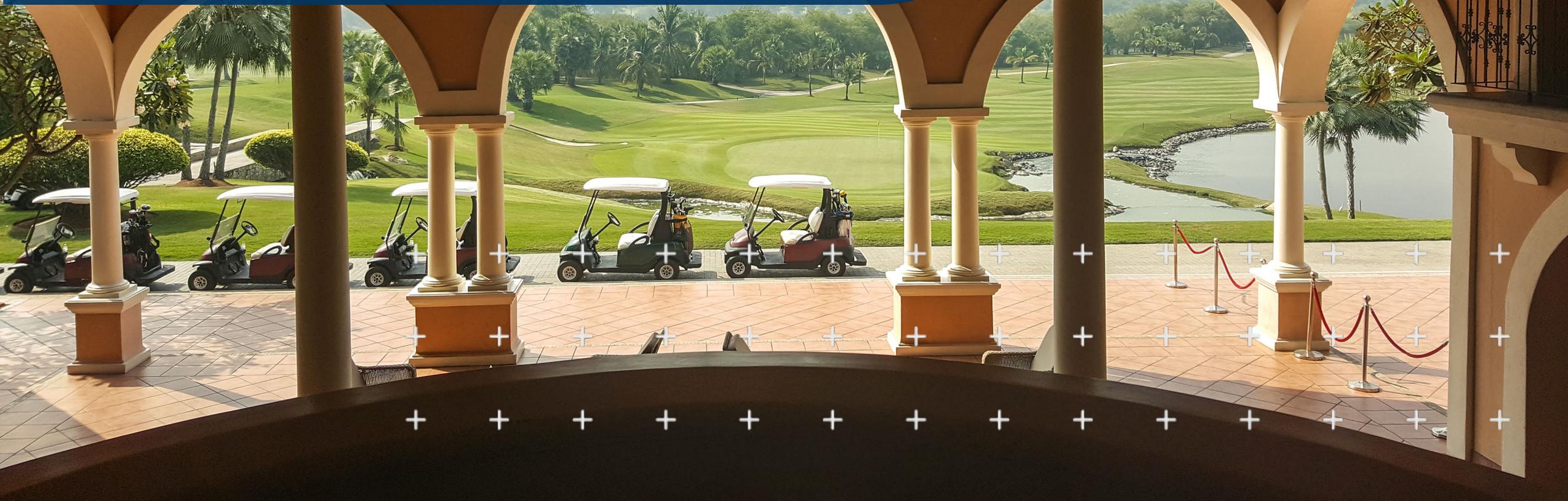




RISK LANDSCAPE FOR COUNTRY CLUBS

WHAT'S CHANGED AND WHAT MATTERS?



PRESENTERS + ABOUT IMA

IMA has built an organization focused on the needs of property and casualty clients with associates dedicated to our national practice.



MICHEAL TEAGUE
Senior Vice President

- + Michael has more than 25 years in the Property & Casualty space.
- + Works with a dozen clubs within the Carolinas footprint.
- + Specific focus in the golf and country club space.

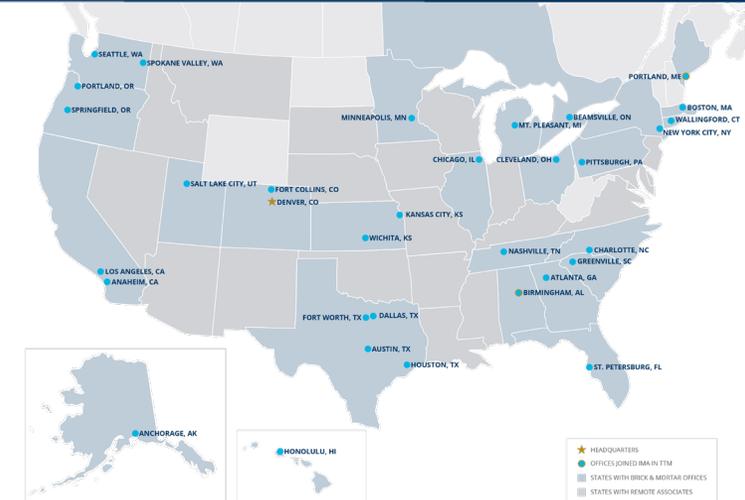


CADE PEARCE
Client Executive

- + Cade has 5 years in the P&C industry and works alongside Michael and team to assist with clients tailored to the country club space.
- + Specializing in specific lines of coverage within the hospitality sector.

