1926.1053, Ladders? All electrical tools should be NRTL-listed, double insulated, and well maintained.

What types of maintenance activities do workers perform? Employees may be required to repair minor defects in the exercise equipment and machinery, such as patching small holes in exercise padding or sanding wooden equipment (e.g., steps, poles, blocks) to remove rough spots or splinters. What is the age, type, and condition of the equipment and tools used to effect such repairs?

Some workers may also clean and maintain the premises, especially if the insured does not employ a full-time maintenance crew. Workers may also be required to clean and disinfect mats, locker room furniture, and exercise padding during the course of their workday. Are employees given protective gloves to wear when cleaning equipment and mats? Employees may be exposed to skin and/or respiratory irritations from caustic cleaning and sanitizing compounds used in locker rooms. A special hazard exists if toluene is used to strip wax from floors. Exposure to toluene causes respiratory tract and other often serious irritations. What types and amounts of cleaning chemicals does the insured have on hand? The insured should be in compliance with OSHA standard 1910.132, Personal Protective Equipment. For more information on related hazards, see the Workers' Compensation section of the Janitorial Services classification.

Employees responsible for pool maintenance will handle solid or gaseous chlorine, which can cause burns or respiratory injuries. Employees may have to handle a variety of chlorinating agents, algicides, chlorine stabilizers, pH adjusters, alkalinity adjusters, cleaning agents, water clarifiers, and spa chemicals. Workers could be burned or blinded while adding pool chemicals to the insured's pools, hot tubs, and saunas. What pool chemicals and cleaners do employees work with, and what are the hazards associated with each chemical? Chlorinating agents and chlorine stabilizers are eye and skin irritants and are moderately toxic by ingestion and inhalation. Chlorinating agents are also extremely reactive with small amounts of water, and may present an explosion hazard. Algicides also are eye and skin irritants and toxic by ingestion and inhalation. The insured should be in compliance with OSHA standard 1910.133, Eye and Face Protection, and 1910.138, Hand Protection.

To clean pool surfaces, workers will use pool cleaning agents, such as muriatic acid, a diluted form of hydrochloric acid. It is a corrosive irritant to the eyes, mucous membranes, and skin; accidental splashes and spills will cause burns. Isocyanuric acid (used to stabilize chlorine solutions in swimming pools) is an eye irritant and reacts with chlorine to form a spontaneously explosive product. Hypochlorites are eye, skin, and mucous membrane irritants and are powerful oxidizers when chlorine and oxygen are evolved. Chlorine is toxic by inhalation and is a strong irritant to the eyes and mucous membranes. Chlorine forms hydrochloride when exposed to water, and is highly explosive when it comes in contact with a variety of other commonly used chemicals.

Employees should be instructed in the proper use and storage of pool chemicals. All such chemicals should be stored separately in a cool, dry storage place in appropriate containers. Working in enclosed areas, such as storage rooms, may increase the chances of inhalation or absorption of harmful substances. Proper ventilation is essential. Employees should be provided with and required to wear the proper protective clothing when working with chemicals. These precautions usually are prescribed on the product label. Have employees been provided with Material Safety Data Sheets (MSDSs)? Is the insured in compliance with OSHA standard 1910.1200, Hazard Communication? If the racquet club uses an automatic water management system that distributes chemicals into pool water in the proper amounts, the Workers' Compensation exposure will be reduced.

Most, if not all, racquet clubs will use a variety of electrical equipment (e.g., stereo and video equipment and motorized and programmable exercise equipment) that has the potential to cause shocks or electrocution if it is not properly assembled, insulated, or grounded, or if it is allowed to fall into a state of disrepair. Has the insured followed manufacturers' instructions for assembling equipment? Have proper electrical requirements as established by the manufacturer been met? Are receptacles (wall outlets) the correct type, and are they rated for the proper voltage/amperage required by the equipment? Is all electrical equipment NRTL-listed and regularly serviced by a qualified electrician?

