



**5 Things You Need to Know
About Saving on Family
Entertainment Center Insurance
You Learned in Kindergarten**

Actuaries use complex algorithms to determine the liability premiums for your family entertainment center (FEC), but holding the line on insurance costs is much simpler. Indeed, five lessons you learned in kindergarten will help you control your insurance costs:

- 1. Don't hurt people**
- 2. Don't break your toys**
- 3. Sharing is caring**
- 4. Be kind to others**
- 5. Pay attention to your teachers**



These five lessons help improve your bottom line, reduce the likelihood of litigation, and keep everybody safer. Kids, parents, employees, and vendors – anybody who enters your FEC can trigger a claim that boosts your rates.

Now let's walk through those five lessons from your kindergarten days.

1. Don't Hurt People

In kindergarten, kids need to be taught to stop kicking, scraping, and biting. Adults who run businesses face more nuanced challenges. Sure, courts and juries understand that companies don't intentionally hurt people, but we're still bound by the legal concept of negligence. That obliges us to take reasonable precautions to prevent accidents and other events that damage people's lives and trigger insurance claims.

Every FEC leader should have two goals for avoiding negligence suits:

- **Reducing common losses.** A bedrock principle of insurance is that losses are the leading driver of premium rates. Statistics back this up: Slick floors have been blamed in 85% of workers' compensation claims, according to the [National Floor Safety Institute](#). And everyday accidents like slipping, tripping, and falling are the second-leading cause of workplace injuries, the [Bureau of Labor Statistics](#) says. So, prevent these common injuries and you'll reduce the likelihood of premium increases.
- **Getting proactive about safety.** Create and nurture a culture of safety in your facility. That means injury prevention informs everything you do, from hiring to maintenance to cleanup to selection of attractions. Train your employees thoroughly and make safety a crucial component of their performance reviews, compensation, and promotions.

Action items:

- Clean up spills immediately.
- Be constantly aware of obstructions on the floor that can trip people up.
- Inspect netting, fences, and other devices that prevent impact injuries.
- Use extreme caution with ladders and any work that puts people at risk of falling.
- Post signs encouraging safe practices and that tell people what to do in an accident.

When these practices become so ingrained that people do them automatically, you'll have the culture of safety that helps limit premium increases.

In kindergarten, kids need to be taught to stop kicking, scraping, and biting. Adults who run businesses face more nuanced challenges.



2. Don't break your toys

Kindergarten wouldn't be kindergarten without kids crying over broken toys. The tears have more profound consequences in FEC breakdowns – especially the mechanical and sanitary varieties that lead to injuries, illnesses, and litigation. Your biggest risks are machines and common areas that haven't been properly maintained, and unclean conditions that give germs free rein.

Here's how to prevent these breakdowns:

- **Get serious about maintenance.** Machines break down, robbing you of revenue and potentially injuring or even killing people. A well-thought-out and properly enforced maintenance program reduces the risk of claims resulting from breakdowns. You'll also extend the working life of your machinery, protecting your capital investment.
- **Keep your room clean.** A safe, orderly FEC should do more than prevent trips and slips. You also need to reduce the spread of bacteria and fend off communicable diseases. Study up on sanitation and make sure your staff understands the importance of removing germs from surfaces people touch frequently.

Action items:

- Lubricate your machines on a precise schedule and have a checklist for inspecting wear items. Stay current on service bulletins and warranty alerts. Invest in monitoring and predictive-maintenance technology.
- Keep a sharp eye on any place that gets heavy foot traffic and don't wait too long to replace worn carpets and flooring.
- Use sanitation best practices to keep your facility from turning into a germ factory.

Machines break down, floors wear out, people spread pathogens. Facing up to these risks is another way to hold the line on liability premiums.

3. Sharing is Caring

Learning from each other starts in kindergarten and should last a lifetime – but adults tend to get busy and forget the basics. Keep this in mind: Everything you've learned about reducing liability and controlling insurance costs can help your colleagues at FECs around the country. And their accumulated wisdom might help you resolve a safety challenge that has you flummoxed.