IMA FAST FACTS

- + Incorporated in 1974
- + Employee-owned
- + More than 3,000 employees
- + National in reach, local in service
- + Premium placements of over \$8 billion annually
- + Revenues in excess of \$900 million annually
- + Client retention leads the industry at 96%
- + IMA invests 2x the industry average in value-added client services
- + Clients with physical operations, exposures and/or employees in every state in the U.S. as well as in over 100 countries around the world
- + Over 100 Country Clubs written nationally with 10 being in the Carolinas



TODAY'S FOCUS AREAS



Current Market Conditions



Property



Cyber Liability



Board of Directors Risk + D&O Coverage



Environmental Liability



Liquor Liability





MARKET CONDITIONS



RATE PRESSURE + MARKETPLACE VOLATILITY

- + Budgets need to assume year over year premium increases

CARRIER APPETITE

- + Carriers are becoming more selective and underwriters are asking more questions to assess risk
- + Establishing and following best practices are critical to obtaining best pricing, terms and conditions. Pre-hire background checks, onboarding and training are a must.

Exclusions for specific coverage, sub-limiting coverage and reduction of limits are becoming increasingly common. Key coverages include:

- + Sexual Abuse & Molestation (SAM)
- + Umbrella limits being offered by package carriers are being lowered
- + Umbrella not sitting over SAM coverage

KEY TAKEAWAY

Hospitality has had several years of elevated losses stemming from weather related losses and litigation which has resulted in increased renewal terms from carriers.

PROPERTY



WHAT TO KNOW + ACTIONS TO TAKE



- + One of the biggest gaps in clubs' insurance programs can be inadequate replacement cost for buildings and contents.



- + Carriers often build in inflationary limit increases but in recent history these factors have not kept up with actual building replacement costs.



- + Frequency of building appraisals is important to remaining in line with proper limits. (Every 3 years)



- + Unique assets like fine arts, silver, floor coverings, irrigation systems, cart barns, practice facilities are easy to undervalue and or overlook.



- + Business income limits are often exhausted if clubs are to experience an incident such as fires or storms that could shut down operations for weeks/months. Ensuring these limits are up to date is essential for proper protection.



- + Lithium-ION batteries often used in golf carts are becoming a topic of discussion on how carriers are going to insure them. Some are even requiring golf carts to be stored and charged in separate buildings from the clubhouse.



CYBER LIABILITY



A need for cyber, no matter the industry.

"Do I really need the coverage?"

Country clubs maintain sensitive member data, including financial information and accounting details.

- + **Email Fraud** and **Social Engineering** are among most common and costly incidents, targeting accounting and leadership.
- + **Cyberattacks** can disrupt operations, damage reputation, and lead to costly remediation.

KEY TAKEAWAY

Understanding exposures and protective measures is critical for club leadership.



LAST YEAR'S MOST COMMON TYPES OF CYBER CLAIMS



WHAT THEY ARE + WHAT TO KNOW + HOW TO SPOT

BUSINESS EMAIL COMPROMISE - Business email compromise (BEC) is an event in which cyber criminals gain access to an organization's email account to execute a cyber attack.

HOW TO SPOT Attackers often leverage email access to find sensitive data, including login credentials, financials, and other private information. Once equipped with sensitive information, they can steal money, extract data for extortion, or compromise additional technologies.

FUNDS TRANSFER FRAUD - The typical funds transfer fraud (FTF) is an event in which cyber criminals manipulate businesses into unknowingly sending money to fraudulent accounts controlled by cyber criminals. FTF events often occur through social engineering tactics or as a direct result of a BEC event.

HOW TO SPOT Attackers may pose as executives, vendors, or financial institutions to trick employees into initiating unauthorized wire transfers that can have devastating consequences for businesses.

RANSOMWARE - Ransomware is a type of malicious software that encrypts a business' data or systems, rendering them inaccessible until a ransom is paid to obtain a decryption key. Ransomware events can result in significant operational disruption and financial loss, regardless if a business chooses to pay a ransom demand, with costs including business interruption, forensic investigation, and data recovery.

CYBER CLAIMS IN THE COUNTRY CLUB SPACE



Baltimore Country Club (MD) – Ransomware Attack (2025)

Baltimore Country Club was identified as a victim of the Play ransomware group after attackers gained access to internal systems. The incident involved system encryption and potential data exfiltration of member information. Comparable ransomware claims of this size typically generate **\$250,000–\$750,000** in combined forensic, legal, system restoration, and business interruption costs.

American Golf Corporation

An operator of numerous golf and country clubs nationwide, was targeted by the Medusa ransomware group. Attackers reportedly demanded up to **\$2 million** and claimed to have exfiltrated more than **150 GB of sensitive internal data**. Incidents of this scale frequently produce **seven-figure cyber insurance losses**, even when no ransom is ultimately paid.

California Golf Club of San Francisco (CA) – Ransomware Data Breach (2025)

The California Golf Club of San Francisco (“Cal Club”) was breached by the Qilin ransomware group, which stole approximately **10 GB of sensitive member data**. Stolen information reportedly included member names, contact details, dues information, and internal club documents. Claims involving exposed member PII commonly result in **\$800,000** in forensic, legal, notification, and system recovery costs.

