

### **3 things you should know about race sponsorship:**

Sponsoring a race team has been around since the early days of racing and continues to have a positive impact on the racing community. Without sponsors, many race teams or even race series would never exist. It's clear that sponsors will continue to play an important role in racing for many years to come, so it's important for sponsors to understand any potential liability associated with racing. In this article, we will discuss 3 things that are commonly misunderstood.

1. Many sponsors believe they have insurance coverage through the team they sponsor. This may be the case, but it's important to have an understanding of the coverage they purchase and if it extends to their sponsors. It's best to have this discussion with the team you sponsor and also have a contractual agreement in place.
2. Some companies believe they have coverage through the sanctioning body or race series. This may also be the case, but take this example into consideration. You sponsor a vehicle racing in a series that has an insurance policy with a \$1,000,000 liability limit. You are 1 of 10 sponsors on a vehicle that kills another driver, spectator or even worse, spectators. Do you feel \$1,000,000 is enough to cover everyone named in the lawsuit?
3. Another misunderstanding is that coverage is provided by your standard commercial liability policy. It's not uncommon for standard business insurance policies to exclude racing. If you expect your standard liability policy to provide coverage, it's important to have this discussion with your agent to confirm this coverage is included. Most of the time, a separate owners and sponsors policy should be purchased.

Overall, it's important to understand if you have the proper coverage in place. If you are unsure, we recommend discussing your exposure with an agent that understands motorsports.