Employees responsible for clerical functions will face typical office-related exposures. Some employees may be subject to repetitive motion injuries (RMIs), such as carpal tunnel syndrome, resulting from working on computers for long periods of time. The insured should follow ANSI/HFS standard 100-1988, which provides ergonomic design guidelines for visual displays, keyboards, and workstations. Additionally, employees who frequently work with computer monitors may experience eye fatigue. It is recommended that they look away from the screen frequently to focus on distant objects and take a 15-minute break every 3 hours. Are employees instructed to take periodic breaks?

If retail products and surplus stock are kept on the premises, are they stacked so they are readily accessible to employees? Employees who must climb on a ladder or chair to reach boxes of stock could slip and fall, or cause boxes to fall on them or other employees nearby. Employees could receive injuries, such as back strains or sprains, while lifting boxes of supplies or stock (e.g., clothing or equipment). The risk of back injuries can be minimized if the insured maintains compliance with OSHA standard 1910.176, Handling Materials - General. Employees also could be cut when opening boxes of stock with a box cutter, knife, or razor blade. Safety training in the proper use of these tools should minimize the number of accidents and reduce the number of claims.

If there is a restaurant on the premises, employees will be exposed to typical kitchen hazards, such as burns, slips and

falls from spilled food and beverages, and cuts from handling kitchen utensils and appliances. For more information, see the Workers' Compensation section of the Restaurants classification.

Does the insured ever host, or rent the facilities for, events, such as competitions and exhibitions, which may draw large crowds? Are the insured's employees responsible for crowd control? What type of training have they received in conducting emergency evacuations? Ideally, the insured should contract out all security to professional security firms when hosting events that may attract large crowds. What is the insured's practice?

Employees may also be involved in vehicular accidents when traveling to attend meets or professional activities or while running errands. For more information, refer to the Automobile Liability section of this classification.

Though unlikely, employees may be exposed to bloodborne pathogens. A worker may come in contact with bloodborne pathogens while giving first aid to a member who has sustained a severe injury that has caused bleeding or who has vomited. Is the insured in compliance with OSHA standard 1910.1030, Bloodborne Pathogens?

What is the availability of emergency health care and first aid on the insured's premises? Have any employees undergone basic first aid training? Check the laws in the insured's state, and determine if the insured is in compliance with all applicable first aid requirements. It is a positive underwriting sign if the insured employs at least one full-time worker who is certified in CPR and first aid. Are first aid kits located throughout the facility?

Crime

Overall, the Crime exposure for racquet and fitness clubs will be minor. Sources of cash on hand will primarily consist of guest membership fees, repair services, and purchases from the insured's "pro shop." An employee dishonesty exposure will also exist.

What are the average and maximum amounts of cash on the premises daily? Most clubs offer payment plans whereby members make monthly or annual payments, usually by credit card or personal check, and sometimes by cash. A cash exposure will exist for nonmembers who may pay cash for guest fees, as well as clubs that offer a pay-as-you-go arrangement. Cash may be paid for such additional fees as racquetball, basketball, and tennis court time and other services. Many clubs will have a pro shop or retail shop with cash sales of such items as clothing, equipment, and locks. What percentage of receipts is paid by check or credit card? How is the cash safeguarded, and how frequently is it deposited in a bank? Ideally, bank deposits should be made daily. Are employees trained in check and credit card verification procedures? All checks should be stamped "For Deposit Only" immediately upon receipt. Are all cash, checks, and credit card receipts stored on the premises kept in an NRTL-listed, fire resistant safe?

Customers should be barred from areas behind the reception desk in the main lobby or the sales desk in the pro shop, where cash registers are likely to be located. Can the cash register be opened only by an employee with a special key or code? Is the cash register equipped with a system that allows the cash drawer to be opened only when the need arises? How often are cash registers emptied?

The insured will have an employee dishonesty exposure. Employees could pilfer cash from the register. Where appropriate, the insured should separate all accounting functions among different employees. Ideally, announced and unannounced financial audits should be conducted periodically. Who is in charge of check disbursement and salary distribution? Employees may also take retail products; strict inventory control can help minimize this exposure. Accounting, inventory control, and the ordering of supplies should be arranged so that the activities of each employee are checked by someone else.