Here are two ways to use sharing to your advantage:

- **Listen to each other.** Find opportunities to enter frank, open conversations with your FEC industry peers. Other owners and managers have had successes and failures much like yours. Hearing how others faced the same challenges makes yours easier to handle. The key is taking the initiative to draw others out and show them you value their input.
- **Collaborate with your peers.** Once you've started conversations with your professional peers, it's time to start actively collaborating with them. Even if you are competing for the same customers, you can work together on common principles like safety and quality that benefit the entire industry. Also, explore groups that provide advice and coaching to entrepreneurs.

Action items:

- Reach out to colleagues in your market region and start conversations about safety and quality.
- Create peer-to-peer safety review groups to collaborate on common interests, share success stories, and provide cautionary tales of things going awry.
- Consider joining groups like Vistage and EO for more advanced guidance on entrepreneurial challenges.

The market for FECs stands a better chance of thriving if companies and leaders work together on safety standards. That keeps everybody's customers safer, reducing accident risk and insurance premiums across the industry.

4. Be Kind to Others

Kindness comes naturally to kindergartners – though they do need to be steered in the direction of goodness now and then. The same concept applies in places where families gather to have fun. As you develop your culture of safety, work on keeping your workforce physically healthy and mentally engaged.

Kindness has two principal components in FECs:

- **Maintaining a safe working environment.** Unkindness costs dearly if it gets people hurt on the job – morale declines, labor and medical costs rise, and workers' compensation premiums escalate. Get guidance from the Occupational Safety and Health Administration (OSHA) and the International Association of Amusement Parks and Attractions (IAAPA).
- **Nurturing emotional health.** Train your people to avoid harassment and discrimination based on gender, age, disability, or sexual orientation. Make sure everybody upholds the highest principles of kindness and equity, and hold them accountable. A culture of kindness also reduces your risk of employee practice liability (EPL) claims.

Action items:

- Create a training protocol for all managers to ensure they know harassment and discrimination when they see it.
- Research how to reduce your experience modification factor, or experience MOD, which helps determine your workers' compensation rates.

- Consider the [IAAPA's FEC Elite](#) insurance policies, which cover specific scenarios you are likely to encounter.
- Explore ELP insurance to cap losses in a discrimination case.

Indifference to an unsafe or unjust workplace perpetuates bad behavior and triggers expensive litigation. Kindness is the best cure – and the best prevention.

5. Pay Attention to Your Teachers

Kindergarten is where we start learning to trust people who've devoted years of study to helping us learn and achieve. The concept survives well beyond our school years in the form of professional associations that provide extensive continuing education opportunities.

Improving your knowledge has two components:

- **Learning from the pros.** The IAAPA convenes conferences and conducts in-depth training with some of the best FEC people in the business. The National Association of Amusement Ride Safety Officials (NAARSO) and the Amusement Industry Manufacturers and Suppliers (AIMS) also provide a wealth of educational opportunities.
- **Challenging yourself to grow.** You can't afford to wait for somebody else to lead the FEC industry to a safer, more profitable future. Take time to become an influencer in the industry and seek out the counsel of professionals who can make you a more effective leader. Dig deep to understand the challenges the industry faces, and work with your colleagues to find solutions.

Action items:

- Check out the IAAPA's [FEC Summit](#) and [Attractions Expo](#).
- Tap the expertise of [NAARSO](#) and [AIMS](#).
- Dig into the Education Modules from the [IAAPA FEC Elite Insurance Program](#).
- Pass this special report on to your friends and colleagues in the FEC business.

Everybody has something to teach and something to learn. That hasn't changed since your first day of kindergarten.

Pulling it All Together to Control Premium Rates

Childlike innocence is all well and good before you enter the first grade. But your insurance portfolio needs to reflect the grown-up risks inherent to owning and managing an FEC.

- As you weigh your risk-management and insurance options, make sure to:
- Set aside enough time to truly understand your current coverages and why you're paying for them.
- Assess how much risk you find acceptable.
- Work with insurers and brokers with a proven track record in your industry.

- Review your claims at least quarterly. Learn how to read your loss runs, and be sure to request them quarterly.
- Weigh your risk management costs only against your premium costs.

Controlling insurance premiums starts and ends with the basics: Reduce the risk of harm at every opportunity, learn how to improve at every opportunity, and do what it takes to protect people's health and well-being.

Your kindergarten teacher wouldn't have it any other way.



**For more information,
contact:**

McGowan Allied Specialty Insurance
Drew Tewksbury
Phone: 440.333.6300 x4305
dtewksbury@mcgowanallied.com