San Jose Country Club (CA) Double-Extortion Ransomware (2025)

The club suffered a MEDUSA ransomware attack resulting in the theft of approximately **117 GB of sensitive member and employee data**. Threatening to publish stolen data if ransom demands were not met. The event resulted **\$150,000** in restitution costs.

CYBER BEST PRACTICES



Access Controls

- + Enable MFA
- + Limit employee access based on role

Employee Risk

- + Require security awareness training for employees
- + Conduct phishing simulations

Email Security

- + Enable spam filters
- + Use strong passwords and do not reuse passwords

Endpoint Security

- + Use EDR / MDR (CrowdStrike, SentinelOne, Carbon Black, etc.)

Vulnerability Management

- + Regular vulnerability scanning

Data Backups

- + Use the **3-2-1** Rule. This is designed to segment data backups so that, in the event of an attack, all copies aren't compromised at once.
 - Maintain **3 copies** of critical business data (one original and two backups)
 - Ensure both backups are stored on **2 different types** of devices
 - Always store **1 copy** of the backups at an offsite location

Create an Incident Response Plan and test it.

DIRECTOR'S & OFFICERS LIABILITY

D&O | Why It Matters

Board members and officers make decisions that impact finances, governance, and membership. Those decisions can lead to personal and organizational liability.

Common Allegations

- + Discrimination (race, age, sex, ADA)
- + Breach of fiduciary duty
- + Conflict of interest or personal gain
- + Contract disputes (vendors / management companies)
- + Regulatory compliance failures

What D&O Covers

- + Defense costs
- + Settlements and judgments
- + Protection for both the club and its leadership

Example Scenarios

- + Members sue over a dues increase or capital project
- + Discrimination allegation involving membership
- + Dispute over hiring or firing a management company





ENVIRONMENTAL & POLLUTION LIABILITY

- + Clubs often operate golf courses, pools, and maintenance facilities that store chemicals/pesticides/fuel...etc. A spill or release can result in environmental damage, regulatory fines and cleanup costs.
- + Coverages that business insurance policies typically have very limited amount of coverage for this type of incident and are limited to on premises clean up and may not cover 3rd Party injury/contamination.
- + When a loss involves fuel, chemicals, pesticides & fertilizers, it will ultimately be treated as a pollution loss which GL excludes.
- + Fuel spills, herbicide pesticide liability endorsements that are rolled into “golf course enhancement packages” often limit coverage.



ENVIRONMENTAL & POLLUTION CLAIM EXAMPLES

A residential community located adjacent to a golf course received its water supply from groundwater wells. Over time, the application of herbicides, pesticides, and fertilizers caused groundwater contamination. Bodily injury claims were filed by residents for perceived injuries from drinking contaminated water. Property damage claims were filed because the groundwater system was no longer a suitable drinking source. Total claims exceeded **\$1,500,000**.

A golf course stored gasoline in steel underground storage tanks (UST's) for use in tractors, lawn mowers and golf carts. Tank corrosion led to a discharge of petroleum products, which contaminated the surrounding soil and groundwater. Remediation expenses incurred for the investigation and cleanup of the site amounted to **\$350,000**.

A golf course used treated wastewater as a source for irrigation. The wastewater treatment plant did not comply with permitting regulations nor was the wastewater tested prior to releasing it to the golf course. After several months of irrigation, heavy metals and high counts of fecal coliform were found in the soils. The golf course was required to pay remediation costs in excess of **\$265,000**.