Does the insured conduct pre-employment checks before hiring workers?

What security measures does the insured have in place? All doors should be equipped with double-cylinder, deadbolt locks, and all windows should be equipped with tamperproof locks. What are the age, type, and condition of the insured's alarm system? A central-station alarm monitoring system is a positive underwriting sign. Flood lighting around the premises at night is also advisable.

What is the location and response time of the nearest police station?

Fire and E.C.: Property

In general, the Fire and E.C.: Property exposure for racquet and fitness clubs will be significant. Racquet and fitness clubs will have a number of ignition sources, including electrical and/or gas heating elements for hot tubs, saunas, and steam rooms, faulty wiring, malfunctioning or overheating electrical and oil- or gas-generated equipment, and smoking. The fire load will mainly consist of pool chemicals, wooden or rubber flooring, office and reception area furniture and furnishings, office paper and files, and trash. Clubs that have retail shops will have an additional fire load that will consist of merchandise, inventory and packaging materials. Many tennis courts are enclosed in air-supported structures, which are constructed of vinyl-coated Dacron or nylon. These structures can burn, and also can collapse from the weight of snow or ice, from wind, or from puncture. If the insured operates a retail store on the premises, then shoplifting will be a concern. This exposure will be increased if the insured operates a full-service restaurant on the premises.

What is the age, type, and condition of the insured's building? Many racquet and fitness clubs are housed in large, freestanding brick or wood building, with the tennis courts located in air-supported structures. These buildings are anchored

in concrete slabs or asphalt, are constructed of vinyl-coated Dacron or nylon, and are inflated with air. A continuously operated blower, fueled by oil or natural or petroleum gas, recirculates the heated or cooled air. In the event of a power failure, a standby engine starts automatically. Because the air pressure in the structure must be maintained, revolving doors usually are used to connect the structure to the permanent building. If regular doors are used, the door arrangement is a series of two doors with air space in between.

Some clubs that are located in urban and suburban areas frequently will be situated in or near strip or shopping malls. The insured should assess the hazards from adjacent occupancies, as a fire starting in an adjacent occupancy could spread to the insured's premises. To prevent such losses, fire walls extending to the roof should separate the insured's premises from adjacent occupancies. Does the insured share a common wall or roof with other occupancies?

What is the layout of the premises? Typically, a racquet and fitness club will consist of a reception area; a number of indoor racquet and handball courts; various rooms where aerobics, yoga, and other exercise classes are held; segregated locker rooms and showers for male and female members; a child-care center; a pro shop; a member lounge where vending machines, televisions, and possibly computers for members to access the Internet, are located; and restrooms. A growing number of clubs also have a weight training room; indoor and/or outdoor swimming pools; a snack bar or restaurant; saunas, steam rooms, spas, or hot tubs; a gymnasium where basketball, badminton, volleyball, and indoor soccer may be played, and outdoor tennis courts.

The most common ignition sources will include faulty wiring, malfunctioning electrical equipment, electrical and/or gas heating elements for hot tubs, saunas, and steam rooms, and malfunctioning or overheating electrical and oil- or gas-generated equipment.

It is vital that all equipment that is electrically powered, such as VCRs and stereos, be properly grounded and NRTL-listed. Sparks given off by frayed or cracked wires or cords might start a fire that could spread very quickly. What are the age, type, and condition of all electrical equipment used by the insured? Does the insured have a routine maintenance and inspection plan in place for such equipment? Determine the qualifications and experience of the individual who performs these services.

Is the electrical power supply adequate to meet the insured's needs? Wiring should be in compliance with NFPA 70, National Electrical Code and examined by a licensed electrician. An improperly designed electrical system could cause fires if the load is too heavy for the system. Determine how large the electrical load is and assess the condition of all wiring. Qualified electricians should check all electrical equipment and conduct regular inspections. How often are electrical equipment and wiring inspected?

Some insured may have tanning booths on the premises. Because tanning equipment generates heat and uses a lot of electricity, the possibility of igniting a fire is increased. All tanning machines and equipment should be approved by the FDA and NRTL-listed. For more information on the exposures created by tanning equipment, see the Fire and E.C.: Property section of the Tanning Salons classification.

Are saunas and all other electrical equipment NRTL-listed? Determine whether steam is generated by a high-pressure boiler, a gas or electric steam generator, or a low-pressure steam heating system. Are gas heaters used to heat the pool, whirlpool, or sauna units? Determine how regularly these are inspected and maintained.

If the insured has a full-service restaurant on the premises, the fire exposure will be much greater due to the larger number of ignition sources present. For more information on this exposure, see the Fire and E.C.: Property section of the Restaurants classification.

Smoking may be another source of fire, primarily from cigarettes that are discarded improperly. Though it is doubtful that there will be smoking on premises, some clubs may allow it in their restaurant areas. Racquet clubs that do allow smoking should prohibit smoking in fire-sensitive areas. Does the insured have "No Smoking" signs posted throughout the club? Are self-closing, fire-resistant containers provided in areas where smoking is permitted, or near outside entryways so that customers and employees can safely dispose of lit cigarettes if smoking is not permitted?

Large racquet clubs will have a heavy fire load, which will consist of chemicals used to treat and clean pool water (which are highly explosive), inventory and packing materials from pro-shops, wooden or rubber flooring, office and reception area furniture and furnishings, office paper and files, and trash. Carpets also will contribute significantly to the fire load. Trash and packaging debris should be disposed of daily.

All pool chemicals should be kept dry and stored in a separate, well-ventilated area. Chlorinating agents (e.g., hypochlorites, isocyanuric acid, and bromines) are powerful oxidizers and corrosives. When mixed with small amounts of water or with other oxidizers, they will explode. In addition, combustion will result in the release of toxic fumes (chlorine and phosgene gases) which could hamper fire-fighting efforts. When diluted with large amounts of water, such as in a pool, they are not reactive and safe. Algicides are highly reactive with oxidizers and corrosives and could easily start a fire if mixed in a spill. All reactive chemicals must be stored in compliance with EPA regulations and with the chemical manufacturer's recommendations. "Oxidizer" signs should be posted in all areas where such chemicals are stored. Where are chemicals stored and in what quantities? Are employees taught the proper handling and storage of chemicals? Is the insured in compliance with NFPA 30, Flammable and Combustible Liquids Code?

Many clubs have racquetball and basketball courts and other exercise areas that have hardwood floors; they may use toluene to strip old wax from the floors. Toluene is very flammable and will significantly increase the fire load. For more information on related exposures, see the Fire and E.C.: Property section of the Janitorial Services classification.

A large number of clubs will have a retail shop, or pro shop, on the premises that sells apparel, sports equipment, and

other items. Some merchandise, such as clothing, can be highly flammable and vulnerable to smoke, fire, and water damage. For more information on this exposure, see the Fire and E.C.: Property sections of the Clothing Stores and Gift or Souvenir Shops classifications.

If the insured sells a lot of retail items, there will likely be packaging materials (e.g., shopping bags and boxes) that could contribute to the fire load. Frequent disposal of empty shipping boxes is important, as is the proper storage of boxes and bags given to customers. These items should be stored away from all ignition sources. Assess the flammability of all furnishings, carpet, rugs, draperies, and decorations as well.

What are the age, type, and condition of the insured's fire detection and suppression systems? Many racquet clubs will require only standard smoke detectors and sprinkler systems for adequate fire protection. Does the insured have smoke detectors or automatic sprinkler systems installed?

Are annually tagged, Class ABC fire extinguishers located throughout the premises, and are employees trained in their use? Are traffic aisles arranged so that fire extinguishers can be reached easily in case of an emergency? Has the insured participated in prefire planning? Are instructions for fire emergencies clearly posted, and are employees trained how to respond to a fire emergency?