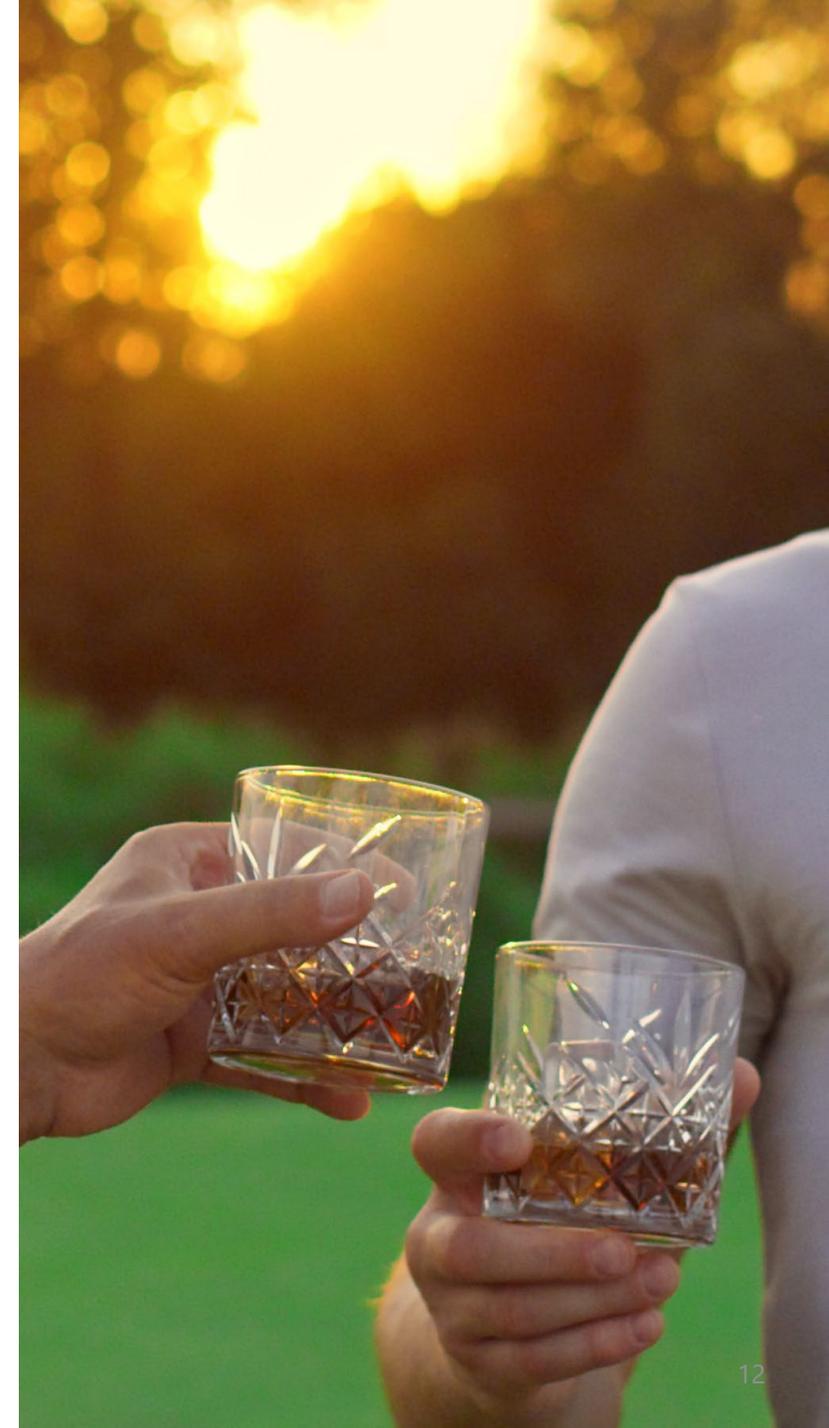
The presence of Legionella was detected in the hot water system of a resort. The state health department got involved and a consultant was hired to investigate and remediate the property. A claim was made immediately for the remediation and what could have been an extensive and lengthy remediation process was completed efficiently, significantly reducing the length of business interruption for the resort owners.

LIQUOR LIABILITY



Alcohol service is central to club culture. From hosting weddings to tournaments, this creates a higher exposure than most businesses.

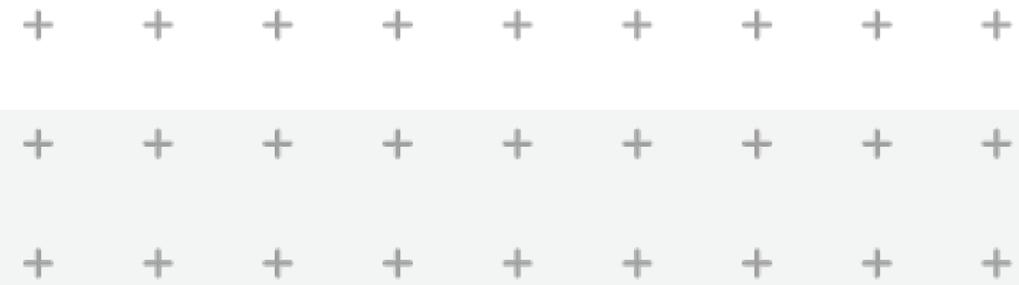
- + Dram shop laws in states like SC hold clubs liable for overseeing, even if they aren't directly at fault.
- + Some Carriers are unwilling to provide Umbrella coverage that sits on top of liquor liability
- + Retail space for hospitality is driving litigation and cost of premium
- + Incidents can cause lawsuits, reputational harm, and affect board accountability.
- + Tip training and protocols for alcohol service are key to preventing issues





QUESTIONS + DISCUSSION





More Than Just Insurance

Based in North America, IMA Financial Group, Inc. is an integrated financial services company focused on protecting the assets of its widely varied client base through insurance, risk management, employee benefits and wealth management solutions. As an employee-owned company, IMA's 3,000-plus associates are empowered to provide customized solutions for their clients' unique needs.