Determine the response time of the nearest fire department.

What procedures or security equipment does the insured have in place to deter shoplifting? The insured may wish to keep high cost items (e.g., designer eyewear, sports watches, heart rate monitors, etc.) behind locked counters, with sales associates helping customers if they wish to purchase an item. Are anti-theft devices, such as ink or magnetic sensors, attached to all clothing items? Is the sales floor equipped with strategically placed mirrors and/or cameras to allow employees to view the entire store from a central location? Have all employees been trained in how to handle situations involving possible shoplifters? It is a positive underwriting sign if the insured posts signs at all entrances regarding its prosecution policy for individuals who are caught shoplifting.

What are the number, type, age, condition of the insured's computers? Many racquet and fitness clubs that operate a pro shop will have computers for such functions as maintaining inventory records, keeping track of sales, scheduling, and maintaining employment records. Large insureds may also have a number of computers for members to access the Internet. It is a positive underwriting sign if the insured has identification numbers permanently etched on all computers and computerized cash registers. Are backup copies of all essential software, as well as computer records, stored off-premises in an NRTL-listed, fire-resistant safe?

A moral hazard may exist. How long has the insured been in business, and what is its financial situation? Examine financial statements for the last three to five years to determine any potential problems. What is the level of competition in the area?

Business Interruption

The Business Interruption exposure for racquet and fitness clubs will be significant due to the large amount of equipment and machinery on the premises and the large size of the facilities that usually will be required to house them. If the insured's racquet club is especially large, it may be difficult for a club to find suitable replacement facilities near the previous location, even though such a location may be desirable to stave off a large loss of the insured's customer/membership base. Therefore, most insureds will probably prefer to rebuild rather than relocate their clubs in the event of a total loss. Some insureds also may experience a peak season.

The insured will generally be dependent on a specific location as racquet and fitness clubs draw their clientele from within a radius of a few miles, often within 5 to 10 miles. Studies have shown that most fitness club members prefer to join a club that is no more than 15 minutes away from their home or place of work. How dependent is the insured on location? In the event of a lengthy business interruption, relocating away from the immediate area where the insured operated could lead to a serious decline in membership. Though some members may follow the insured to the new location, many may not remain loyal for long if the insured relocates far from the original premises. How quickly can the insured repair or rebuild the premises or find a replacement location? What is the availability of rental space in the insured's area? All clubs will have customers who visit regularly (i.e., every day or every other day), in which case the insured must resume business quickly to prevent losing such customers. Because of the special requirements needed for pools, racquet courts, saunas, and tennis facilities, it is unlikely that a satisfactory temporary facility could be found if the insured's premises sustained a substantial loss. The insured may wish to consider Extended Period of Indemnity coverage.

If the club is part of a regional or national franchise, it may be able to get back into business more quickly. Large chains with multiple locations may be able to absorb the insured's members with little difficulty until the insured can reopen the club. Does the insured operate more than one racquet club? Does the insured operate one or more clubs that are part of a regional or national franchise of fitness clubs? Determine if the insured has any reciprocal arrangements with other clubs (either affiliated or independent) to use their facilities in the event of a loss.

Such equipment as weight machines, saunas, hot tubs, and tanning booths can range in price from several thousand dollars to in excess of \$30,000 per unit. Independent clubs may have difficulty in acquiring the necessary amount of replacement equipment in a timely fashion and might not be able to operate at full capacity. How does the insured obtain exercise equipment and machinery? Does the insured have multiple suppliers or rely on one supplier? Insureds that rely only on one supplier could experience an extended Business Interruption if that supplier is unable to provide the insured

with pre-loss levels of exercise equipment and machinery quickly.

An additional exposure exists if there is a restaurant on the premises. Even a minor fire can cause an extensive temporary shutdown and a total or partial loss of the premises. How much income does the restaurant provide? How dependent is the insured on the revenues generated by the restaurant? How long would it take to rebuild the restaurant facilities if the insured sustained only a partial Business Interruption loss and was able to continue operating the rest of the fitness club facilities? For more information, refer to the Business Interruption section of the Restaurants classification.

Since most racquet and fitness club members use the facilities regularly and have signed contracts, the insured may find it necessary to provide an alternative exercise facility where members can go to exercise. If the insured cannot provide alternative facilities - either through agreements with other nearby fitness clubs or with other clubs in the insured's franchise - what contractual arrangements have been established with members to cover a temporary shutdown of the club?

Does the insured experience a peak season? Racquet and fitness clubs are open year round, yet the largest percentage of the insured's new memberships and renewals will be sold in the winter months, especially around New Year's Day. Many new members join in winter because they wish to lose weight gained over the holiday season or because they wish to begin an exercise program to get in shape for the summer. Racquet and fitness clubs also offer an indoor area for clients who wish to workout indoors during the winter months. Racquet clubs also experience a minor peak season in the late spring and early summer because many people will wish to start a last-minute attempt to shape up for summer. Therefore, although the pricing system for memberships may be based on equal monthly dues payments, a loss during the insured's peak season could seriously affect income for the entire year. A loss during the "off" season (i.e., late summer and fall) also could be disastrous, forcing the insured to cancel tournaments and other revenue-generating special events.

Inland Marine

Overall, racquet and fitness clubs will face a minor Inland Marine exposure. Valuable Papers and Records coverage, as well as an Outdoor Sign Floater, will be necessary. If the insured repairs members' sports equipment (e.g., tennis racquets), then a Bailee exposure will exist.

The insured may also wish to consider Valuable Papers and Records coverage for important documents, such as contracts with suppliers, inventory records, and employee information. All important documentation should be kept in a fire-resistant, NRTL-listed safe. Copies of these documents should be kept in a similar type of safe off premises. What is the insured's practice?

Bailee coverage may be necessary. Does the insured repair members' tennis racquets or other equipment? Where this is the case, determine the insured's system for tracking customers' racquets or other items that are left in its care, custody, and control. How is customers' property secured on the premises so that it is protected from loss due to theft or fire? Are all items kept in a locked area? What is the insured's practice?

While the insured will not have a Bailee exposure for providing standard sports lockers to members for their personal use, the insured may have a slight Bailee exposure if members are provided lock boxes or safe deposit boxes. Does the club disclaim responsibility for members/customers' clothing and personal effects left in lockers overnight? Most racquet clubs will not permit members to leave personal items in lockers overnight. What is the insured's practice?

Most racquet and fitness clubs have an outdoor sign. What is its type and condition? Is it freestanding or securely attached to the insured's structure? Signs less than 12 feet above the sidewalk are ordinarily not acceptable.

UNDERWRITER'S CHECKLIST

- Are all club members adequately supervised while using exercise, cardio-vascular equipment, tanning booths, and/or rock climbing walls? Is there an adequate number of staff on duty to actively monitor club activities?
- If the insured has rock climbing walls and/or tanning booths, is it in compliance with all federal, state, and local regulations regarding such activities?
- Are child-care facilities provided by the insured? What are the training and qualifications of the insured's child-care workers? What is the adult-to-child ratio?
- Are personal trainers employed by the insured, or are they independent contractors? Do all instructors and personal trainers hold proper certification from a nationally recognized organization?
- If the insured operates a pool on the premises, is a certified lifeguard on duty whenever the pool is open? Are safe diving rules posted near diving boards?
- When lifting weights, is each weight lifter assigned a "spotter" who can assist the member in an emergency?
- Are prospective members advised to obtain the approval of a physician before participating in exercise or weight reduction programs? Does the insured require all members to complete a medical form listing any conditions, such as physical handicaps or chronic ailments, that might affect their ability to participate safely?
- Have all staff members been trained in CPR and first aid?
- Are employees provided with the proper personal protective equipment when cleaning mats, locker rooms, and/or equipment?
- If the insured provides repair service, how is customers' property secured on the premises so that it is protected from

loss due to theft or fire?